

## **BOARD OF DIRECTORS MEETING**

Monday, July 18, 2011

ASCD Headquarters

Alexandria, Virginia

### Attending

Paul Healey, President (PA); Sara Magaña Shubel, Immediate Past President (MI); Debra Hill, President-Elect (IL); Harriett Arnold (CA); Colin Cameron (OR); Larry Cartner (NC); Kathy Clayton (WA); Sandra Clifton (CA); Jane Cobia (AL); Marc Cohen (MD); Nancy Gibson (IL); Joseph Goodnack (PA); Mary Kay Kirkland (UT); Deana Lopez (TX); Laurie McCullough (VA); Gabriel Rshaid (Argentina); Pasi Sahlberg (Finland); Jeff Stephens (UT); and Donald Viegut (WI).

### Absent

Judith Golden (CT) was unable to attend.

### ASCD Staff

Gene R. Carter, Executive Director; Eric Bellamy, Deputy Executive Director, Business Services and Support; Michael Berkeley, Assistant Executive Director, Information Technology Solutions; Deborah Hall-Pope, Chief Organizational Services Officer, Organizational Services; Ron Miletta, Assistant Executive Director, Marketing and Member Services; Judy Seltz, Deputy Executive Director, Constituent Services; Judy Zimny, Chief Program Development Officer, Program Development; and Becky DeRigge, Governance Director, Constituent Services.

President Paul Healey opened the meeting at 1:05 p.m.

1. Receive President's welcoming remarks.  
President Healey welcomed Board members and senior staff, and participants introduced themselves. He thanked staff for uploading the meeting materials and encouraged Board members to take advantage of the technology. Healey shared a video clip on the Milton Hershey School in Hershey, Pennsylvania, and noted that what the founder did a century ago was an example of revolutionizing the way we learn. He referenced a June 2011 meeting with Executive Director Gene Carter and the other officers, where he introduced (and received agreement on) four possible goals or topics for Board discussion during the upcoming year. Healey presented graphics illustrating those four goals: continued work on ASCD's strategic plan, a review of the elections process for the president-elect, possible restructuring of the Leadership Council, and thinking about the ultimate size of the Board and what it should be in the future. He asked Board members to think about these four areas, especially at the retreat in January.
2. President appoints a process observer.  
Healey announced that Jane Cobia would serve as the process observer for this meeting.

3. Establish the agenda.  
No additional agenda items were introduced. Nancy Gibson moved, and Larry Cartner seconded, to approve the meeting agenda. The motion carried. Immediate Past President Sara Shubel proposed that agenda items 4.A, 4.B, and 13 be moved to the Consent Agenda, and then noted that item 13 had already been moved to the Information Items section of the agenda. Cartner moved, and Gabriel Rshaid seconded, to approve the Consent Agenda, and the motion carried.
4. Adopt Board of Directors meeting minutes.
  - 4.A March 24–25, 2011, Board of Directors meeting minutes.  
This item was moved to the Consent Agenda. The motion to adopt the minutes carried.
  - 4.B June 15, 2011, Board of Directors meeting minutes.  
This item was moved to the Consent Agenda. The motion to adopt the minutes carried.
5. Analyze and discuss the summaries of assessments of the Board of Directors March 24–25, 2011, meeting.  
Healey noted that the summaries of the assessments from the Board’s March 2011 meeting had been posted in BoardEffect. Board members worked in small groups to discuss the summaries and answer two questions—“What does the data reveal?” and “So what?” and then reported out.

Carter referenced a book titled *Race for Relevance: 5 Radical Changes for Associations* that he said is reflective of what “revolutionizing” means at an association level and takes into account implications for boards of directors and other management teams. Board members were provided with a copy of the book. Carter said staff had prepared a report that provides an analysis of ASCD’s competitive position in the education marketplace and in the broader marketplace, inclusive not only of our peer group but also for-profits. We are going to begin a review of our brand strength. We have done an ASCD “SWOT” analysis; we think that the time is right to be prepared to come to grips with what those data portend for us as an organization and to begin translating what those data suggest into bold action. We will report to the Board at a future meeting and we will try to translate what staff have interpreted from the findings into what it means to you as policymakers.

Cartner moved, and Colin Cameron seconded, to move into Executive Session. The motion carried. (Agenda item 6, “Receive oral report on personnel and legal matters as needed,” was discussed in Executive Session.) Cartner moved, and Kathy Clayton seconded, to return to Open Session.

7. Review third quarter FY11 financial report.

Eric Bellamy reported that the third quarter was a really good quarter for the association from a financial perspective, and he noted the improvement in operating revenue since

his March 2011 report to the Board. Bellamy commented that sales in April and May were very strong. He reported that the increase in expenses resulted largely from the growth in revenue. Investments did well in April through mid-May and revenue numbers look good in June. April was the first time in the year-over-year comparison where we exceeded the prior year. We have a good shot of hitting our budget and the Forecast for the year.

8. Approve the proposed FY12 budget.

Shubel said that the Finance Committee had met that morning and the Budget Committee (Marc Cohen, Sandy Clifton, and Laurie McCullough) participated in a conference call prior to that. Clifton said the June 23, 2011, conference call with Bellamy and ASCD staff was extremely helpful and allowed committee members to understand what each department was hoping to do to revolutionize how we operate. We are working in the context of a need to revolutionize the way we learn. Staff did an excellent job in building a budget that addresses those needs. The committee's role was to understand the reasonableness and achievability of the staff requests. We have been impacted by the recession: membership is down but staff is addressing this. She said she was very grateful for the recognition and dedication of \$1 million in seed money for the revolution work we are going to be doing. The budget was developed to support the development of certain leadership skills for current employees and new ones that bring out the qualities needed to transform the organization. Hiring decisions will include attention to the new values.

McCullough referenced page 50 in the notebook materials, noting that seed money for revolutionizing the way we learn actually appears in the budget. She said that the New and Expanded Activities Pool is a type of seed money as well—it is set aside for needs we have as we grow and as we shift focus. McCullough noted the difference between FY06 revenue sources and those projected for 2012 (page 52). The chart on the bottom of the page illustrates trends of revenues from various sources. Revenue from print products is down, and revenue from memberships is down, but we are offering new types of membership, which look very promising and very strong. She said she was very excited to hear about the Learning Management System, which is a way that we will be able to customize our programs, products, and services for our customers—it is an individualized approach to getting various components of products and services that specifically fit customer needs.

Cohen referenced customization—how do we meet individual needs as opposed to one-size-fits-all? How do we meet changing needs in terms of a younger constituency that draws them to membership in ASCD? We talked about the \$1 million set aside, which has limited parameters at this point, because we haven't yet defined what the revolution will look like and how it will be actualized. Because we are having this revolution—this change—every hire and every expense should be aligned with that vision, purposeful and measurable.

McCullough moved, and Clifton seconded, to approve the proposed FY12 budget. The motion carried. President Healey thanked committee members for their work.

9. Review Investment Portfolio Performance Report.

Investment Committee member Cameron reminded Board members that Rshaid and Harriett Arnold also served as Investment Committee members. Cameron said that during the last five years we have worked with the Marco Investment Group, and committee members met with its representatives that morning. Marco manages the Reserve Fund. This fund was about \$27 million at the start of the year and we should finish up with \$32 million—we had good growth this year, mostly in stocks. Committee members were impressed with the detail and thoughtfulness and activities that the firm engages us in. It holds ASCD in very high regard. He referenced page 59 of the notebook materials and the formula used as a benchmark; Marco has the flexibility to move it up or down a certain percentage. Bellamy said part of the meeting this morning was to evaluate the performance of the investment managers. We evaluate performance against the composite index. The portfolio has outperformed the composite index in each of the last five years. We also evaluate the advisors in terms of the level of support and services they provide, which has been excellent. On a relative basis at least, the fund has done really well. We haven't made a contribution to the Reserve Fund since June 2006; the fund has grown by \$8.1 million since August 31, 2006. The Reserve Fund was created to provide support for major new work that we may want to do and to provide a cushion in the event of a major economic downturn, and it gives us a financial base to do things like a revolution. The target for the fund is 40 percent of annual revenue. We are currently at 58 percent of FY10 annual revenue. Carter said this is an example of the Board's predecessors being revolutionary—it has morphed into something that separates us from our peer groups. We have a strong fiscal grounding, and we continue to gain momentum.

On behalf of the Investment Committee, Cameron moved, and Arnold seconded, to recommend a change in the Reserve Fund Investment Guidelines that permits investment in fixed income securities rated BBB up to 10 percent of the fixed income portion of the fund. The motion carried.

On behalf of the Investment Committee, Cameron moved, and Arnold seconded, to change the language in the Short-Term Investment Guidelines from "Executive Council" to "Board of Directors" for consistency. The motion carried.

President Healey reminded everyone that all Board members would serve at least one year on the Budget, Audit, or Investment Committees during their tenure on the Board.

10. Discuss update (oral) on implementation of the Affiliate Study Group Task Force recommendations.

Carter introduced Theresa Lewallen, Managing Director, Constituent Programs, who provided an overview of the Task Force's work, including

- The makeup of the committee.
- The methodology the committee used to gather feedback.
- The three assumptions the committee worked under.
- The recommendations the committee made to ASCD staff in August 2010.
- The status of the recommendations.

Board members thanked Lewallen for her work and for the report. A detailed written report will be provided to Board members in the next few weeks, and the Board will receive future updates.

11. President announces appointments to the Legislative Committee.  
President Healey announced that Jeff Stephens and Nancy Gibson would serve on the Legislative Committee. He asked Board members who are interested in serving on the committee next year to speak to President-Elect Debra Hill, who will make the appointments next year.
12. Approve modified policy related to ASCD's election process.  
President Healey referenced the Board of Directors June 15, 2011, conference call, at which time the Board officially authorized the use of online voting in ASCD's elections. Clifton moved, and Gibson seconded, to revise the language of the current policy related to ASCD's election process to reflect the new online practice. The motion carried. The policy now reads
  - 304.1 Voters are required to affirm their eligibility before they cast an online ballot, and the names of online voters are checked against membership lists to be in compliance with Virginia Code §13.1-848.
- 12.A Receive update on the status of revised policy related to the Board diversity committee.  
Seltz reminded Board members that diversity positions to be elected by the Board of Directors are not open until 2013 and said that staff would place the proposed policy revision on a future Board meeting agenda.
13. Receive Information Technology (IT) update (oral).  
Michael Berkeley, Assistant Executive Director, Information Technology Solutions, updated Board members on what was happening in the IT arena internally and what the implications are externally. The update included information on the organization of the workgroup and its various responsibilities, along with information on the benefits and challenges presented by the recent transition to a new Association Management System. Berkeley distributed copies of a document with IT Solutions operational metrics, which included a sample of a report that can be easily generated in the new system. Board members thanked Berkeley for his presentation.
14. Review update on the Board of Directors November 2011 trip to Thailand and Vietnam.  
Seltz distributed a blank journal and a pamphlet with information on international travel. She said that Board members would receive preliminary agendas prior to the fall meeting and would receive the final agenda for the trip when they arrive in Bangkok in November.
15. Receive process observations and President's closing remarks.  
Cobia said her observations were broken down into several different areas, including Board members' interaction with each other (i.e., relationships—how we talk to one

another, how we greet each other), focus on work, leadership and procedures, discussion/conflict, and actions.

*Interaction.* We had small groups, and we had across-the-table dialogue. It was positive, direct, frank, honest, very professional. There was a lot of Q & A and historical data.

*Focus on work.* We reviewed the March 2011 assessment and the FY12 budget; we had informational reports, and we discussed how to take bold action.

- Generative work. Our plan of work that is evolving fits this perfectly—we are making progress discussing generative work.
- Strategic work. Examples include discussion of the retreat and the budget proposal.
- Fiduciary work. We had two specific reports—on financial details by Eric (zero-based budgeting and specific line items) and on the Investment Portfolio.

*Leadership and Procedures.* There were four goals suggested for the year that got us off on the right start. There was obvious planning of the agenda. Procedures were clear and well-defined. Leadership was apparent, obvious, and consistent.

*Discussions/conflict.* Discussions were organized and controlled throughout the agenda. However, there was a lot of freedom for small-group and individual comments. The majority of the Board asked questions for clarification or had extra comments. There was no conflict.

*Action items.* Four goals were presented, and actions were taken on those agenda items that required it. Reflective and future work was found in the budget proposal.

*Critical analysis of the functioning of the Board.* There are challenges for the association. There was some lack of engagement as the afternoon went on, but most of us are not those who sit. We had some talk about the association of the future. For the first time, we spent time on analyzing assessment data as a collective group. We had information-rich reports with ties to continuous improvement. We were comfortable with and used terminology such as “revolutionizing,” “futuring,” “accountability,” and “continuous improvement.”

President Healey thanked Board members for an engaging meeting. The meeting adjourned at 5:05 p.m.