

## **PNBA Governance Policies**

**Originally approved by the Board January 15, 2000**

**Most recent revisions approved by the Board October 5, 2020**

### **Mission & Ends**

**1.0** The Mission of the Pacific Northwest Booksellers Association is to promote the success of independent bookstores and support a vibrant, sustainable, innovative, and inclusive independent bookselling community.

PNBA exists to foster bookseller success in a manner that is cost effective. Its multiple Ends are of equal importance. Regularly and throughout the year PNBA will ensure that:

1. Booksellers have skills, capabilities, resources, and tools that contribute to their short and long term success.
2. Booksellers engage in opportunities to innovate, experiment, and connect.
3. Booksellers are widely recognized for their integral role in a thriving literary community that includes writers, publishers, distributors, libraries, and general readers.
4. Booksellers are able to pursue professional careers in an industry that minimizes socioeconomic barriers and promotes equity and inclusivity.

### **Board/Executive Director Relations**

**2.0** The Board of Directors will relate officially to staff only through the Executive Director. The Executive Director (ED) is accountable for the entire attainment of Ends and compliance with Executive Limitations.

**2.1** The Board delegates all authority and all accountability for achieving Ends to the ED. The ED will be bound in their actions only by the Executive Limitations established by the Board.

**2.2** Executive Director Performance: The Board will monitor the Executive Director's degree of achievement of Ends and compliance with Executive Limitations through written reports and monitoring data submitted periodically by the ED, and through direct observation or other means as necessary. The Executive Committee will perform a required Annual Review at the Annual Retreat, in writing, to be discussed by the entire board. The ED will submit the following required periodic reports:

- a. Bi-Monthly: A regular report outlining progress toward achieving the PNBA's Ends and any significant shortcomings, presented at each regularly scheduled board meeting or submitted via email during months when no meeting is scheduled. Report should also include suggestions and observations on how the PNBA and the Board might be more effective in achieving Ends.
- b. Regularly: A brief summary report for each major event or initiative of the PNBA including income and expenses, attendance by category, and other relevant detail, to be sent to Board members as soon as practical.
- c. Annually: A preliminary budget for review and discussion at the Annual Retreat, and a final budget at the Spring meeting. The Fall meeting materials should include a report on the PNBA's financial condition and budget projections.
- d. Annually: A strategic plan of action detailing the ED's vision and intention for implementing the PNBA's Ends specifically in the coming twelve months and more generally over the next five years
- e. Annually: A succession plan.

The Board may also request information to assist it in making decisions, composing or revising policies, and the ED should provide incidental reports as necessary to keep the Board informed of significant events or developments.

**2.3** Only decisions of the Board as a whole are binding on the Executive Director, except in such cases as the board's authority is specifically vested in an individual or committee. Individual board members may advise the ED at their request or discretion,

but the ED reserves the right to refuse to take actions or produce information if such requests are outside the Board's policies.

**2.4** By a majority vote of three, the Board officers and Past President may proclaim the Executive Director unfit to perform their duties. In this event, the officers and Past President will serve as a temporary Selection Committee, charged with appointing a temporary, interim ED and with nominating a new, full-time ED. The Selection Committee will meet with the interim ED to decide suitable compensation, including temporary relocation and salary. The Selection Committee will promptly announce the ED vacancy to all PNBA members, will advertise the vacancy in appropriate media, and will collect resumes from interested applicants. Interviews will be conducted by the Selection Committee in order to recommend an ED candidate for approval by a majority of the Board of Directors, either at a special meeting called for that purpose, or at one of the Board's regularly scheduled meetings, at the discretion of the President of the Board.

### **Executive Limitations**

**3.0** The Executive Director will not cause or allow any practice, activity, decision, or organizational circumstance which is either unlawful, imprudent, disrespectful, or in violation of the highest standard of business and professional ethics and practices.

**3.1** Financial planning for any fiscal year or the remaining part of any fiscal year shall not deviate materially from the board's Ends priorities or risk fiscal jeopardy. Further, the ED will not plan in a manner that:

- a. fails to derive financial planning from a multi-year plan.
- b. fails to include credible projection of revenues, expenses, and cash flow; separation of capital and operational items; and disclosure of planning assumptions.
- c. provides less for board prerogatives during the year than is set forth in the Cost of Governance policy.
- d. includes an amount for ED Salary & Benefits until that amount has been determined solely by the board.

**3.2 Asset Protection:** Assets may not be inadequately maintained, unnecessarily risked, or unprotected. Therefore the Executive Director may not:

- a. fail to insure actual value of assets against theft and casualty, and liability of staff, organization, and board members in an amount no less than the average for comparable organizations.
- b. allow un-bonded persons access to substantial amounts of funds or other assets.
- c. receive, process, or disburse funds without control sufficient to meet standards of a Board-approved CPA.
- d. invest or hold assets in uninsured instruments, or in non-interest-bearing accounts, except for funds needed for the immediate operation of the PNBA.
- e. unnecessarily expose the organization, its board, or staff to claims of liability.
- f. make any expenditure that results in conflict of interest or fail to assure balance of quality and cost.
- g. fail to protect intellectual property, information, and files from loss or significant damage.

**3.3 Financial Condition & Activities:** Management of income and expenditures will not incur jeopardy, be derived from less than a long-term perspective, or compromise the Board's Ends policies. Therefore the Executive Director shall not:

- a. allow a decrease in the Reserve Fund at fiscal year-end without good cause. In no case may such reserves fall below 50% of annual operating expenses.
- b. incur debt beyond normal accounts payable in amounts that cannot be repaid within 120 days.
- c. fail to settle payroll and debts in a timely manner.
- d. allow tax payments or other government ordered payments or filings to be overdue or inaccurately filed.
- e. acquire, encumber, or dispose of real property.
- f. fail to aggressively pursue receivables after a reasonable grace period.

**3.4** With respect to the treatment of paid and volunteer staff, the Executive Director may not cause or allow conditions which are unfair, undignified, disorganized, unclear, or are

in violation of the PNBA Code of Conduct. Further, the ED will not operate without written personnel rules which:

- clarify rules for staff.
- provide for effective handling of grievances.
- protect against wrongful conditions.

**3.5** Communication with the Board of Directors: The Executive Director may not permit the Board to remain uninformed or unsupported in its work. Accordingly, the ED may not:

- a. withhold, impede, or confound information relevant to the board's accomplishment of its job.
- b. fail to present information in a clear, accurate, and timely form,
- c. neglect to submit monitoring data required by the Board (as described in section 2.2 on monitoring ED performance) directly addressing provisions of Board policies.
- d. fail to advise the Board of perceived deviations from its own policies as found in PNBA By-Laws.
- e. fail to present the Board with as many staff and external points of view, issues, and options as needed for fully informed Board choice.
- f. fail to inform the Board of relevant trends, anticipated media coverage, or material external and internal changes, particularly changes in the assumptions upon which any Board policy has previously been established.

**3.6** Industry Image: The Executive Director may not cause the image of the PNBA nor that of the independent bookselling community to be degraded. Therefore, the ED may not:

- a. speak for the record without due consideration of their remarks.
- b. distribute documents with inaccurate, misleading, or insensitive content.
- c. volunteer information or opinions for the public record that are not informed by consideration of their benefit to the PNBA's Ends.

**3.7** Succession plan: In order to protect the board from sudden loss of Executive Director's services, the ED will not fail to provide, on at least an annual basis, a written

emergency plan and at least two designated emergency persons familiar with Board and ED issues and processes.

**3.8 Compensation and Benefits:** With respect to employment, compensation, and benefits to employees, consultants, contract workers, and volunteers, the Executive Director shall not cause or allow jeopardy to fiscal integrity or public reputation of the PNBA. Accordingly, they may not:

- a. change their own compensation or benefits.
- b. promise or imply permanent or guaranteed employment.
- c. establish current compensation and benefits that deviate materially from the geographic or professional market for the skills employed.
- d. create compensation obligations over a longer term than revenues can be safely projected.
- e. establish or change pension benefits so as to cause unpredictable or inequitable situations, including those that
  1. incur unfunded liabilities.
  2. treat the ED differently from other key employees.

## **Board Process**

**4.0** On behalf of the independent bookselling community in the Pacific Northwest, the Board will govern with one voice, through written policies focused on long-term Ends, for the benefit of that community.

**4.1** Specific job outputs of the board, as an informed agent of the ownership, are those that ensure appropriate organizational performance. Accordingly, the board has direct responsibility to:

- a. represent the membership and provide a link between the membership and the PNBA.
- b. ensure successful ED performance.
- c. write governing policies which address the broadest levels of all organizational decisions and situations, as follows:
  1. Ends: Organizational products, impacts, benefits, outcomes, recipients, and their relative worth (defining what PNBA will accomplish, for whom, what priority they are given, and at what cost).
  2. Executive Limitations: Constraints on executive authority which establish

the prudence and ethics boundaries within which all executive activity and decisions must take place.

3. Governance Process: Specification of how the Board conceives, carries out, and monitors its own task.
4. Board-Executive Director Linkage: How power is delegated and its proper use monitored; how the ED role is defined; and how authority and accountability are established.

**4.2** The Board will direct its energies to governing the PNBA, and dealing with book industry affairs, rather than internal Board affairs, to the greatest extent possible. Deliberations should result in policy decisions, rather than dealing with individual events.

**4.3** The Board will focus on strategic leadership rather than administrative detail, making a clear distinction between Board and Executive Director functions.

**4.4** The Board shall re-affirm the Ends policies prior to the Executive Director's drawing up of the annual plan and budget.

**4.5** The President is responsible for ensuring that the Board adheres to its own policies and that meetings are run in an effective and open manner.

**4.6** The Board shall seek and encourage active participation of the membership-at-large in all activities of the PNBA.

**4.7** Continual Board development will include orientation of new Board members in the Board's governance process, additional governance education as Board deems necessary, and periodic Board discussion of process improvement.

**4.8** The Board will follow an annual agenda which completes an evaluation and approval of Ends policies and continuously improves performance through Board education and enriched input and deliberation.

- a. The cycle will conclude each year at the last meeting so that administrative planning and budgeting can be based on accomplishing a one-year segment of the Board's most

recent statement of long term Ends.

- b. The cycle will start with the Board's development of its agenda for the next year. This agenda will be carried out by means of regular meetings throughout the calendar year, as per the following suggested schedule:

Meeting 1: Winter Institute, January (Prepare for winter retreat, President's meeting)

Meeting 2: Winter Retreat, February (ED Review, Draft Budget, Nominate new directors, Renew Ends, Review ED Strategic Plan)

Meeting 3: ABA Spring Forum, April (Approve budget, Vote in new directors, onboarding/introduction to Governance, additional training)

Meeting 4: Summer (Ends revision prep, Annual agenda prep,)

Meeting 5: Fall Trade Show, September/October (Approve annual agenda, approve Ends revision)

**4.9** The Board commits itself and its members to the highest ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. Board members:

- a. must have loyalty to the membership, unconflicted by loyalties to staff, other organizations, and any personal interest as a member.
- b. must avoid conflict of interest with respect to their fiduciary responsibility.
  - 1. There will be no self-dealing and members doing business with the organization will receive no more benefit than any other core members. Members will annually disclose their involvements with other organizations, with vendors, or any associations which might be or might reasonably be seen as being a conflict.
  - 2. When the Board decides upon an issue, about which members have an unavoidable conflict of interest, members shall recuse themselves without comment from not only the vote, but also from the deliberation.
  - 3. Board members will not use their Board position to obtain employment in the organization for themselves, family members, or close associates. Should a Board member apply for employment, he or she must first resign from the Board.
- c. may not attempt to exercise individual authority over the organization.



1. Members' interaction with the ED or with staff must recognize the lack of authority vested in individuals except when explicitly Board authorized.
  2. Members' interaction with the public, press, or other entities must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board decisions.
  3. Except for participation in Board deliberation about whether reasonable interpretation of Board policy has been achieved by the ED, members will not express individual judgments of performance of employees or the ED.
  4. Board members must pass on operational comments and complaints to the ED. Feedback to the ED is not an attempt to exercise authority.
- d. will promptly inform the Board of any change in their core membership status. The Board will verify core membership eligibility for that member before the next meeting.
  - e. will respect the confidentiality appropriate to issues deemed by the Board to be of a sensitive nature.
  - f. will be properly prepared for Board deliberation.
  - g. will submit expense reports for reimbursement no later than 60 days after the expense was incurred.

**4.10** Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity. Accordingly:

- a. Board skills, methods, and supports will be sufficient to assure governance with excellence.
  1. Training and retraining will be used to orient new members and candidates for membership, as well as to maintain and increase existing member skills and understandings.
  2. Outside monitoring assistance will be arranged so that the Board can exercise confident control over organizational performance. This includes, but is not limited to, fiscal audit.
  3. Outreach mechanisms will be used as needed to ensure the Board's ability to listen to member viewpoints and values.
- b. Costs will be prudently incurred though not at the expense of endangering the development and maintenance of superior capability. Up to 10% of annual income for:

1. professional fees to include the external audit, accounting, and any professional fees deemed necessary by the Board of Directors.
2. Board meetings and other meetings deemed necessary by the Board of Directors, to include hotel, travel, and other related expenses.
3. Board training and information gathering to include Carver training, meetings of national or other regional booksellers associations, and other conferences and workshops.
4. internal monitoring.