

IN GOOD TIMES, TRUE LEADERSHIP SKILLS ARE RARELY TESTED
TO THEIR LIMITS. IN TOUGH TIMES, LEADERS FIND OUT WHAT
THEY'RE REALLY MADE OF.

POSITIVE



By Amanda Madorno

GOVERNANCE IN TOUGH TIMES

IN THE TURBULENT ECONOMIC LANDSCAPE, chambers face tough challenges, many of which could have significant long-term implications. For some, declining memberships and decreasing revenue have resulted in program and administrative cuts. This creates a double whammy for leaders: the challenge of doing more for many with much less. And all this must be accomplished while maintaining the integrity and value of the chamber to its business community.



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— Sandra Parker, Rochester (NY) Business Alliance

Chambers large and small have implemented various tactics to deal with anticipated revenue shortfalls: eliminating events and programs, delaying the start of new programs, re-directing sponsorships to different events, increasing employee contributions to their health plans, freezing salaries and/or instituting furloughs, and reducing staff. But these measures are short-term fixes — real success can only be achieved when larger leadership issues are addressed.

In good times, true leadership skills are rarely tested to their limits. In tough times, leaders find out what they're really made of. **Roberta Parks, senior vice president and CEO** of the

Peoria Area (IL) Chamber, says, “We can’t save our way out of this. It takes a higher level of leadership to navigate our way through and out of these economic times.” And she believes every chamber leader must work closely together with their board to make that happen.

When a stumbling economy causes community businesses to sharply cut back or fail, economic development projects to slow down or be put on hold indefinitely, and members to think twice about their chamber investment, chamber executives and their governing boards find it more important than ever to (1) work together to determine priorities and weigh their significance in relation to other issues, (2) reach out to and engage their membership, (3) articulate their value proposition to their membership and broader community, and (4) stay focused on their core business while remaining flexible and resilient. A sense of pragmatic optimism prevails



among many executives as they take strong action with their boards to increase the adaptive capacity of their organizations and position their chambers for success and long-term sustainability.

CREATE AN ENVIRONMENT FOR EFFECTIVE BOARD DECISION-MAKING

Communicating effectively throughout your organization is a required leadership skill. Times of rapid change and uncertainty demand strong and even more frequent lines of communication between chamber executives and their governing boards. “This is not the time for holdbacks,” says **Sandra Parker, president and CEO of the Rochester (NY) Business Alliance**. “No executive should let their board be surprised by anything these days.”

Harvey Schmitt, CCE, president and CEO of the Greater Raleigh (NC) Chamber of Commerce, believes executives should have an ongoing process of feedback with their board on key issues. “Bring your board two good solutions and ask them for feedback. When an executive faces competing pressures, this dialogue with your board is a test run to challenge your own thinking.”

While the executive committee remains the primary communication link for chamber CEOs, many have intentionally sought ways to open lines of communication that invite deeper engagement and meaningful decision-making from the whole board of directors. The Peoria Area Chamber now holds regular feedback sessions at every board and committee meeting about particular issues and elicits every board member’s opinion about what they feel the Chamber’s response should be. This gives staff a better idea of how members will react to potential policy and advocacy initiatives and allows them to develop better surveys for membership feedback.

Jim Peoples, a board and executive committee member of the Seattle (WA) Chamber of Commerce, says the board took



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— Harvey Schmitt, CCE, Greater Raleigh (NC) Chamber



a look at its governing practices two years ago. “We realized the board felt that our meetings were rote and had become somewhat of a rubber stamp. Most of the decisions happened in the executive committee. We decided to make the executive committee *and* board meetings truly discussion forums for the major issues that the Chamber needed to address. We cut down on the number of topics discussed at both meetings and focused on what we felt was truly important. This helped change the way we discussed issues as well. As we entered this period of economic downturn, we were already well-prepared for transparency and open discussion on difficult issues.”

Patti Mullen, executive director of the West Seattle (WA) Chamber, feels her board relationship is stronger than ever. “They count on me to be transparent about the issues the Chamber is facing and for my best input regarding the Chamber’s well-being,” she says. “In turn, my board has offered strong emotional support. That’s important when your role as a chamber executive is so public.”

The practice of open and more frequent communication doesn’t stop with governing boards. It extends to the general membership as well and may be one of the best retention strategies a chamber can practice. Chamber executives understand the importance of communicating their value proposition for a member’s investment. Last year, Sandra Parker and her staff spent a lot of time doing that in person. By implementing a high-touch combination of one-on-one meetings and small group events with business owners, they visited almost every single member.

According to Parker, “It’s all about relationship-building. We focused on the members we don’t see on a daily basis, and that’s mostly small businesses who make up 85 percent of our membership total. Our members love it when we take the time to come and visit them, see their offices and how their business works.” Parker also notes her membership dues saw less than a four percent decline in 2009.

When faced with scaling back costs, the Greater Raleigh Chamber decided to decrease member benefits. “We just asked them directly what they could do without,” Schmitt comments. “And then we cut half a dozen or so benefits. While we had a smaller membership campaign goal [last] year of \$1.6 million, we exceeded that goal.”

STAY TRUE TO YOUR PRIORITIES

Seasoned chamber boards and executives know that leaders still need to maintain a strategic focus, even in an environment charged with complexity and uncertainty. Keeping the long-term view in sight is essential. “You have to plan, and you have to make some assumptions, and then you have to adjust if your assumptions are off,” says Peoples. “If you’re in a difficult environment, you may have to alter your priorities and work plans. For most chambers, the big public policy and advocacy issues have remained steady over the years. I don’t think the economy fundamentally changes our strategy; it *does* reorient what’s on top and what’s in second place.”

The governing board of the Peoria Area Chamber recently adopted a strategic plan that focuses work in three areas:



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regional economic vibrancy, public policy advocacy, and membership services. “Our board is very politically active,” says Parks. “They focus more on public policy than program areas. And they know that public policy can attract or repel members. We’ve recently established a new mechanism to evaluate what issues we take on and ask ourselves the following four questions: What are the risks and rewards? What is our risk tolerance? What is our capacity to influence the issue? How could we get involved?”

Several years ago, the West Seattle Chamber focused primarily on networking. Mullen notes, “Like many smaller chambers, we saw ourselves as the be-all and end-all in that regard. We thought that our competition was Business Net-

working International. But, there’s nothing like empty store fronts to wake you up. We’ve visibly seen the need to be the leading advocate for the West Seattle business community.”

Mullen has seen her board become more thoughtful in its decision-making. Fortuitously, the board had already decided to undertake a strategic planning process, and they used the time to re-affirm the Chamber’s role and mission. “We eliminated non-productive programs or put them on sabbatical,” she says. “Our priority is programs and services that mirror what our Chamber is really all about — the sustainable economic growth of a diverse and viable business community.”

Many chamber executives and their boards have adopted a continuous approach to planning that put them in good stead

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“ [Board members’] time may be more limited because they’re putting fires out in their own businesses. Their enthusiasm for your programs can be tempered by the pressures they feel in their own companies. ”

— Matt Mahood, Sacramento (CA) Metro Chamber of Commerce

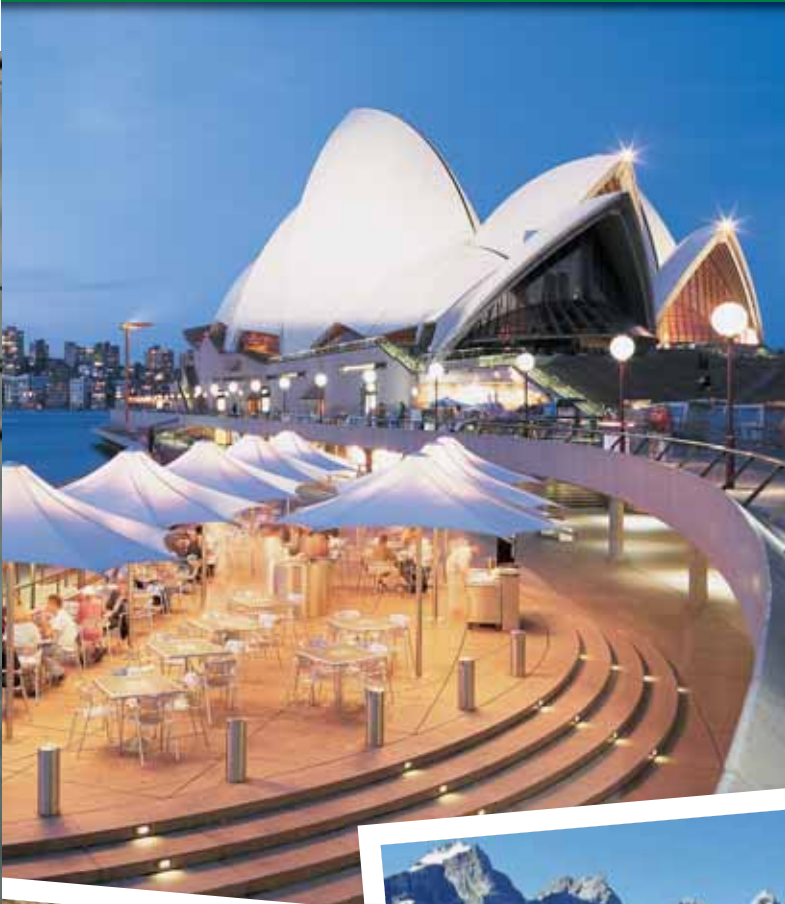
to make modest course corrections. According to Parker, “We didn’t really need to make radical changes. Over the past three years, we’ve looked at everything and had already eliminated some things that weren’t relevant any more. So when the economy went south, we were already in a solid position with a strong, lean team.”

Like Parker, **Matt Mahood, president and CEO of the Sacramento (CA) Metro Chamber of Commerce**, took the long view two years ago. “We were very proactive, even though we didn’t anticipate how bad things were going to get as quickly

as they did. We killed our golf tournament and the art and wine festival because both events took a lot of staff time and effort, but ultimately didn’t support our mission.”

MAINTAIN BOARD COMMITMENT AND ADVOCACY

Chamber boards have stayed loyal to their board and membership commitments, in part because the chamber held its value for them, and in part because smart chamber executives encourage board members to make win-win decisions when dollars are tight. Parks says she sat down with her board



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members to ask: "Is your sponsorship serving us both well?" As a result, one board member switched to a different event that supported young professionals and increased his sponsorship amount. Parker notes that board members have maintained their levels of event sponsorship and membership dues. "In some cases, I asked them to 'up their dues,' and 10 or 12 did that. For me, it's a testimonial that the board really feels we're doing our work."

Parks' board also decided to do more of what they were already doing to promote their Chamber. "They've made it a point to be ambassadors, regularly touting what we continue to do and the benefit to our community. They've really stepped it up a level and are making sure that people know they're members of the Chamber Board."

Schmitt says that if his board members needed to make adjustments in their sponsorship sup-

port, they telegraphed it well in advance. "Maybe supporting the golf tournament isn't the thing to do after you've just laid off 200 employees," he says. "One bank switched from their golf tournament sponsorship to a sponsorship for our small business recognition program, which was more aligned with the market they were trying to cultivate. They maintained the same level of financial contribution." And what about the title sponsor for the tournament? Schmitt says, "We didn't find one, so went without."

When Schmitt wanted to provide staff training, but had no budget, he approached his board chair, who then offered to enroll the Chamber staff in his own business training classes, at no cost. Eight senior staff took advantage of the opportunity, and attended multiple trainings. "Now, maybe this might have happened in either feast or famine, but we dialogued about it because of famine," says Schmitt.

Mahood encourages chamber executives to be sensitive to the individual challenges board members face. "The economy is hitting them hard, too. Their time may be more limited because they're putting fires out in their own businesses. Their enthusiasm for your programs can be tempered by the pressures they feel in their own companies."

Schmitt agrees, "I can sense when my board is under strain. A good executive takes the temperature of his or her board, and is understanding of their circumstances."

STRENGTHEN YOUR PERFORMANCE

While most chambers have had to eliminate or scale back their activities, creativity prevails in their approach. Few sacred cows survive as programs if they don't pay for themselves and activities that do not meet the core mission end up on the chopping block. Others morph into something new and improved.

For example, the Peoria Area Chamber evaluated the cost and staff time involved in its annual meeting. Although this well-received event attracted more than 1,000 people, it was a staff-intensive, neutral revenue generator. Anticipating that sponsorship revenue would be down, they decided to try something dramatically different. Parks explains, "Rather than ask people to come to a traditional event, we brought the event to our members by producing a virtual meeting. We partnered with our local public TV station to produce *The Insider's View, The Road to Recovery*. We decreased expenses and increased our impact because of the TV broadcast and podcasts that followed."

Parker says that the Chamber also decided to offer long-standing members who heavily use Chamber services a free membership for one year, rather than lose them. "These members are very, very thankful. Once you let a member drop, it's so much harder to get them back. We decided that it made more sense to carry them for a year."

Instead of hosting so many networking events, the West Seattle Chamber made a move to social networking. Mullen states, "Our new and younger membership goes about many things differently. Networking doesn't happen just in person anymore. These members are on Facebook, and they're there after they've had dinner with their families and put the kids to bed. This strategy really helps us out as a smaller



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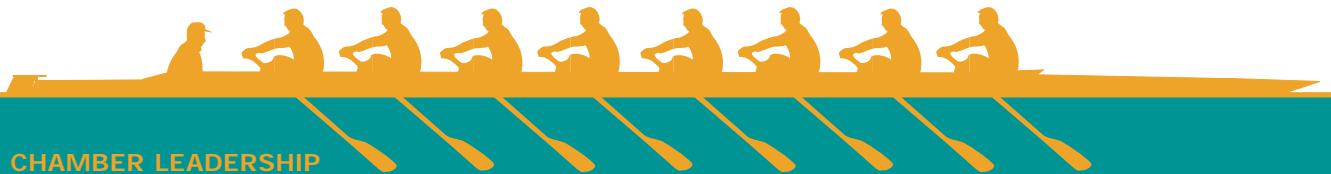
On the other hand, the Sacramento Metro Chamber increased the number of free networking and educational events. “We scaled back our expectations around larger and more expensive events,” explains Mahood. “But we threw nickels around like manhole covers. We hosted 100 free events that provided opportunities for members and supported local businesses. We doubled the number of our Referral Roundtables and Power Lunches.”

NEW ORDER OF PARTNERSHIP REQUIRED

Most chamber leaders believe that the current economic circumstances, while challenging, will not last forever. As chambers continue to navigate their way, effective leaders

will do more than rescale their businesses. They will look to their boards for increased partnership and participation in providing solutions to the thorny dilemmas as well as opportunities that emerge. The executives and boards who put resources into the strategies, systems and relationships that build bridges and reach broadly through their value proposition will position their chambers to succeed. ☐

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TIPS FOR CHAMBER LEADERSHIP

Take stock of your leadership approach to your board.

Every crisis is an opportunity to build a better board. If you feel yours is sitting on its hands, perhaps it's time to evaluate the way you work with your board members. Have you become complacent about providing meaningful conversations? Do you rely too heavily on the chair-CEO relationship? Is it *your* executive committee, or the board's? What can you do, that you're not doing, to help your board be at its best and embody their value proposition on behalf of the Chamber you lead?

Be open to creative solutions generated by board, staff and members. The best strategic and programmatic solutions come from engaging the collective intelligence and participation of your key stakeholders. Input and ideas from within and outside of your Chamber can provoke fresh ideas and provide new perspectives.

Re-tool your governance practices. Solutions to complex problems don't reside just in the Executive Committee. Encourage your whole board to grapple with the big issues. Create opportunities for dialogue and sustained attention on issues that matter by changing the format of your board meetings. Keep the agenda short and focused so that you have time to cover one or two topics in depth. Have small group discussions at board meetings. Hold joint committee meetings on issues that cross committee boundaries.

Keep focused on your primary business. Recessions come and go. For most chambers, the top issues remain long-term priorities, even if progress is temporarily slowed. Stick to the

core principles embedded in your mission and value proposition, and work to prepare your community for the next phase of growth.

If it isn't working, stop doing it! The current economic climate presents opportunities to scale your business and eliminate weaknesses. To stay relevant and competitive, you need a highly focused strategy that builds on your unique strengths.

Don't let a good crisis go to waste. Success still belongs to the leaders who innovate, those who think — and act — one step ahead of everyone else. Contrary to popular belief, recessions, and not peak economic times, are actually the best times for organizations to invest in their competitive strategies.

Communicate, communicate, communicate! Kip Tindell, CEO of The Container Store, says "*Communication is leadership, and leadership is communication.*" Even if you think you're at the top of your communications game, guess what? You just can't communicate enough during challenging times. Dig deep and look at what you can do to communicate more effectively with your board and membership.

Be human. Reach out for support. Everyone is affected in small and large ways by this economic downturn. By being compassionate, realistic, and empathetic, and by making your board a valued voice within your organization, you will come out of this a much more effective — and respected — leader.