



## **Board Member Guide**

**2019**

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## **Message from the Chair & CEO**

*Congratulations on becoming a member of the CAC board of directors.*

*The board plays a crucial leadership role working with staff to explore the opportunities to enhance the viability of our industry. The CAC board is a “governance” board, as opposed to an operational one, working collectively to achieve a common mission and vision:*

***Our Vision:*** *To be recognized as the most desired avocado in the world by fostering a vibrant industry*

***Our Mission:*** *To maximize grower returns by enhancing premium brand positioning for California avocados and improving grower sustainability.*

*The success of CAC is greatly influenced by how the board approaches its work and executes its responsibilities, which is why we developed this Board Member Guide. Hopefully it will accelerate your orientation and be a useful reference going forward.*

*As a board member, you now wear the “industry hat”, bringing a valued set of skills and experience to our discussions. As a board, we set the strategic direction for our industry, always mindful of working in the best interests of all constituents, with scrupulous regard for our legal and fiduciary responsibilities. CAC staff are ready to help you understand what this means so take advantage of their expertise and considerable knowledge. Staff can also guide you through a detailed set of policies which supplement this document, and guide how we do our work.*

*We are very proud of CAC’s accomplishments and the Team that has made it happen. We believe our industry has a bright future and that with continued leadership from CAC’s board and staff, we will realize our opportunities. But it will require a lot of thoughtful discussion and some strategic decisions by the board.*

*We look forward to hearing your perspective on the issues, your engagement in the board’s work, and your support for what we ultimately decide as a board. One position, one message, one voice.*

*Thank you for your commitment to provide oversight and governance, to help us think through our opportunities, and to lay down a clear strategy for achieving them.*



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John Lamb  
Chairman



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Tom Bellamore  
President & CEO

## Overview

While much has been written about governance and being a board member, there are 3 important attributes to keep in mind as you join the CAC board:

- 1. Operating Model:** By understanding CAC's operating model, you'll know where you can be most valuable in effecting the change that continually needs to happen, and in protecting that which makes CAC a uniquely valuable and relevant organization for its constituents.

CAC's operating model is born out of the mandate given to it by its constituents, its regulatory role, and over 30 years of experience in evolving to be the most effective organization it can be. So why is it important to understand the operating model, and how it operates and interacts with other organizations? In a word – consequence. Board decisions by definition should be consequential if they focus on the bigger picture. But some consequences are less visible than others, so questions need to be asked.

Part of the board's role is to establish a longer-term direction for CAC. What would happen if the board decided for example to reallocate resources to focus on fewer activities? Would CAC be exposed to new risk because it would no longer have early warning on certain issues? Would some of its industry partnerships be weakened ... and would that matter?

The media is filled with stories where organizations struggle because they didn't understand the consequences of their decisions. Bottom line, understand the points of connection within the CAC operating model and the value they bring to the organization, before engaging in discussions about change.

- 2. Culture:** After 30+ years of operation, CAC has well-defined values that make up its culture, honed by hard-earned experience, difficult decisions and proud accomplishments. You feel it as soon as you walk into the CAC office. As the renowned Michael Porter at Harvard University famously stated, "Culture beats strategy, every time". CAC's culture is its DNA and the organization's core values guide every decision it makes.

Given the power of culture and the need to respect the core values that support it, can you describe CAC's? How well do you know the CAC staff, and how it operates as a Team to achieve those proud accomplishments? Arguably CAC's culture is its biggest asset, and as a board member it's your responsibility to not only see it respected and nurtured, but to think about how it can best be leveraged and improved.

- 3. Leadership through Governance:** One of the reasons that some boards struggle with board member engagement and participation, is that they have allowed their board meetings to become a place for endless reports, little discussion and rubber stamp votes, not focusing on emerging strategic opportunities. Like you, board members want to contribute where they can provide the most value. They want to be challenged and see an outcome for their time spent.

CAC understands this and through Board orientation and this Board Member Guide, CAC wants to prompt discussion on how you can best participate on the board, in a way that complements and guides what staff does. In a way that *leads* CAC by providing strategic direction and governance, deeper independent thinking on underlying issues, and by keeping a sharp eye on the operating metrics and required due diligence within a changing marketplace.

## **Purpose of the Guide**

The purpose of this Board Member Guide is to expand on the 3 main points provided under the Overview on page 4:

- CAC's Operating Model
- CAC's Culture
- Leadership through Governance

As a new member of the board, CAC wants to accelerate your orientation so that you understand what is required from you, and that you have the right context for providing input into board discussions and for making informed decisions.

### **The Power of a Question**

This guide offers an approach, a way of thinking, while outlining your fundamental responsibilities as a board member. The approach and thinking require practice. Asking those probing questions, sometimes from an opposite perspective, that force deeper thinking and ultimately greater clarity on what should be done, is of immense value to all board members. That is what can make board meetings so interesting and enlightening.

The right question can be as powerful as the right solution. Something that makes “the penny drop”. That is why after each section under Board Governance, sample questions have been included to get you thinking down that road. You'll have better questions because you will bring your own unique experience to the discussion. Practice asking them ... often.

### **Knowing the Team**

Knowing your Team sounds obvious – fellow colleagues from the industry who all want the same thing. A viable industry, a return on the grower dollar, and an effective marketing organization. But you have a lot more bench strength than that.

After 30+ years, CAC has experience. It has facilitated the tough conversations around how to work more effectively as one organization, and how to be nimble enough to respond to changes in the marketplace. Some initiatives have really worked well, others not so much. With that learning comes wisdom, and wisdom is a powerful asset. That is why a short summary of CAC's history has been included, so you know the paths that have been taken and what has been learned from all that experience. Experience that staff and some board members bring to the discussion.

### **Being a Leader**

Leadership is an underlying theme in this guide. The board plays a leadership role and by extension, you do too. Leadership means bringing a focus on the future and how to realize it, while respecting the past and all that has been learned from it. It's about taking calculated and timely risks because competition for brand loyalty continues to escalate.

Bringing your own independent thinking, engaging in the debates while respecting the ultimate decision of the board, is a powerful brand of leadership. One that CAC is committed to foster and advance.

## **The Evolution of CAC**

CAC was established in 1978. The milestones in its development include:

- **Pre- 1978**
  - An Avocado Advisory Board was in place, with a limited industry agenda.
- **1978 – Increasing the Awareness of California Avocados**
  - California Avocado Commission (CAC) was established.
  - A primary goal was to increase the awareness of California avocados, especially outside California.
- **1980s – Dispelling the Myths**
  - While continuing its marketing mandate, CAC expanded its activities to dispel growing myths around nutrition, and perceived issues on fat and calorie content.
  - Avocados were repositioned as being a healthy fruit.
  - Acreage expands in California, helped in part by tax advantages for investment in avocado groves.
  - First significant imports as Chile enters and increases the market.
- **Early 1990s – Dealing with the Impact of Imported Fruit**
  - Mexico's long-standing request for access to the US gains strength as NAFTA negotiations get underway.
- **1994 to 1997 – Addressing Industry Issues**
  - Pest concerns are elevated as the central focus of the Mexico controversy – the spirit of NAFTA, raises the likelihood that US and Mexico will identify a pathway to access.
  - CAC expanded its activities to address grower issues such as water prices.
- **2002 – Hass Avocado Board Established**
  - The Hass Avocado Board was established, promoting the consumption of Hass avocados in the US.
  - Up until this time, imported fruit came into the US market with no assessment, essentially benefitting from the promotional work paid for by local growers.
  - All avocados became subject to an assessment where 15% is allocated for category development and the remaining going back to the country of origin organizations.
- **Present Day – Challenges for CAC**
  - The market is approx. 2.5 billion pounds where California avocados have an approx. 10% share.
  - Trade and industry issues still prevail, as does grower issues such as water prices, and the need for research.
  - Key questions for CAC include:
    - While keeping assessments at a reasonable level for US growers, where should CAC allocate its finite resources, recognizing the increasing cost of marketing activities needed to differentiate California fruit in a market place dominated by a heavy promotional spend by imports?

- How can CAC ensure a premium brand positioning in the minds of consumers, given that the volume of imports will continue to increase faster than locally grown fruit?
- How can CAC create enough product differentiation in the minds of consumers so that the retail and foodservice industries support a premium brand profile (freshness and proximity to market) to its customers?
- How can CAC maintain and increase its relevancy for its constituents, given the above trends?
- A 2018 / 2019 Business Plan was approved by the Board in October 2018. In it four priorities were identified:
  - Position California avocados to be the world’s most valued & desired avocados
  - Advocate for, and engage with, the industry
  - Support industry strategy through research and outreach
  - Cultivate organizational excellence / demonstrate the effective use of resources

### **Implications for the Board & Board Members**

In addressing the above challenges facing CAC, the board engages in 3 core activities:

#### **1. Strengths, Weaknesses, Opportunities and Threats (SWOT)**

In setting the strategic direction for CAC, the board needs to continually do an “environmental scan” – assessing the internal strengths and weaknesses of the organization, and the external threats and opportunities that could impact CAC and the industry. This commonly referred to as a SWOT analysis.

A SWOT analysis is not a one-time exercise.

- **Migration:** The board should periodically review staff and board member insight, along with any information collected from CAC’s partners and stakeholders, and ask itself:
  - If we had to pick 3-4 items, preferably higher impact / lower resource items, where the benefits can more easily be realized, what would we choose?
  - How do we mitigate those items in the “weakness” and “threat” quadrants, and migrate them to the “strengths” and “opportunities” quadrants?
- **Update:** CAC’s operating environment is a dynamic one. Some issues track faster than others and new issues / opportunities emerge. Questions for the board include:
  - How has the SWOT analysis changed?
  - Should we revisit our business plan and the allocation of resources given new forecasts, concerns over timing, and a better understanding of the emerging issues?



## 2. Strategic Plan

A strategic plan is as much about what you are not going to do, as it is about what you are committing to do. To be effective in delivering a few key strategic goals, you have to cull activities. Think “Do what CAC does best and partner for the rest”. There may be opportunities to deliver valued work via a partner organization willing to dovetail its activity into CAC’s.

Once 3 – 4 strategic goals have been identified by the board, staff usually huddle post the planning session to develop an Operations Plan and budget, to deliver the objectives that support achievement of the strategic goals. The Board approves / modifies the plan, a “dashboard” of key performance indicators is developed, and this becomes a tool for the board to measure progress against plan.

Can the plan be changed, should the board realize a new opportunity or threat, not visible at the time of plan development? Yes, but there are a number of considerations to take into account:

- The strategic plan or any modification to it, requires board approval
- If there is a change in focus and resources are reallocated, what are the consequences (negative and positive) from a constituent, partner / stakeholder, and staff perspective?
- Will a change in plan inadvertently expose CAC to new risk / threat?
- How will a change in plan impact staff and the organizational relationships they have ... and does that matter to our constituents?
- What would happen if no change was made – what would we have wished we had done 5 years from now?

## 3. Performance

Usually once a year, the board will assess its own performance and ask board members for a perspective. Questions could include:

- Do you feel that the board stayed true to its mandate and priorities, making the tough decisions, and having the difficult and frank conversations along the way?
- Do you feel the board meetings were productive, and that the board engaged the 3 modes of governance (described below)?
- How would you assess the performance of your fellow board members?
- Did you feel supported by staff, having the right information and access to resources to make timely and informed decisions?
- Did you feel heard by the board, and that your input mattered?
- What opportunities do you see for the board and the way it operates?
- How would you assess your own Board performance?

The board should decide annually how it wants to assess board and board member performance, and what questions are to be asked.

## Board Governance

In simple terms, the Board is responsible for:

- Organizational oversight and due diligence
- Setting strategic direction
- Asking the deeper questions about issues and opportunities

But what does that mean? How should you prepare for Board meetings? How should you think about the Board's work, and the meeting agendas? How should you conduct yourself?

In this section, 3 basic modes of board governance will be addressed that cover most of the board's responsibilities, as well as your own as a board member.

To help you implement this guide, sample questions can be found at the end of each section. No doubt you will have some of your own. Practice asking questions at the appropriate time in board meetings and soon those questions will become part of the board's culture. Being inquisitive is just as important as offering up solutions, as questions help others see issues more clearly and sometimes with a different perspective or deeper appreciation.

Finally, as you engage in board governance, be mindful as to whether you are "rowing" or "steering". It's all too easy to jump into the tactical or an implementation mindset, especially when you feel passionate or experienced about the subject at hand. Nothing wrong with "rowing" and helping staff where you can add value. It's all about balance and awareness, as "steering" is primarily a board function, which staff depend on in executing their responsibilities. Most "rowing" should be done at the committee level by board members, be careful not to micro-manage the staff.

### 1. Fiduciary Governance

This is a basic responsibility for the board and focuses on acting in the best interests of those who have entrusted CAC with its mandate. Expectations of the board include that it will act in good faith, avoid self-interest discussions, not exert undue pressure or act without the consent or knowledge of those who stand to benefit. Fiduciary responsibilities are often managed by reviewing the core performance metrics of the organization, and fall under 5 main headings.

- **Financial:** In general you should be thinking about CAC's financial viability - in the short and longer term. A board-approved budget should be in place that is tied to the execution of management's operations plan. CAC should have a clear and accountable financial plan, where the board is regularly given timely financial statements and reports by the Treasurer that may include, but not be limited to:
  - A statement of expenses & revenue
  - Investments
  - Cash flow
  - Forecasts noting anticipated revenues, expenses, any shortfalls, and items that may impact revenue, expenses or the achievement of budget
  - Recommendations for board approval e.g. acceptance of the current financial statements, an allocation or activity to allow the achievement of budget or financial target

### Questions:

- *Do you understand the statements, what is influencing revenue, expenses, and any variation, and what management intends to do (how & when) to achieve budget?*
  - *Do you feel that the board has adequately and proactively reviewed those items that could create variance from budget?*
  - *Is there complete transparency of information, including any imposed restrictions on revenue or reserves?*
  - *Do you have suggestions that the board should consider to ensure better due diligence, or less risk, or perhaps a planned spend that would help achieve a strategic goal, objective, or a revenue opportunity?*
  - *Has management adequately addressed those items that could become a liability or threaten the organization's financial status?*
  - *Although the budget for this year is set, should the board now reconsider some resource allocations given imminent changes in the marketplace, or a constituent request to change direction?*
- **Bylaws:** The organization should have updated bylaws that reflect CAC's structure and operation, as well as its legal obligations. The bylaws should provide clarity and guidance for the board as it manages its responsibilities, planning and decision making. The bylaws should be referred to when making key decisions, to ensure compliance.

### Questions:

- *If CAC is changing its structure or operating policies, do the bylaws need to be changed through an amendment voted on by all constituents?*
  - *Have the bylaws been reviewed during the year by the board or an appointed board member, to ensure that the operation and governance are in compliance?*
  - *Would a bylaw change help CAC operate more effectively without compromising its values, conferring disadvantage to its constituents, or impeding its compliance obligations?*
- **Best Interests:** CAC should always operate in the best interests of its membership with complete and focused respect for its mission, vision and values. The board's decisions and CAC's operations plan should be transparent, shared, and in the best interests of the organization representing all constituents. Decisions directly affecting constituents should be reviewed with all interested parties, and voted on according to the conditions laid out under the bylaws.

### Questions:

- *How will the board's decision impact all constituents?*
  - *Are the board's decisions defensible when presented at the AGM?*
  - *How do the Board's decisions uphold CAC's values, or work towards the achievement of its mission?*
  - *Are the board's decisions in the long-term interest of constituents, and avoid eroding anyone's competitive edge?*
  - *Do the board's decisions support a viable marketplace, ensuring continued relevance for CAC?*
- **Ethics:** The board should take steps to ensure that the practices and decisions of CAC are reflective of CAC's core values, and can be publically defended without reproach. This is a behavioral safeguard where the board consciously and proactively thinks about the immediate and longer term consequences of its decisions and practices - where an imagined audience is present. Ethics training and certification is required by the State of California for all CAC board members and alternates within six months of assuming office, and biennially thereafter.

### Questions:

- *Do you understand CAC's definition of "ethical"?*
  - *If the media or all constituents were present, could the board be accused of being unethical in its practices?*
  - *Does CAC treat its partners and external audiences using the same core values as it does internally?*
  - *Are the practices and values of CAC clear and visible, where the board and senior management display supportive behavior?*
- **Compliance:** The organization must be aware of all governing regulations, statutes, and policies mandated by government and any 3<sup>rd</sup> party regulator. There must be mechanisms and reporting in place to inform the board that compliance requirements have been proactively addressed. Policies should provide early warning identification of any issues.

### Questions:

- *How does CAC ensure that the board is informed of any change in regulation, and how are those compliance requirements monitored?*
- *What are the emerging changes in regulation that could impact either CAC or its constituents? Quantify the potential short and longer term impact?*
- *What options are open to CAC to mitigate unwanted restriction to its operations?*

## 2. Strategic Governance

The strategic mode of governance is the mindset that the board adopts in developing an overall direction for CAC. High level opportunities or aspirations are laid out along with a perspective on the marketplace, and those factors that influence it. The board would review an updated SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis.

From this discussion, 3-4 strategic goals would be developed. The board would check these goals to ensure that they advance the mission, and provide thoughts on timing and resource allocation, along with direction on what success looks like. From there, staff work up an Operations or Business Plan and a budget to deliver the goals for presentation, evaluation, and approval by the board.

It is important to respect the “boundary” between the board and staff. The board sets the strategic direction and goals, and staff develop and execute a Business Plan to deliver the goals. The board will usually invite senior staff to participate in their planning session to ensure their decisions are informed ones, which also allows staff to appreciate the nuances of goal development and board expectations. The work should feel complementary and supportive, grounded in the organization’s mission.

In giving guidance to staff before they develop the Business Plan, the board should provide some parameters such as high-level resource allocations, thoughts on programing and services, expected budget development (balanced, surplus, or planned spend), and where the organization should position itself to maximize constituent value.

### Questions:

- *What are the metrics and milestones of success so we know how to measure our progress towards the strategic goals?*
- *Do the goals adequately address the “threats” to CAC, leverage the organization’s “strengths”, with timing that allows CAC to be proactive in its operations?*
- *Does the Business Plan focus on what CAC does best e.g. could it partner with another organization on some activities to allow CAC to focus more on what constituents most want? Could another organization execute more efficiently, effectively or at less cost than CAC?*
- *Does CAC have the leadership, vision, experience and skillset to deliver against constituent expectations?*

### 3. Generative Governance

This is a mode of board governance that is often under-utilized and one linked to the level of board engagement and satisfaction. It is a mode of governance that takes time to develop, but leverages the skills of any senior executive. In short, it's about asking the deeper questions and reframing the conversation.

Board members are often senior managers in their own company, and know how to ask probing financial, HR or operational questions ... without being an expert in any one field. They know how to "read" risk, evaluate the depth of thinking that went into a recommendation, and whether a proposal is realistic or aspirational. The same applies in a board setting. The board doesn't need to have the knowledge or even the experience ... it just needs to know how to access it and more importantly, how to ask a "wicked" question that forces deeper thinking. Have you ever been in a meeting when someone says "when you put it that way, it makes sense!" That's generative governance. Helping others to see what the real issue is.

Behind an issue there is sometimes an underlying cause or an assumption or principle that is no longer relevant. Sometimes the board gets pulled into making a "downstream" decision, when it really needs to look further upstream to the source of the problem.

#### Questions:

- *What if we didn't participate or support this activity – what bad things would happen?*
- *If we had to do twice as much with half the resources, what would the board or staff focus on to best achieve our mission?*
- *What is really driving this issue?*
- *What would we have wished we had done, 5 years from now?*
- *What would a contrarian thinker say to test if our decisions stand up to closer scrutiny?*

#### In Summary

Practice all 3 modes of governance at board meetings:

- **Fiduciary** - Looking at the key indicators of CAC's performance and compliance, working in the best interests of all constituents, and assessing delivery against expectation
- **Strategic** – Setting the direction for CAC, taking into account a changing world, allocating resources for programs and services
- **Generative** - Probing discussions with questions that force deeper thinking so that the board focuses on what really needs to be decided, and why.

***"Good questions help us become both curious and uncertain, which is always the road that opens us to the surprise of new insight"***

## **Board Membership**

Congratulations! You have accepted an awesome opportunity to contribute to the industry and to the organization that influences its well-being, CAC ... but this privilege does come with responsibilities and even liabilities. Questions that may come to mind as a new board member include:

### **Who is the CAC Board comprised of?**

As defined in law, the Commission shall be composed of no fewer than eight and no more than ten producer members who do not handle avocados through the same legal entity under which they were elected as a producer member of the Commission, two handler members and one public member.

Composition of producer members shall be as follows:

- (1) If the Commission consists of three (3) districts, nine (9) producer members, three (3) elected from each district.
- (2) If the Commission consists of four (4) districts, eight (8) producer members, two (2) elected from each district.
- (3) If the Commission consists of five (5) districts, ten (10) producer members, two (2) elected from each district.

One alternate producer member from each district shall be elected in the same manner as the producer members. In addition, one alternate handler member shall be elected in the same manner as the handler members.

The public member shall be appointed to the Commission by the Secretary of Food and Agriculture from a nominee recommended by the Commission.

### **Who am I representing?**

While you may have been chosen by the board as a representative of a particular district, or for your skills and experience, you are now part of a larger group. A group that represents CAC and the whole industry. By all means provide input from your direct experience, but as a board member you have to discuss and make decisions that are in the best interests of CAC and all constituents throughout California (those who support CAC through payment of their assessments). This means that you are NOT at the board to solely represent your district.

There will be times when a compromise position will have to be adopted by all to ensure consensus or support for an industry position. "United we stand, divided we fall" can apply to boards when trying to advance the best interests of the industry.

Growers can be preoccupied by their daily operational challenges, while the board is mandated to look beyond the present day and determine how to keep the industry viable in a changing market place, with limited resources. Different priorities can surface, and as a board member you have 2 responsibilities as they relate to relaying information:

- Seek input from those around you e.g. those in your district, and bring that input plus your own independent thinking to the board discussion (industry level).

- Support the board & its decisions by communicating back to those in your district, why the board decided on its priorities & why that is in the best long term interests of the industry.

### **What should I support?**

Your opportunity to advance an idea, a motion or a solution is in the discussion leading up to a board vote. No matter how divided or heated the conversation is leading up to the board vote, all board members must respect and support the vote outcome. CAC has developed the mechanics and policies to allow the board to come to consensus, which is critical if it is to advance its mission on behalf of all constituents.

Once the board has made its decision, you as a member of the board must support that, both in and outside the boardroom. It is important to understand that if you cannot support a Board decision, you may need to reassess your continued participation on the Board.

### **How should I approach my responsibilities?**

In a word - seriously. The board, and you as a member of it, have obligations to perform that come with liabilities if due diligence has not been taken. Liability insurance may not offer complete protection if the board has not asked a basic fiduciary question, or acted upon the knowledge that it has concerning a critical issue that could negatively impact the organization or its constituents.

A rare but possible scenario. That said, participation on the board can be very rewarding, a valued learning experience, and even fun.

Two key success factors that lead to a satisfying board experience:

- **Knowledge** – Make sure you get the information you need in a format that you can digest, to enable you to make a decision or to provide input into the board's discussion. Staff are there to help you, and have both the knowledge, access and experience to give you what you need. Think about the level of information you would need, if asked, to introduce the subject to your board colleagues. Don't wait until you get to the board meeting!
- **Curiosity** – Any successful executive will tell you that you need to maintain a healthy level of curiosity to ensure company opportunities are not missed, emerging issues are identified, and that the people around you are supported and executing what they are there to do. The same applies at the board level. Be curious, driven by the passion you have for the business. You don't need to be the expert, because you can probably identify a good (or bad) idea when you see one.

Ask about the principles or influences that are driving the decision, or the assumptions that are being made. Take a contrarian perspective and put forward your best argument against the proposed position, to see if either will stand up. Look to another industry or a global experience for lessons learned. Being curious is where the nuggets are.

## What expectations does CAC have of me?

CAC wants your experience as a board member to be a valued one, where you are engaged, contribute, and generally feel that your time is well spent and your voice heard. CAC also has needs of you.

- **Communication:** The Board has implemented a Board Communications Policy to ensure that communications by the CAC Board of Directors and its committees are handled appropriately and in a manner that best serves the Commission. This policy stresses the importance of effective communication between and among the Board, staff and other interested parties. Above all Board members are expected to be courteous in all communications.
- **Conduct:** Board members shall at all times abide by CAC's code of ethics and conduct in their capacity as Board members. Furthermore, each Board member will comply with applicable federal, state, and local laws and regulations and will provide their full cooperation when requested to do so. When performing their duties on the board or any committee, Board members must act in good faith, in a manner reasonably believed to be in CAC's best interest, and with such care, including reasonable inquiry, as an ordinarily prudent person in like position would use under similar circumstances.
- **Impact:** Staff are often the knowledge experts with experience in managing issues, projects, and large files on behalf of all constituents. They operate within a strong network of colleagues and subject matter experts ... but they need your input to ensure their work is of most value to constituents, those who support CAC through payment of their assessments. They need to tap into your experience to better understand the potential impact of an issue, or the benefits of a new program. They need to know what you see on the horizon, and the ideas that come to your mind.
- **Free Thinker:** Be a free and independent thinker, but come together as a board when its decision time.
- **Engagement:** A great forum for providing input is at the committee level, where staff and board members can interact, sometimes with partners or outside experts. Make yourself available for committee or task force work when the opportunities arise, so that CAC can leverage your experience.
- **Presence:** Sometimes CAC requires a show of force, where board members are asked to be visible at an event or at a meeting to underscore the importance of what is being said or proposed. "Presence" can be a deciding factor when trying to engage others, or in advocating for something the industry needs or cares deeply about, especially when media are involved. Be "there" if you get a call to action as your presence and voice matters. You are the industry.

## Is there a conflict of interest?

CAC has detailed guidelines and policies on what is considered a conflict of interest. As a rule, whenever a discussion or a decision is being considered, and that discussion or decision could be interpreted as having bias or conferring advantage / disadvantage with you present ... identify that you may have a potential conflict of interest, and excuse yourself immediately from the discussion. Optics and perception are important, and it is best to err on the side of caution. To assist you in this evaluation, the following Summary Definition of Conflict of Interest may be helpful.

*A Commission member or employee has a conflict of interest in a decision of the Commission if it is reasonably foreseeable that the decision will have a material financial effect, financial or otherwise, on the member or employee or a member of his or her immediate family that is distinguishable from its effect on all persons subject to the Commission's jurisdiction.*

*No Commission member or employee shall make, or participate in making, any decision in which he or she knows or should know he or she has a conflict of interest.*

*No Commission member or employee shall, in any way, use his or her position to influence any decision in which he or she knows or should know he or she has a conflict of interest.*

Specifically, CAC policy provides the following guidance regarding conflicts of interest:

- Avoid Conflicts of interest (a decision before the Board in which a Board member or his or her family may benefit financially).
  - Disclose – If you think you have a conflict of interest on a particular agenda item before the board, disclose your concern to the Chairman (preferably before the meeting) to determine whether a conflict actually exists (seek advice of legal counsel if necessary).
  - Abstain – If you do have a conflict, abstain from both discussion and voting on the matter.
  - Real, perceived, creating problems – Even if it's determined that an actual, legal conflict of interest does not exist, consider abstaining from the discussion and vote anyway if the perception of a conflict will cause problems for the organization.

To be certain, consult CAC's policies on conflict of interest and talk to staff who can guide you on what you need to do.

### Questions:

- *When does a vote have to be presented to all constituents?*

- *Are we “blindly” accepting last year’s strategy and just trying to be more efficient / impactful? Is it time to consider taking a different approach ... maybe something more radical?*
- *What is the best argument for, and the best argument against, the proposed recommendation?*
- *What are the key messages that all board members must communicate, now that the board decision has been made? How do we ensure consistency of message?*

## **Voting**

CAC Bylaws state that Roberts Rules of Order, as may be amended from time to time, govern meetings of the California Avocado Commission. The CAC Bylaws also require that all votes shall be cast in person; proxy voting is not allowed.

### Robert’s Rules of Order – A Quick Guide to Motions and Voting

Motions are statements that describe a proposed action or decision. Although the formality of Robert’s Rules can seem cumbersome, the process of making motions ensures that no decision is accepted without the opportunity for discussion and a vote.

Typically the motion making process progresses as follows:

#### **A member of the group proposes a motion: “I move that...”**

- Motions require that a second member of the group agrees to consider the proposal to ensure that the proposal is meaningful to more than one person.

**A member of the group chooses to second: “I second” or “I second for discussion”** if you want to be clear that you are not in support but want to entertain a conversation about the proposal.

- Without a second the motion will die.

Once the group has had a chance to speak in favor or against the motion, the Chairman will lead a vote.

### Types of Motions

**Main motion** - A motion must be made and seconded to initiate discussion on an issue (a limited amount of discussion may be allowed at the discretion of the Chairman prior to a motion being made). Motions are projected onto a screen for all to see before being voted on.

**Amended main motion** - Used to propose an alternative action to the main motion. Up to one main and two substitute motions may be on the floor at one time. If a substitute motion passes, it does away with the prior motions. If it fails, the previous motion comes back up for consideration.

**Friendly amendments** - These are editorial changes that may be allowed if nobody objects. However, any member may object and deny such requests.

**Call the question** – A motion to end debate and vote on the motion at hand. If seconded and passed, the main motion is then voted on. If no second or fails, discussion continues. (The Chair can choose to end debate.)

**Motion to table** - Non-debatable. If seconded, discussion ends and must be voted on immediately.

A subsequent motion to take from the table is required to reopen discussion.

**Motion to reconsider** – Can only be made by a member on the prevailing side of a previous vote. If seconded and passed, it rescinds the previous vote and brings the motion back for discussion.

## **Leadership**

When you mention leadership, people often think of the CEO, and yes, the CEO has huge leadership responsibilities ... but leadership is not limited to the CEO.

The board, and by extension board members, have a significant leadership responsibilities:

- Setting the strategic direction for CAC
- Allocating resources to proactively address big industry opportunities, to minimize threats to the industry, and to enhance CAC's relevance
- Leveraging CAC's assets to maximize constituent value
- Delivering the mission by working with and through staff
- Making the tough decisions when the industry is at a crossroad, or exercising risk management when faced with uncertainty

... the list is a long one. Being a member of the board is not a custodian role, although oversight is a key deliverable. Being a board member requires thoughtful dialogue, decisive action and demands your help in providing a clear vision of what tomorrow could be. Board leadership assumes the organizational risk necessary to realize untapped opportunities, and motivates staff to be the best they can be. Without board leadership, the organization will struggle.

As a board member, you are required to be an ambassador for CAC and the work that it does. Engage constituents so that they understand CAC's positions and the value that the organization creates. Being a voice for CAC can be very impactful, and communicates that the board is actively engaged in looking after the best interests of the industry.

## **In Summary**

- Being on the board is a terrific opportunity to help the industry from which you derive a living.
- If you take your responsibilities seriously and be proactive in your preparation, you will enjoy your time on the board.
- Engage in the discussions by exercising curiosity, using the 3 modes of governance.
- Unite behind the decisions made by the board, and respect the consensus model that gets you there.
- Be a CAC ambassador and a voice for the industry.

## **Board Recruitment**

CAC has terms of engagement for board members. It strives to maintain a succession plan so that the board always represents a blend of experience and fresh thinking, diversity, and balanced representation from the industry.

How should the board approach recruitment as board members near the end of their term? What criteria should you look for in potential candidates? Do you advertise or target desired individuals? There is no one template or right answer here. It's up to you and the board to think about the challenges that lie ahead, what experience would help the board, and is there an opportunity to infuse industry experience with an outside but complementary perspective.

### **The Right Team**

In building the right team, think about what you must do and what you would like to achieve as a board.

- The “must dos” include all the fiduciary responsibilities so having board members who have accounting, legal, business, board, and regulatory experience are an asset. Given CAC’s mandate, marketing and strategic thinking are obvious assets too. The “must dos” also include any representation conditions laid out in the bylaws. Beyond that you likely have choices.
- You may want to increase board sensitivity to younger generation thinking, or incorporate more social media experience into board discussions. In doing so, “fit” and experience will be key criteria in developing a potential candidate list.
- There may be emerging “stars” in the industry, that you would like to groom as potential board candidates. Think about exposing these people to a task force or committee engagement. Something focused on developing an industry position or recommendation, to get them thinking beyond the individual or company perspective, and where the line is between that which is collaborative, and that which is proprietary or competitive edge. There is a mentorship opportunity when board members work alongside developing executives.
- In grooming and preparing next generation board members, the board may want to develop a course, perhaps through a university, that would allow for:
  - A deeper study of the health and dynamics of the industry, and the forces that shape it
  - Study of the emerging issues and opportunities best tackled at the industry level
  - Understanding how an industry organization such as CAC is ideally positioned to address common industry issues, facilitate research, or drive marketing

This would give new executives a different perspective, and provide an entry point for doing industry level or board work.

## Staff

As stated in the 2017/18 Business Plan ... “Grower perception of the value of CAC is directly related to the leadership the organization provides, its stewardship of the assessment funds collected, and the efficacy of its efforts.”

Staff are CAC’s biggest asset, which makes the board – management partnership critical, with the CEO as the main conduit. The partnership between the board and the executive leader is critically important to the success of an organization. A strong and healthy Board-Staff partnership provides flexible and resilient leadership that contributes positively to the organization’s overall impact. A weak or dysfunctional partnership impedes the effectiveness of both the Board and the CEO, and puts the organization at risk in a number of ways.

It is not always easy or even possible to draw a clear line between governance and management. The Board’s duties center on its monitoring role. The CEO, on the other hand, is responsible for making things happen with the help of the rest of the staff. However, both sides need each other’s support — and availability when requested — without veering off to micromanagement.

The CEO is responsible for maintaining regular contact with the Board and particularly the Chairperson. The CEO keeps the Board informed about the issues and activities that are part of the organization’s daily life. In fact, the Board would have great difficulties making well-rounded decisions without constant input from the chief executive. The staff helps the CEO more efficiently implement the directives set by the board.

In caring for this asset, there needs to be:

- An optimal work environment where CAC’s core values are respected, nurtured, and readily applied in everything that CAC does.
- Staff leadership that can:
  - Visualize a viable and relevant future, helping to develop the right strategic direction for the times, working with and through the board
  - Develop and execute a Business Plan efficiently delivering that strategic direction, by aligning resources and structure to deliver the best value for the grower assessment dollar.
  - Take calculated risk with passionate curiosity to explore the less visible opportunities.
  - Be a compelling voice for change and alignment.

The board, and how it manages its responsibilities, will be the greatest influence on the staff’s success.

## **References**

For additional detail, board members should consult the following documents:

- The Strategic Plan and Annual Business Plan
- CAC's Policies & Procedures
- CAC's Code of Conduct
- Staff Contact List
- Audited Financial Reports
- Committees & their Terms of Reference
- Board Recruitment Candidate Assessment