

Report of Geralyn Franklin, 2018-2019 ICSB President

June 2019

It has been an honor and a privilege to serve as the 2018-2019 President of the International Council for Small Business. I am proud of the work of the organization this past year and particularly proud of these accomplishments, which would not have been possible without the support of the Board and others in the ICSB Family:

- Broader communication to the Board and Affiliate and Chapter Presidents, although not the detailed information I know legally should be shared regularly with a nonprofit governance group (501(c)3 in the United States), but a start.
- Wider knowledge from the Board of the ICSB Bylaws and the importance of a nonprofit organization following its Bylaws, or the need to modify them to reflect the reality of the situation.
- Initial steps toward more transparency in ICSB activities through the addition of various documents on the ICSB Worksite, although there is still much that should be and could be added to allow the Board more data to be better prepared for its decision making.
- The ICSB 2030 Vision Committee beginning an open conversation through the ICSB Planning Session yesterday about whether ICSB remains relevant and what needs to change for it to thrive and prosper between now and 2030, with such input now passed to the Board and the Incoming President to determine the next steps in the process.
- The new publisher's agreement with Routledge, a Taylor & Francis Company, to publish the *Journal of Small Business Management* and launch the new *Journal of the International Council for Small Business* as of January 2020.
- The opportunity to attend meetings with affiliates in Puerto Rico, China, and the United States, with regrets that I could not accept invitations from affiliates in Argentina, Europe, Egypt, Mexico, and Canada,
- The chance to participate in the ICSB Around the World event in Paris along with events at the OECD.
- The occasion to visit Qatar to move forward with the development of the ICSB Qatar Affiliate.

The year was not without its challenges, as it became very clear the first week of July 2018 that the organization does not always operate within the ICSB Bylaws. The role of the ICSB President versus the role of the ICSB Executive Director is at the heart of this matter.

According to the *ICSB Bylaws* (March 2013 version), Article VI, Section 1a, the role of the ICSB President is as follows:

The President shall preside at all meetings of ICSB. The President shall be an ex-officio member of all committees and shall be Chairperson of the Board. The President may, in the absence or disability of the Senior Vice-President of Finance and Control, sign or endorse checks, drafts and notes and shall have such usual powers of supervision and management as may pertain to the office of the President and perform such other duties as may be designated by the Board. These shall include the appointment of permanent committees created by vote of ICSB or by the Board. The President shall

also have the power to appoint other committees in order to effectuate the proper and efficient functioning of ICSB.

Article IV, Section 2, notes the following:

Authority and Responsibility: The governing body of ICSB shall be the Board. The Board will serve as the long-range strategic planning and policy-making authority of the ICSB, responsible to the Membership and will serve as the management resource to the President in the implementation of strategy development and planning. The Board shall agree to the operational plan and performance metrics with the International Office (IO) and hold the ultimate authority as well as responsibility for the policies and actions of ICSB. The Executive Committee of the Board will consist of the President, Immediate Past-President, President-Elect and Executive Director who will be empowered to make decisions within defined limits throughout the year and report progress to the Board. The Board shall actively pursue the objectives of ICSB and control its fiscal policies. The Board may adopt such rules and regulations for the conduct of its business as shall be determined advisable.

Article VI, Section 2b, outlines the role of the Executive Director as follows:

The Executive Director shall have the following areas of responsibility: (1) serving as Corporate Secretary, keeping minutes of the meetings of ICSB; (2) arranging, when absent, for minutes to be taken at meetings; (3) preparing and distributing minutes to Elected Officers; (4) notifying all Elected Officers of their election; (5) signing, with the President, all contracts and other instruments when so authorized, in accordance with the By-Laws of ICSB; (6) being custodian of all membership records; (7) receiving and processing all inquiries and applications for memberships and subscriptions; (8) maintaining a current and accurate membership roster; and performing such other duties as may be delegated by the President.

Based on the governance points in the ICSB Bylaws, I urge the ICSB Board to embrace its primary legal duties and responsibilities as well as leadership role in terms of determining the strategic direction of the organization and ensuring appropriate financial and human resources are in place for the organization to survive, thrive, and prosper. These duties and responsibilities are outlined best by the National Council of Nonprofits as follows (see <https://www.councilofnonprofits.org/tools-resources/board-roles-and-responsibilities>).

Just as for any corporation, the board of directors of a nonprofit has three primary legal duties known as the “duty of care,” “duty of loyalty,” and “duty of obedience.”

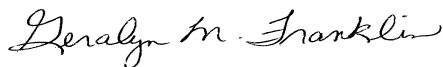
- *Duty of Care: Take care of the nonprofit by ensuring prudent use of all assets, including facility, people, and good will;*
- *Duty of Loyalty: Ensure that the nonprofit's activities and transactions are, first and foremost, advancing its mission; Recognize and disclose conflicts of interest; Make decisions that are in the best interest of the nonprofit corporation; not in the best interest of the individual board member (or any other individual or for-profit entity).*
- *Duty of Obedience: Ensure that the nonprofit obeys applicable laws and regulations; follows its own bylaws; and that the nonprofit adheres to its stated corporate purposes/mission.*

However, a board of directors does not exist solely to fulfill legal duties and serve as a fiduciary of the organization's assets. Board members also play very significant roles providing guidance to nonprofits by contributing to the organization's culture, strategic focus, effectiveness, and financial sustainability, as well as serving as ambassadors and advocates. Beyond fulfilling legal duties, board members can be important resources for the organization in multiple ways.

Upon reflection of my presidential year, I challenge the Board to:

- Ensure the organization follows the existing ICSB Bylaws.
- Ensure that Board members understand their legal and fiduciary duties and responsibilities along with leadership and oversight roles.
- Agree to a short-term strategy for 2019-2020 while the new Vision 2030 Committee works on the future strategy for review and approval by the ICSB Board.
- Ensure that the ICSB International Office becomes the data collection and dissemination center of a professional organization of this nature.
- Revise the ICSB Bylaws to align with the new 2030 strategy, put to the membership for a vote, and if approved, follow them.
- Enter into an annual agreement with the Executive Director as of 2019-2020 that includes Board-directed goals and expectations, with quarterly reporting to the Board that is shared with Affiliates and Chapters.

Respectfully submitted,



Geralyn McClure Franklin, Ph.D.
2018-2019 President