

“To Incorporate or Not To Incorporate?” – It May Be The Question, But What Is The Answer?

by Susan Post, SPHR

As a chapter leader, the question of incorporation is likely to arise sometime during the course of your SHRM volunteer “career.” But what exactly are the issues to consider, and how do you know if incorporation is right for your chapter?

As autonomous entities, chapters are legally accountable for their own operations – and it is up to each chapter to decide whether or not to pursue incorporation. Although not all chapters are incorporated, it is recommended, according to Jerry Hay, SHRM’s Chief Financial Officer: “Incorporation is not a requirement for SHRM chapters; however, I strongly suggest that it is a good practice to incorporate, primarily to protect the chapter’s leaders from personal liability.”

Before you begin the process for your chapter, it is important to be aware of some of the advantages and disadvantages of incorporation. Jerald A. Jacobs, author of *The Association Law Handbook; Third Edition, 1996, American Society of Association Executives*, outlines the following areas to consider as you explore incorporation for your chapter:

Advantages of Incorporation

- **Incorporation protects association members from personal liability for association obligations and from liability if association officers, directors, or staff violate the law in working on behalf of the group.** The maximum liability of an incorporated association for contract claims and for personal injury or property damage claims generally will be limited to the amount of the assets of the association.
- **An incorporated association has an existence of its own, independent of the terms of office or employment of members, directors, or officers.** A corporation theoretically is perpetual, although it can be dissolved or its existence can be limited from the outset.
- **Protection of the association name may be easier if the group is a corporation.** State statutes likely will offer relief to an incorporated or unincorporated group when a new organization seeks to use its

see **INCORPORATE** continued on page 7

The Tried and True State Conference

by Sandy L. Boost, SPHR, CAE

The year 2002 will be a big one for state and regional conferences of SHRM affiliates. Each of these conferences – whether a one-day or three-day venue – offers HR professionals a variety of professional development opportunities “close to home”.

As an attendee, you have an opportunity to:

- enhance your knowledge in your niche area;
- expand your knowledge base by learning outside your niche;
- try something new;
- learn about HR trends, issues, and solutions;
- receive legislative updates;

see **STATE CONFERENCE** continued on page 5

	INSIDE THIS ISSUE
Did you know...	2
At-Large Lists	3
The SHRM Consultants Forum	3
Cure for the “I Can’t Get No Volunteers” Blues	4
Student Program Corner	6
2002 Calendar of Events	8

Did you know...

Find Chapter Best Practices Online

by Shelly Prochaska, SPHR

Did you know that you can find best practices on SHRM's Volunteer Leaders Resource Center (VLRC)? Each year at SHRM's Leadership Conference, chapter leaders attend sessions according to the size of their chapters. The same topics are discussed in each group. Your area managers take notes from the discussions and the notes are then placed on the VLRC. To find the best practices session notes, go to www.shrm.org/chapters/resources. Click on "Resources and Tools," then "For Chapters." Scroll down to "Best Practices."

You will find chapter best practices listed by chapter size as well as SHRM's 2001 Chapter Operations Survey results. Did you ever wonder how your chapter's dues, meeting schedule, terms of office, membership structure, or tax status compared with that of other chapters? The results of the Chapter Operations Survey will give you that information and more.

In the Best Practices section, you can learn the following information for chapters by size (small, medium, large, mega, and super mega).

How do chapters

- Encourage participation at meetings
- Determine meeting topics
- Find speakers
- Pay speakers and their policy for doing so
- Handle guests and no-shows at meetings
- Generate non-dues revenue
- Perform succession planning and strategic planning
- Handle non-performing board members
- Train and recognize their volunteer leaders
- Meet the 30% national SHRM membership requirement
- Improve the diversity of their membership
- Recruit and retain members
- Conduct member need assessments
- Involve new members and senior professionals

This is a great place to get new, fresh ideas tried by other chapters. We encourage you to check it out! [LE](#)

Directors & Officers Liability Insurance

Available to SHRM chapters and state councils! Go to the following web site for more information:

<http://www.mimsintl.com>

Click on "Association Members" on main menu

Scroll down to SHRM

LeadersEdge

LeadersEdge is a quarterly publication distributed to Chapter Presidents, District Directors, State Council Directors, the SHRM Board of Directors and Professional Emphasis Group Board Chairs. LeadersEdge is designed to provide volunteer leaders with timely program updates and general Society information.



Editors

Angela Williams, SPHR

Elizabeth S. Knight, SPHR

Vice President, Member/Chapter Relations

Vice President, Member/Chapter Relations

Elizabeth S. Knight, SPHR

Area Managers

Area I

Susan Post, SPHR

607/767-0848

spost@shrm.org

Area II

Shelly Prochaska, SPHR

502/412-8390

sprochaska@shrm.org

Area III

Sandy Boost, SPHR, CAE

419/878-7407

sboost@shrm.org

Area IV

Martha Buess

785/452-9992

mbuess@shrm.org

Area V

Marilyn Hoppen, SPHR

253/851-3212

mhoppen@shrm.org

Area VI

Mark E. Christensen

480/497-5530

mchristensen@shrm.org

Staff Associates

Areas I & IV

Cyndi Adams

703/535-6072 • cadams@shrm.org

Areas II & V

Terry Finch

703/535-6274 • tfinch@shrm.org

Areas III & VI

Nancy Wallmuller

703/535-6074 • nwallmuller@shrm.org

Layout/Design

Shirley E.M. Raybuck

Print Production Coordinator

Keith Harlow

At-Large Lists

by Shelly Prochaska, SPHR

What do I do with the At-large list from SHRM? Ever wonder what you are supposed to do with those At-large labels or lists you receive from SHRM with your Chapter Financial Support Program checks?

At-large members are members who belong to national SHRM, but not to your chapter. BUT, they live or work in the area served by your chapter. When you receive this list, please check it over very carefully against your own chapter membership list. If any of your chapter members are on the “at-large” list, that means SHRM does not have a record from the member that he/she is actually a member of your chapter. In order for your chapter to get “credit” for those members, they will have to fill out the Primary Chapter Designation Form available on the Volunteer Leaders Resource Center (www.shrm.org/chapters/resources/).

Why is it important to get “credit” for these members? SHRM audits each chapter’s membership numbers

to ensure that at least 30% of your chapter members are NATIONAL members. If your chapter membership falls below the 30% mark, it can be disaffiliated from SHRM. If your chapter completed a Chapter Activity Plan, these numbers are also used to calculate your Chapter Financial Support Program payments. Your chapter receives checks based on the total number of national members.

Another reason you will want to check this list is so that your chapter can send out an invitation to become members to any at-large members who are not already members of your chapter. SHRM has a brochure that you can use in this mailing. For more information about the SHRM At-Large members, contact your Area Manager.

For more information about the SHRM At-large Initiative, go to <http://www.shrm.org/chapters/resources/at-large.pdf> [E]

The SHRM Consultants Forum

by Mark Christensen and Dorothy Hill, SPHR

Led by a Board of very active HR Management consultants, the SHRM Consultants Forum is a “happening” group! The Consultants Forum is a professional emphasis group of SHRM with over 2300 members in all parts of the country. The Forum caters to both internal consultants from corporate environments and to external consultants, who own their own independent HR consulting firms. Members range in experience from having just “hung out their shingle” to very senior level HR consultants who specialize in strategic planning. Samples of what some consultants do are many types of training, executive coaching, expert witness testimony, and process planning. Consultants may have a generalist focus or be specialized in a particular function of HR such as compensation, benefits, employee relations or organizational development.

One of the exciting things to know about the Consultants Forum is that members are listed in the Consultants Referral Directory on the SHRM website. Anyone coming on to the SHRM site can find an HR consultant by state, company or area of expertise. This is a great resource for SHRM members looking for an HR consultant for their particular company.

The Consultants Forum has developed a new product, written by Consultant’s Forum members, which is now available at the SHRM store. It is a Marketing Toolkit on



CD, which provides ideas such as practice profiles, sample proposals and contracts, sample biographies (for introductions from the podium), ideas on how to use the web effectively as a consultant, and even “50 word elevator pitches.” (Ways to capture someone’s interest in your practice in a very short amount of time!)

For members’ professional development, the Consultants Forum has been hosting some very successful audio conferences. The latest session, “Marketing Ball: Winning the Game of Attracting More Clients” presented by Robert Middleton had over 100 participants, eager to hear his ideas!

And the most exciting thing this year is that the Consultants Forum is sponsoring a Consultants Day at the SHRM Annual Conference in Philadelphia. It will kick off with a pre-conference workshop presented by Alan Weiss, author of the *Million Dollar Consultant* on Sunday and continue on Monday with several concurrent sessions focused on HR consulting. So make your plans to attend the workshop and sessions! You will leave with some tremendous ideas on how to begin a consulting practice or how to “kick your existing one up a notch!!”

For more information on the SHRM Consultants Forum or to join the association (dues are \$140), go to www.shrm.org/consultants. [E]

Cure for the “I Can’t Get No Volunteers” Blues

by Shelly Prochaska, SPHR

Is your chapter or state council suffering from a lack of volunteers needed to fulfill important board positions? Do your volunteers have burnout because they volunteer year after year? Does your board fill positions at the last minute or sometimes not at all? Well, succession planning might be just the medicine you need!

Succession planning is a means for an organization to ensure its continued effective performance through leadership continuity. For an organization to plan for the replacement of key leaders, potential leaders must first be identified and then prepared to take on those roles. Not only should the experience and duties be considered, but also the personality, the leadership skills, and the readiness for taking on a key leadership role.

Determine the key leaders for whom successors will be identified and which members to consider for the leadership positions. Ideally this group should be identified with an objective system instead of selecting “favorites” or those who usually volunteer. One option is for members to self-select into the process. This way, those who are already interested in the leadership roles will volunteer. Another option is to identify members who may not have volunteered. Ask! Some members wait to be asked. Identify several for each position to be filled. When the time comes for the position at least one may be ready to meet the requirements

Identify the competencies of current key leaders and determine the “training gap.” In order to prepare potential leaders, the gap between what they are ready for now and what preparation they need to be ready for the job when it is available needs to be determined. This information can help determine what training, experience, and mentoring is



...succession planning might be just the medicine you need!

needed. By considering their past performance as a volunteer, past experience, fit with the organizational culture, and other members’ acceptance of them as a potential leader, the best fit can be determined.

Develop a plan for each leader.

Once the potential leaders have been identified, develop a plan for each. The potential leader should be assigned a mentor whom they may replace. When issues arise that need problem solving or decision making, the leader should meet with the potential leader to ask how he or she would handle the situation.

Allow the potential leaders time to “shadow” the leaders. If possible, allow them to attend board meetings and participate in the decision making. This is a great way to see how they problem solve and interact.

Also allow them to participate in goal-setting activities, such as strategic planning or budgeting. It is important to see them in action. This process should not be a means for the leaders to choose the person most like them. Because a potential leader solves problems the same way as the leader does not make him or her the best candidate.

Give your successor more than a box of files. Other training involves providing information needed to fulfill the role. This information might include a position description, meet-

ing minutes, forms, or file boxes or computer files. Go through it with the volunteer to explain what each document is used for and why. Be available to answer questions.

Conduct interviews and make selection. The board may want to plan to conduct interviews with each candidate, assessing his or her abilities to make decisions, solve problems, behave appropriately in sensitive situations and lead those who will report to him or her.

Finally, evaluate the succession planning efforts. What went well? What went wrong? What could be done differently? Make suggestions and recommendations for improving the process so that it runs more smoothly next time. If all goes as planned, the succession planning process will ensure a smooth transition and a new leader who is prepared for his or her role in the organization.

Consider a chapter or council “Leadership Conference” that includes training on meeting planning and facilitation, new board member orientation, SHRM information, and strategic planning. A sample agenda for a “Leadership Conference” is available on the SHRM Volunteer Leaders Resource Center (www.shrm.org/chapters/resources).

If you need additional assistance with your succession planning, contact your Area Manager. [LE](#)

- share your expertise with others; and/or
- network with other HR professionals.

It is interesting to note that there are 53 conferences taking place around the nation (including the territories of Guam, Puerto Rico and the Bahamas) and only a couple of those are not state conferences.

Is there a one-size-fits-all formula for success that will provide outcomes for attendees as outlined above? The answer is simply “no”. There are as many formulas for success as there are conferences. And, this year, that’s 53!

Based on a 1999 survey, the fall is the most popular season of the year for a conference with September the most popular month of the year. Over 65% of the respondents move the site of their annual conference around the state or region rather than locating it in the same city each year.

While conference days run from Sunday through Friday, the most popular days were Wednesday, Thursday, and Friday – in combination. Just over 55% of respondents held a 2-3 day conference. That combination included partial days as well as full days.

In addition to great concurrent sessions and dynamite keynote speakers, successful formulas include pre-conference sessions (24%) and/or post-conference sessions (10%). 28% offered separate interest tracks with 21% offering a track designed for senior level HR executives and 10% offering a track just for student members.

Themed conferences are popular. A theme helps in the entire organization of the conference including speaking topics, marketing, and event nights.

Advertising and marketing play an important part in the success of any conference. The number of advance mailings in 1999 ran from one to five separate conference mailings. These could have been post cards, flyers, and/or full brochures. Of course, cost is a factor in the number of mailings. Two mailings seemed to be the most prevalent number of mailings with 28% responding. Today, more conference committees utilize e-mail and other electronic forms of getting the word out including liberal use of state council web sites for advertising to attendees as well as potential exhibitors.

Another interesting factor is the composition of the conference committee itself. 48% have a host chapter for the conference and 45% had committees comprised of volunteers from across the state. Of interest is the 17% that employed a paid consultant and/or other paid staff



for the conference. As a conference gets larger, some committees have outsourced certain segments of the conference such as registration, planning and contracting with speakers, and special events. For some, the entire conference is managed by a professional meeting planner.

In 1999, 28% of respondents were utilizing special software for conference registrations or other conference purposes. If we did that same survey today, we would probably find that figure substantially higher. More conferences are gravitating to online registrations with automatic verification of credit cards. This function can be delivered by the conference committee itself or it can be outsourced to a third party who assumes all liability. However, the process is seamless to the registrant. The registrant sees your web site and registers there.

As a prospective host or an existing conference committee, what are some of the items you need to consider when planning a conference? What can SHRM do to assist? What resources are available?

Start at the Volunteer Leaders’ Resource Center (www.shrm.org/chapters/resources/). Click on “Resources and Tools” and then “For State Councils”. Scroll down to “State Conferences”. Among the resources you’ll find “Planning a Successful Conference and Exposition: Tips to get you started in the right direction” by Lisa Block, SHRM’s Director of Meetings and Conferences. You’ll find information on site selection and negotiation, What’s New, budgeting, exhibit hall functions, and additional revenue sources. Your state council may also have an operations manual. Together these resources will provide a base from which a successful conference can launch – and bring about those outcomes our attendees so richly deserve. [LE]

2002 HR Games National Championship

by Chuck Salvetti

Join us for the fun and excitement of the third annual HR Games, June 24-25 in Philadelphia at the Philadelphia Marriott. Held in conjunction with the SHRM Annual Conference and Exposition, one team from each of the six areas will compete for scholarship prizes. Each team has worked hard to prepare for the national games since winning their area competitions this spring. In fact, 5 out of 6 teams will be competing in the HR Games National Championship for the very first time!

Each of the six SHRM areas of the country held regional competitions this spring to determine which teams would advance to the national championship. With the generous support of the SHRM Foundation, the six winning teams will receive travel expenses to attend the Annual Conference and HR Games in Philadelphia, complimentary conference registrations, as well as PHR exam scholarships for each team member. In addition, the teams placing first and second in the national competition will each receive cash scholarship prizes.

In the HR Games, teams of three undergraduate students demonstrate their knowledge of HR in a *Jeopardy*-style game show format, answering human resource questions to win points. The games provide a fun way for college students to prepare for the PHR certification exam through friendly competition with other chapters. In addition, the games offer an opportunity for professionals and students to interact and network.

Congratulations to the following six teams who will be representing their areas in the 2002 National HR Games Championship!

Area I Cornell University

David Klesh
Maggie Lorenc
Amy Schwab
Micky Candia, Coach

Area II North Carolina State University

Jennifer Allen
Courtney Gillis
Lisa Liberatore
Shannon Davis, Coach

Area III Eastern Michigan University

Lisa Anderson
Jeanine Ferry
Christy Rose
Fraya Wagner-Marsh, Coach



Area IV Mississippi State University

Truman Abbe
Amber Crausby
Sutton Holcomb
Matt Stollak, Coach

Area V Central Washington University:

Jennifer Bean
Chris Brese
Karla Huseby
Jim Nimnicht, Coach

Area VI Utah State University

Estela Schaeffer
Ange Davison
Janita Showell
Al Warnick, Coach

Attend the HR Games and show support for our student members. Cheer on your area team or perhaps even your own alma mater! Visit <http://www.shrm.org/students/hrgames/> for more information.

Preliminary rounds will be played Monday, June 24 at the Philadelphia Marriott:

Preliminary rounds

10:00 a.m.	Practice: All teams and volunteers practice with equipment and review rules.
11:00 a.m.	Round 1: Utah State University vs. Central Washington University
2:00 p.m.	Round 2: Cornell University vs. Mississippi State University
3:00 p.m.	Round 3: North Carolina State University vs. Eastern Michigan University
4:00 p.m.	Wildcard Round: Played by the three teams that lost in the preliminary rounds. The wildcard winner will play in the semi-finals.

The semi- and final rounds will be played on Tuesday, June 25 at the Philadelphia Marriott:

Semi-Finals

10:00 a.m.	Round 1 winner vs. Round 3 winner.
11:00 a.m.	Round 2 winner vs. Wildcard winner.

Finals

2:00 p.m.	Winners of semi-final matches compete.
3:00 p.m.	Awards Presentation.

name, but an incorporated association, whose name is registered, may find it easier to protect that name from infringement.

- **Incorporation is psychologically desirable because individuals and firms are accustomed to dealing with corporations.** They tend to regard an incorporated association as more formally structured, more stable, and more businesslike than an unincorporated one.
- **An incorporated association can sue and be sued in its corporate name.** An unincorporated group usually must go into court or be brought into court in the names of all of its members. Using the names of members could be procedurally cumbersome and could raise public relations or member relations problems.
- **An incorporated association can own real estate in its corporate name in most states.** An unincorporated group may have to use the names of members or hold the property through trustees.
- **All states have laws that give specific guidance for the organization and operation of a corporate entity, including an incorporated association.** An unincorporated group may have no more than vague reference or authority for procedures when questions or doubts arise.
- **Although the IRS will provide a tax-exemption determination to either an incorporated or unincorporated association if the criteria for tax exemption are met, the IRS does require written rules for governance of an organization seeking a determination of tax-exempt status.** Incorporating an association may be no more difficult than developing governance rules for an unincorporated association.
- **Obtaining insurance (e.g. for association professional liability) may be more difficult for an unincorporated association.** In certain circumstances, the insurance underwriter may not be able to determine the precise authority for association organization and operation. An incorporated association may not necessarily be more stable than an unincorporated one, but to some it may have the appearance of greater stability.

Disadvantages of Incorporation

- **Disadvantages of incorporation are primarily related to the moderate expenses involved.** Legal fees and filing costs are incurred when incorporating; in addition, franchise taxes for corporations are required in some states.

Chapter Resources:

Jacobs, Jerald A. *Association Law Handbook; Third Edition*, 1996, American Society of Association Executives

Jerry Hay, CPA, CAE Chief Financial Officer, SHRM
jhay@shrm.org or 703-535-6066

The SHRM Guide to Chapter Financial Management Available online at www.shrm.org/chapters/resources/02ChapterFinManagement.pdf

- **An incorporated association must observe various organizational and operational requirements set up by state law.** Also, annual meetings must be held, minutes must be kept, and annual or other periodic reports must be filed by incorporated organizations in most states. In some instances the requirements are absolute, and in others, they apply unless the association provides otherwise in its articles of incorporation or its bylaws. The requirements may affect voting, notice of meetings, termination of membership, and other matters.
- **If it becomes necessary or desirable to dissolve an incorporated association, procedures for dissolution are sometimes complicated and can involved substantial legal expense.** State laws, and courts applying them, seek to ensure that creditors of a dissolving corporation have been satisfied. An unincorporated association can be dissolved by the will of the membership alone, although the members of such an association could themselves become the targets of creditors of a dissolving unincorporated association.

The bottom line, according to Jacobs, is that chapters “carefully balance the positive points with the negative points of incorporation. Virtually always, the advantages will be more significant than the disadvantages.”

Whether your chapter ultimately chooses to incorporate or not, many chapter leaders who have gone through the process agree on one point: be sure to consult with an attorney or CPA who has experience in association matters before you begin. Why? Incorporation is a legal procedure, and most states have special laws governing the incorporation of not-for-profit entities, as well as state-specific guidelines for the operation of these entities. As a result, each chapter must pursue incorporation in accordance with state-specific not-for-profit laws – a much easier process with the help of a qualified CPA or attorney. [E]

2002/2003 SHRM® Calendar of Events

June 23-26, 2002	54th Annual Conference & Exposition Philadelphia, PA
November 14-16, 2002	SHRM Leadership Conference Washington, DC
March 10-12, 2003	20th Annual Employment Law and Legislative Conference Washington, DC
March 31 - April 1, 2003	SHRM Global Forum 26th Annual Conference & Exposition Los Angeles, CA
April 23 - 25, 2003	Employment Management Association 34th Annual Conference & Exposition Orlando, FL
June 22 - 25, 2003	55th Annual Conference & Exposition Orlando, FL
October 21-23, 2003	SHRM Diversity Conference Chicago, IL



The Society for Human Resource Management (SHRM) is the leading voice of the human resource profession. SHRM provides education and information services, conferences and seminars, government and media representation, online services and publications to more than 165,000 professional and student members throughout the world. The Society, the world's largest human resource management association, is a founding member of the North American Human Resource Management Association (NAHRMA) and a founding member of the World Federation of Personnel Management Associations (WFPMA). Visit SHRM Online at www.shrm.org.

Society for Human Resource Management
1800 Duke Street
Alexandria, VA 22314-3499

FIRST CLASS
U.S. Postage
PAID
Permit No. 827
Washington, D.C.