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MODULE 4

*Expanding*

## **TOOLKIT 1**

### ***Building Director Training Organizations***

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T O O L K I T 1

*Building*

*Director Training*

*Organizations*



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M O D U L E 4

*Expanding*



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## Expanding

To promote director professionalism and improve corporate governance practices, director training organizations offer training and professional development programs, most of them for a fee. To become self-sustaining and grow, successful director training organizations need to develop additional reliable means of financing their operations. Besides the income generated from training programs, main sources of revenue may come from other activities and services, sponsorships, and membership dues. Although not all director training organizations are based on membership, many have found that the membership format provides a firm foundation on which to build a vibrant and expanding organization. Membership is a popular method of running a director training organization, in part because the interests of such organizations are aligned with those of their key stakeholders.

### WHAT YOU WILL FIND IN THIS MODULE

This module discusses several types of activities and services that an organization may offer besides training. Not all organizations will want or be able to provide all of them. Nor will every organization want to charge for every service and activity. Membership organizations in particular are likely to offer some of these activities and services as a benefit of membership. Decisions on what income-generating activities to undertake should be based on sound market research and focused on the unmet needs of directors—all in accordance with the organization's stated mission.

In this module, you will find information on:

- Activities and services that can generate income
- Sponsorships and affinity programs
- Developing a membership base
- Pricing membership fees
- Recruiting and retaining members
- Managing membership data

## THINKING POINT

*What activities should your organization consider starting?*

## REVENUE-GENERATING SERVICES AND ACTIVITIES

The activities and services that a director training organization offers can be an important source of revenue to help sustain the organization in the long run. In well-established organizations, revenues from commercial activities and services may provide 60 percent or more of the organization's total income.

While generating revenue is important, the means must be consistent with the overall mission of providing professional development to directors and advancing best corporate governance practices.

The chief activity is, of course, the training program. While training programs may generate revenue for the organization, they are key to helping it fulfill its mission. Two other important activities are researching and formulating policy and representing the interests of directors to government officials and opinion leaders in the business world, the media, and academia.

*For further information on developing a training program, see MODULE 3: TRAINING. For a discussion on the role of director training organizations, see MODULE 1: STARTING.*

In addition to these important activities, however, there are numerous other activities and services that both produce income and advance the professional development of directors. These activities may include:

- Coaching and mentoring for individual directors
- Newsletters and publications
- Consulting and advisory services
- Board evaluation
- Providing premises and meeting rooms
- Director registration and search service
- Forums for discussion and networking

*(For an overview of key activities provided by several director training organizations, see annex 1.)*

### ***Coaching and mentoring***

To complement its training activities, an organization that trains directors may also want to offer additional learning strategies for its members or nonmembers by providing coaching and mentoring services. These are work-based and focus on the immediate issues with which a director may be confronted.

**EXAMPLES**

**POPULAR ACTIVITIES AND MEMBER BENEFITS**

**HONG KONG**

In a survey conducted in 2001, members of the Hong Kong Institute of Directors ranked the activities of value to them in the following order:

1. Continuing professional development for directors
2. Standards and guidelines on directors' conduct
3. Promotion of integrity and responsibilities
4. Authoritative advocacy on good corporate governance
5. Up-to-date information and publications on director practices
6. Status of being part of a professional group with high standards
7. Friendship and business opportunities through networking
8. Partnership with other professional bodies for the betterment of Hong Kong
9. Being part of a collective voice on significant issues
10. Association and reciprocal service with equivalent organizations internationally
11. Accreditation for directors
12. Meeting and interacting with colleagues of various cultures and economic sectors
13. Enjoyment of member benefits

**UNITED KINGDOM**

The Institute of Directors, UK offers a broad variety of services to members. Member usage of products and services is regularly measured, and from this information the most popular member benefits are categorized as:

1. Access to premises (including room hire and catering facilities)
2. Education and training
3. Networking and events
4. Free business information and use of the library

### *Coaching*

One-on-one coaching takes place when a director has the opportunity to work with an experienced professional, who may be from another organization, to solve a specific problem the director has. The two first identify the knowledge and skill that the director needs to develop and agree on some potential solutions to the performance deficiencies. They then set some objectives and identify any changes coming up or any new challenges likely to arise. With this as a basis they plan a series of opportunities for the director to implement the strategies they have developed together. They also set up a series of meetings to chart progress and assess the learning.

The advantages of coaching are that the level and pace are geared to the individual director's needs. However, the process can be expensive if the organization pays the highly experienced "coach" for his or her time. In addition, the quality of the outcome depends on the ability of both the coach and the learning director to identify and resolve problems.

### *Mentoring*

Mentoring is another learning approach that is relatively new in director development. The basic idea is that a mentor, who is usually experienced, helps a protégé, who is usually less experienced, to learn and develop over time. The mentor is a kind of role model, whom the protégé seeks to emulate.

Mentors typically:

- Invest time and effort into their relationships with protégés, making time to respond to their needs and discussing issues of importance to them.
- Create an open, candid relationship, based on mutual respect and trust, within which difficult situations and problems can be sensitively discussed.
- Encourage their protégés to look at problems and explore possible solutions, respect their views and opinions, and give them a fair hearing but do not provide the answers.
- Foster self-esteem, especially in young and inexperienced directors, and help them to recognize their own skills and abilities.

Mentors can do a great deal to create a continuous learning environment within which their protégés can grow and develop. They can provide a gentle guiding hand and sympathetic ear, whenever needed. They may help their protégés negotiate practical opportunities to broaden experience through special projects, attendance at meetings and conferences, and introductions to the mentors' network of contacts. The advantages and disadvantages are similar to those of the coaching relationship.

### *Newsletters and publications*

For any corporation to prosper, its directors must be continually engaged in making entrepreneurial decisions involving innovation, risk, and investment. Informed decisions depend upon knowledge and experience. An important source of information comes from a range of top-quality magazines, newsletters, guides, and books that director training organizations typically publish. Best practice codes and guidelines as well as newsletters are typically provided free of charge to members and the organization's network. A cost-effective and efficient way of producing a newsletter is by electronic mail. Books, magazines, and specific reports may be sold, especially to nonmembers. In general, publications are not a high-income generating activity, but they contribute importantly to the organization's visibility. Newsletters are an especially important networking tool that can help expand the membership base or recruit participants for events and training courses.

EXAMPLES

#### **PUBLICATIONS**

##### **BRAZIL**

Since 2000 the Brazilian Institute of Corporate Governance (IBGC) has been publishing a bimonthly newsletter containing articles written by IBGC members and associates. The newsletter also reprints articles from Brazilian and international newspapers and magazines on governance matters.

##### **HONG KONG**

The Hong Kong Institute of Directors has published a book on *Guidelines for Directors* and a booklet entitled *Guide for Independent Nonexecutive Directors*. It is currently working on a set of *Guidelines on Corporate Governance for SMEs* (small and medium-size enterprises) to be published by mid-2003. The Trade and Industry Department of the government of Hong Kong is supporting publication of the SME guidelines with a substantial grant. All of the institute's publications are bilingual, printed in both Cantonese and English.

**EXAMPLES** PUBLICATIONS (CONT.)**IRELAND**

The Institute of Directors in Ireland publishes a newsletter, *IoD News*, three times a year. The newsletter has become a useful reference tool, regularly providing information on company law and corporate governance issues, as well as details on events and professional development programs held throughout the year.

**UNITED STATES**

The National Association of Corporate Directors offers a wide range of publications including:

- A monthly newsletter “Directors Monthly” (feature articles)
- Regulatory alerts “DMX” (Directors Monthly Extra)
- Annual Blue Ribbon Commission Reports on a wide variety of board and committee practices—from Executive Compensation to the Role of the Board in Risk Oversight
- Board and board committee handbooks with practical information about structure, roles, and responsibilities as well as sample documents for charters and board policies.

***Consulting and advisory services***

In the course of their work, directors often need specific legal or financial advice or precise information on how to solve an immediate problem. An organization that trains directors may set up a library in its premises, offer access to databases, and monitor a website to update its network and members on new legal, financial, or regulatory issues.

Information provided online or by the organization’s library or information service staff is typically provided free of charge to members or training participants. The information provided should be reliable, succinct, and take only a short time to access. When a director or board requires legal, financial, or corporate governance advice or consultancy services tailored to specific needs, a fee may be charged.

EXAMPLES

**INFORMATION SERVICES: UNITED KINGDOM**

The Institute of Directors, UK offers a range of information and advisory services, including a legal help line, tax advice, a business information research facility, a library, and on-line information. More than one in six of the members sought information and advice from the institute at least once in 2002. Inquiries covered such topics as:

- Company accounting and taxation
- Board structures and governance
- Directors' duties and responsibilities
- Directors' remuneration package
- Employment contracts
- Financial information about companies and businesses in the United Kingdom and elsewhere
- Market trends in various industries.

***Board evaluation***

An organization that trains directors might provide advice on board structure and governance and even develop a board evaluation or rating system. The Philippines Institute of Corporate Directors, for example, is in the process of developing a corporate governance scorecard to monitor board performance; the scorecard can be adapted to specific target markets.

***Providing premises and meeting rooms***

Providing premises, such as meeting rooms can supply members and nonmembers with the necessary base, meeting point, and venue for events. Director training organizations that are just starting out and do not yet have enough meeting space to offer may be able to make an arrangement for meeting space with a nearby club or hotel. Providing premises is a popular member benefit and nonmember service (often for a small fee). It can also be a useful way to take advantage of empty training space in between scheduled courses.

## EXAMPLES

## MEETING SPACE

## NEW ZEALAND

The Institute of Directors, New Zealand has branches in each of the five main business centers in the country. Three of these centers (Auckland, Wellington, and Christchurch) offer access to office facilities for use by local and out-of-town members.

## UNITED KINGDOM

Members of the Institute of Directors, UK can make use of a range of institute premises located in London, Bristol, Manchester, Birmingham, Nottingham, Belfast, and Edinburgh. Each provides free meeting facilities and the opportunity for members to network with their peers. The institute has recently set up a partnership to make more meeting facilities available and to offer state-of-the-art office space on flexible terms and at competitive rates.

*Director registration and search service*

Nonexecutive directors play a critical role in the development of companies, providing independent judgement, weight, and experience to their boards. Nonexecutive directors supply special skills where needed to complement those of executive directors. Many established director training organizations are promoting better corporate governance practices by helping to place nonexecutive directors on the boards of companies. As with any outplacement agency, in most cases the organization charges the companies a fee for this service. Organizations with a developed membership base typically register and recommend only those directors who are members, as this service constitutes a strong incentive for joining the organization. Nonmembership organizations may also offer this service, using as a base the directors they have trained or have in their network. In either case, it is important that the registry of directors be accurate and up to date.

EXAMPLES

DIRECTOR SEARCH SERVICES

IRELAND

The Institute of Directors in Ireland took over the activities of the Boardroom Centre (nonexecutive directors) in 2001. Among other things, the center assists client companies with the appointment of independent and nonexecutive directors. The center maintains a database of nonexecutive directors at the Institute of Directors in Ireland, with some 400 suitably qualified individuals on the register. The database is reviewed and updated regularly to ensure that the institute is in a position, as far as possible, to satisfy the requirements of any company. In 2002, 48 companies approached the center seeking assistance with the selection and appointment of nonexecutive directors.

UNITED STATES

The National Association of Company Directors maintains a list of director biographies, which is free to corporate boards and recruiters seeking directors. The association also has several publications to help board nomination committees find the directors with the necessary qualifications.

*Forums for discussion and networking*

Conferences, seminars, workshops, breakfast meetings and other forums where matters relevant to company direction are discussed provide an ideal opportunity for directors to keep apprised of trends and best practices while networking and exchanging ideas and experiences. Well-organized, well-produced, and well-marketed conferences and events can provide the organization with significant revenue streams from participants and sponsorships. Costs of mounting the conference can be substantial and need to be taken into consideration when setting the fee schedule. Entry fees may need to cover speaker fees and expenses, materials and brochure production, marketing, catering, room rental, and the rental of sound and visual equipment. Sponsorship is often sought for these events. (Sponsorship is discussed below.)

*Conferences*

Conferences should be produced to meet the current demands of the market. Some conferences are speaker-led, where delegates hear from a successful business leader.

### *Annual events*

Most director training organizations put on an annual event to showcase the organization's successes and raise awareness of its activities and mission. Annual events are often produced on a much larger scale than conferences and often attract leading speakers. The annual event is often perceived as a flagship occasion and should be informative and interactive.

## EXAMPLES

### DISCUSSION FORUMS

#### SPEAKERS' MEETINGS: HONG KONG

The Hong Kong Institute of Directors organizes eight or nine luncheon meetings a year, each with a high-profile speaker addressing an issue of importance to members. It also hosts an annual dinner with a keynote speaker. These meetings are very well attended by members, their guests, and media representatives, and often receive wide media coverage. To take advantage of its multicultural and international environment, the institute provides simultaneous translation at these meetings in English and Cantonese.

#### NETWORKING: IRELAND

The Institute of Directors in Ireland holds regular high-profile, exclusive networking events for its members. In 2002 the institute hosted five directors' luncheons, a president's dinner, and a North-South dinner. These events offer members and guests unique access to business leaders, politicians, and celebrities, and provide unparalleled networking opportunities.

#### CONFERENCES: UNITED KINGDOM

Jack Welch, former head of General Electric, and Michael Dell, founder of Dell Computer, have both spoken at conferences held by the Institute of Directors, UK. Each speaker attracted around 500 delegates. Some conferences are subject-led, where delegates are informed about topical business issues, such as the roles, responsibilities, and liabilities of directors.

EXAMPLES

ANNUAL EVENTS: BRAZIL

The Brazilian Institute of Corporate Governance held its first National Congress on Corporate Governance on its fifth anniversary in 2000. It was focused on the key actors of corporate governance—owners, boards of directors, management, and independent auditors. The congress was held in the auditorium of the stock exchange in Sao Paulo. Some 190 participants registered, which was substantially above the break-even figure. The second congress was held a year later and was attended by 187 participants. The registration fee was approximately US\$ 400.

*Award occasions*

Some director training organizations host award programs to recognize role models of good practice or to celebrate an achievement. These programs, which are often sponsored by outside businesses or associations, can also be a good way to focus media attention on the organization's work.

*Developing services and activities*

Before developing a large number of activities and services, comprehensive market research should be conducted to understand the needs of directors and the environment in which they operate. The activities and services can then be tailored accordingly. It is not the quantity of services that is offered that creates value, but rather the quality of those services and their ability to meet clear needs.

Market research can help the management of a director training organization:

- Produce new director development activities, such as courses and conferences
- Analyze the activities of competitors, including product range and pricing
- Identify and react to changes in the environment, such as changes in regulations affecting corporate governance

Market research should be conducted regularly:

- At training courses or conferences and other events to seek information on expectations, the quality of the event, and other areas of interest
- Through the organization's publications to seek feedback on content, style, and areas of interest
- Through mail campaigns to gather more general information on favorite activities, expectations, and issues to be addressed

THINKING POINT

*How can you provide high-quality activities and services that meet directors' needs?*

- Through the organization's website to gather feedback on online information, expectations, and needs to develop more online activities and courses
- Through telephone research to gather quick responses on specific questions

*(A sample conference evaluation form is provided in annex 2.)*

## EXAMPLES

### AWARDS

#### AUSTRALIA

The Australian Institute of Company Directors sponsors the Australasian Reporting Awards that recognize excellence in organizations' annual reports. The awards are made for reports that meet benchmark criteria that are based on world best practice.

#### HONG KONG

In 2001 the Hong Kong Institute of Directors launched Directors of the Year Awards, the first such awards ever given in Asia. Since then, the awards have been given annually. Honorees are recognized in the categories of executive directors, nonexecutive directors, and boards of listed companies, private companies, and nonprofit organizations. More than 50 partners from among government, regulatory agencies, other professional bodies, chambers of commerce, and major consultancy firms support the institute's awards programs.

Some of the reasons a panel of judges cited in making the awards included:

- "Firm commitment to good corporate governance and the principles set by the company...and a champion of the company's values and practices"
- "Demonstrated skills in ... stewardship ... and accountability to stakeholders, particularly giving precise and insightful briefings ... to facilitate board members arriving at appropriate decisions ... complete design and effective oversight of control systems."
- "... being dedicated and outstanding in the role of independent nonexecutive director ... a significant facilitator in transition from being family-owned/controlled to ... an active board with professional management ... acting as a check and balance, being vocal and addressing issues with courage, knowledge and experience ...."

THINKING  
POINT

*What sponsors might help fund some of your activities?*

## SPONSORSHIPS AND AFFINITY PROGRAMS

Sponsorship is another way to provide a healthy revenue stream for the organization. Yet care should be taken regarding the level of influence given to any third party.

A sponsor is a company or organization willing to provide financial support to the organization, usually for a specific activity. In return, the organization identifies the sponsor as a supporter and often allows the sponsor to promote its own brand name and possibly products or services to the organization's members or training participants. The decision to accept sponsorship should be based upon a variety of factors, particularly the reputation of the sponsor and the "fit" of the sponsor with the mission and goals of the director training organization.

It is wise to make clear that the sponsoring organization is associated with a specific event or activity and not with the organization as a whole. This limited sponsorship preserves the independence of the organization. Furthermore the organization should be careful not to support or endorse a sponsor's products or services.

### *Types of sponsorships*

A director training organization may not necessarily make a profit per se from sponsors, but their funding can help cover expenses. Sponsorship can be used either to support a specific activity or to help subsidize services and benefits often provided free of charge to members or training participants. Organizations may typically invite sponsors to support:

- Workshops and seminars, for example on corporate social responsibility or corruption issues
- Conferences and events, such as a luncheon where a key leader or policymaker makes a presentation, or a small forum where experts discuss new trends or the implementation of new regulations
- Awards, such as best annual report, best corporate social strategy, or best shareholder communication strategy
- Research and publications, such as codes of best practice, training manuals, or newsletters

Sponsorship may come either in cash or through a nonfinancial contribution. For example, the sponsor of a conference or event may provide support by transferring a sum of money to the organization, paying directly for some expenses such as the catering fees, or providing the conference facilities free of charge.

### ***Acknowledging the sponsor***

In most cases the sponsoring organization will expect to be acknowledged for its support. The terms and conditions of the sponsorship relationship should be clearly outlined in a contract. Under such an arrangement, the logo of the sponsoring company or organization is normally permitted on:

- Promotional flyers and invitations
- Conference programs
- Menu cards
- Signage (including banners, flags, and staging) and stands

A well-established organization may also look into generating revenues from advertising as long as the advertising does not challenge its independence or compromise its reputation and mission.

### ***Affinity partners***

Another possibility for generating income, especially for membership organizations, is called an “affinity” arrangement. Affinity partners provide discounts or value added on services that directors might otherwise not have access to. Examples include discounts on car rental and hotels, use of executive lounges at airports, and affinity charge cards that give the organization’s members discounts or other attractive perquisites. Opportunities to enter into affinity arrangements may be greater for director training organizations that are well-established with an active membership and a position of influence and stature within the business community.

Typically an organization tries to arrange affinity partnerships for certain products and services that are of benefit to members but that the organization either cannot or does not want to manage as a business area. By creating an attractive array of benefits that members may not be able to get elsewhere, affinity partnerships can help the organization retain existing members and attract new ones. The partnership is also a source of revenue for the organization. The affinity partners pay a small commission for the business they conduct with the organization’s members. Some partnerships may be more profitable than others—but all should generate income.

If the organization decides to seek affinity partners, it should take care to ensure that the products and services offered are of high quality and likely to be useful to a significant portion of the membership. The organization, in effect, recommends the affinity partner to its membership and therefore should ensure to the extent possible that the product or service is a benefit that members want and will use.

### *Contracting for affinity services*

The decision to offer members an affinity benefit, such as discounts on car rentals or hotel rooms, should be based on member interest, requests to enter into affinity partnerships from the providers of the goods or services, and analysis of benefits the organization's competitors are offering. Once the organization has decided that members should be offered a particular product or service, it should then ask potential providers of the service or product to submit an application stating what they are prepared to provide the organization under what terms. Each applicant should be judged on its ability to:

- Provide a credible product with unique selling points for members
- Be a market leader within its field
- Offer an exclusive or highly competitive offer to members
- Financially support ongoing marketing campaigns
- Demonstrate excellent customer handling facilities and an infrastructure of appropriate quality
- Provide the organization with a sufficient level of commissions resulting from business written with members

A key feature of the partnership is agreement on an annual marketing plan using a wide variety of communications channels. Typically, a director training organization will promote the partnership in direct mail, advertising, sponsorship activities, the organization's website, newsletters, displays of literature, and generic membership brochures. Any leaflet showing the organization's endorsement should clearly state that the organization is not providing, but recommending, the service.

EXAMPLES

#### AFFINITY PARTNERSHIPS: UNITED KINGDOM

The Institute of Directors, UK provides a variety of products and services to members offering added value and preferential rates for members. These include:

- Travel services, including executive airport lounges, vacations, flights, car rentals, hotels, airport car parking, and travel insurance
- Financial services, such as an IoD Visa Gold card, directors personal indemnity insurance, personal loans, car finance ,and corporate finance advice
- Automobile services, such as membership in a motor club and discounts on new and used cars

## DEVELOPING AND MANAGING A MEMBERSHIP BASE

Structuring the director training organization as a membership organization can provide a much-needed source of revenue to a young organization while providing valuable services to its membership. Directors who are members of a professional organization may also feel a greater sense of responsibility to foster and disseminate good corporate governance practices.

Directors decide to join a director training organization for many reasons. They may feel a need to sharpen certain skills or be encouraged to join by the chairman of their board to stay current with best practices of corporate governance. A key reason many members join is for the opportunity to network with other directors. Before engaging in a membership recruitment campaign, it is important to identify the benefits and services potential members want as well as to determine what the organization can and is willing to provide in accordance with its overall mission. The first steps in setting up a membership organization are targeting the market, establishing eligibility criteria, and setting up membership fees.

### EXAMPLES

#### MEMBERSHIP BASE

##### AUSTRALIA

The Australian Institute of Corporate Directors has a membership of more than 17,000 individuals. Average growth over the past five years has been 4.8 percent a year. More than half (51 percent) of the directors of the top 200 companies on the Australian Stock Exchange are members of the institute, as are 119 of the chairmen of those companies.

##### UNITED KINGDOM

Membership in the Institute of Directors, UK has risen more than 45 percent in the past seven years to around 55,000 individuals. Members include directors from many sectors of the economy—from media to manufacturing, from e-business to the public sector, from CEOs of large corporations to entrepreneurial directors of start-up companies. Directors from 97 of the FTSE 100 companies are members of the institute. More than three-fourths of the institute's members represent small and mid-sized enterprises.

EXAMPLES

MEMBERSHIP BASE (CONT.)

UNITED STATES

The National Association of Corporate Directors in the United States focuses on nonexecutive directors. In the past two years, membership growth has doubled from under 2,000 to over 4,000. Approximately 75 percent of membership is made up of directors. Half the members enroll through corporate board memberships, a quarter are individual directors, and the other quarter are board advisors or academics.

*Targeting the market*

The research required to target the director market for membership is similar to the research an organization conducts to determine what sorts of training and professional programs to offer. Indeed, to some extent the target membership market may mirror the target market for the training programs.

The market may be segmented in several ways:

- By size of company as measured by assets and number of employees, such as the top quartile of companies
- By type of organization, such as companies listed on stock exchanges, banks and financial institutions, small and medium-size organizations, or family businesses
- By director's function, such as chairman, chief executive officer, chief operating officer, chief financial officer, company secretary, or nonexecutive director
- By sector, such as industry, e-business, services
- By region, such as cities or states
- By level of expertise, such as aspiring director, certified director

Once the organization has decided on the market segments that it wants to target for membership, it draws up a marketing campaign aimed specifically at providing the activities and services that these directors say they want. Market targets should be revisited on a regular basis as the organization grows because the needs of companies and directors change over time.

## THINKING POINT

*How much should the annual membership fee be?*

### **Charging membership fees**

For membership organizations in their start-up phase, annual membership dues are likely to be the main source of revenue. As a membership organization matures, a growing proportion of its revenue is likely to come from director training, professional development, and commercial activities. In well-established organizations, membership fees nevertheless account for a major part of the organizations revenues. An established nonmember organization may therefore also want to consider developing a membership base.

#### EXAMPLES

##### **INCOME FROM MEMBERSHIP FEES**

###### **BRAZIL**

The Brazilian Institute of Corporate Governance is a self-financed, nonprofit membership organization. During its first years, new members were charged an initiation fee of US\$ 200 so that the institute could build up some working capital. The annual membership fee was also US\$ 200. Membership fees represented 77 percent of total revenues in the institute's first year. Since then the number of members has increased more than fivefold, but because of the institute's other income-generating activities, membership fees now account for only about 15 percent of total revenues.

###### **UNITED KINGDOM**

The Institute of Directors, UK typically receives around 40 percent of its revenue from membership subscriptions and 60 percent from director development and business services activity.

Some director training organizations have both an election fee and an annual membership fee. The election fee is paid only once, when the member first joins the organization. Director training organizations that are just starting up may waive this election fee for a year or two to encourage potential members to apply. In addition to waiving the election fee, the organization could create a "founders" membership category as an extra inducement to joining. Once the organization is up and running, it might want to consider offering a reduced election fee to applicants who sign up for several years. Discounts might also be offered to applicants from the same organizations who apply at the same time.

As the name implies, annual dues are payable yearly. In addition, members typically pay for training and professional development courses, conferences, and workshops. If any of these activities are open to nonmembers, members are usually charged a discounted rate.

Setting membership and other fees is both an art and a science. It is advisable to investigate the fees that competitors or similar membership organizations charge. Price, quality, and location are all important factors helping to position the organization. Just as it is important not to price the organization out of the market, it is important not to set membership, course, or conference fees too low. Not only will this cut into the revenue stream; it will undervalue the quality of services provided and send members and potential members the wrong signal about the importance of the organization and its services.

### ***Establishing eligibility criteria and categories of membership***

Eligibility criteria for members help ensure that membership is of high caliber, thus contributing to the organization's quality, status, influence, and sustainability. Membership criteria may need to be updated over time.

#### EXAMPLES

##### **ELIGIBILITY CRITERIA: ZAMBIA**

To qualify for membership of the Institute of Directors of Zambia, an applicant must be 21 or older and:

- A partner in a professional practice or holder of a professional qualification working in commerce or industry;
- A sole proprietor of an unincorporated business;
- A senior executive of a national or international company reporting directly to the board or a member of the board of such a company;
- A senior executive in the central, provincial, or local government;
- A company director of good standing.

In exceptional cases, applicants may be considered for membership if they do not satisfy any of the above criteria but are nevertheless able to demonstrate that they have an equivalent senior level of responsibility and that they support the objectives of the institute.

## THINKING POINT

*What should the eligibility criteria be for your organization's membership?*

Each director training organization should set its own eligibility criteria, which can be based on a number of variables:

- *Business entity.* Members may be required to be associated with an entity whose business affairs and strategies require direction, whether a listed company, a private company, a business unit, an institute, a trust, a local authority, a business association, a state-owned enterprise, a nongovernmental organization, a charity, a professional partnership, or a similar organization.
- *Position.* Members are mostly board directors but can also be corporate staff members in charge of corporate governance issues or other stakeholders concerned with good corporate governance practices.
- *Age.* The use of age as a criterion for eligibility is somewhat dependent on cultural norms. In Japan, for example, seniority is regarded as a measure of experience, knowledge, and skill. However, many entrepreneurs begin their careers at a very early age, often proving to be more successful than their more senior peers. The organization should also give consideration to any laws in the country relating to age discrimination.
- *Experience.* The number of years of experience as a director may be used to determine the category of membership to which an applicant belongs. Some organizations create a senior membership level for members with long experience as directors. There might also be a category for aspiring directors who are not yet actively engaged in the supervision and direction of an entity but who are interested in and likely to hold such a position in the near future.

## EXAMPLES

### MEMBERSHIP CATEGORIES: UNITED KINGDOM

The Institute of Directors, UK has four categories of membership based on age and experience. In addition to general membership, the institute has a Fellows category for experienced and highly qualified directors; an Associate category for executives of companies that do not have directors or who are otherwise ineligible to join as a member, and a Retired Members category, for directors who have retired from their positions.

*(Details of the membership categories for the Institute of Directors, UK and for the Australian Institute of Company Directors can be found in annexes 3 and 4.)*

**THINKING  
POINT**

*What marketing strategies could you use to recruit members?*

***Planning the recruitment campaign***

Membership campaigns should be carefully planned and tested to achieve maximum effectiveness. Certain types of membership campaigns, such as direct mail, can be quite expensive, and the organization should be sure its recruiting materials will have their desired impact. It is also useful to examine how other membership organizations market their activities.

Factors to consider in planning a membership campaign include:

- Who will be responsible for membership recruitment. Some organizations have their own sales team, while others hire an outside membership recruitment firm
- What methods will be used to reach the target market, such as telephone sales, Internet, appeals, and direct mail
- What kinds of selling aids will be used, such as brochures, high-profile speakers, or patronage
- The efficiency and costs of the marketing strategy
- The projected volumes and revenues

The goal is to find the best channel for raising awareness of the organization among the target audience at the lowest possible cost.

In an organization's start-up phase, word of mouth and advertising in local newspapers are effective ways to raise public awareness of the organization and its training programs and other events. Other relatively inexpensive ways to reach the target audience include:

- Inviting potential members to an open meeting where they can meet the organization's leaders and staff and learn more about its activities and services
- Handing out materials at international exhibitions of relevance to directors
- Making top managers from the organization available to speak at corporate meetings and other relevant venues
- Distributing materials and membership forms at the organization's events, workshops, and training courses
- Member recruitment schemes, whereby members are rewarded with a small gift such as a watch, a pen, or a publication for bringing in a new member
- Making materials available at partner organizations such as the chamber of commerce or other business associations

As the organization grows financially stable, other recruitment tools become available. These include direct mail, advertising in publications related to corporate governance, and telemarketing.

Direct mail is the most common method of communicating with members and is a proven and cost-effective way to assist in the recruitment process. Mailing lists may be compiled from application forms or market research. Alternatively lists may be purchased from professional list brokers. These brokers can provide mailing lists of directors that fit specified profiles.

Mailing lists can be tested first, as can the appeals letters that are sent. It is relatively easy to measure the effectiveness of direct mail by the response rate. A different source code can be put on different mail materials to identify who received which appeal. It is important to constantly update and manage the list and delete “returns” from directors who do not wish to be contacted.

Telemarketing can be very effective in the research phase as well as in the recruiting phase. The job of the sales team is to identify and follow up potential “leads” (directors) to offer them membership or to participate in a membership activity, such as a training course. The sales team records details regarding the outcome of the telephone call and any follow-up action required. All sales and other communications with members should be carefully coordinated to prevent duplication of activity and annoyance to the member.

### ***Filling out an application***

Potential members should complete a membership application form. These forms provide an excellent tool for capturing data about potential members and should be well designed, concise, efficient to process, and easy to complete. The content of the form can be divided into three categories: details provided by the applicant, details provided by the institute, and payment methods and signature. (*Sample application forms are provided in annexes 5 and 6.*)

Common content of an application form includes the following:

- Personal details
  - Name, date of birth, gender, qualifications, and honorifics
  - Home contact details
  - Address, telephone, fax, email, and mobile phone

EXAMPLES

RECRUITING MEMBERS

AUSTRALIA

The Australian Institute of Company Directors uses a mix of telesales [telephone outreach], direct marketing campaigns, and networking/information evenings to attract new members. The nonmembers who take courses and attend other events make up a high percentage of the new members. Two marketing channels are especially helpful in this regard. First, nonmembers are encouraged to review the institute's website, where they can join online. Second, attendance at the institute's training course includes built-in membership.

UNITED KINGDOM

A recent survey of the members of the Institute of Directors in the United Kingdom found that the most effective methods of attracting new members were, in order:

1. Telephone outreach
2. Member recruitment program schemes
3. Direct mail
4. Visits to premises

UNITED STATES

For many years, the National Association of Corporate Directors relied on direct mail (personalized first-class letters appealing for membership). In recent years, efforts to attract members have been linked to the association's expanded educational offerings. Many people join the association after attending an educational event at one of the regional chapters or an event sponsored by headquarters, often in affiliation with another organization such as a university or a shareholder group.

- Business details
  - Company name, address, telephone, fax, and email
  - Business information, such as annual turnover (sales), number of directors, number of employees, company registration number, and main business activity
  - Personal business details, such as job title, number of years of business experience, professional interests, and educational aspirations
- Declaration (it should be located on the application form near the area where the applicant signs)
  - Conditions of membership (which may include agreeing to the organization's code of ethics)
  - Revocation of membership for violating membership conditions

## EXAMPLES

### DECLARATIONS: AUSTRALIAN INSTITUTE OF COMPANY DIRECTORS

**“I hereby apply for membership of the Australian Institute of Company Directors (AICD) and agree to be bound by its Constitution and By-laws which include the Code of Conduct. I understand the Australian Institute of Company Directors is a not-for-profit company limited by guarantee and that my guarantee is limited to twenty dollars (\$20). I meet the general criteria for membership to AICD.”**

- Disclaimer
  - Stating that the details on the form are accurate at the time of printing but that the organization reserves the right to make changes when necessary
- Privacy statement
  - Telling applicants how they can obtain a copy of the privacy policy
- Payment details
  - Include methods of payment and amount payable
  - State clearly to whom checks should be made payable
- Contact details
  - Address (where the completed form may be sent)
  - Telephone, fax, email, and website details

EXAMPLES

**PRIVACY POLICY: AUSTRALIAN INSTITUTE OF COMPANY DIRECTORS**

“We collect your personal information in connection with our role as a professional organisation for company directors providing education, information and advocacy (which includes providing information and products and services to you). We may disclose your personal information to event participants and service providers that perform services on our behalf (such as mailing houses). If you do not provide your personal information, we may not be able to do these things. In most cases, you are able to gain access to your personal information which we hold on request.”

“In addition from time to time, we may share personal information with corporate partners, joint venture partners or third parties (and disclose it to our service providers) to promote through direct mail or email a service or product that we consider to be of personal and/or professional benefit to you. By submitting this form, you consent to us using and disclosing your personal information for this purpose. A copy of our Privacy Policy can be found on our website at [www.companydirectors.com.au](http://www.companydirectors.com.au).”

Providing a website on the Internet for potential members to apply online can be a very cost effective and efficient way for directors to join the organization. An organization can encourage nonmember visitors to its website to sign up for membership or register as a user by offering email updates with news and special offers. As a registered user, the individual is normally able to book courses, conferences, and events online. Some organizations block certain areas of their website from nonmembers, while others encourage all browsers to view the site as an enticement to join.

***Retaining members***

Members of a director training organization must be very satisfied with the services provided to them in order to renew their membership. The performance of the organization should be measured not only by revenue taken in or total number of members, but also by membership retention rates. One key way to retain members is to ensure their objectives and expectations are aligned with

## THINKING POINT

*Does your organization try to find out why members do not renew their memberships?*

the organization's mission. Analyzing the reasons why a director may decide to leave the organization can be useful in understanding errors in the membership marketing strategies and show how the quality of the organization's benefits and services are perceived.

### EXAMPLES

#### ONLINE APPLICATION

##### AUSTRALIA

The proportion of members joining the Australian Institute of Company Directors on line has increased rapidly since the service was first made available in December 2002. The ability to review and book courses, purchase publications, answer (limited) FAQs, and review policy initiatives and local events is available to members and the general public. To date no differentiated service exists between members and nonmembers but this policy is being reviewed.

##### UNITED KINGDOM

The Institute of Directors, UK allows registration as an iod.com user, but this does not entitle the individual to the benefits of IoD membership. Browsers are encouraged to join by clicking on the *Join the IoD button*.

Following are a few of the methods director training organizations use to help retain members:

- Welcome new members with an invitation to a "new members" open evening. Holding an informal "getting to know you" evening attended by senior management provides an ideal opportunity for members to hear about the organization's activities and aspirations.
- Understand members and their professional needs, tastes, and preferences. This information can be gleaned from membership application forms, responses to surveys, and completed conference questionnaires.
- Inform members of the latest high-profile events the organization is holding before they are advertised to the general public. Such advance notice makes members feel part of an inclusive group and gives them an opportunity to book priority tickets at exclusive events.
- Communicate with members in a monthly or quarterly newsletter or electronic news bulletin to keep them informed about issues that relate to them. Many organizations publish a newsletter or a magazine provided free of charge to members.

- Encourage members to participate in activities by providing them with a free gift such as a coffee mug, necktie, or pin with the organization's logo on it or vouchers offering a discount to members attending particular courses or conferences.
- Show gratitude to members by thanking them for being a member for a certain number of years and for participating in various activities and events. Letters of appreciation are always welcome. Members can also be recognized in other venues, such as luncheon or dinner meetings, members' newsletters, and news releases.
- Financially reward members by offering them discounts on courses and conferences. A price differential between members and nonmembers is common practice and is a good way for members to justify the costs of membership.
- Provide members with exclusive services free of charge where possible. One example is letting members use the organization's meeting rooms. Another example is the affinity partnerships, discussed earlier, that provide an array of services (such as access to airport lounges or preferential rates on car rentals) exclusively to members.

An abnormally high number of resignations can signal a problem in the organization that must be found and corrected. Similarly, mounting levels of complaints, or complaints in a particular area, also signal weakness in the organization.

### ***Addressing complaints***

A director training organization should always strive to provide excellent service to members. However, on occasion a member may wish to complain about a specific issue, and so a clear procedure for dealing with complaints should be put in place. Every complaint should be taken seriously and the circumstances investigated. All complaints should be handled quickly and courteously, whether the organization is at fault or not.

The organization could appoint an individual to assume responsibility for ensuring that all complaints are dealt with swiftly. A staff member who receives a complaint should refer it to the relevant manager. The staff member should also be sure to get as many details as possible, including the correct name, membership number, and contact information of the complaining member, and the nature of the problem. The staff in charge of complaints should investigate quickly and formulate a prompt and appropriate response.

### **THINKING POINT**

*How can your organization improve the way it handles complaints?*

## THINKING POINT

*How could you better manage  
your membership data?*

Every complaint should receive a response. The complaining member should be notified if the investigation is going to take some time.

Once the situation is dealt with, the staff in charge of complaints should write up a report on the complaint and its resolution, attaching all supporting documentation. A registry of complaints should be kept to help resolve subsequent complaints in similar circumstances and to flag any recurring complaints. The organization may also want to tag the complaining member's file and follow up to ensure that the member is happy with the way the situation was resolved.

A monthly summary of complaints should be included in management reports. If the complaints manager or any other staff member receives repeated complaints about the same aspect of its activities, remedial action should be taken at once.

### ***Managing membership data***

A good data management system is vitally important for managing the organization's relations with members. Data may be captured from a number of sources including membership and course application forms, sales slips, delivery addresses, and other information detailing which of the organization's activities and services are being most frequently used by members. These data are most useful if they are collated into a single database.

The data can be used for effective strategic planning and marketing campaigns. It is important to circulate membership information internally to assist in decisionmaking. Membership reports that provide monthly updates on membership applications, renewals, and departures can reveal the overall health of the organization, as can breakdowns of participation rates in various activities. High levels of participation in a specific type of activity might indicate a need to repeat the activity more often or develop similar activities. Conversely, low levels of participation or a high level of complaints or resignations signal problems that must be addressed. Information collated on member profiles or sources of membership recruitment can guide subsequent membership campaigns.

### ***Categorizing the data***

The organization generally depends on information from individual members to keep its records up to date. Members might be asked to update their personal and business information at regular intervals, perhaps in connection with renewing their annual membership.

**EXAMPLES** MANAGING DATA: UNITED KINGDOM

The Institute of Directors, UK sorts its data by the status of its members: new applicants, new elections, reactivations, lapsings, resignations, deaths, and transfers out. Data can be provided in list or label format or in a file used for merging into documents such as letters, invoices, or forms. Data can be used by the marketing department to target members who might be interested in attending specific events or development courses and by the administrative office to prepare renewal notices, membership cards, and receipts.

A website can be another cost-effective, fast, and efficient method of collating information about both potential and existing members. The information can then be used for new product development, marketing campaigns, and membership drives. Because the Internet is open to a global market, it can attract a diverse group of directors. The website can be developed specifically to collect personal data volunteered by the user, who can then benefit from a customized training or other experience.

Membership information may be sorted by any combination of the details captured. The table on page 30 shows some examples of the kinds of member details that might be held on a database.

*Calculating the data*

Calculating the total number of members in the organization can be complicated. As the membership grows, so does the complexity of the data that should be maintained and updated on a regular basis. An example of how total membership is calculated is detailed on page 30:

Information technology is required for the efficient management of membership data and for keeping track of information that might be useful in retaining members and providing them with the relevant activities and services. The use of software packages can help an organization become more cost-effective, particularly by providing support for day-to-day administration and providing a system to manage booking procedures for events.

## EXAMPLES OF THE KINDS OF MEMBER DETAILS HELD ON A DATABASE

### MEMBERSHIP DETAILS

Membership number	Previous category
Election date	Payment history
Membership category	Source code
Category upgrade	Status (current or past)
Lapsing date	

### PERSONAL DETAILS

Name	Correspondence address
Telephone / Fax	Gender
Nationality	Qualifications
E-mail addresses	Second address
Change of address date	Date of birth
Country of residence	Other directorships

### COMPANY DETAILS

Job title	Industry code
Company turnover	Company address
Holding company	Number of employees

## EXAMPLES

### CALCULATING MEMBERS: UNITED KINGDOM

The Institute of Directors, UK calculates total members as follows:

START TOTAL (at date shown)

PLUS New elections

PLUS Re-activations

PLUS Transfers-in

LESS Lapsings

LESS Resignations

LESS Deaths

LESS Transfers-out

END TOTAL (at date shown)

### *Protecting data confidentiality*

Although membership data needs to be circulated internally, any data that can be used to identify individual members should be kept confidential. Generally speaking, membership data should not be shared with third parties unless there is a disclosed and genuine reason for doing so. For example, an organization may employ an independent mailing house to disseminate publications or other materials. In such cases the third party must sign a form stating that it pledges to use the information only for the purposes agreed with the organization. An organization may wish to share information with like-minded organizations (such as a sponsor or an affinity partner). In that case, the members should be given prior written notice and an opportunity to remove their names from the database. Membership data should not be sold for a profit.

As already noted, the organization should develop a policy detailing the circumstances under which it will disclose membership information to third parties. Director training organizations should be mindful that some countries have privacy protection laws that might affect them. An organization may need to register under those laws both as a data user and a computer bureau.

Under some circumstances, the organization might allow the sponsors of an event to insert publicity material into a mailing. The material concerned should always be forwarded directly to the mailing house. Envelopes addressed to members should not be sent to a sponsoring company for inserting in their materials.

Aggregating the data can be very useful. Aggregated statistical details about sales, website visits, and survey results are good performance indicators and may be disclosed to the board and membership, as well as to prospective partners and other reputable third parties and for other lawful purposes. These statistics should never include personally identifiable information.

### *Issuing membership cards*

An organization may want to issue membership cards to help it track member usage of its services. Using the membership card to monitor the number of delegates attending specific courses or events, for example, can quickly highlight which subjects are popular and which are not. Strategic decisions can be made on the basis of such data, and products can be developed accordingly. It is important to update information constantly, accounting for changes in membership status.

## FURTHER READING

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## ANNEXES

1. Key activities of organizations that train directors
2. Sample conference evaluation form
3. Examples of membership categories, Australia
4. Examples of membership categories, UK
5. Sample application form, UK
6. Sample application form, Zambia

## ANNEX I. KEY ACTIVITIES OF ORGANIZATIONS THAT TRAIN DIRECTORS

COUNTRY/REGION	ORGANIZATION	TRAINING	EVENTS	PUBLICATIONS	DIRECTOR SEARCH	MEMBER PREMISES	
Australia	Australian Institute of Company Directors	X	X	X	X		
Brazil	Brazilian Institute of Corporate Governance	X	X	X	X	X	
Colombia	Confecámaras	X	X	X			
Hong Kong	Hong Kong Institute of Directors	X	X	X	X	X	
Kenya	Corporate Governance Centre	X	X	X			
New Zealand	Institute of Directors, New Zealand	X	X	X	X	X	
Russia	Independent Directors Association	X	X				
Russia	Russian Institute of Directors	X	X	X			
South Africa	Institute of Directors in Southern Africa	X	X	X	X		
Turkey	Corporate Governance Forum	X	X	X			
United Kingdom	Institute of Directors, UK	X	X	X		X	
United States	National Association of Corporate Directors	X	X	X			

	WEB	BEST PRACTICE STATEMENTS	ADVOCACY	APPRAISAL SERVICES	ADVISORY ATTENDANCE CERTIFICATION	COURSE EXAMINATION ACCREDITATION	COURSE	RESEARCH
	X	X	X			X	X	X
	X	X		X				
	X	X	X					
	X	X	X			X	X	X
	X	X	X	X	X	X	X	X
	X	X	X	X	X	X	X	
		X						
		X	X					
	X	X	X	X	X	X	X	X
			X		X			X
	X	X	X	X	X	X	X	
	X	X	X	X	X			

## ANNEX 2. SAMPLE CONFERENCE EVALUATION FORM

*This form was provided by the Institute of Directors, UK.*

We would be grateful for your help with our continual efforts to maintain high standards and develop products. To assist us please complete the following:

Your name (Optional) \_\_\_\_\_  
 Conference attended \_\_\_\_\_  
 Company name \_\_\_\_\_ Date \_\_\_\_\_

1. Please tick the box which best represents your opinion of:

a) CONFERENCE CHAIRPERSON

	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	EXCELLENT	GOOD	AVERAGE	POOR

Knowledge of subject  
 Presentation  
 Time management

Comments \_\_\_\_\_

b) SPEAKERS' KNOWLEDGE

	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	EXCELLENT	GOOD	AVERAGE	POOR

Speaker 1  
 Speaker 2  
 Speaker 3

Comments \_\_\_\_\_

c) SPEAKERS' PRESENTATION

	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	EXCELLENT	GOOD	AVERAGE	POOR

Speaker 1  
 Speaker 2  
 Speaker 3

Comments \_\_\_\_\_

d) CONFERENCE CONTENT  
 Were there any other topics that you think should have been included?

Were there any other speakers that you think should have been included? (please list)

e) ADMINISTRATION

	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	EXCELLENT	GOOD	AVERAGE	POOR

Ease of booking  
 Joining instructions  
 Catering on the day  
 Facilities on the day

Comments \_\_\_\_\_

f) CONFERENCE MATERIALS

	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	EXCELLENT	GOOD	AVERAGE	POOR

Usefulness  
 Quality of notes/handouts

Comments \_\_\_\_\_

g) SUMMARY

	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	EXCELLENT	GOOD	AVERAGE	POOR

Value for money  
 Value of time spent  
 Overall satisfaction

What aspect of the conference did you find particularly valuable?

\_\_\_\_\_

Any other suggestions/comments?

\_\_\_\_\_

May we use your comments for future marketing activity?

Yes  No

How did you hear about this conference?

- Enquiry
- Direct mail brochure
- e-mail
- Fax
- IoD News
- Director magazine
- Other (please state below)

\_\_\_\_\_

7. Why did you book this conference?

- Content
- Price
- Reputation
- Speakers
- Other (please state below)

\_\_\_\_\_

8. What other conferences / subjects would be of interest to you?

- Securing business funding; how to access grants, subsidies and loans
- Effective project management
- Employment law update
- E-mail marketing
- Public sector tendering

Other, please state

9. How likely are you to attend another XXX conference?

- Definitely
- Possibly
- Unlikely - if so, please say why:

10. If you would like to become a member of the Institute or require further information about membership please tick this box.

11. RECOMMENDATION

Please indicate below the name and address of the individual responsible for training in your company or anyone else who might appreciate being informed about Institute conferences, courses and other products:

Name

Job Title

Company

Address

Post Code

Telephone

e-mail

Thank you for taking the time to complete this form. Your feedback is much appreciated and will continue to help us improve the quality of our conferences.

## ANNEX 3. EXAMPLES OF MEMBERSHIP CATEGORIES, AUSTRALIA

*The following is a description of the four membership categories used by the Australian Institute of Corporate Directors (AICD).*

### **Fellow**

The category of fellow is open by application to persons who have:

- Completed the AICD Company Directors Course and passed the Diploma examination, and have had five years' experience either as a director of a company or government business enterprise or as a senior executive reporting to the board; or
- At least ten years' experience as a director of a listed public company; or of a company or nonprofit/not-for-profit organization with a turnover in excess of \$20 million and/or 100 employees.

Two references from referees who are fellows of AICD must also be provided, and the application ratified by National Council.

### **Member**

The category of member is open by application to persons with two or more years as:

- A director or alternate director of a company,
- A senior executive with managerial responsibilities equivalent to those of an executive director,
- A member of local Boards of Advice of companies,
- A partner or sole proprietor of a professional practice (such as accountants, architects, solicitors, and stockbrokers) or unincorporated business, or
- Academic personnel at the level of, or equivalent to, professor (heads of appropriate faculties in technical colleges are included under this category).

### **Graduate Member**

The category of graduate member status is open by application to persons who meet membership criteria and who have passed the Company Directors Course Diploma examination, but who do not yet qualify as a fellows.

### **Affiliate Member**

Individuals may apply for affiliate membership if they:

- Are interested in the affairs of AICD and aspire to become full members of AICD but do not meet the full membership requirements;
- Desire to enrol in the Company Directors Course; or
- Are full-time students in an institute of higher education

## ANNEX 4. EXAMPLES OF MEMBERSHIP CATEGORIES, UNITED KINGDOM

*The following is a description of the membership categories used by the Institute of Directors, UK.*

### Fellow

To qualify as a fellow, an applicant must be a member of the Institute for at least one year and

- (a) a director for at least 10 years, of a company with a board of at least three directors (or if the company has more than 50 employees, two directors); or
- (b) a director for at least 5 years, with no fewer than 10 years business experience, and an IoD Diploma in Company Direction or its equivalent.

Elections to Fellow are approved by the membership committee quarterly.

### Member

To become a member, an applicant must be over age 21, and be a “director” of an “entity” that is a solvent going concern of “substance,” normally defined as minimum annual business turnover or budget of £200,000 / 306,000 Euros. An applicant must also:

- (a) have worked in business for at least seven years and been a director for at least three years; or
- (b) have worked for at least five years, been a director for at least one year, and have attended the IoD course “The Role of the Company Director and the Board.”

### Associate Member

To become an associate member, an applicant must be over age 21 and be:

- (a) a partner in a professional practice,
- (b) a sole proprietor of an unincorporated business, or
- (c) a senior executive reporting directly to a board member in an education or health authority or other public body of similar standing or of a substantial national or international company;

or

- (d) a person who has lost their a directorship through redundancy during the past two years but who would otherwise qualify as an associate member; or
- (e) a director who does not qualify as a member.

### Retired Membership

Those who have been members for five or more years, are over age 60, and have retired or semi-retired from their main occupation are eligible to transfer to the retired membership category. Retired members pay a reduced annual subscription.

*Note: Present practice allows some flexibility in the “aged 60” rule, but maintains the “minimum five-years membership” rule. That allows some members ages 58 or 59 into the retired category so long as they have been members for at least five years. The five-year minimum ensures that members who have joined only recently cannot take unfair advantage of the much reduced subscription rate for retired members.*

### Long Service

Any member who is over age 70 and has been a member of the Institute for more than 25 years continuously pays a nominal sum per year.

## ANNEX 5. SAMPLE APPLICATION FORM FROM THE INSTITUTE OF DIRECTORS, UNITED KINGDOM



### application for membership of the Institute of Directors

The following guidelines will assist you in completing your membership application form.

#### criteria for membership

##### associate member

To become an *associate member* you must be over 21 and be:

- a partner in a small professional practice, *or*
- a sole proprietor of an unincorporated business, *or*
- a senior executive reporting directly to a board member in an education or health authority or other public body of similar standing or of a substantial national or international company, *or*
- a person who has lost their directorship through redundancy during the past two years but who would otherwise qualify as an associate member, *or*
- a director who does not qualify as a member (see below).

In exceptional cases, even if you are unable to meet the above criteria, you may still be eligible as an associate member.

For further information, please contact the IoD Membership Development Department on 020 7766 8888.

##### member

To become a *member* you must be over 21, and be a "director", of an "entity" which is a solvent going concern of "substance", as broadly defined below and have been:

- a director for a minimum of 3 years, having been in business for a minimum of 7 years *or*
- a director for a minimum of 1 year, having been in business for a minimum of 5 years and have attended the IoD course, "The Role of Company Director and the Board".

For the purposes of IoD membership, the following definitions apply:

"Entity" is a registered company, corporation, business unit, institute, trust, local authority, business association, quango, charity, professional partnership or similar organisation, whose business affairs and strategies require direction.

"Substance" normally requires a minimum annual business turnover or budget of £200,000.

A "Director" must be a member of the body which is responsible for and accountable for the strategic business direction and corporate governance of the "entity" and which makes the decisions that determine its prosperity and integrity.

Please complete your membership application form as fully as possible. This will assist smooth processing of your application and will enable the IoD to inform you of relevant services.



#### COST of membership

##### election fees payable as follows:

*Payable once only*, on application, together with the first year's membership fee.

- applicants resident in the European Union (including UK) £200
- applicants resident outside the European Union £150
- applicants under 30 years old £100

##### Reduced election fee for multi-term applications.

- 3 years – 50% reduction total payable £820
- 5 years or more – election fee waived

Applicants resident in the European Union (including UK) only.

Group discounts are available for applicants from the same organisation applying at the same time. For more details, please contact the IoD Membership Development Department on 020 7766 8888 or email [join-iod@iod.com](mailto:join-iod@iod.com)

##### annual membership fees payable as follows:

- members and associates resident in the European Union (including U.K.)
 

1 year	£240	4 years	£960
2 years	£480	5 years	£1,200
3 years	£720	Life	£4,800
- members and associates resident outside the European Union
 

1 year	£170	4 years	£680
2 years	£340	5 years	£850
3 years	£510	Life	£3,400

The annual membership fee covers one year from the first day of the month of election and is normally tax deductible (except life membership, which is not tax deductible).

The membership and election fees stated on this application form are valid until 31st December 2003.

MKT/027

Once completed, please return the form to:

The Membership Development Department, Institute of Directors, 116 Pall Mall, London SW1Y 5ED

☎ 020 7766 8888 ☎ 020 7766 8823 ✉ [join-iod@iod.com](mailto:join-iod@iod.com) 🌐 [www.iod.com/join](http://www.iod.com/join)

# membership application form

I hereby apply for membership of the Institute of Directors ("IoD"), and agree to be bound by its By-Laws. I confirm that I do not have any unspent criminal convictions (excluding traffic convictions), that I am not an undischarged bankrupt and that I am not disqualified by court order from being a director. I understand that upon election, I shall be entitled to use the Pall Mall and regional premises and I agree to be bound by the rules, which will be included with the notification of election to membership. I undertake to conduct myself, both publicly and within the premises of the IoD, in a manner which would be expected of a member of a reputable professional institute. I further undertake not to represent publicly the views of the IoD or to claim its support, without the prior approval of the Management of the IoD, or of a Branch Chairman.

## personal details

title (MR/MRS/MS/OTHER) \_\_\_\_\_  
 surname \_\_\_\_\_  
 first name(s) \_\_\_\_\_  
 date of birth \_\_\_\_\_ nationality \_\_\_\_\_  
 signature \_\_\_\_\_  
 date \_\_\_\_\_  
 home address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ postcode \_\_\_\_\_  
 tel \_\_\_\_\_ fax \_\_\_\_\_  
 e-mail \_\_\_\_\_

## business details

corporate name (IN FULL) \_\_\_\_\_  
 address \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_ postcode \_\_\_\_\_  
 tel \_\_\_\_\_ fax \_\_\_\_\_  
 e-mail \_\_\_\_\_  
 preferred correspondence address:  home  business  
 main activity of business \_\_\_\_\_  
 annual turnover:  
 up to £200,000                       £10m to £20m  
 £200,000 to £250,000             £20m to £50m  
 £250,000 to £1m                     £50m to £200m  
 £1m to £2m                             £200m to £500m  
 £2m to £5m                             over £500m  
 £5m to £10m  
 number of directors \_\_\_\_\_ number of employees \_\_\_\_\_  
 company registration number \_\_\_\_\_

## personal business details

company executive  
 divisional director  
 partner  
 registered company director/CEO  
 senior forces or civil service officer  
 senior partner  
 sole trader  
 trustee  
 other

full job title \_\_\_\_\_  
 reporting to (JOB TITLE) \_\_\_\_\_  
 number of years business experience \_\_\_\_\_  
 number of years a director/partner:  
 present company \_\_\_\_\_ previous company/ies \_\_\_\_\_  
 name(s) of previous company/ies \_\_\_\_\_  
 \_\_\_\_\_  
 position in previous company/ies \_\_\_\_\_  
 attended IoD course "The Role of Company Director and the Board"  
 no  yes                      date attended \_\_\_\_\_  
 venue \_\_\_\_\_  
 awarded Diploma in Company Direction  
 no  yes                      date awarded \_\_\_\_\_

**Following election as a member or associate, no part of either the election or annual membership fee is refundable under any circumstances. Information about members is kept strictly confidential in accordance with the Data Protection Act 1998.**

Please return the form to:

Membership Development Department  
 Institute of Directors, FREEPOST (LON10047)  
 116 Pall Mall, London SW1Y 5ED  
 ☎ 020 7766 8888    📠 020 7766 8823

OFFICIAL USE	
M	
A	

## payment details

amount payable (PLEASE SEE OVERLEAF)  
 election fee (payable in first year only) £ \_\_\_\_\_  
 plus annual membership fee                      £ \_\_\_\_\_  
 total due for first year                              £ \_\_\_\_\_

## method of payment

cheque  
 (PLEASE MAKE CHEQUES PAYABLE TO "INSTITUTE OF DIRECTORS")

credit/debit card:  Switch (issue no) \_\_\_\_\_  
 Visa  Access  Mastercard  Amex  Diners Club  
 card no   
 expiry date \_\_\_\_\_  
 signature \_\_\_\_\_ date \_\_\_\_\_  
 cardholder's address \_\_\_\_\_  
 \_\_\_\_\_ postcode \_\_\_\_\_  
 company card                       personal card                      (please tick)

## ANNEX 6. SAMPLE APPLICATION FORM, ZAMBIA

**INSTITUTE OF DIRECTORS OF ZAMBIA  
APPLICATION FOR MEMBERSHIP FORM  
SUBSCRIPTION FOR YEAR \_\_\_\_\_**

Surname	Forenames (s)	
Titles, distinction, etc, to be used on correspondence	Nationality	Date of Birth
Academic, professional or business related qualifications	Designation/Position in Company	
Name and address of Employer/Company/Professional Firm/Institute etc		Business Telephone Number
		Business Facsimile Number
		Cell Phone Number
		E-mail Address
Main activity of Business/Profession		
Number of Directors/Partners in employer organisation		
I am a Director, Partner, Proprietor, Chief Executive, or other State:		
Major responsibility area:		
Number of years business experience:		Number of years as Company Director:
Other companies of which I am Director/Partner (attached list if necessary)		
Marital Status:		Spouse's Forename
Preferred correspondence address		Business Residential
Residential Address	Residential Telephone No.	
	Residential Facsimile No.	
Signature of applicant:		Date:

SPONSORSHIP (The IoD will assist applicants arrange a sponsor).		
I,.....being member of the IoD, in good standing, have pleasure in nominating the above candidate for membership.		
Signature	Membership Number	Date

Application approved by Membership Committee on	Ratified at Council Meeting on:
Allocated New Member Number:	



## CONTRIBUTORS

### Peer Review Group

To develop this toolkit and gather lessons learned from developing and developed countries alike, the Global Corporate Governance Forum invited representatives from director training organizations from various regions of the world to share their experiences and discuss milestones and challenges in building director training organizations. The Forum would especially like to thank the following people for their contribution to this toolkit by providing materials, examples, and extensive comments on building director training organizations:

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