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PLANNING AND DEVELOPMENT COLLABORATIVE INTERNATIONAL, INC.

FINAL REPORT

PRIVATE SECTOR DEVELOPMENT OF HOUSING EASTERN EUROPE

TECHNICAL ASSISTANCE TO SUPPORT THE CZECH GUILD OF PRIVATE CONTRACTORS

Prepared for

U.S. Agency for International Development
Bureau for Private Enterprise
Office of Housing and Urban Programs

March 1993

PROVIDES GOVERNMENTS AND PRIVATE CLIENTS WITH SERVICES IN PLANNING, HOUSING, MANAGEMENT, FINANCE, ECONOMICS, ENVIRONMENT, GEOGRAPHIC AND OTHER INFORMATION SERVICES, AND TRAINING.

FINAL REPORT

TECHNICAL ASSISTANCE TO SUPPORT THE CZECH GUILD OF PRIVATE CONTRACTORS

Prepared for

Office of Housing and Urban Programs
Bureau for Private Enterprise
Agency for International Development
Washington, DC

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ABSTRACT

The objective of this project was to provide the Czech Guild of Private Contractors ("the Guild") with the necessary administrative management and marketing techniques to assist its members, in particular, and the construction industry, in general, to become a competitive, efficient, and market-driven industry. Although the Guild has made tremendous progress since its formation approximately eighteen months ago, the contractor prepared nine technical assistance reports on specific aspects of association management to assist them achieve their ultimate goals. The technical assistance delivered as part of this mission has proven helpful to the Guild's staff and directors, and represents an important step toward the establishment of a private, market-driven construction industry in the Czech Republic.

TECHNICAL ASSISTANCE TO SUPPORT

THE CZECH GUILD OF PRIVATE CONTRACTORS

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1 EXECUTIVE SUMMARY

The objective of this project was to provide the Czech Guild of Private Contractors (the Guild) with the necessary administrative management and marketing techniques to assist its members, in particular, and the construction sector, in general, to become a competitive, efficient and market-driven industry. Since the Guild was formed approximately eighteen months ago, the Guild's members and staff have already made tremendous progress without outside assistance. However, after numerous meetings with Guild members and staff, the Contractor prepared a series of "Technical Assistance Reports" on specific aspects of association management to help them achieve their ultimate goals. The attached reports include the following:

1. Association Management - Practices and procedures
2. Budget and Finance - Practices and procedures
3. Charter for the Guild - A review and recommendations
4. Committees - How to establish and direct them
5. Data Base - How to establish and market this information
6. Legislative Activity - Practices and procedures
7. Membership Development - How to attract and keep members
8. Newsletters - Needs and means of communicating with members
9. Trade Shows - How to set-up and manage

As a follow-up to this technical assistance, it is recommended that the Guild receive financial assistance in the amount of $12,000 per year for the next three years. These funds will be used by the Guild as much needed **"working capital"** to finance start-up cost of equipment and supplies and to help defray operating cost while they build revenues from membership dues and other profit making ventures. The Guild does not require additional technical assistance or programs at this time; the Guild's directors and staff have a clear understanding of association management principles and practices and are fully able to provide services to their members if provided with a modest financial contribution from USAID or other services.

The Guild is an essential organization and is providing valuable services to the construction industry. The Guild's programs and services will help these small private entrepreneurs create a market driven industry able to compete effectively with the much larger, former state controlled builders.

Support for the Guild and its members is essential to ensure that we create competition for the former state controlled builders. In three to five years, once the animosity between these groups subsides, and the former state-controlled builders earn their place in society by becoming competitive, free-market companies, there is a good chance there could be a merger between these groups. For now, however, the Guild should be encouraged to become a strong competitive force. This policy will ultimately serve to make members of both organizations stronger and more competitive.

The following is a listing of the specific tasks performed as part of the initial Request for Services and additional activities undertaken while in Prague.

2 TASK 1: REVIEW GUILD'S EXISTING CHARTER, MISSION STATEMENT, AND PROPOSAL TO ESTABLISH REGIONAL OFFICES

2.1 Review of Guild's Charter, formally known as the "Memorandum of Association"

The **"Memorandum of Association": (Charter)** drafted for the Czech Guild of Private Contractors (Guild) by it's General Secretary, Jiri Vesely and Administrator Jan Hruby was compared against a booklet entitled, **"Association Bylaws"**, published by the U.S. Chamber of Commerce. This booklet outlines the provisions generally included in association bylaws in the United States. The Guild's Charter is an extremely well drafted document, containing most provisions needed to operate a free market association. Mr. Vesely advised that several revisions were currently being drafted and would be presented to the April, 1993 meeting of the Guild's board of directors. These changes would provide greater independence for regional offices of the Guild by requiring them to register as legal entities. This is clear indication that the Charter of the Czech Guild of Private Contractors is a document which would meet all the requirements of a democratically run association. It is being revised and changes are being voted upon in a democratic process which should insure that the document will continue to be useful in governing the affairs of the Guild for years to come.

A detailed analysis of the charter is attached.

2.2 Review of Mission Statement, (Article IV of the Charter)

The **"Mission Statement"** of the Guild contains the following provisions, paraphrased here for brevity. All seem consistent with the purpose of the Guild and attainable, to some degree, with the Guild's current financial and staff resources. The mission of the Guild is as follows:

1. To defend and advocate the interest of members with governmental authorities or other institutions at the national level.

2. To insure the interest of the Guild are known to governmental authorities at all levels during their deliberations of laws affecting the construction industry.
3. To provide members with specific services designed to enable them to better manage their businesses in order to grow and compete with larger construction firms.
4. To work for the elimination of discrimination against small and medium sized private contractors in all regions of the country.
5. To create a network of Regional Guilds in all regions of the country to insure the principles of a free market economy apply to the construction industry.
6. To help resolve internal disputes between individual members.

2.3 Review Proposal to Establish Regional Offices for the Guild

The process of **establishing Regional Offices of the Guild** is well underway as the following narrative of a visit to one such region will demonstrate:

In Tabor, meetings were held with **Ing. Martin Krivaneck, Vice Chairman of the Guild** and his associate **Mr. Skalicka, General Secretary of the Tabor Regional Guild.** Mr. Skalicka is an employee of Ing. Krivaneck's contracting firm and devotes part of his time to managing the affairs of the **Tabor Guild of Private Contractors** (Tabor Guild) utilizing the offices of Ing. Krivaneck's firm. Mr. Skalicka is extremely bright, competent, articulate and knowledgeable of his duties as general secretary of the Tabor Guild. Discussions focused on association organization and operational matters. It was clear that he had a good understanding of democratic association management principles and was functioning, from all appearances, as an effective manager of the Guild's regional office in Tabor.

Mr. Krivaneck and Mr. Skalicka had arranged a meeting with **Dr. Jiri Navara, Vice Mayor of the Town of Tabor** in the Vice Mayor's office. The purpose of the meeting which lasted two hours, was to acquaint the Vice Mayor with the mission of the Guild. This was a well conceived and executed attempt to bolster the importance of the Guild in the eyes of the Vice Mayor. This meeting demonstrated that Guild officials have a keen knowledge of public relations and how to use the influence of a Guild to advance the cause of its members, namely access to government officials at the local level.

In addition to setting up a meeting with the Vice Mayor, Mr. Krivaneck and Skalicka provided the local newspaper with an announcement of the meeting of the Guild which was to take place that evening and an article about the meeting. This was another example of an understanding of Western principles of public relations by the Guild's officers and directors.

Following the meeting with Vice Mayor Navara, Ing. Krivaneck and Mr. Skalicka, continued to discuss issues related to association organization, operations and strategy. The discussions were wide ranging and very productive. Both men have a clear under-

standing of association management practices and procedures and were completely capable without much if any additional help in pursuing their association's goals.

The monthly meeting of the Tabor Guild was held that evening. An advance notice of the meeting containing an agenda of items to be discussed was mailed to the 36 local members of the Guild. Seventeen individuals representing approximately 13 member companies were in attendance. Ing. Krivaneck and Mr. Skalicka were well prepared with copies of documents to be discussed and extensive hand written outline of each matter to be presented. The agenda included six items ranging from pending legislation to the industry's group insurance program.

Each agenda item was presented in detail and then the matter was opened for discussion by members. Spirited discussions ensued on several items. At the conclusion of the current business the Contractor was introduced and spoke briefly about USAID's interest in the success of the Guild and his role in assisting the Guild's staff, officers and directors.

After the formal meeting the Contractor spoke individually with everyone in attendance. From these individual conversations, the following determinations were made:

1. The members were all involved in some manner in the general construction industry.
2. While some appeared to be individuals with no employees and few assets, the majority appeared to be experienced businessmen with from five to twenty-five employees with some current projects and serious plans for future projects and for the future of their companies.
3. Their concerns ranged from lack of start-up capital to pending legislation mandating what they considered to be excessively high cost of employee health insurance coverage.
4. Their expectations of what the Guild could and should be doing for them seemed realistic and well within the scope of the Guild's charter and financial resources. Everyone seemed satisfied with the Guild's performance and their involvement in the Guild activities.

From the foregoing it is clear that a network of regional guilds, which operate in the fullest sense of democratic associations, are being established. Three or four regional guilds are already operating and dozens more will be established as quickly as time and money are available. The ultimate plan is to have a regional guild functioning in every major city and regional area of the country.

3 TASK 2: MEET WITH GUILD'S BOARD OF DIRECTORS, MEMBERS AND STAFF TO OBTAIN FURTHER CLARIFICATION OF THE GUILD'S GOALS AND OBJECTIVES, ACTION PLANS, AND MEMBERSHIP STATUS

3.1 Goals & Objectives

The "goals and objectives" as outlined previously in the Guild's "mission statement" are being pursued and attained as demonstrated by this listing of **"completed and current activities"** which we observed in action or were advised of:

1. Lobbying at the national level for access by private firms to process of awarding construction contracts.
2. Active involvement by the Guild's staff in obtaining work permits for Guild members to work on construction projects in Germany.
3. Lobbying for a provision in municipal contract proposals which would mandate preference be given to local contractors in instances where all other factors were equal.
4. Lobbying at the national level to insure the interest of the Guild's members are represented in the nation's complex and ever changing tax laws.
5. Lobbying to insure that the names of all companies which register with the government for a license to operate in the construction industry are forwarded to the Guild so they can be solicited for membership in the Guild. (The Zivnostenski List)
6. Co-sponsoring by the Guild of a trade exhibit of construction companies and suppliers with a former state organization the **Building Information Institute.**
7. Negotiations by the Guild staff which will result in the establishment of a Health Insurance Fund for the exclusive use of construction workers. This is a joint effort with the **Association of Construction Entrepreneurs (Large Builders),** these are the former state controlled companies, who also have an interest in this issue.
8. Lobbying at the national level for changes in worker safety and training laws.
9. The building of a sense of camaraderie and cooperation between members of the Guild which we hope will lead to building of consortiums of member firms with combined resources large enough to compete effectively with the former government owned firms.
10. The establishment of Regional Guilds throughout the Czech Republic.
11. The establishment of an Member Data Base which will enable members to share equipment, employees, and form partnerships which will enable them to compete more effectively for larger construction jobs.

3.2 Action Plans

Currently the staff outlined the following activities which they hope to start or expand upon in the next six months:

1. **Membership Development** - The staff intends to re-double its efforts to attract more new members and to increase participation and payment of dues by current members. This would be accomplished through a series of notices which would provide members with a complete and ever expanding list of accomplishments by the Guild's staff

and voluntary activities of some members on behalf of all members. Currently many members are unaware of the many accomplishments of the Guild and therefore are unwilling to join in Guild activities and pay their fair share of dues.

2. **Apprenticeship Program** - The Guild is working on an apprenticeship program which would send workers to other countries to obtain training in specific trades, thus increasing the pool of trained workers available to Czech contractors.
3. **Foreign Capital** - The Guild is trying to find ways to attract more construction capital from countries other than Germany so as to decrease the dependence of the Czech economy on the Germany economy.
4. **Newsletter** - The Guild is trying to find a sponsor and volunteers to help it publish and distribute a newsletter so it can keep all Guild members, government officials, the media, and other associations and groups advised of its activities.
5. **Membership Database** - With the acquisition of the computer provided by USAID, the Guild, and an experienced computer operator, provided, and paid for by a member company, the Guild will soon begin work on a membership database and directory which will contain a considerable amount of useful information about each member company. Information will include a brief description of the company's construction experience and capabilities, number of employees by specific job and educational level, as well as a listing of available construction equipment. It is hoped that this information will enable members to combine resources and form joint ventures.

3.3 Membership Status

The Guild staff reports that there are currently some 1,200 corporate and individual members of the Guild. This number has not been confirmed, and it would be impressive if half that number were actually dues paying members. However, the potential is at least that high or higher. The enthusiasm and involvement of those members clearly suggests that the organization is viable and serving a very real purpose.

Based on a review of applications and conversations with members, most Guild members would be classified as small "sub-contractors" in the U.S. This is the normal first step for companies which will eventually become true home builders and general contractors. While some were previously "managers" in industrial operations, most were "tradesmen". They were intent upon becoming entrepreneurs by starting out as small sub-contractors and hoping to grow their companies from this base.

For the most part Guild members have fewer than five employees on average; there are a few with up to a hundred employees. Although no meetings were held with these large members, two meetings were conducted with two rather large and apparently successful companies. One was a spin-off by several managers of a previously state controlled company. The company was a full general contractor with about fifty employees. Another was an individual masonry contractor with about thirty to fifty employees.

Importantly, only about half of the dues income had actually been reaching the Guild's national office. Most members paid their dues, but the Regional Guilds did not forward the money to the national office, using it instead to defray their local start-up expenses. The organization needs to develop a system for collecting dues, and some recommendations on this subject are presented in one of the attached technical assistance reports.

The Guild does not have a clear idea of how many private contractors are currently registered with the state. While they have received all the names from the state (these are the Z-list names), they have distributed many of these names directly to their regional Guilds without keeping a copy. It was recommended that they keep the original and send a photo copy to the Region, but the cost of making photocopies is a problem because of low cash flow right now. This is one of the reasons why a cash subsidy for the Guild has been recommended to help defray start up costs.

The Guild also needs to find the time and resources to determine why some new contractors have decided not to join the Guild; the primary reason is most likely a lack of money by the new companies. Many of the new Czech entrepreneurs are simply tradesmen who are registering to become a legal entity but have not actually started their business, and don't have the money to join the Guild. It is anticipated that as soon as these individuals get their first job or two and are actually "in business," they will join.

4 TASK 3: REVIEW NEED FOR THE ESTABLISHMENT OF REGIONAL OFFICES, THE DISSEMINATION OF INFORMATION TO MEMBERS, AND THE METHODS AND FREQUENCY OF SUCH COMMUNICATIONS

4.1 Establishment of Regional Offices

As reported elsewhere in this document, the Guild has regional offices operating in a number of communities throughout the country. Plans are in the works to start many more regional guilds in the coming year. The construction business is often a very local enterprise and, therefore, the Guild should be encouraged to go forward with its plans to establish regional guilds wherever members are willing to support one.

4.2 Dissemination of Information to Members

There is no question that the Guild needs to produce a newsletter to keep members informed of and to solicit responses to current activities of the Guild. Nevertheless, the staff of the Guild has been reluctant to write and distribute a newsletter for two very different reasons. The first has to do with the **"expense"** of publishing a newsletter and this is easy to understand. The second has to do with **"culture"** and this may be a little harder to resolve.

1. The purpose of a newsletter - The staff has been reluctant to publish a newsletter because **"culturally"** they are concerned that writing about all the things they had accomplished and things they were working on would appear to be bragging and self-serving. It was explained that in the U.S. self-promotion has risen to an art form. It is expected and accepted by everyone engaged in politics. However, if they were reluctant to give the appearance of being boastful of their accomplishments, it was suggested they look upon publishing a newsletter as a practical necessity. Short of talking to every member by telephone, or at monthly meetings which many do not attend, there is no practical way of economically communicating with members without the help of a newsletter.

2. Newsletter Expenses - It may be possible to publish and distribute a one-page, monthly or bi-monthly newsletter with the Guild's current resources. If not, a number of suggestions were offered which may help with the costs including the use of volunteer editors and reporters, and solicitation of sponsors or advertisers to help defray the cost.

To ease the staff's concerns regarding bragging, and to show ways of publishing a newsletter on a budget, a technical assistance report on newsletter publishing was prepared for the Guild and is attached.

4.3 Methods and Frequency of Communications

It was recommended in the technical assistance report that a monthly newsletter be established in addition to the more elaborate reports that are currently being sent to all directors.

5 TASK 4: DEVELOP THE METHODOLOGY FOR DEVELOPING A MEMBERSHIP DATA BASE, DEFINING A COMPREHENSIVE PROGRAM FOR MEMBER SERVICES, ESTABLISHING REGIONAL OFFICES, DEVELOPING A PROGRAM FOR EXPANDING MEMBERSHIP, AND PREPARING A BUDGET AND FINANCIAL PLAN

5.1 Membership Data Base

The methodology for developing a meaningful **membership data base** already exists within the Guild. As new members join they are asked to complete an application form which asks for all the information needed to establish a data base on members specialty, the type and education levels of their employees and the type of specialized construction equipment they own. With this very useful information and the computer purchased for the Guild by USAID, and the staff person being paid for by a Guild member, all of the ingredients are in place to produce an extremely useful membership data base which can

serve the membership. The operations of a membership data base is covered in detail in an attached technical assistance report.

5.2 Program for Member Services

The Guild's staff is considering a number of member services. All these ideas were reviewed and discussed at length. A technical assistance report has been prepared on each idea discussed and is attached. These technical assistance reports are attached.

5.3 Establishment Of Regional Offices

As discussed previously, the Guild has already established several regional guild offices and they are making changes in their charter which will require these regional guild's to register with the state to become independent businesses. I have reviewed the need for establishing regional guilds and the process of establishing them is discussed in a separate technical assistance report which is attached.

5.4 Program for Expanding Membership

The Guild has an established application for membership, a membership services brochure, and a procedure for inviting new contractors to join the Guild. This procedure was reviewed thoroughly with the Guild's staff and a technical assistance report on this subject was prepared and is attached.

5.5 Budget and Financial Plan

The Guild's budget and finance plan require some refinement. Essentially, the initial strong supporters of the Guild are contributing much more than their required dues to insure the success of the Guild. This is a normal part of the development of many new associations in the U.S. and it is gratifying to see the serious degree of commitment by members and directors. Rough budget figures were reviewed with the Guild's staff and several directors who were large contributors. The financial situation is very uncertain, but there is a great deal of determination by members and staff to do whatever it takes to succeed. A technical assistance report on the subject of budget and finance was prepared and is attached to this report. While it is not an exact financial plan, the Guild's staff and directors understand the budget process sufficiently and they will eventually develop their own financial plan. At this point, they simply don't have sufficient hard numbers to develop any formal plan.

6 ADDITIONAL REQUESTS FOR INFORMATION FROM THIS PROJECT

Answers to the following questions were also collected as part of the project:

1. Is the Czech Guild of Private Contractors (GUILD) an appropriate vehicle for providing assistance to the private sector contractor?

   a. Are they legitimate? YES
   b. Are they doing work to promote private sector? YES
   c. Is their membership credible? YES

2. Are there competing organizations which are more representative of the organizations we want to target? NO

   WHICH ONES? - The only other organization which could represent the private building sector is the organization representing the formerly state-controlled builders. **(The Association of Building Entrepreneurs in the Czech Republic).** This is not presently the type of organization to support. Perhaps in three to five years, after these state-controlled companies have made the transition to free-market status, they might be revisited. As indicated elsewhere in this report, there is a chance that these two organizations may merge eventually, but it is important to continue to support the Guild so there is adequate competition in the marketplace.

3. Is it appropriate to channel future assistance to the Guild?YES, BUT:

   The Guild does not require much in terms of additional technical assistance at this time. The Guild is struggling with the normal start-up problems which must be faced by any new organization, but the Guild will survive and prosper. the Guild needs time to consolidate and refine its present services before adding more programs and services. A modest amount of financial assistance has been prepared to help the Guild with normal start-up expenses. Under the direction of USAID official in Prague, no offers of further assistance to the Guild were made.

   If yes, what type of assistance?

   a. Lobbying in government standards, such as: Building codes or land use procedures. NO
   b. Seminars NO
   c. Demonstration Projects NO
   d. Study Tours NO
   e. Apprenticeship Programs MAYBE
   f. Others NONE REQUESTED

4. Does the Guild have the ability to find out what TA members need by geographic area? YES

5. What programs is the Guild requesting for the future?NONE

The Guild could benefit very much from a small amount of financial support to help them with start up cost incurred in purchasing office equipment and supporting staff until dues collections start to match expenditures. It is recommended that $1,000 a month be provided to the Guild for a period of about three years.

7 CONCLUSION

The foregoing represents a thorough assessment of the Czech Guild of Private Contractors. The attached Technical Assistance Reports address all matters discussed with the Guild's staff and members. The Guild's staff was informed that my visit and the attached technical reports. represent all that USAID was planning to do at this time. The technical assistance delivered as a part of this mission has proven helpful to the Guild's staff and directors and represents an important step toward the establishment of a private, market-driven construction industry in the Czech Republic.

TECHNICAL ASSISTANCE REPORT PREPARED FOR

THE CZECH GUILD OF PRIVATE CONTRACTORS (GUILD)

BY: JOHN R. KUPFERER

FEBRUARY, 1993

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SUBJECT: ASSOCIATION MANAGEMENT PRACTICES AND PROCEDURES

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The following is a response to a variety of questions from the Guild's staff on association management practices and procedures and ideas which I felt may be useful to them.

In response to the question "How can we encourage members to pay their dues" I have the following suggestions

Offer monthly or quarterly dues payments - Since many new contractors have very little money or working capital, and they need their money to start up their business, I suggest offering to collect dues on a quarterly or monthly schedule. This will enable smaller companies to join by paying only one month's dues and will allow them to spread out the rest of their payment over the year. I suggest adding a few crowns to each payment to cover the administrative expense of handling these additional payments.

Offer membership certificate for full dues payment - Those companies who paid their full year's dues should be issued an attractive "membership certificate" imprinted with their company which they may want to frame and hang on their wall.

Publish membership directory - The Guild's annual membership directory should be published sixty days after the member's dues are due. Any company which has not paid their dues in full by that date will not be included in the membership directory. Since this directory will be distributed to potential investors and individual's looking for contractors, members will make certain their dues are paid in order to make certain their company is listed.

General Assembly attendance - With the Guild's annual General Assembly scheduled for April, a notice needs to be sent to all members who have not paid stating that their dues must be paid in full before they can attend this General Assembly.

MEMBER SERVICE IDEAS

General Assembly programs - The Guild's annual General Assembly is scheduled for April, therefore I suggest that in addition to the business matters to be discussed during the business portion of the meeting we also schedule a series of round-table discussions to be held after the general business meetings. My concept for round table discussions is to ask members of the board to serve as a "round table discussion leaders". Each "discussion leader" is asked to select a "business topic" that they feel would be interesting to a large number of members. An example might be: "How to secure financing for your projects". The "discussion leader" should then invite several members who have been successful in securing financing for their projects to join him as co-discussion leaders. They should be asked to share their experience with others attending the session. These co-discussion leaders should be asked to tell how they were able to obtain financing and answer questions from those attending. The discussion leader

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should then lead the discussion so everyone is able to share their personal experiences or ask pertinent questions and thus learn from the experience of others. This type of program is very easy to arrange and should result in greater attendance at the General Assembly.

How to identify and deliver services - It is important to use every opportunity to ask members for their comments on the types of member services they need and are how much they are willing to pay for these services. I suggest that every member attending the General Assembly be given a questionnaire describing the current services the Guild is providing. They members should then be asked to rate each service as to its importance to them. They can do this by entering a (1) for the most important service, a (2) for the next important, and so on until each service is rated.

Following the space for the importance of the service should be a space asking for the percent of the Guild's budget which should be devoted to this service. As an example a member may select a service as number one and then indicate that 95% of the Guild's resources should be spent on this activity. Another member may select the same service as the most important but recommend that only 25% of the Guild's resources be spent on the activity, dividing the remaining resources among the other services. I think you can see why it is important to ask not only for the member's opinion on the importance of a service, but also for their recommendation as to the amount of resources to be allocated to each service.

Space should also be provided on the form for general comments about each service. Finally space should be provided for descriptions of new services the members would like to receive.

If at all possible, the surveys should be tabulated during the meeting and the results discussed with the directors and members. If time does not permit you to tabulate the questionnaires during the meeting, they should be tabulated as soon as possible and the results sent to all members in the newsletter.

Profit making opportunities for associations - I realize the Guild is in need of additional sources of profits in order to finance the organization. However, I want to repeat here a few words of caution which I included in my report on the trade show program.

The first rule of every entrepreneurial activity is: **"FIND A NEED AND FILL IT".** Ignore this rule at your peril. **"Profits"** are only realized to the degree the entrepreneur fills the needs for the client both **effectively** and **efficiently** in terms of expenditures of time and money for the producer.

I would strongly the Guild's staff and directors to think about the above statement carefully every time they consider entering a profit making enterprise. I am concerned that they may not yet understand this primary rule of capitalism. If the Guild undertakes activities simply for their profit making potential without realizing all of the preliminary research and planning required to insure a "profit" a "profit" may not be realized.

Another fact to remember is that **"Most ventures fail".** Not only do most ventures fail, most fail at great expense to the entrepreneur and result in bankruptcy which could ruin the entire Guild. I don't want to be an alarmist, but I also want the Guild to succeed and undertaking risky ventures needs to be thoroughly thought through.

A "Guild Mark" symbol to identify members - I understand the Guild has developed a "Guild Mark" symbol. Essentially a house within a circle. I would recommend that a copy of this "Guild Mark" suitable for re-printing be made available to all members. Members should also be encouraged to add the words "Member of the "Construction Guild of Private Entrepreneurs of the Czech Republic" to their business cards, letter head and other promotional materials. This would bring added prestige to the member and to the Guild.

Code of Ethics, - I believe it is important to establish an Ethics Committee for the Guild and to ask them to prepare an industry "Code of Ethics" as soon as possible. Setting industry standards is an extremely important aspect of an association's work and I feel this document needs to be developed soon. It needs to be thoroughly reviewed and accepted by members before publishing to insure that all members both agree with it and are willing to abide by the Guild's code of ethics.

Building Codes - We only discussed this subject briefly during my visit, but in the U.S. changes in building codes is a major concern of the National Association of Home Builders and they have staff members who's full time responsibilities are to keep informed on recommended changes and to prepare comments on behalf of the NAHB on these changes. With all the other important matters affecting the Guild I'm not certain this is a major concern right now, however, once the economy begins to grow, the construction industry will need a building code that allows it to use new and innovative construction techniques and materials in their construction project. I suggest that the matter of establishing a national building code be given a high priority on the Guild's agenda for future activities.

These are a few of the additional association management policies, procedures and ideas which we briefly discussed during our meeting and which we may need to discuss in greater detail in the future.

TECHNICAL ASSISTANCE REPORT PREPARED FOR

THE CZECH GUILD OF PRIVATE CONTRACTORS (GUILD)

BY: JOHN R. KUPFERER

FEBRUARY, 1993

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SUBJECT: BUDGET & FINANCE - PRACTICES & PROCEDURES

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HOW TO ESTABLISH A BUDGET

Establishing an annual budget for an established organization is considerably easier than preparing a budget for a new organization like the Guild. An established organization has a history of income and expenses and already owns much of the furniture and equipment it needs to pursue operations. The Guild, on the other hand, as a new organization has no history of income and expenses and still needs much of the furniture and office equipment and supplies it needs to operate, therefore developing a budget is much more difficult. I will, therefore, try to explain how many U.S. associations develop their budgets and how I might tackle the task of establishing a budget for the Guild.

BUDGET RESPONSIBILITIES

The responsibilities for developing the budget in most small U.S. associations is generally shared by the Board of Directors and the Staff. The budget outline is generally established by the Board of Directors when they define the goals, objectives and services of the organization. They also establish the amount of dues which they feel members are willing or able to pay for these services.

The staff, working within these budget assumptions and directives, develops a detailed budget which sets out the cost in both "actual cash expense" and in actual "staff time" needed to accomplish the goals established by the board. In larger associations a "Budget Committee" would actually work with the staff to review the staff's figures and estimates so as to assure the other Directors that the figures are realistic.

BUDGET BOTH TIME AND MONEY

It is important to prepare separate budgets for both for the expenditure of "time" and the expenditure of "money". Many of the tasks the staff is ask to perform cost relatively little in "money" but require a large expenditure of "time". An example of a "time intensive" task would be "legislative activities". It may cost hundreds of hours of staff time to keep informed on legislation affecting the construction industry. This could include many hours of meetings with members of the legislature or their staff, and meetings with individuals from other organizations who are also interested in the legislation. While these activities cost little in terms of cash outlays, the time factor can often be considerable.

An example of a "cost intensive" activity would be printing and distributing the Guild's Newsletter. This activity also has a "time" factor and that is the "time" required to actually write the newsletter. This "writing time" is however, much easier to estimate than the amount of time needed to follow legislative activities. Nonetheless, the cost in terms of both "writing time" and the actual "printing and mailing expense" must be

taken into account when preparing the Guild's budget because the actual "expense" for this activity is much larger than the amount of "time" required to perform the task.

HOW TO PREPARE A "TIME" BUDGET

A relative easy way to budget staff time is to identify the tasks the board wants accomplished and then establish a percent of time each staff member will devote to accomplishing each task. As an example I suggest developing a form which list the projects to be accomplished listed on the left hand side of the page. For the Guild, this list might include the following items:

1. Office Administration
2. Legislative Activities
3. Membership Development Activities
4. Regional Guild Development
5. Trade Show Management
6. Member Data Base
7. Newsletter
9. Apprenticeship Program
10. Finding Foreign Capital
11. Obtaining Work Permits
12. Health Insurance Program
13. Other Activities

Line the page into columns running from top to bottom. Enter the name of a staff member on the top of a separate column. Then enter the percentage of time each staff member actually spends on each activity and you will quickly see what a "time budget" looks like.

These percentages should also be translated into actual hours per week and further detailed for specific weeks of the year. The reason for this much detail in the "time" budget is the conflicts caused when two major association activities occur during the same time period. A common conflict in the U.S. is conducting the associations annual meeting or trade show at the same time the legislature is in session. Obviously the staff can't be in two places at the same time and the detailed "time" budget will prevent the conflict.

The Guild is proposing to undertake too many activities for its small staff in my opinion. A common problem and one that generally results in dissatisfaction with the staff. By trying to do too much they generally do a poor job in some area, and all too often they are judged by their poor performance in one area, and not by the good work they did in all the other areas. A detailed "time" budget often eliminates these problems.

THE EXPENSE SIDE OF THE BUDGET

The "expense side" of the budget is generally the easiest to develop, because it covers identifiable costs items such as; salaries, insurance, rent, telephone, postage, etc. When developing cost for specific programs such as publishing a newsletter or producing a trade show I recommend a "detailed project budget". A project budget for a newsletter should include the cost of staff labor to write and design the newsletter and the staff labor to address and mail them. Then I add in the cost of outside services such as the actual printing cost and the cost of postage.

A project budget for an activity as complex as a trade show will include dozens of individual accounts and may well require several pages of detail on every aspect of the show. The different show activities include, exhibitor promotion, attendance promotion, site selection and negotiations, exhibit space sales, development of seminar programs to be held in conjunction with the trade exhibit, on-site show management, drayage in and out, and show signs and decorations. Just one aspect of preparing a show budget is the show's promotion. This one budget item should include the time and cost of designing, writing, printing and mailing many different promotion pieces. The related production schedule for each promotional piece needs to indicate who and when each promotional piece will be planned, designed, written, printed and mailed. As you can see, simply developing a project budget for a trade show can take weeks or months depending upon the size and complexity of the show.

Preparing a "detailed project budget" forces the planner to clearly think through each activity. If the Guild intends to become a co-sponsor a trade show, the Guild's staff needs to meet with the other sponsors of the trade show to determine exactly what work each of the sponsors will be responsible for. Once the Guild's responsibilities are identified and written, they need to begin developing their "detailed project budget" and this show budget must them be included in the Guild's overall budget.

Only when the Board reviews these detailed project budgets together with the Guild's master budget will they be able to see how they are allocating the staff and financial resources of the Guild.

THE INCOME SIDE OF THE BUDGET

This is generally the harder side of the budget to project because it rest on assumptions of how many members will join, and how and when these members will pay their dues. Another factor the Guild must take into consideration is the ability of the Regional Guilds to forward the money they collect to the National office. I understand this is a problem since the Regional Guilds are finding they need additional money to pay their own "start-up" cost of their regional offices.

Budgeting for dues income must take into consideration the time lag between when dues are due and when they are eventually paid. There are ways to speed up this process, but they are hard to implement in new organizations.

Another source of income which the Guild must account for is the willingness of members to make "financial contributions" to help defray the cost of many of the Guild's programs. This is obviously very difficult to predict, but it appears that many more members may be willing to pay much more than their actual dues and the Guild might consider making periodic request for these "donations" and actually include a budget projection for this income.

BUDGET ADJUSTMENTS

As a new organization, many of the Guild's programs are subject to change and revisions throughout the year. I would therefore recommend that the budget be prepared for a three or six month period with the intention of reviewing the budget and adjusting programs on a more frequent schedule. This will enable the directors and staff to shift priorities quickly if, and I might add, when expenses exceed income and the stability of the organization is threatened.

A RESERVE FOR THE UNEXPECTED

As I have mentioned previously, I believe the Guild is trying to provide more services and undertake more projects that it has resources to undertake successfully. Taking the time to prepare "realistic" time and monetary budgets will show if and where you are over committed. I want to emphasize the word "realistic". As a new and inexperienced organization, it will take you longer to produce the "first" of any project or program. As you gain experience these programs become easier and those dreaded "unexpected" problems will be less likely to occur. Budgeting a little extra time and resources to take care of the "unexpected" is strongly recommended.

My advice is to go slowly at first and add programs as you gain experience. Instead of the dozen projects I see on your agenda, I'd suggest you concentrate on at most a half dozen, and reschedule the rest when the staff is more experienced and your finances are more in order.

TECHNICAL ASSISTANCE REPORT PREPARED FOR

THE CZECH GUILD OF PRIVATE CONTRACTORS (THE GUILD)

BY JOHN R. KUPFERER

FEBRUARY, 1993

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SUBJECT: REVIEW OF THE GUILD'S CHARTER

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I have been asked to reviewed the **"Charter"** of the Guild of Private Entrepreneurs of the Czech Republic, the (Guild) and found it to be a very satisfactory document. It was written for the most part by Mr. Jiri Vesely, General Secretary of the Guild and Dipl. Ing Jan Hruby, Administrator of the Guild. I understand it has been adopted by the Guild's Board of Directors and it is currently being amended in a democratic manner, by vote of the board, to reflect changing needs of the Guild.

I took the time to compare the Guild's Charter article by article to a "charter" or "bylaws" contained in a booklet entitled "Association Bylaws" which is published by the Association Department of the U.S. Chamber of Commerce. This booklet is a reference source for association executives concerned with drafting their association's bylaws. I have listed the Guild's charter next to the Bylaw provisions suggested by the U.S. Chamber of Commerce as a guide to the Guild. I suggest you compare these two documents, article b article and then determine if you want to include any of the U.S. bylaw provisions in your charter. I've indicated where I thought this was advisable and where I thought the Guild's charter was excellent as written. Here then is my comparison of the two documents:

U.S. Article I - Name and Principal office

This article defines the organizations, legal name and states the location of its principal office.

This information is adequately covered in Article I, II, III of the Guild's Charter

U.S. Article II - Definition

This article defines the exact nature and scope of the industry or business which is represented by the organization.

The Guild's charter does not specifically define the exact nature of the organization and the specific criteria for membership in a separate section of the Charter. While there are references to these items in other sections of the Charter. I would recommend that a an article entitled "Definition" be added to the Charter. This "definition" should clearly describe Guild members as "private construction entrepreneurs" and thereby make a clear distinction between the Guild's members and the members of the "Association of Building Entrepreneurs" which is an organization of former "state-owned builders". Any other criteria for membership might also be added to this article.

U.S. Article III - Purposes

This articles defines the purposes of the organization.

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This information is adequately covered in Article IV of the Guild's Charter.

U.S. Article IV - Membership

This article generally covers the following provisions:

Section 1 & 2 - **Types of membership.** The Guild only provides one class of membership, that is it's contractor members. I would suggest they consider the U.S. method of providing for other classes of membership and expand their Charter to include the following classes of membership.

a. **Contractor Members** - These are currently the only class of member in the Guild, and represent those members who are actually engaged in the business of building or contracting.

b. **Supplier Members** - This would be a new class of member for the Guild and it would include those companies which "supply" building and construction materials, equipment. A typical supplier member would be a supplier of lumber, electrical equipment, doors, windows, bricks, roofing materials, etc. Other supplier members would be manufacturers of construction equipment such as tractors, cranes, trucks, scaffolding, etc.

c. **Consultant Members** - This would also be a new class of members for the Guild and would include those companies or individuals who provide "technical or professional" support to contractor members. A typical "consultant" member would be an architect, a bank, an attorney or legal firm, or any type of professional who provides consultant services to the construction industry.

Supplier and Consultant members generally are interested in the activities of the industry upon which they rely for their livelihood and therefore have a legitimate role to play in the activities of the organization and should be welcomed into membership. They also provide an excellent source of additional income to the organization.

Other points to consider when providing for different classes of members, is the voting rights of supplier and consultant members. Generally these members are not given full voting rights, but only vote on matters which affect their class of members. As an example supplier and consultant members should not be allowed to vote on the health insurance program for construction workers, since it does not affect their employees. However, they may be given an opportunity to vote on matters affecting the trade show since they will be participating in this activity. Therefore voting rights need to be considered.

I would recommend the Guild consider adding provisions for these two additional classes of members to their Charter

Section 3 - **Voting Rights** - This section defines the **"voting rights"** of all classes of members. It specifically defines the following:

a. Who is the "voting" member - Generally the person who signs the application for membership is considered the "voting" member and the official representative of the company and only that person is allowed to vote on association matters.

b. How many votes per member - The number of votes a member firm is entitled to cast on any issue needs to be defined. Generally **each member** company is entitled to **"one vote"** on an issue.

c. Method of Voting - The Charter needs to specify how a member may vote on issues brought before the full membership. Specifically whether votes will be cast in person, by mail, by FAX, by telephone or if a member may vote by "proxy" (the process of transferring voting privileges to another person).

I believe the Guild should consider adding a definition of a member's "voting rights" to their Charter.

Section 4 - Acceptance of members - Article V, Number 1 of the Guild's Charter, defines who may become a member of the Guild. It appears that membership is automatic and available to anyone who applies and meets the criteria outlined in this article. There is no provision for "accepting" members. Generally when an application is received by an association, it is reviewed by some authority (often the staff or membership committee chairman) to make certain the applicant does in fact meets the membership requirements. The application is then presented to another "authority" (such as the board of directors) where it is voted upon and "accepted" or "rejected". A letter is then sent to the applicant stating that their application has been "accepted" or giving specific reasons why the application was "rejected". Membership then becomes official upon receipt of the first year's dues.

It is important to make certain "membership" is not official until the member's first year's dues are paid in full. Most often an application is not considered unless a check for the first year's dues is attached. I believe the Guild should consider adding this provision to their Charter.

Section 5 - Duration of membership and resignation. - I believe the Guild has adequately provided for this in Article VI of their Charter

Section 6 - Suspension and expulsion of members - I believe the Guild has adequately provided for this in Article VI of their Charter

U.S. Article V - Dues

I believe the Guild has adequately provided for this in Article V of their Charter

Guild's Article VII - Authorities of Construction Guild

This provision essentially spells out the four types of authorities that operate the Guild: the General Assembly of Members; the Board of Directors; The Revisory Commission and the Arbitage Commission.

U.S. Article VI - Meetings

Article VIII of the Guild's Charter provides for an annual "General Assembly" which, in my opinion, is an adequate forum to conduct the affairs of the Guild in a democratic manner. This provision provides specific provisions for advance notice of the meeting and specifies voting procedures for members attending the General Assembly, etc.

While U.S. association guidelines go into much more detail, such as defining "quorums" (the number of members who must be present in order to hold a legal meeting) and even defining what must be on the "agenda" for specific meetings. I don't feel all these provisions are needed by the Guild at this time.

U.S. Article VII - Board of Directors

Article IX of the Guild's Charter defines the duties, responsibilities of the Board of Directors which in my opinion is adequate to govern the Guild's activities.

U.S. Article VIII Officers

The Guild makes no provision for "officers" within its "Authorities of Construction Guild" as specified in Article VII of the Charter. While I see no specific need for the Guild to have "officers", I will include a definition of duties for "officers" in most U.S. associations, and suggest the Guild consider the need for these authorities.

a. President - The president of U.S. associations is the principal (chief) "elected" officer of the association. The president presides at all membership meetings (the general assembly) and serves as chairman of the Executive Committee.

b. Vice President - The vice-president of U.S. associations is usually considered the "president-elect" and generally is elected to replace the president at the end of his or her term.

c. Treasurer - The treasurer keeps an account of all money received and expended for the use of the association, and shall make disbursements authorized by the Board or other authorities. The treasurer shall deposit all sums in the banks as approved by the Board and shall make a report on the financial affairs and status of the association at the annual meeting. (General Assembly) The duties of the Treasurer are often delegated to a person on the association staff, (such as the administrator) who is supervised by the Treasurer.

d. Secretary - The Secretary shall be required to give notice of and attend all meetings of the association, to keep a record of all proceedings, to attest documents and oversee the administrative management of the association. (These duties are also often delegated to a staff member such as the administrator)

e. Executive Committee - In U.S. associations where members of the Board of Directors may be separated by thousands of miles, (across the entire U.S. continent) a committee consisting of the four elected officers, plus one or two other members of the Board of Directors form an "Executive Committee" which functions in place of the entire Board of Directors to manage the affairs of the association. The smaller "Executive Committee" generally meets more often and makes decisions on behalf of the larger Board of Directors. Generally a report on the actions of the Executive Committee is presented to the meetings of the Board which reviews these actions and has the authority to approve or rescind actions by the Executive Committee.

Officers and an Executive Committee are not necessary for the smooth operation of an association, but they provide for an orderly transition of power and authority and provide a more efficient means of managing the affairs of the association when members and directors are geographically separated by thousands of miles. Officers are generally elected by and from the membership of the Board of Directors to act in their behalf. The President often also holds the title of Chairman of the Board .

Electing officers simply helps define roles and responsibilities within the organization and provides for a smooth transition of power, and a continuity of programs from one year to the next as new officers and directors are elected.

U.S. Article IX - Committees

The Guild currently operates with just two "commissions" the Revisory Commission and the Arbitrage Commission. This is not unusual for a new organization where most of the work is performed by the members of the Board of Directors. However, as the Guild grows and there is a need to involve more members in the work of

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the Guild, the Board may want to consider establishing "working committees" and to appointing other members to work on these committees. The committee structure, an excellent means of getting more members involved in the work of the Guild. I'll describe the type of committees found in most U.S. associations and those which I feel may be needed by the Guild in the near future.

a. Membership Committee - I've written an entire report on the activities of the membership committee. Briefly, if the association is to grow, many members need to be actively visiting prospective members inviting them to join the Guild. I'd suggest at least one membership committee member in every region of the country. The Membership Committee chairman is generally the authority who reviews membership applications and recommends approval or rejection of each new application before it is voted upon by the Board of Directors.

b. Legislative Committee - Since this is the primary activity of the Guild, I suggest a special legislative committee be established to keep informed on all important legislative matters to make certain no important legislation is overlooked. The staff will work closely with the members of this committee to relieve the Chairman of the Board of the need to be involved in every decision affecting the Guild's legislative activities.

c. Insurance Committee - Since this is another important activity of the Guild, a special insurance committee should be established. The staff will work closely with members of this committee to relieve the Chairman of the Board of the need to be consulted on every matter affecting the Guild.

d. Finance Committee - Now the entire Board of Directors must be familiar with the smallest detail of the Guild's finances. As the work of the Board expands, it is usual that a Finance Committee of a few members, work closely with the staff on the details of the budget and then prepare a less detailed report for the Board to review and approve.

e. Trade Show Committee - If the Guild plans to become involved in producing trade shows, the staff will find it necessary to seek approvals or directions from some representative of the membership. In order not to burden the Chairman of the Board with making all decisions, I'd suggest a small committee be established to provide the staff with general directives on how the members want the Guild's entry into this activity managed.

f. Nominating Committee - In most U.S. associations there is a "Nominating Committee" whose job it is to seek nominees for the positions held by elected officials of the Guild. These generally include members of the board of directors, and officers. An independent nominating committee insures that all members have a voice in who is nominated to represent them. This prevents a small clique from controlling the organization by restricting those who are considered for election to a small group of friends.

There may be other committees needed to help manage the affairs of the Guild, but I believe the foregoing adequately defines the need for committees. I believe the Chairman of the Board should be empowered to establish committees whenever he or she decides there is a need for one.

Guild's Article X - Revisory Commission

This is essentially an "oversight" committee and its composition and authority are well defined and in general accordance with "oversight" committees of U.S. associations.

Guild's Article XI - Arbitrage Commission

This is essentially a special committee empowered to help resolve disputes between members. The commission's composition and authority are well defined and well within standards for similar committees within U.S. associations.

Guild's Article XII - Regional Guilds

The provisions contained in this article seem adequate to define the role and operations of Regional Guilds. I also understand that changes are now being considered which would make the Regional Guilds even more autonomous.

Guild's Article XIII - Office of Construction Guild

This provision contains details of how the Guild's "office" is managed, and I believe it is adequate to define the duties of the Guild's "paid staff" . During an interview with the staff, it was explained that it is not appropriate for a "staff employee" to communicate directly with certain government officials. Since the staff can not always locate an elected official of the Guild to sign official letters, it was suggested that one member of the staff be appointed to an "elective office" in order to allow that staff member to write to government officials on behalf of the Guild.

In order to accomplish this in the U.S., the chief paid staff officer is often given the title of "President" of the association.

Guild's Article XIV - Management of Construction Guild

This provision is clear and establishes operating procedures to govern management of the Guild.

Guild's Article XV - Specification of Power

This provision is clear and establishes signatory rights over the Guild's finances and other activities.

Guild's Article XVI - Winding-up and Liquidation

This provision is clear and establishes a procedure for the dissolution of the Guild.

Guild's Article XVII - Final Provision

This provision is clear and establishes a procedure to start-up the Guild upon approval of its establishment by the General Assembly in May, 1992

Other provisions contained in most U.S. association's charters include the following:

U.S. Article X - Mail Vote

This provision provides for a vote of the general membership by "mail" instead of convening a general assembly. This provision generally is only exercised in emergency situations where there may not be time to hold a general assembly in time to act upon a serious matter.

The provision describes the procedures which must be followed to provide for a "mail" vote. These include the number of votes which must be returned in order for the action to be official, etc.

U.S. Article XI - Fiscal Year

This provision simply defines the fiscal or budget year for the association.

U.S. Article XII - Seal

This provision simply defines the "seal" or registered mark of the association.

U.S. Article XIII - Indemnification

This provision provides elected officials and staff of the association with "indemnification" or "insurance" in the event they are sued by anyone over a matter in which they represented the association. The indemnification does not apply in cases where the association official acted with negligence or misconduct in the performance of their duties.

U.S. Article XIV - Dissolution

This provision is covered by the Guild's Article XVI

U.S. Article XV - Amendments

This provision describes specifically how these articles may be amended.

I can not find a specific reference in the Guild's Charter which provides for a means of amending the Charter, therefore I would recommend the Guild adopt a specific policy on this subject.

This concludes my review of the Guild's Charter. I have enclosed a complete copy of the booklet entitled "Association Bylaws" and have asked that it be translated for the Guild.

TECHNICAL ASSISTANCE REPORT PREPARED FOR

THE CZECH GUILD OF PRIVATE CONTRACTORS (GUILD)

BY JOHN R. KUPFERER

FEBRUARY, 1993

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SUBJECT: COMMITTEES - HOW TO ESTABLISH AND ACTIVATE

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NEED FOR COMMITTEES

Appointing committees is a very necessary means of allowing others within an organization to participate even though they do not hold elective office such as that of a director. As i understand the situation within the Guild today, nearly all of the volunteer activity is being accomplished by members of the Board of Directors and the Staff. This will not continue for long because as the Guild grows, the work of the Guild will become overwhelming and more and more members will be needed to help accomplish its goals. I am therefore suggesting that the Charter be amended to allow for the establishment of "Committees" to be established at the prerogative of the Chairman or the Board.

CHAIRMAN'S PREROGATIVE TO ESTABLISH

In many U.S. associations the Chairman of the Board is empowered to establish committees, define their duties and appoint their chairman and members. This authority often is given to the Chairman because he is generally responsible for accomplishing the goals of the organization, and therefore he is most familiar with the amount of help he needs.

STANDING AND SPECIAL COMMITTEES

There are generally two types of committees: "Standing Committees" those which are more or less permanent and appointed every year; and "Special Committees", those which are appointed for a short period of time to handle one of a kind assignments.

STANDING COMMITTEES

The Guild already has provisions in its charter which provides for two standing committees. They are the "Revisory Commission" and the "Arbitrage Commission" . The duties and responsibilities for these committees or commissions are fully explained in the Charter. I would suggest the following Committees might also be established by separate provisions in the Charter:

1. Budget and Finance Committee - This committee would be responsible to the chairman or the full board for the development of the Guild's annual budget. It should consist of a chairman, (generally the Treasurer) who should be a member of the board, and two regular members. Their primary task would be to work with the staff in developing a detailed annual budget. They would accomplish this by reviewing the board's statement of goals and services with the staff. Then, working together with the staff they would allocate staff and financial resources to accomplish the board's goals. By working directly with the staff, they would relieve the Chairman of the task of making

every decision regarding allocation of the Guild's resources leaving him free to provide overall direction to the organization.

Also, as dues paying members of the Guild, they are in a position to assure the board that the budget is realistic, and the estimates of time and financial resources needed to accomplish individual goals are accurate. (If only staff members develop budget figures, the board may be suspicious of their accuracy. Involvement by budget and finance committee members eliminates this suspicion.)

2. Membership Committee - This committee should be relatively large and is often headed by a vice-president or vice-chairman of the board thereby attesting to the importance of membership development. This committee is also used as a stepping stone to higher office in many organizations. As an example those who work hard and are successful in recruiting a large number of new members for the association are often rewarded by election to higher office within the organization.

The responsibility of this committee is first to recruit new members into the organization and second to review membership applications to insure that new applicants are qualified to become members of the organization. The committees specific duties are to enthusiastically recruit new members by actually visiting prospective members in their offices to explain all of the services of the Guild and to personally ask them to join or to attend a meeting of the Guild.

The membership committee is generally a large committee with at least one member in each Region. This member is generally given the title of the Regional Membership Chairman. This results in a committee consisting of the "national" Membership Committee Chairman (usually the vice president) and one Regional Membership Chairman from every region. Where there is no region, I suggest appointing an enthusiastic member in the area. The most effective membership committee Regional Chairman is usually a prominent member of the construction community in the Region who is also a persuasive spokesman for the Guild.

The secondary responsibility of the membership committee is to review new applications to make certain the company or individual meets the Guild's membership requirements. This often requires a personal visit to the new applicant's place of business.

I have included a more complete description of the work of the membership committee in my technical advice report on Membership Development elsewhere in this report.

3. Trade Show Committee - This committee should be relatively small and consist of at least a couple members who are trade show exhibitors. The primary responsibility of this committee is to assist the staff with the many decisions they must make which will affect the success of the trade show. As Guild members and also trade show exhibitors, this committee can be a valuable resource for the staff.

One of the very important considerations in appointing this committee is to clearly establish the authority and responsibility for both the staff and the committee chairman. Generally the staff has the ultimate decision making authority and is responsible for the financial success of the trade show. The committee generally acts strictly as an advisory committee and serves to provide the staff with perspective from the members point of view. When the committee and staff can not agree on an important matter, the Chairman of the Board needs to step in and establish a firm policy for their guidance.

4. Legislative Activities Committee - The size of this committee is not as important as is the knowledge and enthusiasm of its members. The Chairman and members of this committee are generally individuals who are extremely interested in legislative matters and are able to contribute a good deal of their time to this pursuit. Their primary responsibilities vary according to their interest and abilities. If they have time, they can become watchdogs for the Guild's interest by attending meetings at which legislative matters of interest to the Guild are discussed. If on the other hand they have "contacts" with legislators, their primary responsibility may simply to request an audience with the legislator and present the Guild's point of view on the particular legislation under review.

In some legislative action committees, a member is appointed in each Region. When important legislation is pending, the chairman contacts the committee member in the region and that committee member is then responsible for spreading the word to as many members within the region as possible. The message might be for as many members as possible to write or call the legislature to voice support or opposition for a particular piece of legislation.

Obviously the work of a legislative action committee needs to be tailored to the task at hand. The purpose is the same for all, and that is positive action on legislative matters.

OTHER COMMITTEES

There are many other committees that may be needed within the Guild. Once the authority for appointing committees is established within the organizations charter, the process of appointing and using committees is easy. The important thing to remember is to clearly explain the task the committee is to accomplish and to set the limits of their authority and budgets if any. The term of most committees expires with the term of the person who appointed them. If the committee has a different term, that term should be clearly established.

Here are my suggestions for a few which the Guild may want to consider:

1. Building Code Committee - This committee would review the country's current building code and recommend ways to insure the involvement of the Guild's members in reviewing the current code provisions, and methods of addressing changes in the future.
2. Mortgage Finance Committee - This committee would keep abreast of all matters affecting the establishment of a national mortgage finance system.
3. Code of Ethics Committee - This committee would draft a proposed Code of Ethics to govern the business practices of Guild members.
4. General Assembly Committee - This committee would assist the Guild's staff in developing the program for the Guild's annual meeting of members.

SUPPORT FOR COMMITTEE CHAIRMEN

If we are going to ask committee chairmen and members to do extra work for the organization, it is important to give them recognition for their accomplishments. Often this recognition is in the form of a "Certificate of Appreciation" signed by the Chairman and presented at the annual meeting or the General Assembly. Another means of recognition is to provide the committee chairman the opportunity to prepare a brief report of their work to be published with the Guild's newsletter. These practices give credit where credit is due and insures a steady stream of volunteers who are willing to do the work of the organization.

TECHNICAL ASSISTANCE REPORT PREPARED FOR

THE CZECH GUILD OF PRIVATE CONTRACTORS (GUILD)

BY: JOHN R. KUPFERER

FEBRUARY, 1993

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SUBJECT: DATA BASES - HOW TO CREATE AND USE THEM

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RECOMMENDATIONS FOR ESTABLISHING GUILD'S MEMBERSHIP DATA BASE

The Guild has collected a great deal of useful information on each of its members through questions on its membership application. The following types of information is collected on each application:

1. Address Information: Individual's name, company name, address, telephone and FAX, bank affiliation, company government registration number.
2. Region of Registration
3. Employee Information: Number of employees classified by:
    a. Level of education:
        1. college;
        2. secondary school,
        3. administrative training (secretarial, bookkeeping schools
    b. Type of skills:
        1. professionals (engineers, architects, etc.);
        2. tile workers (artistic);
        3. stucco workers (artistic);
        4. stonemasons;
        5. brick & block layers;
        6. carpenters and woodworkers;
        7. other skilled trades;
        8. laborers.
4. Equipment & Facilities Information:
    a. Type of building, offices and number of square meters of floor space.
    b. Type of special equipment:
    c. Type of transport & construction equipment:
        1. autos, vans, pick-up trucks
        2. auto crane
        3. back hoe (scoops)
        4. caterpillars (earth moving equipment)
        5. loaders
        6. scaffolding type
        7. mixers
        8. construction cranes
        9. construction elevators
        10. expansion ladders
        12. conveyors
        13. fork lifts
        14. other equipment

To establish a useful data base, this information should be entered into a computer for every current member and for every new member as they join.

ANNOUNCING THE SERVICE

An announcement should be prepared, explaining that the above information is on file for each member company, and that for a fee, members can have access to this information to help them identify companies who might be willing to join in a joint-venture project or who might be willing to rent or lend specialized equipment or personnel.

COST OF THE SERVICE

The fee for this service could be computed on the basis of the actual time it takes to complete the search of computer records, including salary for the Guild staff member doing the search, use of the computer and printer, plus, of course, a profit for the Guild.

HOW MEMBERS CAN USE THIS INDUSTRY DATA BASE

Members could use the service in a number of ways including:

1. TO LOCATE COMPANIES BY THEIR SPECIALTY - A member who is a general contractor and needs to find firms specializing in carpentry, or plumbing or electrical work to join in a joint venture would ask for a list of members sorted by their specialty as listed under the heading: **(Presny popis cinnosti/specializace)**

2. TO LOCATE COMPANIES WITH SPECIALIZED CONSTRUCTION EQUIPMENT - A member looking for a specific piece of construction such as a back hoe and special crane would ask for a list of companies sorted by the type of equipment listed under the heading: **(Vybaveni Prostor)**

3. TO LOCATE COMPANIES WITH SPECIFIC TYPE OF EMPLOYEES - A member looking for a partner with a large number of bricklayers would ask for a listing of all companies who's specialty is stone work or bricklaying from the information contained in the listing under the heading: **(Pocet Pracovniku Celkem)**

HOW THE GUILD CAN SERVE ITS MEMBERS

The Guild could provide information to members in the following formats:

1. A PRINTED LIST PROVIDED TO THE MEMBER - In each case the computer operator would ask the computer to search its file and produce a list of members sorted by the type of information requested. This list would then be printed and mailed to the member making the request. The member would then review the list and contact members individually.

2. AN ANNOUNCEMENT MAILED TO SELECTED MEMBERS - Another way to use the service would require the member to write up a brief description of their requirements. As example: (Member looking for a partner with 25 bricklayers to form joint venture for factory to be built in Prague). The computer would then search it's files and produce a list of all companies specializing in bricklaying. However, instead of providing a printed list, it would produce printed address labels and the Guild could mail the joint venture announcement to selected members. The cost of this additional service would be charged to the member requesting the partner.

The member could, of course, ask for names of companies in only one or two specific regions or even selected cities, as it is not necessary to select all members each time a list is produced.

AN ADDITIONAL MEMBER BENEFIT

The information contained in this data base can also be used to produce the **Guild's annual membership directory.** See the report on membership development for more information on this directory.

TECHNICAL ASSISTANCE REPORT PREPARED FOR

THE CZECH GUILD OF PRIVATE CONTRACTORS (GUILD)

BY: JOHN R. KUPFERER

FEBRUARY, 1993

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SUBJECT: LEGISLATIVE ACTIVITY - PRACTICES & PROCEDURES

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NEED FOR LEGISLATIVE ACTIVITY

Since I don't know a great deal about the legislative process in the Czech Republic there isn't much I can tell you about "how" to lobby your elected officials. However, there may be some similarities between lobbying in the U.S. and lobbying in the Czech Republic that may be worth stressing.

KEEPING INFORMED

I am certain that one aspect of lobbying is the same in the U.S. and the Czech Republic, and that is "lobbying takes time". Plain and simple it takes many hours of work to keep in touch with everyone involved with the legislative process. That includes meeting with the legislators themselves, their staffs, officials at governmental agencies, lobbyist for other organizations, and even your own members. In the U.S. we call this activity "keeping informed". While a great deal of "keeping informed" can be done by telephone, nothing beats personal contact with the key players in the legislative process. Also, there is no substitute for sitting through endless meetings where legislative matters are being debated. It is from attendance at these meetings that the lobbyist begins to understand positions and strategies of various individuals and groups. Also, "keeping informed" requires reading numerous reports, position papers, bills, amendments, and drafts of legislation. I understand Mr. Velesy does most of the personal contact work and I suspect this takes most of his time. If the level of legislative activity continues or increases, he may need a legislative assistant just to keep up on the volume of work in this area. The important thing to remember is the amount of time it takes just to "keep informed"

TRANSFERRING INFORMATION TO MEMBERS

The next step in the legislative process involves transferring the information the lobbyist has learned about various legislation to members. This process requires a great deal of communications between the lobbyist and the people he represents. Since the Guild doesn't have a "legislative committee" it appears that Mr. Vesely needs to share the information he has learned with the entire board of directors. This requires a considerable amount of time and expense and that's why I recommended the establishment of a "legislative committee" or even a separate committee on each piece of legislation. Only after members receive information on the provisions of a particular piece of legislation can they begin to understand how that legislation will affect their business. Once they understand the legislation, the next step in the legislative process begins. That is the process of "developing a position".

DEVELOPING AN "INDUSTRY POSITION"

Developing an "industry position" which truly represents a consensus of opinion of the Guild's members on legislative matters is often complex and difficult. It is complex because legislation is often "complex" and members can develop differences of opinion as to the exact impact of the legislation on their businesses. It is also complex in that it can affect members in different ways. The inability of members to agree on a unified "industry position" can have serious affect on an organization. In worst cases it has led to a split in the organization and the formation of a new group. I don't want to be an alarmist, but I do want to emphasize the importance of creating a consensus or compromise in order to present a unified "position".

It does not appear that the Guild has had to face this problem as yet and therefore I want to call attention to the need for clear communication of the issues to members, and the time and expense this communication requires. Once the communication process is complete, members must come together to write a "position" on which all can agree. The actual writing of the "position paper" is often assigned to the staff. However, the members control the content. Here is another pitfall for the lobbyist. The staff needs to know who to listen to in developing complex "position papers". Who has the authority to dictate the actual words which will go into the "position paper". This is an issue the staff should clarify with the chairman of the board, "before" it becomes a problem.

"ACTIVE" OR "PASSIVE" LOBBING EFFORTS

At the present time it appears that the "Guild" is taking a "passive" role in its lobbing efforts. I define a "passive" role as that of "reacting" to legislation which has been introduced by others. This "passive" role would involve preparing the Guild's "position paper" and then distributing this "position paper" to all who are involved in the legislative process. It also involves working within the system to try and gain support for the Guild's "position".

An "active" role is one in which the Guild would actually work to have legislation favorable to their members written and introduced by a member of the legislature. In the U.S. most small organizations do not have the resources to take an "active" role in legislation and confine themselves to the "passive" role. I feel it may be several years before the Guild is in a position to take an "active" role in legislation.

From what I've observed, the Guild's staff understands the legislative process very well and has been effective in keeping itself informed on the details of pending legislation. I did not learn much about how the Guild develops its position on the various legislative matters it is following. I hope the foregoing give some insight into how this process takes place in the U.S.

TECHNICAL ASSISTANCE REPORT PREPARED FOR

THE CZECH GUILD OF PRIVATE CONTRACTORS (GUILD)

BY: JOHN R. KUPFERER

FEBRUARY, 1993

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SUBJECT: MEMBERSHIP - HOW TO ATTRACT AND KEEP MEMBERS
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ATTRACTING NEW MEMBERS

There are essentially three keys to the success of an organization. First it's the ability to attract members to the organization. Second is the ability to determine the ever changing types of services members need and want, and the fees they are willing to pay. Third is the ability to consistently provide these services at a cost members are willing to pay.

There are dozens of books written on the subject of association membership thereby attesting to the critical importance of this aspect of association management. What I hope to do in this report is to try to adapt a few techniques used in the United States to the circumstances in which the Guild operates.

FINDING NEW MEMBERS

The Guild is very fortunate in that it has access to the names of every individual and company registering with the state as a "private contractor". This information is made available to the Guild in the form of the **"Zivnostensky List"** (Z-list) from the government agency which issues licenses to new businesses. This is an extremely valuable service and the Guild should make certain that it continues to have access to this **"Z-list"** information.

At the present time the Guild is forwarding the original "Z-list" form to regional Guild offices, asking them to contact the new contractor for membership. I would strongly recommend that the Guild keep the original copy of the "Z-list" as a "master membership file" and forward a copy of this information to the appropriate regional Guild. This will serve two purposes. First the Guild will know exactly how many private contractors there are in the country. This will enable the Guild to determine the percentage of contractors who choose to join the Guild. On average the Guild should expect at least thirty to forty percent of new contractors to join. If fewer than that join, this would be a signal that something is wrong and the Guild's membership services or fees need to be reviewed. The second benefit from maintaining a master "Z-list" is this list gives the Guild an opportunity to quickly communicate with all registered contractors at a moments notice. This communication might be an important notice of some impending legislative matter, it might also be a membership solicitation to the contractor, or it might be to invite the contractor to attend the Guild's trade show. If the Guild is to serve the small contractor industry it must maintains a master list of all registered contractors.

THE MEMBERSHIP OFFER

The current membership pamphlet is adequate to inform prospective members of the full range of membership services the Guild offers as well as the cost of these services. It is important to keep this brochure current. One of the best ways to accomplish this is to occasionally poll the members to learn what they feel are the really important services offered by the Guild. The needs of members will change as the problems they face change. The services of the Guild will also change to meet new challenges and therefore the Membership Brochure needs to be changed periodically to reflect current services.

The current membership application also appears to be thorough and asks for a great deal of valuable information on Guild members. This information should be used to create the industry data base and also to produce the industry's membership directory.

The membership pamphlet and application with a covering letter should be mailed to every individual and company on the "Z-list". I would recommend that this letter be sent by the national office within a week or two after they receive the "Z-list" name. This will insure that the Guild's membership offer is received by the new company soon after they receive their business license. If the new contractor is headquarters in an area where there is an established Regional Guild, the name, address and telephone number of the regional Guild master and/or the Regional Membership Chairman should be included in this initial mailing and the new contractor's name should be sent to the Regional Guild master and Regional Membership Chairman for their files. If there is no Regional Guild or Regional Membership Chairman in the new contractor's area, the national Guild should continue to solicit this new contractor for membership with at least two or three additional membership letters as well as a personal telephone call.

USE OF MEMBERSHIP COMMITTEES

New membership growth is extremely important to the growth of the Guild and therefore this activity needs to be one of the highest priorities of the Guild. Unfortunately, repeatedly contacting new contractors to ask them to join the Guild takes a considerable amount of time. One of the ways most U.S. associations handle this work is to ask current members to form a Membership Committee. The following is an outline on how Membership Committees are formed and how they function.

I have recommended that the Guild amend it's Charter to allow the President or Chairman to appoint a number of Committees to help with the work of the Guild. One of these Committees should be the Membership Committee which should be headed by a Membership Committee Chairman. (often a Vice President of the association) Each year when the Chairman takes office he should appoint a Membership Committee Chairman and at least one Regional Membership Chairman in each Regional Guild. Where no Guild is established appoint a Regional Membership Committee Chairman in every important city or area of the country. Their term of office should be for at least one full year and their duties should be as follows:

MEMBERSHIP COMMITTEE DUTIES

The Membership Committee Chairman's primary duties are to see that every new contractor (from the Z-list) is personally contacted by a member of the Guild and invited to join. As soon as the Guild receives names of new contractors from the "Z-list", these new contractors receive a membership offer from the national office of the Guild. A copy of this letter should then be sent to the Regional Membership Committee Chairman located closest to the new contractor. If at all possible, the committee member should visit the new contractor within a week or ten days after they have received their

invitation to join the Guild. During this personal visit or telephone call the membership committee member should thoroughly explain what the Guild does and how joining will help the new contractor and help the industry. The new contractor should also be personally invited to attend the next Regional Guild meeting in their area.

It is the responsibility of the Membership Committee Chairman to see that members of his committee actually contact each new contractor. The Chairman should also maintain a list of all new contractors who were invited to join the Guild. This list should indicate how many were contacted, how many joined, how many refused to join and the reasons they gave for not joining. The list of reasons for not joining should be analyzed regularly to determine if the Guild could make some changes in its policies or services to overcome the objections of new contractors to its membership offer. A report on the activities of the membership committee should then be made to the President or Chairman periodically.

REGIONAL MEMBERSHIP EFFORT

If the new contractor's business is in an area where there is an established Regional Guild, the new contractor's name, and a copy of the Guild's covering letter and a copy of the "Z-list" form itself should be sent to the Regional Guild master. It is extremely important to remember that the most effective membership effort will come from someone geographically close to the new member. The Regional Guild master needs to know the names of all registered contractors in his area. By maintaining a list of both the "Z-list" companies in his area and a list of Guild members, he will know how effective his Regional Membership Committee Chairman is in attracting new members. If too many new contractors are not joining the Guild, the Guild master will know this and can increase his membership efforts.

KEEPING MEMBERS INFORMED AND INVOLVED

Once a new contractor joins the Guild it is very important to keep him informed and involved. One of the best ways is to keep inviting him to attend regional meetings. The Regional Membership Committee Chairman should take careful note of who's attending meetings and should periodically call on those who haven't attended the last few meetings. A personal call from another member is often very effective in keeping current members active and involved in the Guild's activities. It is often easier to keep a current member involved, with a little personal attention, than to convince a non-member to join. Remember, retaining current members is as important as acquiring new members.

Another method of keeping current members is a good Newsletter. A newsletter must contain industry news that is important to members and it should also contain news about what the Guild is doing on their behalf. Don't assume that members know what the Guild is doing to serve them, or how important this work is to their success. One of the most important functions of the Newsletter is to remind members of the importance of the work of the Guild and to remind them of the consequences if the Guild fails in its work. This alone is often enough to encourage them to continue their membership.

In summary, I want to clearly state that without a continuous and comprehensive membership effort aimed at both new and current members the Guild will not succeed and grow, no matter how important it's other accomplishments on behalf of members.

MEMBERSHIP CERTIFICATES AND SEALS

Another important aspect of association membership is the "Membership Certificate" and the right to designate a business as a "Guild Member" and to use the Guild's "Seal" on the member's letterhead and business card. In a country that is just establishing itself and it's industries. Businesses will find it very useful, as they compete for work, to say they subscribe to the Guild's "Code of Ethics" and meet the Guild's "Standards" and are in fact "members" of the Guild. Obviously to make the Guild's "Seal" meaningful, the Guild must establish a code of ethics and set standards which members must agree to meet.

MEMBERSHIP DIRECTORY

Another important aspect of association membership is the "Membership Directory" or as I might title it: **" The Guild's Annual Directory of Qualified Contractors".**
I am recommending that once each year, a month or two after membership dues are due, that the Guild publish this directory. It can be as simple as an alphabetical listing containing the name, address and telephone number of all contractors, suppliers and associates who have paid their dues for the year, or it can be indexed to list contractors by their region or specialty. The membership directory serves several important functions.

Contractors will want to be included in the membership directory because this directory will soon become the official list of who's important in the construction industry. Not being included in this directory will indicate that the company is either, out of business, not qualified, or doesn't meet the ethical standards of their Guild. Exclusion from the Guild's annual membership directory can be costly to contractors and few will want their names removed from this directory.

To make their listing in the membership directory important, copies of the Directory need to be distributed to government officials, to investors looking for partners or individual's looking for builders. If handled properly a listing in the **Guild's annual directory of qualified contractors** can be an extremely important membership benefit.

A listing in the directory can also be used to force members to pay their dues on time. As an example the annual membership directory is published sixty days after membership dues are due. Anyone not paid in full by that date is automatically excluded from the directory.

As the Guild grows the membership directory can be expanded to list companies, alphabetically, and then again by Region, and again by type of work they perform, such as a listing of masonry contractors, and a listing of electrical contractors, etc. In these additional listings, only the company name is included and the reader is referred back to the alphabetical listing for the full name, address and telephone number.

To cover the cost of producing this directory, advertising can be sold to industry suppliers and to individual contractor members who may want to expand their basic listing by including more information on their companies and the type and quality of work they perform. Publishing the annual membership directory can be a profitable enterprise for the Guild if handled properly.

TECHNICAL ASSISTANCE REPORT PREPARED FOR

THE CZECH GUILD OF PRIVATE CONTRACTORS (GUILD)

BY: JOHN R. KUPFERER

FEBRUARY, 1993

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SUBJECT: NEWSLETTER - THE NEED FOR AND MEANS OF COMMUNICATIONS
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As a writer and publisher there is no question in my mind but that the Guild needs to produce some sort of newsletter to keep members informed of and to solicit their responses to current activities of the Guild. Nevertheless, the staff of the Guild has been reluctant to write and distribute a newsletter for two very different reasons. The first has to do with the **"expense"** of publishing a newsletter and this is easy to understand. The second has to do with **"culture"** and this may be a little harder to resolve. I'd like to focus on the issue of "culture" first.

1. The purpose of a newsletter - The staff has been reluctant to publish a newsletter because **"culturally"** they were concerned that writing about all the things they had accomplished and things they were working on would appear to be bragging and self-serving. I explained that in the U.S. self-promotion has risen to an art form. It is expected and accepted by everyone engaged in politics as well as association management. However, if the staff is reluctant to give the appearance of being boastful of their accomplishments, I suggested they look upon publishing a newsletter as a practical necessity. Short of talking to every member by telephone, or at monthly meetings there is no practical way of communicating with members without a newsletter. To ease their concerns regarding bragging, I suggested the following newsletter format.

a. Keep it Short and Simple - Initially I feel the Guild's newsletter may require one sheet of paper, with the bottom third of the back page used for the mailing address. In short a one page self mailer.

b. Introduce each topic with a headline - This will allow members who are pressed for time to quickly scan the headlines reading only those items of critical importance to them.

c. Include only the facts - Identify the problem, explain its importance to the Guild, then state what actions are being taken or being considered by the staff, or directors. This approach alerts members to the critical issues being pursued by the Guild and allows them to call or write with their thoughts, concerns or suggestions. This provides the staff with much needed input from members on critical issues.

As the Guild grows and staff and resources become available, it will be possible to expand the scope and number of pages in the newsletter. Later it can be used to carry more in-depth articles and fuller explanations of critical issues. Distribution can also be expanded outside of members to include legislators, governmental officials, the media, and even prospective members.

2. Newsletter Expenses - It may be possible to publish and distribute a one-page, monthly or bi-monthly newsletter with the Guild's current resources. If not, I offered a number of suggestions which may help with the costs.

a. Volunteer Editors - If staff does not have the time to write the newsletter, ask for a volunteer editor to take on the job. There may be a number of individuals in the Guild who are talented writers and would consider it an honor to write

the Guild's newsletter. Another source of writers is a university. Often a university student studying journalism or language would take on the task for the experience and perhaps extra credit from their professor.

b. Sponsors or Advertisers - A budget should be developed to include the cost of writing, printing and mailing the newsletter on either a monthly or bi-monthly frequency to all members. With this cost in mind, staff could approach major building products suppliers and ask them if they would be willing to contribute the cost of producing a year's worth of issues in exchange for a prominent notice of their sponsorship in each issue. If that approach fails, ask six of your larger members if they would commit to sponsoring an issue or two each year. By obtaining a sponsor for most or all of the cost of publishing a newsletter, the Guild will be able to provide a service without paying all of the cost from their budget.

NEWSLETTER AS A MEMBERSHIP TOOL

I want to add that without a Newsletter to keep members informed of the work the Guild is doing on their behalf, membership will drop. Members must be kept informed, and there is no better way of accomplishing this than with a newsletter. In effect the newsletter will pay for itself by retaining members who may otherwise not renew their membership.

NEWSLETTER AS A PUBLIC RELATIONS TOOL

A well written newsletter is also an excellent "public relations" tool. By including in the newsletter the position of the Guild on various matters (such as legislative matters) and then mailing the Guild's newsletter to legislators, the media, and other Guilds or associations, the newsletter becomes a public relations tool. You effectively and efficiently keep both your members and the public informed of the very important work of the Guild.

TECHNICAL ASSISTANCE REPORT PREPARED FOR

THE CZECH GUILD OF PRIVATE CONTRACTORS (GUILD)

BY: JOHN R. KUPFERER

FEBRUARY, 1993

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SUBJECT: TRADE SHOW MANAGEMENT

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The Guild is fortunate in that it is planning its first construction industry trade show in partnership with the former state owned Building Information Institute managed by Marie Bacova. B.I.I. is an organization with many years experience promoting and managing trade shows. If for any reason this partnership fails to materialize I would recommend the Guild not enter the trade show business, or that they hire an experienced trade show management firm to produce the show for them. These recommendations are based on a partnership with B.I.I. and with B.I.I. doing most of the management for the first show. Because of B.I.I.'s experience this outline is extremely limited and is intended to outline what will be accomplished, "not how" to accomplish these tasks.

The first rule of every entrepreneurial activity is: **"FIND A NEED AND FILL IT".** Ignore this rule at your peril. **"Profits"** are only realized to the degree the entrepreneur fills the needs for the client both **effectively** and **efficiently** in terms of expenditures of time and money for the producer.

I would strongly the Guild's staff and directors to think about the above statement carefully every time they consider entering a profit making enterprise. I am concerned that they may not yet understand this primary rule of capitalism. If the Guild undertakes activities simply for their profit making potential without realizing all of the preliminary research and planning required to insure a "profit" a "profit" may not be realized.

Another fact to remember is that **"Most ventures fail".** Not only do most ventures fail, most fail at great expense to the entrepreneur and result in bankruptcy which could ruin the entire Guild. I don't want to be an alarmist, but I also want the Guild to succeed and undertaking risky ventures needs to be thoroughly thought through.

Here are a very few essentials that I recommend before undertaking any venture:

1. Market Research - This is, in its simplest form, is simply asking the people you intend to participate in the activity a few basic questions:

A. Ask Potential Exhibitors:

a. Do they need the trade show to reach the small and medium sized general and sub-contractor ?

b. Is there a best time of the year to hold the show?

c. How many times a year is such a show needed, annually, semi-annually or quarterly?

d. What is the best location for the show? Which city and exhibit hall?

e. What type of firms or contractors do exhibitors want to see attending the show? (Their answers generally reflect the type of products they sell such as electrical contractors for a producer of electrical products, etc.)

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f. What do you feel is a fair cost for exhibiting in such a show?
g. What will the Guild have to do to make the show valuable to you?

This is not intended to be a complete list of questions one needs to ask, but only an indication of the type of questions which need to be asked. Add other questions as needed to insure that you fully understand the needs of your potential clients.

B. Ask Potential Attendees (contractors and consumers):

a. Do they want a trade show to meet with industry suppliers and to see new construction products and materials.
b. Would you attend such a show?
c. How many in your company would attend?
d. Would you be likely to place orders at such a show?
e. What products are you looking to buy?
f. What suppliers would you like to meet at the show?
g. What is the best time of the year for you to attend such a show?
h. How many times a year is such a show needed ?
i. How many days will you spend at such a show?
j. What is the best location for such a show, City and exhibit hall?
k. How much are you willing to pay to attend such a show?
l. What will the Guild need to provide to make the show more valuable?

Obviously the more time the Guild spends on market research, the better chance you have of producing a trade show that fills the needs of both your exhibitors and attendees, and therefore of being a success and producing the desired profits. This research can be done with a mailed questionnaire to members, phone calls to a cross section of members or with group questions at regional Guild meetings. The key is not how the research is conducted, but that a true representation of potential exhibitors and attendees is polled.

Based on information from this research we need to proceed to:

2. Contract for exhibit space with an exhibit facility. - Books have been written on how to conduct this one aspect of trade show management. I won't elaborate here and now except to say that this is where I expect the experience of B.I.I. to be extremely useful in negotiating a contract which is fair to both parties.

3. Producing an Exhibit Space Sales Brochure - Here the information you collected in your research needs to be used to make a compelling sales presentation to encourage potential exhibitors to sign up for space. The following are many of the points that need to be included in a good promotional brochure:

a. Name of the sponsoring organization and the show's name
b. Location and dates of the show
c. A statement of what products will be displayed at the show
d. A statement of who will be invited to attend.
e. A statement of past attendance figures, or projections for attendance at this show.
f. A statement of how the show will be promoted to attendees.
g. The cost of exhibit space
h. The cost of attendees registration fees
i. A compelling statement on why the company should exhibit.
j. A compelling reason why the company should sign a contract and return it immediately.
k. An exhibit floor plan

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l. An exhibit contract, which requires a non-refundable down payment of approximately one half of the exhibit space cost.

Here again I expect B.I.I. with their years of experience to do most of the work of producing an effective sales brochure. Also, I expect them to actually sell most of the exhibit space, as we discussed.

4. Promoting attendance for the trade show - This, I assume, will be the primary responsibility of the Guild and the reason why the Guild is sharing in the profits of this venture. Therefore it is critical that the Guild does an excellent job of promoting attendance and at making certain Guild members as well as others attend the trade show. Here are things the Guild can do to insure good attendance at the trade show:

A. Prepare Attendance Promotional Literature - An attractive brochure describing the show, the machinery, equipment and products to be on display during the show should be prepared and distributed widely by the Guild. This promotional literature should contain the following information:

a. Name of the trade show and names of sponsors
b. Location, dates, and exhibit hours of the show
c. A statement of the types of equipment, machinery and products which will be on display.
d. A statement of the types of meetings and seminars which will be held in conjunction with the show, if any are planned, and I would recommend planning some.
e. The cost of attending the show.
f. A compelling reason why contractors should attend, and bring their all their key employees.
g. A. list of exhibitors which have already signed contracts to exhibit.
h. An advance registration form, which should offer a discount if a company buys their non-refundable tickets early.

B. Distributing Attendance Promotional Literature. - The Guild's staff felt that mailing this brochure to all known construction contractors would be too expensive and that may be correct decision in the Czech Republic. In the United States we would mail this same brochure to the same companies as many as **"six times"**. Each mailing would include thousands of companies. Our efforts at attendance promotion are very expensive, but we feel it is our obligation so as to justify the fees our exhibitors have paid to exhibit. We generally start mailing our promotional literature about four months prior to the trade show and plan at least one mailing a month until 30-days before the show, and then one mailing a week until the show opens. That approach may not be necessary in the Czech Republic, but the Guild must remember it has an obligation to do all it can to promote attendance. Here are some suggestions which may be appropriate in the Czech Republic:

a. Distribute the Attendance Promotional Literature **at least twice** to all Guild members, by mail.
b. Distribute the Attendance Promotional Literature **at least once** to all companies registered with the state as private contractors. (The Zivanski List, I believe.) Even though some of these companies may no longer be in business. This may seem wasteful, but in the U.S. we find a large number of our non-member companies will attend, if invited. This also give us an opportunity to meet with these companies when they attend, and invite them personally to join the Guild.
c. Distribute Attendance Promotional Literature **at least twice** to large state-owned companies through the Association of Building Entrepreneurs. Also ask that

organization to give you a list of their regional offices and mail a dozen copies of the Promotional Literature to each of their Guild masters, asking that they be distributed to interested companies at their next meeting. Obviously some may not do this, but I believe it may be worth the effort.

d. Send a copy of the Promotional Literature **at least twice** to all newspapers in Prague and in other large cities throughout the country. Enclose a covering letter or news release which they may publish for you.

e. Send a copy of the Promotional Literature **at least twice** to the staff of every Guild in the Chamber of Economies in the hope that they will announce the show at their next meeting. I would also suggest following up with a telephone call to make certain they received the promotional literature and that they plan to make an announcement.

C. Prepare Several Sizes of Newspaper and Magazine Ads - I have not generally relied too heavily on advertising in local newspapers, since the United States is so large it would be too expensive to place ads in newspapers. However, in the Czech Republic you may want to consider a limited number of ads in well selected publications which you feel may be read by individuals who may be interested in attending. I'd suggest you prepare several sizes of ads so you can use different sizes depending upon the cost of advertising.

D. Prepare Posters - Here again, because the United States is so large, we generally don't use posters. However, in this country they may be effective so I'll suggest them and let you decide if they are appropriate.

E. Free Tickets - I would be prepared to issue quite a few "free tickets" to make certain you fill the room with potential customers for your exhibitors. Here are some ways "free tickets" can be used to build attendance:

a. They should be given to all government officials,
b. Also, staff members at related Guilds, and the Chamber of Economies,
c. Editors and reporters at all newspapers and magazines
d. To Guild members as a means of rewarding them for registering early, as an example, offer one free ticket for every two they purchase at least 30 days in advance of the show. Non-refundable of course.
e. To Exhibitors. Give them a specific number of tickets in direct relation to the size of exhibit space they buy. As an example for a standard three square meter exhibit space - five tickets. Twice as much space, twice as many free tickets. The exact number needs to be decided by the Guild, as their are no norms. Some associations give no free tickets, others give hundreds. I suggest you give careful consideration to use of free tickets because once you start the practice it is very difficult to stop giving them away, and free tickets will affect income you expect from attendees.

F. There may be other ways you can find to promote attendance. Again, I would remind you that promoting attendance seems to be the primary job of the Guild in this joint venture with B.I.I. and we should work hard to do our part to make this trade show a success.

As space is sold to exhibitors I assume B.I.I. will handle the task of assigning space on a master floor plan. This is obviously essential as we don't want to sell the same space to two different exhibitors.

Selecting Exhibit Contractor - Here again, I assume B.I.I. will handle the matter of selecting an exhibit contractor and developing a contract for his services and charges, so

I won't elaborate except to suggest that the Guild staff be involved in these negotiations so that you become familiar with what is involved.

Publish a Registration List - I'm not certain if you intend to ask for the name and address and company affiliation of everyone attending the exhibit, but it is generally done in the United States. By asking companies to register before attending, this allows the Guild to know exactly who attended. It also provides proof to the exhibitors of the attendance. However, it is important to let the exhibitors know, before they buy exhibit space, if the registration list will be available to them, and if it is made available, what will it cost them to get a copy. Since it can be very expensive to type the names and addresses of thousands of people attending a show, we want to think about what to charge for this service before we offer it. Obviously if every exhibitor wants the list and is willing to pay a small charge for it, we can afford to publish the list and make a profit. If, on the other hand, only a few companies want it, it may cost more to produce than we are able to realize in sales, so it becomes a money loosing activity.

Hold meetings and seminars during the trade show - This is an excellent means of attracting Guild members and other to attend the show. I would recommend offering a free meeting room to the Association of Building Entrepreneurs so they can also hold a meeting of their members during the show. This will give their members more reasons to attend and will result in larger attendance.

The Guild's Booth - During the show, the Guild should plan to have a booth where they can meet and talk with the public and prospective members. This booth needs to be staffed throughout the show, and since the Guild's staff will be busy with other matters during the show hours, generally Guild members should be asked to volunteer an hour or two of their time during the show to staff the booth. Generally I assign some member the responsibility of making certain at least two Guild members are in the booth at all times.

Follow-up evaluation - After the show it is extremely important to visit with as many exhibitors as possible to find out if they were satisfied with the show. Make special note of any and all complaints and then look for ways to correct these problems in future shows. The same needs to be done with those attending the show. Ask people as they leave, if they were satisfied, and what improvements they'd like to see at our next show.