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Catalysts for Progress

An Assessment of Four Associations In Croatia

The Association of Management Consultants

The Specialty Food Cluster in Croatia

The Association of Family & Small Hotels of Croatia

The Exporters Association of Croatia

February 16, 2006

This publication was produced for review by the United States Agency for International Development. It was prepared by **Dr. Walter A. Schaw, Ph.D., CAE**

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The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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Editor's notes: An adjunct to this report and an important reference being distributed to each association is "The International Handbook on Association Management," a standard textbook published by the American Society of Association Executives, Washington, D.C.

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EXECUTIVE SUMMARY

Three Croatian associations, the Association of Management Consultants (AMC), the Association of Family & Small Hotels of Croatia (OMH), and the Croatian Exporters Association (CEA), all stand poised to move into a new stage of developing member growth through sustainable, value added services and making an important contribution to the Croatian economy. A fourth group, the Specialty Foods Cluster in Croatia is expected to take planned steps in becoming a viable, chartered association. Planned ESP projects are defined and ready to support and stimulate the natural development of these associations.

In two associations, AMC and OMH, governance issues have emerged are being worked through, supported by specific recommendations from the diagnostic process of evaluation. ESP stands as a partner to assist and advise in governance as well as contribute specific projects designed to accelerate improved business performance, productivity, and job growth.

Recommendations include:

- It is proposed that AMC capitalize on the recent IFMCI training and certification of ten members by utilizing some of these members as trainers of other members. Validation of this training will be the successful IFMCI certification of these new trainees.
- AMC must adopt the recommended policy on conflict of interest, and continue its transparent practice of offering job opportunities to all members. Conflicts of interest may be resolved by either the board or a monitoring group of respected members appointed by the president.
- DAI staff must remain at arm's length to any disputes within boards of directors, retaining trust and respect essential to an effective, professional advisory role.
- Develop the Specialty Food cluster as an association, beginning with the proposed February, 2006 meeting of interested persons proposed in Vukovar to determine interest in an association.
- Develop staffing policy recommendations for OMH prior to expanding staff.
- A Code of Ethics is proposed for OMH as an important means to promote quality branding as a key feature of member hotels in Croatia.
- Refine, develop and deploy the proposed Strategic Plan for CEA.
- Define, develop and implement member services for CEA through fee-paid, self-sustaining training and education activities. Fee-paid training revenues will build overall sustainability and reduce the high reliance on member dues.
- AMC and OMH, perhaps others, need in-depth training in governance, reflecting international standards. All groups could benefit from training on development and deployment of member services.

INTRODUCTION

The Evaluator applied the process of an international standard for associations in a diagnostic appraisal of AMC, OMH, and CEA. The process included a series of interviews with each association, including the chief staff executive, the President, several board members, and random members. The process required four-five days, included repeated follow up sessions, for each association.

The results are reported for each in a formal report that followed the international standard for evaluation as reflected in the Appendix. The reports included recommendations to correct weaknesses indicated by the values of the standards. Some recommendations were expanded in written detailed recommendations in the Appendix.

A meeting was held by the Evaluator to discuss the report with the Presidency of AMC. A second meeting was held by the Evaluator and ESP staff with the OMH to specifically discuss governance policy and the employment of an executive director.

Details of other meetings, including CEA and the Specialty Foods Cluster will be included in reports with those groups to follow.

Details of ESP projects and their relationship to the SOW, ESP planning, and Legacy groups will be given for each association.

Finally, two workshops were included in the process of association development, including a training series preparing seven AMC members in conducting future evaluations of associations based on the international standards being applied herein.

1. The Association of Management Consultants

1.1. Diagnostic Evaluation

AMC has made some major strides towards progress. Through an ESP-sponsored program, the International Council of Management Institutes (ICMCI) trained ten members in international standards. These members passed the examination to become ICMCI certified. Utilizing these certified persons, this suggests that AMC now has the capacity to train other AMC members. This could be a readily sustainable program and taught in short courses throughout the country. Persons completing this training should be prepared to pass the ICMCI examination and become certified.

After two or three years—once a substantial number of members become certified—AMC will be in a position to revisit its qualifications for regular membership. Regular membership might be limited to those who have an ICMCI certification, those committed to complete certification training in three years, or those who have equivalents in education and experience. Voting and holding office would be limited to members that meet these qualifications; other persons would be designated as “affiliate” or non-voting members.

Upgrading AMC’s membership in ICMCI would not only enhance AMC’s international status as a professional society, but would be a key element leading to higher annual dues. The other element with higher dues would be a significantly higher share of income applied towards dues as a significant step to long-term sustainability.

One major issue facing AMC is at the highest level of management. President Anton Barisic and members of the Presidency disagree over the governance of the association. Lack of trust and cooperation is evident in Presidency meetings.

The AMC Presidency does not as a whole reflect an understanding of basic international standards of governance. A number of recommendations, including a conflict of interest policy, were recommended to AMC to address key governance issues such as the relationship of the President to the Presidency.

However, unless these policies are accepted wholeheartedly and/or governance issues remain unresolved, a training course on governance by a qualified association advisor may be required. Any member of the Presidency unwilling to participate should be asked to resign.

1.2. Strategic Planning

AMC is in process of updating its strategic plan. In reviewing a draft prepared by Executive Director Rebeka Pejkovic, the Evaluator and ESP staff offered comments such as adding action plans for all objectives which include time-lines, measurable outcomes, responsibility for implementation, and definition of resources required in funding and staff. The following section details some ESP activities that support this strategic plan.

1.3 ESP Proposed Projects

ESP should consider the following activities to enhance AMC's internal and external effectiveness:

- EFQM is an internationally recognized quality management program with a direct link to professional services training. The objective of this training will equip AMC members to assist clients in applying quality standards to Croatian products and enhance competitiveness in particularly the EU. (See objective of the AMC strategic plan).
- Set up certification training in Croatia (AMC strategic plan). This program will utilize the ten AMC members who are already trained and certified as trainers to qualify additional members to apply for and achieve ICMCI certified status.
- Develop a database for enterprise benchmarking. This data base will enable AMC member clients to compare their operations to like industries as a measure of competitiveness.
- Train European Excellence Assessors. AMC members will apply quality management criteria to clients, not only recognizing excellence that should have a commercial value but also in building case studies of "best practices" that will build the quality of competitiveness of client sectors. Also see Appendix 7 which proposes an AMC awards program to promote "best practices."
- Assess competitiveness of SME enterprises. A competitiveness assessment will expand criteria of quality and excellence to include a range of factors like cost, deliverability, marketing capacity, etc.
- Train Business Systems Analysts including practical training will equip AMC members to present themselves as systems analysts in bids to service clients.

All of the above proposals will considerably enhance the management consulting capacity of AMC members and attract a greater base of clients. For a full presentation of this strategy, see the complete ESP "Response to the AMC Strategic Plan.

1.3. AMC Evaluator's Training Workshop

The Evaluator conducted a full day workshop for seven AMC members on February 16, 2006; these members were interested in conducting the diagnostic with international standards for associations. (The diagnostic is illustrated by actual application in the Appendix.) Training was provided with a thorough explanation of the diagnostic's criteria and purpose. The process of interviews and objective of a written report were part of the instruction.

The five persons trained in the AMC Workshop can be considered qualified to apply the standards in evaluating associations. (Note: four of five participants gave a very high rating in the formal course evaluation.)

2. Specialty Food Cluster in Croatia

A cluster of specialty food producers wishes to establish an association. To assist in establishing such an association, a meeting in Vukovar was held on February 26, 2006. Attendees of the meeting included Zlatko Gregacevic and Awdelka Skretovic (specialty food producers), as well as ESP staff Michelle Morgan, Mario Bebek, and the Evaluator.

From the onset of the meeting, it was evident that the group was not prepared to initiate steps to form an association though it is evident that such an association would greatly benefit such a specialty food cluster. (It was unfortunate that the Evaluator did not realize, or was not told, that the association did not have even a rudimentary form of organization before this meeting took place.)

At this meeting, it was recommended that more industry leaders should assemble to better assess the interest in creating an association. This meeting is expected to take place with the DAI marketing manager in late February 2006.

The Evaluator offered the specialty food producers a written, step-by-step guide to follow in forming an association. (See the Appendix at the end of "The International Handbook on Association Management, "Basic Steps in Creating an Association.")

The proposed February meeting would follow the initial step by holding "The First Organizing Meeting." The process is quite simple so long as a sufficient group appreciates the benefits of creating an association for their industry.

3. The Association of Family & Small Hotels of Croatia

3.1 Diagnostic Evaluation

The Association of Family and Small Hotels of Croatia has mission that is unusually strong. It is evident that many small hotel owners have very similar interests and needs. Several elements reinforce the closeness of this association's 140 members. Monthly regional board meetings throughout Croatia and bi-weekly telephone contact facilitate this closeness with all members.

This association uniquely involves its board members by engaging them as a chair or member of working groups. These working groups are charged with developing the association's programming. On the positive side, using the board for expanding program will keep the board as a whole engaged in the progress of new initiatives. Further, the program design should be expected to be practical and useful, being driven by practitioner-board members.

(As OMH increases staffing, the board program chairs should focus on policy, content, and purpose, leaving staff to be accountable and responsible for implementation.)

The Evaluator is concerned with the level of administrative support. Currently, this association's board handles most administrative duties necessary to support it. Board members appear to be overworked. Evidence of this is demonstrated by the fact that members on three boards were replaced in recent months. An important

component of the strategic plan—the addition of an executive director and a program manager—would assist in this associations administrative requirements and help offset this concern.

The Evaluator made a number of recommendations to the association's management structure and written policy addressing

- Elaboration of bylaws particularly those distinguishing between the Board of Directors and the proposed Executive Director. (Appendix 7).
- Development of job descriptions for both the Executive Director Handbook, page 95 and for the Project Manager.
- Development of procedures regulating potential conflicts with governance and managerial positions (11).
- Possible modifications in the governance structure to correspond with a greater number of projects.

(Also see the Evaluation Report, Appendix 7):

In a follow up meeting, the board had made no decision concerning the addition of an executive director, but appeared to be inclined to treat new staff as assistants to the board. Some board members believed that daily oversight would be required, citing a concern over theft because of a previous staff experience.

It would appear that OMH would also benefit from training from a qualified association advisor on association governance, including appropriate staff roles, and the requirement of effective delegation by boards to staff. Funding support for staffing might be withheld until such training is put into effect.

This recommendation may be qualified depending on the influence of board member, Vjeko Martinko, who was most encouraging that the recommendations made by ESP staff would be adopted. It is also possible that the OMH Board will have to learn that increasing the board's burden by failing to delegate to staff will lead to more "burn out" at the expense of the board's primary role in setting policy and direction.

A number of suggestions concerned financial stability and sustainability. The association's ability to negotiate discount purchasing creates a valuable resource for its members. A new non-voting category of Sponsor Member with high dues would also enable the company to have a table top exhibit at the Annual Assembly. By increasing the financial participation by companies who supply OMH members, a new important revenue source supporting long-term sustainability. (See Appendix 7)

It is common in the hospitality industry associations to have substantial support from suppliers to the industry. Even a small hotel group should readily generate revenues in the range of \$50,000 USD.

3.2. Strategic Planning

The association has a strategic planning document which extended through 2006.

The proposed staff addition is an important part of that plan. While the plan is written in Croatian, a brief review in translation indicates that it is a sound document, including program proposals like computer systems for members to manage hotels, and a web portal that can be a search engine for agencies and individuals interested in booking a Croatian small hotel.

An organizational chart in the plan reflects good governance practices – but the board’s actions may contradict what is indicated in the strategic plan.

3.3. ESP Proposed Projects

- TA for ICT Development
- TA for Staff Development
- TA for Internal Development, Staff Structuring
- Activity Agreement, ESP “Enhancing SME Performance Project” converting unregistered privately owned small hotels as registered, making them eligible for financing and improving the quality of accommodations.

4. The Croatian Exporters Association

4.1. Diagnostic Evaluation

The CEA has about 1,000 members with a small staff. In a series of interviews with primarily the Secretary-General, Burovko Miholic, but also including board members Josip Boban, Damir Lanza, and Zeljko Zadro. While small, the association has a good relationship with its members and is generally well-managed and ready to expand.

Expanded training and educational activities for the members was strongly recommended and an expansion of staff be included as sustainable program growth was achieved.

Some recommendations concerning governance included term limits for the president and presidency (board of directors) and descriptions of duties for the president and board members.

For additional details of the diagnostic, see Appendix 7.

4.2. Strategic Planning

After reporting the need to develop a strategic plan in the diagnostic, the Evaluator was joined by ESP staffer Georgi Mishkovski and the CEA Secretary-General Burovka Miholic in preparing a draft strategic plan to stimulate the CEA board in

proceeding with its first strategic planning. The product of that joint effort is found in Appendix 7.

4.3. ESP Proposed Projects

- “Training program for education and development of CEA Members” – training to promote market research and successful export and sales strategies.
- “Export On-Line Guide Initiative” can begin by developing models for field testing prior to implementation of the guide.
- An SOW for the startup of a training program is underway with ESP assistance.

5. Conclusions

Findings, Conclusions, and Recommendations:

1. The Association of Management Consultants

- It is strongly recommended that AMC utilize its core of ten members now IFMCI trained and certified to create its own program for similar training in Croatia. This will lead to a significant enhancement of member capacity and international recognition.
- The association’s strategic plan should incorporate planning for a new, professional membership once a base of IFMCI certified members exists. Eventually, full membership would be restricted to certified members. (There are strategies from associations who have made a similar transition to allow a smooth transition without offending existing members.)
- Continue with member survey, despite previously disappointing results, as a key means of keeping informed of member needs and opinions.
- It is strongly recommended that at least one member of the governing Presidency include a representative located in a province other than Zagreb.
- It is recommended that a formal orientation of new officers, participated in by all members of the Presidency, be conducted. This should assure familiarity with Presidency Policy, the strategic plan, and new initiatives.
- Some of the recommendations regarding a conflict of interest policy and appropriate roles for the President and Presidency may help, given acceptance by the Presidency, in resolving the current governance crisis. However, a fundamental lack of understanding of basic international concepts of governance may very well require specialized training in governance by a qualified association advisor. (Even negotiation skills may not be helpful where this basic understanding does not exist throughout the board.)

2. Specialty Food Cluster in Croatia

- It is assumed that the persons we met with in Vukovar were given staff follow-up in scheduling the proposed meeting of persons with a like

- interest in determining sufficient interest in creating an association,
- This meeting, ideally, would have followed the first steps as presented at our meeting – appointing of an organizing chair and committee. If not, I would strongly recognize that the step-by-step process be implemented as a straight-forward simple method to get organized.

3. Association of Small and Family Owned Hotels

- Strategic planning should be expanded from two to three years, and financial planning with performance targets must be integrated into the strategic plan.
- It is recommended that member surveys be repeated on an annual basis. This is an excellent means of keeping in touch with members.
- It is recommended that an enforceable Code of Ethics be introduced to set minimum standards for members, a form of “branding” that reflects the mission and values of the members already being exhibited.
- Develop a membership invitation brochure that explains OMH’s mission, member benefits, and terms of membership eligibility.
- Consider a non-voting Member Sponsor (Supplier) category which creates an opportunity for suppliers to OMH members to support the association. (By supporting the association, their buyers will become more successful, a direct benefit to the supplier.)
- Multiple association programs, such as fees for training, supplier discounts, and higher regular members dues based on increased services, could enable the association to reach at least 50 per cent of its operating revenue from dues and fees.
- It is strongly recommended that the proposed job descriptions be adopted by the board. Further, it is critical that the board understand appropriate roles for board and staff – particularly executive staff. (OMH may benefit from the same training on governance that is recommended for AMC.
- The Evaluator has serious reservations about the OMH board’s attitude on utilizing new staff additions. Organizational charts with appropriate levels of responsibility for boards and staff are meaningless unless supported by actual policy and practice.
- Executive additions are critical to the future progress of the association but funding for executive staff should be withheld until the board can assure an appropriate deployment of such staff.

4. The Croatian Exporters Association

- It is strongly recommended that strategic planning be extended from the current one year to three years.
- Utilize committees and the Management Board in developing leaders for the association. Goal-setting and measurable performance are tools for advancing this capacity.
- Implement policy recommendations: (1) set term limits for the President and Presidency with bylaws changes; (2) Expand and clarify the

descriptions of the duties and accountability of the President and Presidency; and (3) include an annual orientation for new members of the Presidency and Management Board.

- Create an Organizational Chart which illustrates the functional relationships of governance and accountability in the CEA.
- It is recommended that the association develop self-sustaining, fee-paid training activities in high interest areas as effective exports for its members. Consider joint ventures with associations like the management consultants (AMC). DAI staff and USAID can have a critical role in identifying and designing such training programs.
- Expanded, qualified staff will be required as such training programs are developed
- Develop a consistent program to retain members. (See pp. 54-55 of the Handbook on membership retention.)
- Document the ‘Crisis Management” program.
- Consider adding a “Chat Room” on the association’s web site to facilitate member networking.
- Create clear, written procedures for developing and adopting public policy.
- Explore the possibility of academic offerings to identify and train the expertise required for exporters. As this body of knowledge is developed, the association will be ready to introduce certification of its members.
- It is strongly recommended that a Code of Ethics be developed and adopted, setting minimum standards of behavior and promoting exporters as a profession of vital importance to the Croatian economy.

The preceding are highlight from an intensive effort involving many people, elected volunteers and staff of the associations, ESP staff engaged with these associations. The promise of this report, “Catalysts for Progress” is not an exaggeration.

The Management Consultants, the Small & Family Owned Hotels, and the Exporters all have significant roles in the future development of the Croatian economy. It is believed that this project contributed significantly to improving the association mechanism as an engine of progressive economic change.

APPENDIX 1

Association Evaluation – Association of Management Consultants

By Dr. Walter A. Schaw

Feb. 13, 2006

The following is a evaluation of the association's effectiveness from international criterion and standards deployed by the American Society of Association Executives, Washington, D.C.

Criterion One: MISSION AND OBJECTIVES

Purpose : The association has a clear and positive statement of purposes for which it exists. The association must demonstrate that it fulfills its mission, goals, and objectives through a strategic long-range plan.

	1	2	3	4	5	6	7	8	9	10
1.Mission Statement is clear and positive.								x		
2.Bylaws include mission and objectives.										x
3.Member are aware of mission.						x				
4.Legal Charter exists										x
5.Strategic Plan includes method for implementation.										x
6.Strategic Plan is applied as guide to yearly planning.									x	
7.Job Descriptions exist.								x		
8.Needs Assessments and surveys are conducted.						x				

Score : 67/80 (very good)

Comments and recommendations:

Mission statement is effective but can/**should include a public benefit purpose.**

Bylaws well written but suggest consent items where Board approval is required for administrative matters such as approval of new members. **It is recommended that the association review its requirements for full membership and consider linking full membership to certification and professional training, marking a transition from a membership association to a professional society.**

Legal Charter satisfies requirements

Strategic planning is actively used in planning and expansion of the association. However, it will be a key document, with updates, in managing a number of proposed activities for the near future (such as certification training.) Job descriptions for both volunteers and staff are excellent. Suggest review of Presidency (Board) duties and add job description. Required signed acceptance of position responsibility for members of Presidency.

Active efforts have been made to conduct member surveys but with low responses, reflecting a passive attitude than can be improved but also does NOT reflect major dissent by members about the associations governance and operations.

Criterion Two : LEADERSHIP

Purpose : Evaulate the effectiveness of the associations elected leaders and chief paid executive.Words and actions reflect strong leadership

	1	2	3	4	5	6	7	8	9	10
1.Prevaling culture reflects consensus, trust, and confidence								x		
2.Leadership is perceived as a shared function										x
3.Development of new leaders						x				
4.Members feel listened to						x				
5.Leaders engage in expanding networks								x		
6.Leaders communicate to public and govt. on behalf of members						x				
7.Leaders adapt to change and are committed to progress										x

Score : 47/70 (good)

Comments and recommendations:

Observation and interviews with the chief elected officer (President) and chief staff officer (Executive Director), supported by several interviews with members and other elected officers support the finding of strong leadership, and a strong collegial, shared relationship between the chief elected and chief staff officer.

However, the leadership style raises some concerns as it relates to the Presidency (Board), Committees, and membership at large. **It is critical that an atmosphere of colleguality, trust, and respect be established and maintained. Key statements on conflict of interest and other policies have been forwarded for consideration.** Persuasion and cooperation is the key to motivating an effective volunteer leadership team and enthusiasm among the members. **In working with the members, remember the old adage that 'the customer is always right!'**

There is a concern that the association more deliberately develop new leaders, reinforcing the existing culture and perpetuating it as time passes. It is recommended that orientation sessions for new officers be initiated as they come on board after election. It was also suggested that persons interested in the Presidency demonstrate their committment to service by participating in projects or work of a committee.

Despite discouraging results of previous surveys, it is important that the effort be periodically repeated as key method of 'listening' to the members. Personal visits by members of the Presidency, suggested by a member, can be a very important addition.

The recent engagement of AMC leaders was effective in developing relationships with the European and international management consulting associations and resulting in international certification.

An area for improvement is leadership communications to the public and government on behalf of its members. The recent acquisition of a staff person with appropriate skills and experience may/should result in a significant improvement.

Criterion Three : GOVERNANCE

Purpose: Is the governance organized to provide democratic, representative, and effective guidance to the policies and direction of the association?

	1	2	3	4	5	6	7	8	9	10
1. Representative, rotating officers, board										x
2. Duties clearly defined						x				
3. Governing body meets regularly, monitors operations									x	
4. Agendas distributed, minutes executed									x	
5. Membership informed of Presidency									x	
6. Appropriate legal, financial advisors							x			
7. A thorough orientation is conducted for new officers										x

Score : 50/70 (good)

Comments and recommendations

The election process, terms of office, and rotating of officers, as described by Bylaws, are excellent. However, written policies consistent with the bylaws and approved by the Presidency are an important method of supplementing the bylaws (and do not require the detailed procedures of a bylaws change. One such policy recommended are definitions of the duties and responsibilities of the President and the Presidency.

It was noted that one member of the Presidency, Goran Ilic, was from a province away from Zagreb (Osijek). **It is recommended that a policy be adopted which insures that at least one member of the Presidency is located in a province other than Zagreb.**

The size of the Presidency is excellent as a senior management group. The Evaluator is concerned, however, that some means to gain greater representation of interests and geography without diluting the effectiveness of the Presidency. The Croatian Exporters have a Board of Managers that meets every several months to review the activity of the association while they too have a Presidency that makes overall policy decisions. **AMC might consider an Advisory Board of 20-24 persons to broaden the representation of members in oversight.**

The Presidency is reminded that routine business of Presidency meeting, as mentioned heretofore, can focus on major issues if items such as approval of new members are handled by pre-meeting faxes – allowing 'consent' of routine administrative matters.

It was noted that the association has a professional financial advisor but not an attorney. I don't believe an attorney is not required at the time but should be regular reconsidered as operations and relations with other entities become complex.

It is strongly recommended that a formal orientation of new officers, participated in by all members of the Presidency, be held annual, perhaps right after the Annual Meeting.

Criterion Four : ORGANIZATIONAL STRUCTURE AND DOCUMENTS

Purpose : Does the association have documented evidence indicating an effective structure and adequate documentation?

	1	2	3	4	5	6	7	8	9	10
1. Structure reflects mission.										x
2. Documentation of compliance with bylaws. and procedure for amending.										x
3. Policies and procedure include job descriptions.					x					
4. An organization chart shows functional relationships.										x
5. Responsibilities of committees are defined.					x					
6. A clear program of orientation for incoming officers and staff						x				
7. Officer and committee reports are communicated effectively.										x

Score : (50/70) Good

Comments and recommendations:

It is recommended that a policy defining the duties and reporting responsibilities of the President, Presidency, and committees be further developed. Also, the previous recommendation of orientation of new officers and staff is an important area for improvement. Overall, it should be stated that the structure of the association accurately reflects its mission.

Criterion Five : PROGRAMS, SERVICES AND ACTIVITIES

Purpose : The association resource has developed is activities and structure to effectively deliver programs, services, and activities.

	1	2	3	4	5	6	7	8	9	10
1.The association has an annual plan of action with clear program priorities.										X

- | | |
|---|---|
| 2. The annual plan considers resources and staff to implents psrogram plans. | x |
| 3. Committees and staff actively offer ideas. | x |
| 4. Officers plan and approve programs, staff is responsible for implementation. | x |
| 5. Appropriate resonsiblilty and authority are defined. | x |
| 6. The association involves members through surveys and committee input. | x |
| 7. The association adequately markets it programs | x |
| 8. The association utilizes its volunteers effectively. | x |
- Score : 48/80 (good)

Criterion Five Comments and recommendations:

The association engages in comprehensive planning, and considering the limitations of resources, seems to ailign resources with priorties. The division of work with officer planning and staff implementation appears quite clear, but can be improved with policy job descriptons of officers as previously recommended. Despite failed efforts to survey members, it is important to involve the membership in program development. **The suggestion that Presidency members make visitations to series of members is a very good idea.** Samples of promotion and the newsletter seem to adequately market programs. **A major area for improvement is engaging members as volunteers in association activity, a good antitote for the existing member apathy.**

The President has an excellent proposal to develop a seminar for training management consultants in how to communicate with clients.

The monthly Forums, an open program meeting for all members, should be regularly resumed as a significant means of reaching and energizing members with good programs. Consider utlizing panels of members on topics of high interest for programming.

A new project, training for certification, by teams of persons who were recently trained and internationally certified, could offer a major expansion of program service. While not professional trainers, certified persons could teach in teams and in three-day segements of the two-week full program. By at least the end of two years, a substantial number of members and apply for and succeed in international certification.

Criterion Six : ASSOCIATION STAFF

Purpose : To evaluate the structure, operation, and adequacy of the staff according to the mission and opportunities of the association.

1 2 3 4 5 6 7 8 9 10

- | | |
|--|---|
| 1. Organization Chart and structure are defined. | x |
|--|---|

- | | |
|---|---|
| 6. The Presidency and members receive regular reports. | x |
| 7. There is evidence of prudent internal controls, an annual audit is conducted, and reports filed. | x |
| 8. Planning includes creation of adequate reserves. x | |

Score : 61/80 (good)

Comments and recommendations :

While financial planning is conducted and linked to the strategic plan, a heavy reliance of 'project funding' raises questions of future sustainability. The small share of dues revenue and modest income from seminars to total income is a concern.

The positioning of the association to significantly expand its base of certified members, through the previously recommended training, is an excellent opportunity.

Association Finances continued

to review the dues base and qualifications for full membership. I would propose that in two years, full membership (those eligible to vote and hold office) be limited to persons who are either certified or enrolled in certification training. All other members would be 'Associates' (non-voting). At some point, a survey of members might indicate a willingness to pay significantly higher dues to support a commitment to specific, expanded or new services and programs.

You might find a significant difference between members interested in certification and those who prefer the association as it is.

This transition, if enacted, would market the emergence of AMC from a membership organization into a professional society, internationally recognized as such.

The overall administration of finance, for a small office operation, is satisfactory. The primary concern is for financial growth and sustainability.

Criterion Eight : MEMBERSHIP DEVELOPMENT

Purpose : Is membership administration well-organized and is membership development effective and producing results?

	1	2	3	4	5	6	7	8	9	10
1. Are member records accurate and adequate.							x			
2. Does the association have a realistic idea of potential.					x					
3. Is there an effective membership development.										x
4. Membership application is effective.								x		
5. There is an active program to retain members.									x	
6. Member satisfaction is documented.				x						

- 7. Applications are promptly handled. x
- 8. The benefits of membership are effectively communicated to existing and potential members. x

Score : 57/80 (good)

Commentary and recommendations

The association has enjoyed excellent growth in membership during the past year, from 120 to 180 members. It has an estimated potential of 500 members. Member retention, a true reflection of member satisfaction, is quite high – with the loss of only one to two members per month.

It is observed that the Bylaw requiring the President and Presidency to authorize the dropping of members somewhat unusual. It is recommended that a policy be written where the President and Presidency automatically authorize cancellation of membership for any person 60 days late in dues payment. Such persons might be reinstated, but by payment of an additional fee. (This is an example of a bylaw that can be modified by a policy, approved by the Presidency, without changing the bylaw itself – a more rigorous process.)

Some of the literature on membership and the value of consulting services is excellent.

Criterion Nine : COMMUNICATIONS

Purpose : Do communications reflect the professional image of the association, meet the needs of the members, and included in strategic planning?

	1	2	3	4	5	6	7	8	9	10
1. Communications are part of strategic planning.						x				
2. Communications respond to member interests.							x			
3. The association communicates frequently and fully.									x	
4. Communications reflect a professional image.										x
5. Planning anticipates changes in technology.						x				
6. A Public Relations Plan exists.				x						
7. A Crisis Management Plan exists.						x				
8. The association logo reflects a modern image.									x	

Score : 50/80 (good)

Comments and recommendations:

The Quarterly Newsletter and weekly bulletins are effective communications vehicles and reflects well on the professional image of the association. Unfortunately, without a substantial response from surveys, it is difficult to evaluate the members needs and interests. A public relations plan and crisis management plan are more typical of a larger association, but it is especially **recommended that a crisis management policy – given the traveling of the President – be developed as essential.**

Criterion Ten : INFORMATION TECHNOLOGY

Purpose : Has the association, given its size, utilized information management for maximum effectiveness?

	1	2	3	4	5	6	7	8	9	10
1. Are IT systems adequate for the size association?									x	
2. Staff is adequate for maintaining the system.									x	
3. Responsible staff monitors new applications and offers recommendations.							x			
4. New hardware or software is systematically reviewed.								x		
5. All procurement is based on objective criteria and alternative solutions.								x		
6. IT Planning strives for maximum access by users.								x		
7. The association maintains an effective web site.										x
8. There is adequate security, disaster plan, and full documentation.								x		

Score : 65/80 (very good)

In general, the use of IT is effective – particularly considering the small size of the association. The Web site is well-designed.

It is suggested that the AMC consider installing a 'Chat Room' where members are encourage to submit anonymous problems for discussion. (Can this help reduce member apathy?)

The President has an excellent idea of expanding the data base to include case histories. In time, the association can/should charge a fee for access. Perhaps no fee for recent contributors of case histories, a modest fee for members, and a higher fee for non-members would be workable and generate another source for income (and sustainable maintenance of the data base).

Criterion Eleven : PUBLIC POLICY ADVOCACY

Purpose : Does the association leadership identify issues related to its members, develop public policy positions, and conduct programs for advocacy of these positions?

	1	2	3	4	5	6	7	8	9	10
1. Does the association regularly identify government or regulatory issues affecting members?					x					
2. Does the association utilize its expertise to advise government agencies?					x					
3. Surveys and research data are utilized to establish association's authority?					x					
4. The association has a clear, written procedure for developing public policy?									x	
5. The association has mechanisms for timely distribution of information to government.									x	

- 6. There is evidence that lawmakers and regulators are aware of the association and its issues. x
- 7. There is evidence that the association's public policy advocacy is effective. x
- 8. The association has been effective in forming coalitions with other associations. x

Score : 30/80 (neutral pending review)

Comments and recommendations:

The Evaluator is aware that the Web Site is utilized to promote member awareness of issues related to government and regulation, insufficient information supports a higher

rating at this time. Pending further investigation, the above rating may be revised in the final report.

Criterion Twelve : SELF-REGULATION

Purpose : Does the association promote international standards, supported by a Code of Ethics and Certification?

	1	2	3	4	5	6	7	8	9	10
1. The association has developed standards that conform to international standards.										x
2. Analysis and research for standards is supported by adequate documentation.										(NA/ new program in place)
3. A Code of Ethics has been adopted										x
4. A Certification program has been adopted.										x
5. The association keeps the principles of transparency, accountability, and high professionalism.						x				
6. Self-regulation never creates an unfair advantage.								x		
7. The intent of self-regulation has been thoroughly explained and discussed with membership.									x	
8. Programs for self-regulation are regularly communicated to lawmakers and government regulators.										x

Score : 53/70 (very good)

Comments and recommendations

The association is to be highly commended for adopting a Code of Ethics and international standards supported by Certification. Since this is a new development, analysis and research on the impact of these standards cannot be expected but is recommended for the future. In parallel with accepting these standards is that the association maintain high professional standards, such as transparency in its operations. **Financial reports are an area which transparency can be approved.** Communications and discussion on the intent of these program should be repeated advanced with the membership, particularly as the association considers the

previously recommendations on dues and membership classification. Lawmakers and regulators should be included in the chain of communication, beyond the passive vehicle of the web site.

Again, the recent advances of the association, embracing international standards, are highly commendable and mark a new series of opportunities for significant development.

SUMMARY

Based on a 11-year personal experience in applying this international standard for evaluating associations in developing countries, the Evaluator has been favorably impressed by much of the policy, structure, and operation of AMC as a relatively new association, a small but growing membership, quite small staff, and modest funding. There are some concerns about governance style, unpaid staff, transparency, and a passive membership.

However, as the association moves soon into a new round of strategic planning, and actively adopted international standards, the stage is set for considering major changes which will mark a critical transition from a simple membership society into a sustainable, professional society with all of the hallmarks for international acceptance as such.

APPENDIX 2

Association Evaluation : Association of Family and Small Hotels of Croatia

By Dr. Walter A. Schaw

Feb. 13, 2006

The following is an evaluation of the association's effectiveness from international criterion and standards deployed by the American Society of Association Executives, Washington, D.C.

Criterion One: MISSION AND OBJECTIVES

Purpose : The association has a clear and positive statement of purposes for which it exists. The association must demonstrate that it fulfills its mission, goals, and objectives through a strategic long-range plan.

	1	2	3	4	5	6	7	8	9	10
1. The mission statement is clear and positive.										x
2. Bylaws include the mission and objectives.									x	
3. Members are aware of the mission.									x	
4. A legal charter exists.										x
5. The strategic plan includes method of implementation.								x		
6. The strategic plan is applied as a guide to yearly plans.									x	
7. Job descriptions exist										x
8. Needs assessments and surveys are conducted.								x		

Score : 63 (good)

There is a strong sense of mission by members as well as the board. They have an unusual clarity of purpose.

The strategic plan is in place for two years but ought to be extended to three.

Further, financial planning should be integrated with specific performance targets.

It is strongly recommended that job descriptions be adopted for the new staff, officers, and board members. It is also recommended that members surveys, conducted a year ago, be repeated soon.

Criterion Two : LEADERSHIP

Evaluate the effectiveness of the association's effective leaders and chief paid executive. Words and actions reflect strong leadership.

	1	2	3	4	5	6	7	8	9	10
1. The words and actions of the elected officers reflect the vision of the association and its members.							x			
2. Prevailing culture reflects consensus, trust and confidence.										x

3. Leadership is perceived as a shared function.		x	
4. New leaders are developed.			x
5. Members feel listened to.			x
6. Leaders engage in expanding networks.		x	
7. Leaders communicate to public and govt. on behalf of members.			x
8. Leaders adapt to change and are committed to progress.	x		

Score : 58 (moderate)

The leadership reflects its mission and operates within a board culture of trust and consensus. Members are communicated to every two weeks. The Board of Ministry is treated as a partner and supporter. However, the very strength of the association in the consensus typical of the board may also create vulnerability.

Failure of the Board of Directors to adopt policies which reflect the international standards of association management as they prepare to hire new staff will have several negative outcomes : (1) treatment of staff as assistants to the board will compromise their effectiveness – no matter what title is given, (2) additional instead of lessened administrative burdens from board “micro-management” will cause more board turn-over from classic burn-out, and (3) the loss of confidence will be felt by outside stakeholders in the association as a stable, effective organization.

Also : please read chapters on “Leadership,” “Governance,” and “Staff Operations” from the ASAE International Handbook.

Criterion Three : GOVERNANCE

Purpose : Is the governance organized to provide democratic, representative and effective guidance to the policies and direction of the association?

	1	2	3	4	5	6	7	8	9	10
1. Officers, Board are representative, rotating.										
x										
2. Duties are clearly defined.							x			
3. Governing body meets regularly, monitors operations.										x
4. Agendas distributed, minutes sent promptly.							x			
5. Membership is informed of President’s actions.										x
6. Appropriate legal, financial advisors.									x	
7. Membership is aware of pending board meetings.						x				
8. A thorough orientation is conducted for new officers.						x				

Score : 56 (moderate)

A strong point for the association is the representation on its board from all nine provinces of Croatia.

Monthly board meetings rotated around the country offer special opportunities to hold programs for members in conjunction.

In addition to the previously recommended job descriptions, it is strongly suggested that the board approve other policies as suggested, including “conflict of interest.”

Note that unless such policies are in conflict with the bylaws, they hold full force upon board approval.

Should the board accept the evaluator’s recommendations concerning the expansion of staff, policies should clearly designate appropriate authority in clearly serving the board and the membership, yet responsible for implementing the policies, projects, and services approved by the board.

(See previous reference on “Governance.”)

Criterion Four : ORGANIZATION STRUCTURE AND DOCUMENTS

Purpose : Does the organization have documented evidence indicating an effective structure and adequate documentation?

	1	2	3	4	5	6	7	8	9	10
1. The structure reflects the mission.							x			
2. Documentation of compliance with bylaws and procedures for amending.								x		
3. Policies and procedures include job descriptions.			x							
4. An Organization Chart shows functional relationships.					x					
5. Responsibilities are defined.			x							
6. A clear program exists for the orientation of new officers and staff.						x				
7. The responsibilities of committees, reporting relationships, and specific charges are written.								x		
8. Officer and committee reports are communicated effectively.										x

Score : 45 (needs improvement)

The strategic plan of the association reflects an organization chart which shows clear and rationale relationships. The utilization of working groups as committees which include board members is effective and functioning.

The Organizational Chart reflects different levels of responsibility but in actuality, this may not be true. If the Board persists in overlapping its responsibilities with that of staff, the chart as designed is largely meaningless. All policies and actions should reflect the General Assembly as the highest authority, the Board of Directors as the policy-setting and monitoring body, and the Staff as responsible and accountable for implementation and achieving performance goals. The working groups are in support of staff to implement.

Criterion Five : PROGRAMS, SERVICES AND ACTIVITIES

Purpose : Has the association resource developed its activities and structure to effectively deliver programs, services, and activities?

	1	2	3	4	5	6	7	8	9	10
1. The association has an annual plan of action with clear program priorities.								X		
2. The annual plan considers resources and staff To implement program plans.								X		
3. Committees and staff actively offer ideas.							X			
4. Officers plan and approve programs, staff is responsible for implementation.					X					
5. Appropriate responsibility and authority are defined.					X					
6. The association involves members through surveys and committee inputs.								X		
7. The association adequately markets it programs.									X	
8. The association utilizes its volunteers effectively.								X		

Score : 47 (needs improvement)

Only two years old and with a single staff person to date, the association has delivered services such as buyer discounts, access to financing, government advocacy, and a buyer’s directory of member hotels. According to the members interviewed in this process, the association is already delivering good value for dues paid.

Although a member survey was done a year ago, it is critically important that such surveys be regularly repeated to assure that new programs and activities are clearly related to the priority needs of the members.

The key areas for improvement, including utilization of volunteers, centers on the critical decision to employ and appropriate empower additional staff. With an appropriate structure and organization, the association is poised to offer training across a wide variety of member needs and interests.

Criterion Six : ASSOCIATION STAFF

Purpose : Is the structure, operation, and six of staff adequate according to the mission and opportunities of the association?

	1	2	3	4	5	6	7	8	9	10
1. Staff structure is defined by Organization Chart.						X				
2. Staff job descriptions fully define responsibility and authority.				X						
3. Size and experience of staff are adequate.			X							
4. Salaries and benefits are adequate.							X			
5. Personnel policies are fair and consistent.						X				

- | | | |
|---|---|---|
| 6. Annual evaluation of staff is fair and consistent. | | x |
| 7. Procedures manuals are well maintained. | x | |
| 8. Staff are trained and cross-trained. | x | |

Score : 33 (Needs serious improvement)

Some of the preceding criterion may seem unfair to an association which has existed only two years and has a single staff person. This scoring is not intended as a criticism, in any way, of existing staff. It should, however, be carefully regarded as the association implements its intentions to add an executive director and project manager to its staff.

It is evident that the current staff is inadequate to support the program opportunities already being recognized by the association. (See related memos distributed to the Board on “Guidelines for the Employment of an Executive Director and Project Manager.)

Also see the previously cited ASAE book, Chapter Five: Staff Operations.

Criterion Seven : ASSOCIATION FINANCES

Purpose: Does a sound business plan, linked to the strategic plan, assure effective, sustainable services into the future? Does policies and controls assure financial integrity?

- | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|----|
| 1. Three-year financial planning is linked to the strategic plan and sustainable. | | | | | | x | | | | |
| 2. Dues and fees are regularly reviewed. | | | | | | x | | | | |
| 3. International accounting standards are followed. | | | | | x | | | | | |
| 4. The Board approves the annual budget. | | | | | | | | | x | |
| 5. The budget is used to evaluate financial performance And adjusted as needed. | | | | | | | x | | | |
| 6. The Board and members receive regular financial reports. | | | | | | | | x | | |
| 7. There is evidence of prudent controls, an Annual Audit is conducted and reports filed. | | | | | | | | | x | |
| 8. Planning includes creation of adequate reserves. | | | | | | | | | | x |

Score : 57 (moderate)

Business plans linked to strategic plans are conservative and realistic, but should be extended from two to three years. Dues at 3,600 kn will be expanded as services expand.

It is noteworthy that the association has produced modest net income over expense for the last two years.

The Evaluator by separate memorandum has recommended a supplier member dues category of “Sponsor” which entitles the holder to an exclusive table-top display at Annual Meetings. Such members would pay high dues, and not be eligible to vote or hold office.

Multiple association programs, such a fees for training, supplier discounts, and higher regular member dues based on increased services, could enable the association to reach at least 50 per cent of its operating review from dues and fees.

Criterion Eight : MEMBERSHIP DEVELOPMENT

Purpose : Is membership administration well-organized and its membership development effective and producing results?

	1	2	3	4	5	6	7	8	9	10
1. Are member records accurate and adequate?								x		
2. Does the association have a realistic idea of potential?									x	
3. Is there an effective membership development?								x		
4. The membership application is effective.				x						
5. There is an active program to retain members.								x		
6. Member satisfaction is documented.								x		
7. Applications are promptly handled.				x						
8. The benefits of membership are effectively communicated to existing and potential members.						x				

Score : 54 (moderate)

Membership has growth from 40 to nearly 150 members in two years. Minimum growth is expected from the 30 new small hotels coming on line each year, with association assistance. Only six members have been dropped for non-payment of dues, indicating good member satisfaction.

The projected growth to 300 hotels in two years, a potential of 1,000 hotels by the time of EU admission is achievable.

It is strongly recommended that the association design a membership brochure briefly explaining mission, benefits, and dues. The brochure would include a membership application with the criteria for acceptance to membership.

As staff is expanded, it is recommended that the screening process for new members be assigned to staff – with clear and transparent rules for acceptance. The board may retain the right to approve applications when screening information is complete.

Criterion Nine : COMMUNICATIONS

Purpose : Do communications reflect the professional image of the association, meet the needs of the members, and are included in strategic planning?

	1	2	3	4	5	6	7	8	9	10
1. Communications are part of strategic planning.							x			
2. Communications respond to member interest.								x		
3. Responsible staff monitors new applications and offers recommendations.			x							
4. The association communicates frequently and fully.							x			
5. Planning anticipates changes in technology.									x	
6. A public relations plan exists.			x							
7. A crisis management plan exists.			x							
8. The association logo reflects a modern image.									x	

Score : 46 (needs improvement)

Although a relatively new group, the association has an active web site and utilizes the web to distribute an attractive newsletter to its members. Also, the attractive Directory of Members is a valuable benefit in promoting bookings for small hotel members.

Policy documents should include “Crisis Management Planning,” defining lines of communication and authority in the event of unplanned or unexpected emergencies.

Criterion Ten : INFORMATION TECHNOLOGY

Purpose : Has the association, given its size, utilized information management for maximum effectiveness?

	1	2	3	4	5	6	7	8	9	10
1. Are IT systems adequate for the size of the association?									x	
2. Staff is adequate for maintaining the system?						x				
3. Responsible staff monitors new applications and offers recommendations.						x				
4. New hardware or software is systematically reviewed.					x					
5. All procurement are based on objective criteria.										x
6. IT planning strives for maximum access by users.										x
7. The association maintains an effective web site.										
8. There is adequate security, disaster plan, and full documentation.										x

Score : 53 (moderate)

As a small and relatively new association, the web site is evidence that the association is willing to deploy new technology. Staff is understandably quite limited at this point.

The association is considering a major new member benefit with a small hotel system for multiple applications being offered by Ericsson. If staff is expanded as planned, their involvement will certainly include IT improvements.

Criterion Eleven : PUBLIC POLICY ADVOCACY

Purpose : Does the association leadership identify issues related to its members, develop public policy positions, and conduct programs for the advocacy of these positions.

	1	2	3	4	5	6	7	8	9	10
1. Does the association regularly identify government or regulatory issues affecting members?										x
2. Does the association use expertise to advise government agencies?										x
3. Surveys and research data are utilized to establish the association's authority.					x					
4. The association has clear, written procedures for developing public policy.					x					
5. The association has mechanisms for the timely distribution of information to the government.										x
6. There is evidence that lawmakers and regulators are aware of the association and its issues.										x
7. There is evidence that the association's public policy advocacy is effective.										x
8. The association has been effective in forming coalitions with other associations.						x				

Score : 60 (good)

The association has a very strong advocacy program, enjoying an excellent relationship with the Ministry of Tourism – which includes some funding support.

Criterion Twelve : SELF-REGULATION

Purpose : Does the association promote international standards, supported by a Code of Ethics and Certification?

	1	2	3	4	5	6	7	8	9	10
1. The association has developed standards that conform to international standards.						x				
2. Analysis and research for standards are supported By adequate documentation.					x					
3. A Code of Ethics has been adopted.										x

- | | | |
|--|---|---|
| 4. A Certification Program has been adopted. | x | |
| 5. The association keeps the principles of transparency, Accountability and high professionalism. | | x |
| 6. Self-regulation never creates an unfair advantage. | | x |
| 7. The intent of self-regulation has been thoroughly explained and discussed with members. | x | |
| 8. Programs for self-regulation are regularly communicated to lawmakers and government regulators. | x | |

Score : 50 (moderate)

The association exhibits a strong sense of self-regulation and supports the continuing strengthening of standards as vital to successful tourism for small hotels. The training in HASUP food safety standards is a reflection of this commitment.

It is recommended that an enforceable Code of Ethics, with high standards and complete transparency, be developed by the association. This development would reflect on the mission and values of the members already being exhibited.

Summary and Conclusion

The Association of Family and Small Hotels of Croatia has a future filled with opportunity. It has a strong base of loyal, satisfied members to build upon. Program planning for the future is well-considered.

The Board correctly assumes that progress will be stimulated by the addition of staff.

The appropriate role and utilization of that staff will be critical to the success of the association. If international standards of staff roles and operations are ignored, the association will have wasted a major opportunity to move forward with small and family hostels and tourism in Croatia.

APPENDIX 3

Association Evaluation : Croatian Exporters Association

By Dr. Walter A. Schaw

Feb. 14, 2006

The following is an evaluation of the association's effectiveness from international criterion and standards deployed by the American Society of Association Executives, Washington, D.C.

Criterion One : MISSION AND OBJECTIVES

Purpose : The association has a clear and positive statement of purposes for which it exists. The association must demonstrate that it fulfills its mission, goals, and objectives through a strategic long range plan.

	1	2	3	4	5	6	7	8	9	10
1. Mission statement is clear and positive.									x	
2. Bylaws include mission and objectives.										x
3. Members are aware of mission.									x	
4. Legal charter exists										x
5. Strategic plan includes method of implementation	x									
6. Strategic plan is applied as guide to yearly plans.				x						
7. Job descriptions exist.							x			
8. Needs assessments and surveys are conducted.										x

Score : 61/80 (good)

The mission and objectives in the bylaws are less powerful than the list of objectives in the membership brochure (a very effective document). Another strength is regular surveys of member's needs and informative newsletters.

A major area of improvement is in the development of strategic planning. The one-year plan that currently exists should be expanded to three years and structured as a strategic plan with goals and objectives. It is appreciated that the association has been in existence for little more than two years, but strategic planning is an imperative.

Criterion Two: LEADERSHIP

Purpose: Evaluate the effectiveness of the association's elected leaders and chief paid executive. Words and actions reflect strong leadership.

	1	2	3	4	5	6	7	8	9	10
1. Prevailing culture reflects consensus, trust and confidence.									x	
2. Leadership is perceived as a shared function.									x	
3. New leaders are developed.			x							
4. Members feel listened to.							x			
5. Leaders engage in expanding networks.									x	

- 6. Leaders communicate to public and govt. on behalf of members. x
- 7. Leaders adapt to change and are committed to progress. x

Score : 52/70 (good)

The leadership reflects consensus and trust, and is perceived as a shared function. Members have frequent opportunities to voice opinions and receive regular information through the newsletter of what's going on.

A major area for improvement is in identifying and developing new leaders. The six or so committees currently active, and the Management Board, are good places to begin this process.

Criterion Three : GOVERNANCE

Purpose : Is the governance organized to provide democratic, representative, and effective guidance to the policies and direction of the association?

	1	2	3	4	5	6	7	8	9	10
1. Representative, rotating officers and board.		x								
2. Duties are clearly defined.				x						
3. Governing body meets regularly, monitors operations.									x	
4. Agendas distributed, minutes sent promptly.									x	
5. Membership informed of Presidency actions.									x	
6. Appropriate legal, financial advisors.							x			
7. A thorough orientation is conducted for new officers.					x					

Score 42/70 (moderate)

The governing body meets regularly, duties are generally defined by bylaws, and the membership is informed of governance actions by the newsletter. The association has a legal advisor but no financial advisor but does submit to the annual audit report required by law. Also, the governance structure well represents the geographic and interest stake-holders in the membership.

Major areas for improvement:

- 1. The addition to the bylaws of term limits for the President and Presidency.**
- 2. The addition of policies which more complete describe the duties and accountability of the President and Presidency.**
- 3. The implementation of a thorough orientation for new members of the Presidency and Management Board.**

Criterion Four : ORGANIZATIONAL STRUCTURE AND DOCUMENTS

Purpose : Does the association have documented evidence indicating an effective structure and adequate documentation?

	1	2	3	4	5	6	7	8	9	10
1. Structure reflects mission.								x		
2. Documentation of compliance with bylaws and procedures for amending.								x		
3. Policies and procedures include job descriptions.						x				
4. An Organizational Chart shows functional relationships.		x								
5. Responsibilities are defined.						x				
6. A clear program exists for orientation of incoming officers and staff.		x								
7. Officer and committee reports are communicated effectively.									x	

It is recognized that as an association a little over two years old, the Croatian Exporters are refining the structure as a gradual process. Member communications are good and structure follows the bylaws.

Major areas for improvement include:

As previously noted, the expansion of job descriptions for the President and Presidency, and the orientation of new officers. The inclusion of an Organizational Chart reflecting functional relationship can and should be done as part of organizational documentation.

Criterion Five : PROGRAMS, SERVICES, AND ACTIVITIES

Purpose : The association resource has developed its activities and structure to effectively deliver programs, services, and activities.

	1	2	3	4	5	6	7	8	9	10
1. The association has an annual plan of action with clear program priorities.								x		
2. The annual plan considers resources and staff to implement program plans.				x						
3. Committees and staff actively offer ideas.								x		
4. Officers plan and approve programs, staff is responsible for implementation.									x	
5. Appropriate responsibility and authority are defined.									x	
6. The association involves members through surveys and committee input.										x
7. The association adequately markets its programs.				x						
8. The association utilizes its volunteers effectively.						x				

Score : 53/80 (moderate)

While the association reflects some strong elements in the assessment of this criterion, there is a concern that education and training programs offer a significant opportunity for expansion in services to members, in income to the association, and building of the staff resource.

The annual plan and strategic plan must consider resources and staff as critical to implementation of such plans.

The association utilizes its volunteers well when project based but can expand other opportunities to assist the association, particularly in view of the small staff.

It is strongly recommended that the association explore opportunities for member service through training and education activities. One of these can be a jointly sponsored training for AMC (management consultants) and CE members in high interest issues in exports.

All associations hold the right, and have the obligation, for the continuous education to improve member knowledge and skills.

Note: DAI staff will be in contact to offer program opportunities that I urge you to consider.

Criterion Six : ASSOCIATION STAFF

Purpose : To evaluate the structure, operation, and adequacy of the staff according to the mission and opportunities of the association.

	1	2	3	4	5	6	7	8	9	10
1. Staff Organization Chart and structure are defined.		x								
2. Staff job descriptions fully define responsibility and authority of staff.									x	
3. Size and experience are adequate.					x					
4. Salaries and benefits are adequate.								x		
5. Personnel policies are fair and consistent.									x	
6. Annual evaluation of staff is fair and consistent.									x	
7. Procedures manuals are well maintained.		x								
8. Staff are trained and cross-trained.									x	

Score 52/80 (moderate)

The existing staff of two persons are well qualified but marginal in size when compared to the potential, for example, in education and training programs. **It is strongly recommended that as education and training is expanded, staff adequate to serve these and other activities be added as a necessity. The Evaluator was impressed by the ability of the Secretary-General to manage an expanded staff resource and activities.**

Criterion Seven : ASSOCIATION FINANCES

Purpose : Does a sound Business Plan, linked to the Strategic Plan, assure effective, sustainable services into the future? Do policies and controls assure financial integrity?

	1	2	3	4	5	6	7	8	9	10
1. Three-year financial planning is linked to the strategic plan and sustainable.		x								
2. Dues and fees are regularly reviewed.		x								
3. International accounting standards are followed.										x
4. The Presidency approves the annual budget?										x
5. The budget is used to evaluate financial performance and adjusted as needed.									x	
6. The Presidency and members receive regular reports.										x
7. There is evidence of prudent controls, an Annual Audit is conducted, and reports filed.									x	
8. Planning includes creation of adequate reserves.						x				

Score: 54/80

Again, considering that the association is relatively new, it is important that financial planning follow strategic planning from a one-year to a three-year cycle. A review of dues indicate a well-structured, substantial dues **at current levels of service**. It recommended that the dues structure be routinely reviewed every three years.

A major concern is that 90 to 95 percent of association revenues come from dues. The evaluator would hope that strategic planning – and a considerable expansion of education, training, and special projects – see a shift in the next three years to at least half of the overall association income derived from sources other than dues.

One idea discussed with the Secretary-General was the participation of vendor – sponsors. It is legitimate for the association to create a special category for sponsors who may not vote or hold office. Such sponsors would pay a significantly higher dues, but would also be the only vendors allowed to have, for example, table top displays at selected association meetings.

Criterion Eight : MEMBERSHIP DEVELOPMENT

Purpose : Is membership administration well-organized and is membership development effective and producing results?

	1	2	3	4	5	6	7	8	9	10
1. Are member records accurate and adequate?							x			
2. Does the association have a realistic idea of potential?								x		
3. Is there an effective membership development?							x			
4. Membership application is effective.									x	
5. There is an active program to retain members.					X					

- | | |
|---|---|
| 6. Member satisfaction is documented. | X |
| 7. Applications are promptly handled. | x |
| 8. The benefits of membership are effectively communicated to existing and potential members. | x |

Score : 61/80 (good)

Of 800 current members, about half has completed the CE data base which defines which export products and which countries members are interested in. A potential membership for CE is estimated at 1.500.

Membership promotion appears effective **but a planned effort to retain members, particularly from non-payment of dues, is strongly recommended as the association matures.** It was suggested by the Evaluator that non-payers be sent a second dues billing after one year outside the group. One-third of non-payers are likely to renew without any special solicitation.

Criterion Nine : COMMUNICATIONS

Purpose : Do communications reflect the professional image of the association, meet the needs of the members, and are included in strategic planning?

- | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|---|---|---|---|---|---|---|---|---|----|
| 1. Communications are a part of strategic planning. | | | | | | x | | | | |
| 2. Communications respond to member interest. | | | | | | | | | x | |
| 3. Responsible staff monitors new applications and offers recommendations. | | | | | | | | x | | |
| 4. The association communicates frequently and fully. | | | | | | | | x | | |
| 5. Planning anticipates changes in technology. | | | | | | x | | | | |
| 6. A Public Relations Plan exists. | | | | | | | | | x | |
| 7. A Crisis Management Plan exists. | | | | | | | | | x | |
| 8. The association logo reflects a modern image. | | | | | | | | | | x |

Score : 65/80 (very good)

Communications, including the web site, newsletter, and public relations are a strength of the Croatian Exporters. **The Evaluator recommends that Crisis Management, which works well, be documented in more detail.**

Criterion Ten: INFORMATION TECHNOLOGY

Purpose : Has the association, given its size, utilized information management for maximum effectiveness?

- | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|--|---|---|---|---|---|---|---|---|---|----|
| 1. Are IT systems adequate for the size association? | | | | | | | | | x | |
| 2. Staff is adequate for maintaining the system? | | | | | | | | | x | |
| 3. Responsible staff monitors new applications and offers recommendations. | | | | | | | | x | | |

- | | | |
|--|---|---|
| 4. New hardware or software is systematically reviewed. | x | |
| 5. All procurement is based on objective criteria and alternative solutions. | x | |
| 6. IT planning strives for maximum access by users. | | x |
| 7. The association maintains an effective web site. | | x |
| 8. There is adequate security, disaster plan, and full documentation. | | x |

Score : 70/80 (Very good)

The association's decision to outsource IT operations is a wise decision for most small associations. Evidence indicates the staff monitors applications and that procurement of the external resource was based on objective considerations. The Web Site is pass-word protected and well utilized for different forms of member communications. Well done.

If not being done, the evaluator suggests utilizing the web site to promote member networking and consider a "chat room" for that purpose.

Criterion Eleven : PUBLIC POLICY ADVOCACY

Purpose : Does the association leadership identify issues related to its members, develop public policy positions, and conduct programs for advocacy of these positions?

- | | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|----|
| 1. Does the association regularly identify government or regulatory issues affecting members? | | | | | | | | | x | |
| 2. Does the association utilize its expertise to advise government agencies? | | | | | | | | | x | |
| 3. Surveys and research data are utilized to establish the association's authority. | | | | | | | | x | | |
| 4. The association has a clear, written procedures for developing public policy. | | | | | | | | | | x |
| 5. The association has mechanisms for the timely distribution of information to government. | | | | | | | | x | | |
| 6. There is evidence that lawmakers and regulators are aware of the association and its issues. | | | | | | | | | x | |
| 7. There is evidence that the association's public policy advocacy is effective. | | | | | | | | | x | |
| 8. The association has been effective in forming coalitions with other associations. | | | | | | | | | x | |

Score : 65/80 (good)

The association has a strong public policy advocacy program. A recent success with quotas for sugar exports was supported by the cooperative efforts of CE with the Export Bank, Croatian National Bank, Croatian Employers Association, and

Chamber of Commerce. The President and Secretary-General appear to work well as the key team representing the CE. **An area for improvement is documentation giving clear, written procedures for developing public policy.**

Criterion Twelve : SELF-REGULATION

Purpose : Does the association promote international standards, supported by a Code of Ethics and Certification?

	1	2	3	4	5	6	7	8	9	10
1. The association has developed standards that conform to international standards.						x				
2. Analysis and research for standards are supported by adequate documentation.						x				
3. A Code of Ethics has been adopted.		x								
4. A Certification program has been adopted.		x								
5. The association keeps the principles of transparency, accountability and high professionalism.										x
6. Self-regulation never creates an unfair advantage.										x
7. The intent of self-regulation has been thoroughly explained and discussed with members.							x			
8. Programs for self-regulation are regularly communicated to lawmakers and government regulators.										x

Score : 41/80 (can be improved)

The association is necessarily engaged in dealing with standards – not of its making – in successfully promoting Croatian exports. **It is strongly recommended that a Code of Ethics (or Code of Conduct) be developed and adopted. Not only will a code establish minimum standards of behavior for members but also promote the profession and business of exporting to government and the general public.**

Further, since exporting reflects a specific body of knowledge, the first requisite for creating a certification program has been satisfied. The suggestion that an academic offering be given for training exporters is an idea of merit.

Summary and Conclusion

The Croatian Exporters are to be commended, in little more than two years since inception, of have a healthy membership, staff, and several successful activities. It is strongly advised, however, to expand its program offerings with seminars and training related to the priorities of CE members. The unusually strong reliance on dues can be shifted to a more balanced financial position. More program and project success will also naturally increase the small staff resource – and again multiply service opportunities to CE members.

APPENDIX 4

Duties and Responsibilities of the Presidency/Board of Directors

Criteria For Presidency/Board Candidacy :

- is oriented to supporting change and a positive future.
- will not bring an agenda for personal advantage or gain, at the expense of the greater purposes of the association.
- is able to think strategically, able to grasp priorities as they impact the future.
- appreciates the role of the Presidency in policy direction and understands why “micro-managing” of operations is destructive.
- Represents resources, such as contacts within and external to the association.
- Holds current credibility as a practitioner with the members.
- Represents diversity, such as geography or gender.
- Has committed the time required for board service.
- Reflects the highest ethical standards of the association.

Accepted by nominee : _____ Date: _____

Duties and Responsibilities of the Presidency/Board of Directors

All members of the Presidency/Board shall be accountable to the membership for:

- Enforcement of compliance with the bylaws.
- Approval of policies consistent with the intent of the bylaws in the administration of the association.
- Authorization by approval of the programs and activities.
- Approval and monitoring of the annual budget.
- Receive and approve reports from the President, chief staff executive, committees, and working groups.
- Approve contracts.
- Employ the chief staff executive.
- Annual self-evaluate performance of the Presidency.
- Approve the delegation of authority from the President and Presidency/Board to staff.
- Reflect a willingness to serve as a volunteer in promoting and implementing the many programs and projects of the association.
- Annually reviews the performance of the Executive Director, based on objective criteria and the job description.

Accepted by nominee _____ Date _____

Duties and Responsibilities of the President :

The President shall be accountable to the Presidency/Board and to the membership for:

- Provides leadership in motivating members to transcend personal agendas with an over-riding sense of purpose and future direction.
- As facilitator, the President shall focus the Presidency/Board and members on priority needs, issues, and opportunities before the association.
- Ensures that mechanisms for member 'feedback,' such as personal contacts by telephone, or surveys, become a significant source of opinion prior to major policy decisions. The President utilizes frequent field contacts with the members.
- Mentor and promote future leaders of the association.
- Strives for consensus as the chief presiding officer at Presidency/Board meetings and the annual meeting of the membership.
- Works in partnership with the Executive Director, acknowledging that the President has the primary responsibility for policy and direction, with the consent of the Presidency/Board, and the chief staff executive has the primary responsibility for operations.
- Monitors the performance of the Presidency/Board and performance according to their job description.
- Retires gracefully upon reaching the term limit of the President.

Accepted by nominee _____ Date: _____

These descriptions of duties and responsibilities are derived from Chapter III, 'Governance,' of the *International Handbook on Association Management*, W.A. Schaw, published by the American Society of Association Executives, Washington, D.C., U.S.A., 2004.

APPENDIX 5

Conflict of Interest Policy

Officers and staff employees have an obligation to conduct business within guidelines that prohibit actual or potential conflicts of interest. This policy establishes only the framework within which the association wishes its business to operate. The purpose of these guidelines is to provide general direction so that officers and staff employees can seek further clarification from the Board of Directors of issues related to the subject of acceptable standards of operation.

An actual or potential conflict of interest occurs when an officer or staff employee is in a position to influence a decision that may result in personal gain for the person, or a relative related by blood or marriage, or whose relationship is similar to that of persons who are related by blood or marriage.

No "presumption of guilt" is created by the mere existence of a relationship with outside firms. However, if an employee has any influence on transactions involving purchases, contracts, or leases, it is imperative that he or she discloses to the President or another member of the Board of Directors the existence of an actual or potential conflict of interest so that safeguards can be established to protect all parties.

Personal gain may result not only in cases where a staff member, member of the Board of Directors or relative has a significant interest in a firm with which the association does business, but also when an employee or elected officer receives any kickback, bribe, substantial gift, or special consideration as a result of any business dealings involving the association.

The materials, designs, plans, ideas, and data of the association are the property of the association and should never be given to an outside firm or organization, or individual except through normal channels and with appropriate authorization. Any improper transfers of material or disclosure of information constitutes unacceptable conduct, whether or not the staff employee or officer has apparently not gained from such action.

Such persons shall be subject to disciplinary action, including discharge for paid employees.

Signature of board member/staff _____

Date _____

APPENDIX 6

Proposed : An AMC Awards Program

"Best Practices" of Business and Industry in Croatia

By Dr. Walt Schaw

Feb. 15, 2006

It is proposed that an annual series of awards by the Association of Management Consultants will recognize and encourage innovation, effectiveness, and competitiveness of business and industry in Croatia.

1. All business and industry shall be eligible to be nominated for award recognition.
2. Criteria and categories for competition shall be created and processed by the AMC Awards Committee. (Baldrige Awards offer an international standard for organizing criteria and merit for awards).
3. Winners shall be recognized by award ceremonies and publication of the Annual "Best Practices Award" booklet.
4. Sales of the booklet shall finance the cost of the project and, if feasible, cash awards to prize winners (and a stimuli to nominations for awards).

In addition to the primary objective, the involvement of AMC members in this program and instill enthusiasm by member participants, pride in membership, and international recognition of AMC.

Note : The proposed EFQM project would be an excellent forerunner to this awards program.

APPENDIX 7

A Membership Proposal : Small & Family Hotels Association of Croatia

Suppliers are already an important segment of support and service to the association members. It would be a natural extension of this relationship, and a potentially significant resource to create the following:

Sponsor Member : A person or firm engaged in supplying or servicing the small and family hotels association who wishes to contribute exceptional support through this membership. Sponsor members do not vote or hold office but otherwise enjoy the benefits of members.

A special benefit for Sponsor Members is the exclusive opportunity to have a table-top display to promote their products or services at the time of the Annual Meeting. The table tops may be featured in a separate room or at the rear of the Annual Meeting, wherever coffee breaks are served. A post-meeting open bar might also be featured, at the expense of the exhibitors

Annual Dues : I would suggest an initial dues of 10,000 kn.

by Walt Schaw
Feb. 13, 2006

APPENDIX 9

Association of Family and Small Hotels of Croatia **Staff Job Description**

Title : Project Manager

Position : Has primary responsibility for the implementation of special projects for the of the association. Shall advise and assist the Board of Directors in the negotiation and selection of such projects that are consistent with the mission of the association. Shall be accountable to the Executive Director and Board of Directors for the performance and evaluation of all projects. Shall assist the Executive Director as directed.

Employment and Compensation : The Projects Managers shall be employed by the Executive Director, following policy guidelines and direction of the Board of Directors. Salary will be as approved annually by the Board of Directors, following that person's annual evaluation by the Executive Director.

Term of office : Not less than one year or more than three years.

Skills/Qualifications : Must have demonstrated abilities to manage and sustain projects, required minimum supervision, has strong communications skills, able to coordinate volunteers, and is willing to be fully transparent and accountable.

Not required, but preferred : English language skills; experience and/or education related to tourist industry in general and small family hotels in particular.

APPENDIX 10

Suggested Bylaws Amendment **(if needed)**

The Executive Director shall be in responsible charge of office operations and implementing the programs and policies of the association as directed by the Board of Directors. The Executive Director shall be an ex-officio (non-voting) member of the board. The Executive Director shall be employed by action of the Board of Directors for a term not longer than three years and shall be accountable to the board. The Executive Director shall submit regular reports on all activities within the scope of his or her duties.

APPENDIX 11

Summary of Recommendations– Association of Small and Family Owned Hotels of Croatia

The ESP team held extensive meetings with members, Board Members and the President of the Board in Dalmatia, visiting and gathering impressions and factual information from both Board Members and ordinary members of the association.

There is an uncommon unity of purpose among the various members of the association, strengthening the small and family owned hotel industry in particular, and the tourism industry of Croatia in general. While relatively new, the Board of Directors reflects a strong consensus on policies and direction. Services, to date, are largely publication in a directory, participation in international trade fairs, and listing on a web site. However, the association looks forward to expanding the service offering, introducing performance standards, and building capacity and infrastructure within the association to allow it to undertake more sophisticated activities in terms of communication, marketing, and member service provision.

The Board is about to commence the process of identifying and hiring an executive director and potentially a special projects manager, in addition to a staff secretary, their current sole employee. I recommend the following guidelines for employment of these staff:

Guidelines for the Employment of an Executive Director and Projects Manager

Introduction: The Board of Directors is about to make a decision that will make a significant difference in the growth in programs, services, and member benefits of the association. The Board has clear purposes, consistent with the mission and bylaws of the association, and is prepared to maintain these additions for sustainable financing.

The Process : It is advisable to employ the Executive Director first, then permit the Executive Director to participate in the selection of the Projects Manager. It is important that, while in frequent consultation with the Board and Working Groups, the Projects Manager is subordinate to the Executive Director. It is very important that this relationship is quite clear from the onset.

The Position Policy : The job descriptions (attached) as presented, amended and/or revised, must be approved by the Board of Directors as official policy. (Policies consistent with the Bylaws can be approved by the Board without requiring a change in the bylaws.)

Other Policy : A suggested Conflict of Interest policy has been given to the President. In addition, policy should be developed to segregate financial operations in the office.

The Executive Director may disburse funds only under an amount set by the board, with higher amounts requiring the President *and* Executive Director. Further, the deposit of monies should be the responsibility of the office secretary so that the same person does not receive income and disburse expenditures.

Candidates : All persons interested, including current staff, should be able to apply and job positions publicly posted. It would be appropriate to screen the candidates by an objective, transparent set of criteria in order to reduce the candidate list to three. Criteria such as hotel experience can favor a candidate but should not exclude persons who are otherwise highly qualified. Then, interviews can expand details such as work experience, interest in the position, and a sense of that person's style as a team member in a voluntary association setting.

Employment : Once the decision to hire is made, all details of employment should be clearly understood. It is recommended that the Board adopt a policy that all new employees remain under "probation" for the first three months of employment. Personality conflicts and other issues that weren't recognized may surface and cause

employment to be discontinued.

Conclusion : Sometimes the need to fill positions may tempt the Board to a temporary compromise to complete the task. Don't "rush to judgment" in order to finish the task. These decisions are too critical to the future of the association to be compromised.

Sample job descriptions are attached for both positions.

Guidelines for the Management of the Executive Director and Projects Manager

The day to day work of staff should be guided by an annual work plan with clear activities and objectives, accompanied a budget detailing resources required and available. This document can be a rolling plan, but should give sufficient detail so that staff are clear on the priorities, objectives, and expected outputs of the activities they must carry out in the year, and on the resources available to accomplish these activities.

Performance evaluations and board oversight of the staff should be based on clear and measurable criteria, reviewed on a periodic basis, either quarterly or bi-annually. Some criteria might be: increase in membership (target numbers), increase in the percentage of fee based revenues, introduction of new services or member programs, targets for having administrative systems in place, new strategic partnerships in place, etc. The usefulness of the performance criteria is twofold: the association cannot manage what it can't measure, and measurable results give both

the board and the staff an objective view of the executive's performance. ESP can assist the association in developing a detailed work plan and performance criteria.

In closing, the association appears poised to move into major projects that will advance and strengthen the sector in a significant way.

W. Schaw

2/09/2006

APPENIDX 12

Proposed Strategic Plan : Croatian Exporters Association

Vision : The Croatian Exporters association shall be the indispensable catalyst for an economically viable and competitive Croatian nation.

Goal No. 1 : To become the strongest and most influential association representing Croatian exports.

Objective : Establish a Public Policy Task Force within the association to –

- Recommend strategies on key issues to the Board of Directors.
- Develop protocols for contacts with regulators and lawmakers.
- Develop association as an expert resource for regulators and lawmakers. (Also see Goal No. 2)

Goal No. 2 : To become the primary source of information and knowledge in supporting and advancing Croatian exports.

Objective : Establish a Training and Education Task Force to –

- Identify specialized knowledge and sources.
- Develop proposals for training series for approval by the Board of Directors.
- Solicit funding support for startup educational programs.
- Seek partner sponsors from other associations such as AMC.
- Conduct a member needs survey.

Goal No. 3 : To define and promote professional standards for persons engaged in Croatian exports.

Objective : Create a Professional Standards Task Force to –

- Investigate EU and other related standards.
- Consider certification given development of Goal No. 2
- Develop recommendations for approval by the Board of Directors.

Croatian Exporters Strategic Plan

page two

- Implement such recommendations as approved by the board.

Goal No. 4 : Create Model Programs to demonstrate how Croatian business and industry can effectively export.

Objective : Create a Model Programs Task Force to develop the concept, identify target partners for modeling by product, trade, or industry, and –

- Develop a recommendation for approval by the Board of Directors and, as approved, implement pilot project.

Phase Two : to be developed with objectives

Goal No. 5 : Develop adequate, sustainable resources

Goal No. 6 : Develop, expand data base from Goal No. 2

Goal No. 7 : Foster and promote international relations by networking with allied groups from other countries.

Note : All Objectives require : (1) a measurable or observable result or performance outcome, (2) a time-table for implementation not longer than three years, (3) an assigned responsibility and accountability for implementation, and (4) a definition of the financial and human resources required to complete the objective.

Prepared by :

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Georgi Mishkovski, USAID Poduzetna Hrvatska

Dr. Walt Schaw, USAID Poduzetna Hrvatska

Feb. 14, 2006