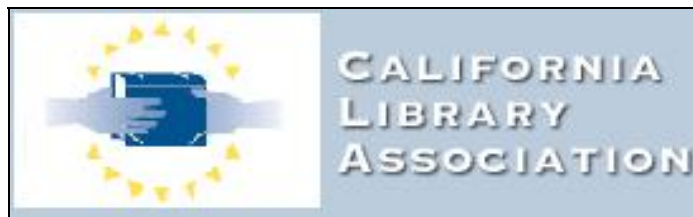


Unlocking California's Best Kept Secret



Business Assessment & Best Practices Reviews

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Table of Contents

Introduction	3
SECTION I: FINDINGS AND RECCOMENDATIONS.....	4
I. BOARD GOVERNANCE AND LEADERSHIP.....	4
II. STRATEGIC PLANNING	5
III. ASSOCIATION STAFF	5
IV. OFFICE TECHNOLOGY AND INFORMATION MANAGEMENT	7
V. ORGANIZATIONAL STRUCTURE.....	7
VI. FINANCIAL REVIEW	8
VII. BUILDING OWNERSHIP.....	9
VIII. PROGRAMS.....	10
A. MEMBERSHIP	10
B. CONFERENCE	10
C. CONTINUING EDUCATION.....	11
C. ADVOCACY AND PUBLIC POLICY.....	12
E. COMMUNICATIONS AND PUBLIC RELATIONS	12
F. GRANTS	13
G. CALTAC	13
Background, Scope and Methodology	14

Table of Contents

SECTION II: RESEARCH, DATA, AND ANALYSIS	15
I. BOARD GOVERNANCE AND LEADERSHIP	15
II. STRATEGIC PLANNING	16
III. ASSOCIATION STAFF	17
A. BACKGROUND	17
B. OPTIMAL STAFFING LEVELS	20
C. NEXT STEPS	23
IV. OFFICE TECHNOLOGY AND INFORMATION MANAGEMENT	26
A. CLA OFFICE DESCRIPTION	27
B. DATABASE MANAGEMENT	28
V. ORGANIZATIONAL STRUCTURE	29
VI. FINANCIAL ANALYSIS	31
A. FINANCIAL AUDITS	31
B. FINANCIAL MANAGEMENT AND CASH FLOW	32
C. CONSERVATIVE BUDGET MANAGEMENT	34
D. MANAGING LONG TERM INVESTMENTS	35
E. DUES REVENUE	36
VII. BUILDING OWNERSHIP ANALYSIS	37
A. NOTES ON RENTAL INCOME	38
B. CONCLUSION	41
VIII. PROGRAMS	41
A. MEMBERSHIP	41
B. CONFERENCE	43
C. CONTINUING EDUCATION	46
D. ADVOCACY AND PUBLIC POLICY	47
E. COMMUNICATION AND PUBLIC RELATIONS	48
F. GRANTS	50
G. CALTAC	51
IX. BEST PRACTICES TO CONSIDER IN FUTURE PLANNING	52
Conclusion	54

Introduction

“As for the future your task is not to foresee it, but to enable it”

- Antoine DeSaint Exupery

In November of 2008, Claudia Foutz of The Foutz & Young Group was hired by CLA to serve as an Interim Executive Director. Her primary responsibilities were to manage, assess, and evaluate the current operations of CLA, including programs, technology, staffing and procedures and make recommendations for improvement and/or change to the Executive Committee. The purpose of this assessment is to provide the Executive Committee with an in-depth analysis of CLA’s business operations. Based upon these findings, the Committee can decide to either continue running programs with in-house staff or to contract with an Association Management firm. At the time of this review, the Executive Committee has been making preparations for a major transition in Governance structure, which is scheduled to take effect on July 1, 2009. A Transition Task Force was appointed to create a Governance Transition Tool kit, while a second IT Task Force was appointed to evaluate and recommend technology solutions to improve communications, networking, advocacy and educational offerings. The Executive Committee has the responsibility of ensuring that the Governance transition is timely. It is vital that CLA has the infrastructure and staffing capabilities to grow CLA programs and thrive under its new Governance structure.

Findings and Recommendations

I. Board Governance and Leadership

In November of 2008, the California Library Association adopted a new Governance structure, scheduled to take effect on July 1, 2009. The 2009 President appointed a Transition Task Force to help guide Sections and Roundtables on becoming Interest Groups in support of maintaining networking, communication, professional and educational interests. During and following the transition, CLA must also develop an interim operational plan that includes fiscal and program impacts.

The Association holds an annual Leadership Retreat in September to orient and integrate newly elected and appointed leaders into their Governance roles. The approach and focus of the retreats has varied over the years. As part of their introduction to leadership, members are provided a Tool Kit, which contains CLA governing documents, tools, nuts and bolts about operation and the 3 year strategic plan.

Recommendations:

- Complete the Transition Toolkit by February 2, 2009 and determine what work and planning should be identified to close out work for Fiscal Year 2008/09 and visualize program work throughout 2009/10. Integrate this planning into a 2009-2011 Strategic Plan and tie that plan to the budget by program.
- Assign the 09/10 Leadership Development Committee to study “best practices” as it relates to Governance orientation and training. Furthermore, create a CLA Governance Manual that is tied to CLA Standing Rules.¹ Additionally, develop a training template (Tool Kit) for all future Board Orientation and Training.
- Create a Leadership Institute to train emerging leaders.²

¹ John Carver, “Boards That Make the Difference” and “Reinventing Your Board”; Glenn Tecker, “The Will to Govern Well”

² For more information, see ALA’s Emerging Leaders Program; Best Practices of New York; ARC’s in-house Elected Officers Leadership Training Program.

II. Strategic Planning

CLA began formal strategic planning in 1992. Planning processes have varied over the years and at times has been inconsistent with the prior plans. There has been little revenue, membership, conference or program growth within the last decade. A more vibrant and expansive plan will serve to jump-start the organization and catapult it to new levels of service to its members and the community.

Recommendations:

- Create a Strategic Planning Process template within the CLA Standing Rules or develop a new CLA Governance Manual. This approach will stabilize the planning process and give guidance to future volunteer committees and staff.³
- Assign a Task Force, lead by the Vice President/President Elect to begin a two-phase process for developing a Strategic Plan for 2009-2013. The first phase should identify the processes that will be used to perform an Environmental Scan and membership survey to provide the necessary backdrop for the development of the Strategic and Operation plans. The second phase, the development of the actual plan, should be done in partnership with the Association's new Executive Director. The plan must be tied to the Fiscal Year budget and audited programs (i.e. Library Education Programs, Annual Conference, Membership, and Government Relations) with an anticipated start date of July 1, 2009.⁴

III. Association Staff

CLA has operated the past 9 years with 3.0 FTE plus contract services to accomplish the work of the Association, i.e. membership, education, networking, Governance and advocacy. For a small Association of this budget size, the American Society of Association Executives recommends staffing should operate at a level of 5.3 FTE Association.⁵ **Currently, all support staff will be leaving the Association by April 30, 2009.**

The core work that has been accomplished has been done well and in many instances, expertly. But, in order to become a power force for the profession, CLA must increase its visibility, programs, communication, public relations and standing in the state. The only way to accomplish that is to have the proper staffing ratio and mix of skills, program expertise and knowledge for program maintenance, innovation and growth.

³ Best practice of the Texas Library Association Strategic Plan Section VIII. Also, "Building a Knowledge Based Culture Using 21st Century work and decision making systems in Associations," by Glenn Tecker.

⁴ Attachment B: CLA Strategic Planning History

⁵ ASAE Peer Review 2001

Recommendations:

- **OPTION #1: *Association Management Firm***

Increase the current staffing level by contracting with an Association Management firm for 3 years to provide 3.5 FTEs in 2009/10 with a plan to grow FTEs as revenues can be diverted for more program expansion. This will allow CLA to transition smoothly and draw on “pieces” of professional experts and a ready infrastructure that is spread efficiently and expertly throughout specialized units, while identifying and growing future staffing needs to accomplish objectives identified in the new 2009-11 Strategic Plan.⁶ Retire contracts, \$57,000 for conference and \$35,000 for grant programs management to offset transition costs. Retain the right to define the skills and qualities of the Executive Director. This option also frees up the board to focus in on governance, strategic planning and policy. This alternative offers the least disruption to services and allows CLA to evaluate future choices concerning “in-house” staffing or continuation with a management firm. *For more information, see potential staffing needs chart on page 18.*

The Association Management model provides a unique professional environment for staff, where they can network with fellow association professionals daily to maximize efficiency and learning opportunities.

- **OPTION #2: *In-House Staff***

Begin a plan to increase staff from 3.0 FTE (\$ 235,000 plus 30 – 40% admin overhead) to the recommended ASAE level of 5.5 FTE (\$370,000 plus 30-40% admin overhead) over the next 3 years. Provide the necessary facilities, equipment and technology upgrades (\$10,000 to \$35,000) to immediately provide the type of technical and professional services needed in a modern Association of 3,400 members. Retire contracts (\$57,000 Conference, \$35,000 programs) that can be performed by staff shifting those allocations to staff salaries in order to build a stronger relationship with business partners and potential sponsorships and grantors. CLA must become smarter than its smartest member.

Additionally, if the Association Management Company model is not selected, the Association must become the employer of choice with an outstanding work environment in order to attract and retain employees where little promotional opportunities exist.

⁶ See attached ARC request for Quote

IV. Office Technology and Information Management

The California Library Association is in need of a complete upgrade of hardware, software and database management to accommodate the 21st century office: data storage and retrieval, communications and management of information. This must serve as the precursor to any discussions concerning virtual memberships and/or interest groups.

Recommendation:

- Perform an evaluation of the technology currently used in the Sacramento Office in the context of continuing the essential work that must be done while updating to an environment that will accommodate the vision of the Board.

V. Organizational Structure

CLA has maintained all Governance documents both in paper and most recently, electronic format. With the change in Governance Structure all governing documents will need to be amended to reflect those changes. This work should be accomplished by July 1, 2009. CLA would benefit from a “good house cleaning” to organize office space, storage, and work areas and maximize the use of meeting space. The building has proven to be a non-performing asset and continued ownership needs to be evaluated.

Recommendation:

- Form a “work team” to organize and clean out the Association’s office space and organize current records so that the office will be well-prepared for either the next staff and/or to facilitate an organized move to an Association Management firm.

VI. Financial Review

CLA has sound bookkeeping practices and financial accountability. The Association has received financially sound audits annually for the last 9 years. These audits, however, have not included a “Management Letter,” memorializing any non-material issues discussed with management during the audit review.

Additionally, three conditions have challenged CLA’s long-time “conservative” approach to financial management:

- 1). The declining market
- 2). A non-performing major asset
- and,*
- 3). An employee buyout.

First, the market has decreased the value of investment income, some of which was relied on to establish a revenue expectation for the operating budget. Next, the Building Investment - theoretically a major asset - has not returned a positive non-dues revenue over the life of ownership. Third, in order to make a change in direction for the Association, a staff buyout resulted in an unanticipated expense of 6-months severance salary.

In 2006, CLA gained entry into the “Grant Management” business and handling the administrative support functions of three different LSTA grants. Some of the grant money was deposited in Long Term Investments to hold. Although the administration resulted in some non-dues revenue, CLA staff absorbed the additional work. The investment market declined, thus the grant deposit also declined. The majority of the grant revenue was a “pass through” to the agencies performing the work, artificially inflating the revenue balance for CLA. The net return for CLA was that services were provided to the community without the benefit of CLA’s mark on those services.

The ultimate outcome of all of these events left CLA in a cash flow deficit, requiring a large withdrawal from Long Term Investments.

Recommendations:

- Require future auditors to provide a Management letter to CLA with their Audited Financial Report to keep the Finance and Executive committee advised of non-material adjustments.
- Properly staff bookkeeping functions so that an audit can begin as soon as the books are closed for the fiscal year. Contract for audit work to begin by August 1 and completed by September 1, enabling the Treasurer to deliver an audited financial report at the Annual Membership meeting.
- Revise the Fiscal Policy to more accurately describe the investment policy. Furthermore, create cash flow reports for the Finance committee so that reserves are properly allocated between cash, sweep funds, CDs and Long Term Investments.

VII. Building Ownership

The CLA building was purchased in 2000 for \$470,000. It was anticipated that the building asset would provide new sources of non-dues revenue as the commercial market was solid, rental vacancies were low, and building prices were rising. However, the building has proven to be a non-performing asset. Additionally, CLA's building is not ADA (American Disabilities Act) complaint, putting CLA at risk for required renovation or a lawsuit for non-compliance. The commercial rental vacancy rate is currently at 18% and is anticipated to be rising. Although the building has increased in value by approximately \$300,000, the demand for office buildings is soft, although the building's Midtown-Sacramento location is ideal for owner occupancy.

Recommendations:

- Prepare to sell the CLA building because it has been a non-performing asset and all market indications are that it will continue in that direction,

-or-
- Sell the building because of ADA non-compliance risk,

-or-
- Retain the building, but develop a Business Plan that is tied to the Strategic Plan and can demonstrate that the model will produce a performing asset.

VIII. Programs

A. Membership

Currently, membership development and retention is the responsibility of the Membership Committee. The Chair of this committee annually develops goals for the coming year. . Most activity has been limited to sending out welcoming e-mails to new members, collecting testimonials pertaining to membership, staffing the membership booth at conference, and providing a 1st timer Orientation workshop at conference. From time to time, programs have focused on membership growth, but those programs have appeared to be one time and not sustained from year to year. Currently, there is no marketing plan to attract new members. As a result, membership has not grown beyond 2% over the past 8 years.

Recommendation:

- Involve the Chair of the Membership Committee and appropriate staff in the strategic planning process to ensure that resources are dedicated to a membership program in the Strategic Plan. As a first step in growth a marketing plan should be developed to address gaining 100% membership from the Institutional segment.

B. Conference

The CLA conference is well run, volunteer-active and has sustained its educational, networking, membership value and monetary contribution to the overall financial stability of CLA. The conference, however, has not grown over time. The event is staffed with volunteers, with assistance from the Administrative Director, Administrative Assistant and Executive Director. Exhibitor sales and conference logistics are contracted outside the Association. The conference committee does not get involved in setting the budget or fees. During staffing transition, a Director of Conference and Events was hired to provide the support that had been provided by the Executive Director.

Recommendations:

- Retain the professional Director of Conference and Events for the next three years to manage all of CLA's event planning.
- Bring Exhibit and advertising sales "in-house" to maximize income and build long term relationships.
- Analyze all survey information and use this information to integrate process improvements into future planning.

- Begin conference planning 14 months in advance of the event and be involved in the budget planning and revenue strategies.

C. Continuing Education

ACTSS has been offering two continuing education workshops annually. The workshops are well attended, receive high marks and result in non-dues revenue. The Academic Section offered a free workshop that was well attended and offered for free, which has been good public relations for CLA. Additionally, the Student Round Table has also had brown bag lunches. The Public Library and Management Section have co-sponsored the popular “Leading From Any Position” workshop which provided high-level education. All these section activities have added value to CLA membership and are seen as a **Best Practice**.

Although Conference registration is deeply discounted for support staff, education opportunities are very limited. CLA would benefit from formalizing education for support staff.

CLA organized its educational offerings through the development of a new educational initiative called “Spring Fling” which involves 9 sections and roundtables providing focused workshops in libraries on specific subjects. It is a great cross section of programs and ethnic group involvement.

Recommendations:

- Continue these offerings, but formalize them as a “CLA Educational Institution” and study the Best Practices of the Illinois and Ohio Library Associations to demonstrate the additional education available through CLA membership.
- Study the Best Practices of the Illinois and Texas Associations, who offer formalized training for support staff which continues to increase interest and value in membership.

D. Advocacy and Public Policy

CLA has enjoyed a very active, successful and volunteer-rich Legislative program for the last three decades. However, a disconnect exists between the Legislative Committee, the Executive Council and the Executive Director.

Recommendations:

- Create an Advocacy Section in a CLA e-newsletter. See Best Practices of Illinois and New York Library Associations.
- Have the Executive Board provide direction and perform annual reviews of the legislative priorities. Align these priorities with future strategic plans and budget documents.
- Restore an organizational structure that supports a strong Executive Director that can help lead the direction and action of the Advocacy agenda.

E. Communications and Public Relations

The California Library Association does not have an active Communications or Public Relations Plan. Therefore, communication products are produced on an ad hoc basis. The only communication between CLA and its members is through broadcast email, the weblog (which must be subscribed to in order to receive alerts) and the *Clarion* print magazine, which is circulated twice a year. Information about events and alerts may be done through RegOnline, CapWiz or the CALIX listserv.

Recommendations:

- Ensure that Public Relations and Communications are addressed in the new Strategic Plan. Develop a plan yearly tied to the Strategic Plan.
- Develop an e-Newsletter. See Best Practices e-Newsletters from New York and Illinois Library Associations.⁷
- Explore the creation of an Editorial Board and Managing editor to expand the information-rich *Clarion* magazine towards bi-monthly circulation, with a Content model approach to include “Feature Article,” Opinions, Commentary and “News Front.”
- Increase written communications from the President to elected officials on major public policy issues to ensure the CLA is viewed as an expert and go to” Association in the library/information field.

⁷ See Attachment: Face page from Illinois Library Association e-Newsletter

F. Grants

In 2005, CLA became involved in obtaining “pass through” LSTA grants from the State Library totaling \$570,000. They include the Summer Reading Program, New Librarian Training and the Boomer Project. Since CLA only provides administrative support, CLA receives no name recognition for their involvement. CLA staff has absorbed the new workload associated with the projects.

Recommendation:

- Should CLA continue to secure “pass through” grants that require administrative support, staff should be increased to handle that workload.

G. CALTAC

In January 2008, CLA entered into a contract with CALTAC to manage their administrative and support functions. In the first year, non-dues revenue to CLA was \$5,600. Ongoing revenue is estimated at \$4,200.

Recommendations:

- Continue the contract for another year and set up a time tracking system to validate charges for administrative support.
- CALTAC’s approach to membership attraction and attention is a Best Practice and should be examined in the development of CLA’s Marketing Plan.

Background, Scope and Methodology

Over the past several years, the California Library Association’s leadership was becoming frustrated with the lack of growth and vibrancy in its programs and wanted to pursue a new direction. The Association wanted to retain their historical culture while building a new infrastructure that would support 21st century communication, as well as educational opportunities for members and the community. With this in mind, the Association set out to become a respected expert and “go to” Association resource for library leadership and policy expertise. The volunteer leadership determined that an objective review of programs and operations would provide them with an evaluation that would either confirm that CLA was stagnating or that there were opportunities for a more vibrant and relevant Association.

The Business Assessment was to be thorough enough to provide a Business Model for future work of CLA. Specifically, examine whether CLA should contract with an Association Management firm or maintain an “in house” staffing model.

Interviews were conducted with leaders of CLA. Past and present leaders were also asked to complete an online board member survey. Four large state Executive Directors were interviewed for best practices reviews, program comparisons, revenue and expenditure information, and staffing and contractor work information. Among documents reviewed were program materials, audited financial statements, profit and loss statements, building purchase documents, board minutes, strategic plans, hiring practices, conference surveys and marketing plans. Interviews were convened with contractors to help with determinations on revenue maximization plans and process improvement. Exhibitor sales and methodologies were reviewed and a debriefing meeting was facilitated with exhibitors.

Research, Data, and Analysis

I. Board Governance and Leadership

In 2008, the CLA adopted a new Governance structure that will provide a more nimble, competency-based board whose responsibilities include setting the strategic direction as well as performing operational and fiscal oversight. This new structure will take effect on July 1, 2009. However, a Governance Manual that would institutionalize their processes and performance expectations was not adopted as part of this Governance reorganization.

CLA failed concomitantly to create a plan for transitioning programs that would properly execute this change. The structure essentially changes the framework of Governance by establishing a new governing board, dissolves the Assembly, Roundtables and Sections and expands the membership meeting to serve as a forum to discuss critical issues. The lack of a transitional plan, however, has weakened Governance, program planning, performance, and networking and has fiscal implications which have not been identified.

A Task Force was appointed in November of 2008 to create a transitional tool kit for Sections and Round Tables, which should begin to address program issues.

Further, as part of the planning process, a Leadership Retreat has been held annually for Board members, Committee Chairs and other identified leaders. These retreats often lack consistency and are rarely tied to gaining an understanding of a disciplined planning and Governance framework. As part of their introduction to leadership, members are provided a Tool Kit, which contains the by-laws, standing rules and fiscal policy of CLA. Failure to properly provide active and interactive training in leadership skills leaves the learning process passive and at best varied in understanding.

A recent survey of current and past leaders indicated that leadership enjoy their role and working relationship with other leaders, but did not rely on, relate to or manage from a Strategic Plan. However, the majority believe that they are heading in the right direction, in spite of not having a plan. All agreed that leadership training and orientation was lacking.⁸

⁸ See Attachment: Zoomerang Survey

II. Strategic Planning

In 1992 CLA began using Strategic Planning as a means to provide direction and guidance to the organization.⁹ The Mission, Values and Goals guided the organization until 1999. In 1998, the Long Range Planning Committee began a new planning process that would result in a new 2000-2005 Strategic Plan. The first step was to conduct an environmental scan surrounding six key environment areas: the National and World, California, the Library, the Librarianship, the Association, and the CLA Environments. The Long Range Planning Committee disbanded after developing the next plan and was not re-instituted in any other planning phase. After each plan appeared to use a new facilitator, however, who did not build on prior plans and integrate goals and objectives from one plan to the next. As a result, in coming leaders did not always subscribe to the direction in the plan. Approaches to goal setting were also varied. The result has been inconsistency in program development, initiation and sustainability.

Reports, pertaining to that plan, have been inconsistent and sometimes not adequately communicated to stakeholders and the membership. The quality, direction, and application of those plans have also varied widely. In fact, the CLA leadership abandoned work mid-cycle on the 2006-2009 Strategic Plan when a decision was made to review and modernize their Governance Structure. The leadership failed to integrate this major decision into their Strategic Planning process; therefore, although the right decision was made to head CLA in a more nimble Governance direction, the overall work of the Association was weakened due to a lack of any plan during the last year of the 3-year plan.

As a result, the Vision and Mission - which should not change over 10 to 20 years - has been adjusted with every plan. In addition, goals have been changed dramatically with each planning cycle. The most recent plan was abandoned when leadership decided that major resources were to be shifted during an 18-month Governance overhaul. The Governance overhaul had not been identified as an object or goal in that plan. An inconsistent planning/training process weakens the performance of the Board/committee and sends, by its very omission, mixed messages to stakeholders and members.

The purpose of Strategic Planning is two-fold. First and foremost, it provides a Vision and Mission (purpose) for the future of the Association and the systems that will rally around that Vision. The system must be consistent and provide for innovation (internal business processes), financial growth, customer/member satisfaction, and learning and growth. The plan is the Association's overriding document that clearly and consistently communicates what the Association stands for, what the membership can rely on and what the leadership responsibilities are for Board or Executive Committee members.

Second, through the planning process, Committee members learn about planning and become disciplined thinkers, problem solvers and leaders as they work in a Strategic environment. The results are committee/board members whose lives are professionally and personally enhanced through their Governance experience.

⁹ CLA's "Long Range Plan Environmental Scan," August 1998

III. Association Staff

A. Background

In the 2001 ASAE CLA Peer Review report, it was advised that *“the Association must be effectively staffed using a combination of in-house and outsourced resources.”* **According to the report, the size, skills, and reporting relationships of the staff are directly related to the scope of services, provided by the Association.** *“There must be evidence of stability in staff, a clear organization structure, and appropriate personnel practices. The Association must provide opportunities for professional development of staff.”*

At the time of the report, the Association staff got high marks in working as a team, having open communication, providing competitive salary levels for work performed and the level of employee benefits, performing an annual review of the ED, and understanding and applying Association values. Although training opportunities were available to staff, employee professional development plans were not provided. The report also noted that there “is not a relationship with the media at all...and the potential for proactive activities, such as soliciting new members groups, submitting press releases, following up on committee reports/actions is hindered. Low marks were received in the areas of written/updated policy and desk procedures, conformance with California labor law, and lack of cross training and professional development plans. The report cautioned that **staff size should be adequate to meet workload, training and volunteer expectations.** The ASAE formula for an Association membership this size and budget level should employ 5.3 FTEs.

CLA had historically held staffing at 4.0 -5.0 FTE. The staff was operating at 4.0 staff in 2000, but one of the staff vacated her position. The evaluators recommended at a minimum that the 4th vacant position be filled, noting that the absence of one full time position “is preventing basic, but necessary, review and update of documents.” That staff position was never filled and staff was reduced to 3.0 FTE and operated at that level for the next 8 years. Exhibit sales, conference logistics and grant program management was contracted out. **The management of those contracts, however, was absorbed by the Executive Director and administrative support was absorbed by other staff.**

The staffing allocation for 2008/09 was set again at 3.0 FTEs. In November 2008, the Executive Director resigned. Following in December, the Administrative Assistant resigned effective December 31st, 2008. Lastly, the Director of Administration will be resigning at the end of April 2009.

As of January 1, 2009, positions at CLA are filled with an Interim Executive Director on contract from The Foutz and Young Group. This contract is effective from 11/2008 and renewable to no longer than April 30, 2009; a Director of Administration, who has been with CLA since 2000 but will be leaving April 30, 2009; and a Temporary Administrative Assistant who began on January 5, 2009 and will continue through the major renewal period ending in January or February 2009 and may be available through April 2009 to assist with any transition.

The Interim Executive Director's primary responsibility is to manage, **assess**, and evaluate the current operations of CLA and make recommendations for improvement and/or change to the CLA Business model to the Executive Committee, while coordinating the day to day operations of the Association. As a first step in ensuring that CLA had adequate staff to support programs throughout the transition, the Interim Executive Director recommended and the Executive Committee voted in December 2008 to hire, on contract, a part time Meeting/Planning Manager. This will ensure that there is no disruption in meeting planning and services and provide continuity and expertise to the 2009 Conference planning process and other planning needs of the Association. Those services are being provided through a contract with the Association Resource Center (ARC) on a part-time basis at \$40.00/hr from .3 to .5 FTE. Services have been provided since December 08 and will be provided during the transition and through completion of the '09 Conference in Pasadena.

Additional program and operational services continue to be outsourced through several contracts. Conference logistics/exhibit sales/relationships and onsite conference management is provided by a multi-year contract with Hall Erickson. Drayage is provided by GES. Program and grant support is provided through an outsourced contract with a Program Consultant, Natalie Cole who is listed on the website as a CLA Program Director. IT support is provided through a continuing contract with the Galecia Group who consulted on and installed Technology upgrades and training in 2003/04. Database support is provided through a contract with MTrack, a Canadian Association database company.

When additional programs e.g. grant management, building management, CALTAC administrative and communication support, were added, duties associated with those programs were absorbed by existing staff. These additional duties detracted from other critical program areas e.g. communication.

The core work that has been accomplished to date has been done well and in many instances, expertly. The prior Executive Director was well organized and ensured that when electronic records were created that they were maintained in an orderly and easily retrievable system. She routinely provided Governance training at Leadership retreats and encouraged the President or President Elect to attend additional leadership training provided by Glenn Tecker in Knowledge based Governance. She did a capable job creating operational systems that worked well in a small office environment. She made a good decision in purchasing the building, as it will serve you well as a return on investment if it is sold. It has not, however, proven to be a source for non-dues revenue as was anticipated when purchased. The conference has been well run, and feedback from attendees, very positive. She managed the various conference contractors, volunteers and staff aptly.

The Director of Administration has done an outstanding job in bringing several improvements, i.e. **Best Practices**, to programs and operations and has operated "well outside the box" in creating and managing technology innovations, e.g. "RegOnline," "Capwiz," "Job Mart" and online ballot/elections. Additionally, she has performed expertly as the Association's bookkeeper and website manager, both in content management and website upgrades. Not only did she manage the conversion of Capwiz and provide training at the ALA annual meeting in 2008, through her initiative, CLA was among the first states in

the nation to implement Capwiz in 2007/08. She clearly has three very distinct and unique skill sets packaged into one position.

The Administrative Assistant position has consistently been the weak link in staffing. Given the skill set required, this position has been difficult to fill, and has had turnover 4 times in 8 years. At times, because of a lack of work, this position was decreased to part-time. A higher-level staffing position would have added more utility to program support and development.

Office personnel documents, desk and program procedures and job duty statements continue to be outdated. Currently, no staff training or professional development plans exist.

Cross training has remained limited, although staff has taken on additional duties, e.g. managing grants, managing a property and taking on new work willingly and absorbing those workloads. Staff work tends to be done in silos, which actually facilitates the ability to get work done on time and at a high quality, but prevents a higher level of innovation and work integration. Although communication, relationships and staff moral remains high, work methodologies and technologies, equipment and work areas are antiquated and outdated.

Training opportunities have been made available, but professional development plans were never instituted. Procedure and desk manuals remain outdated. Through innovation, registration for conference is now available “on-line.” Although membership renewal is also offered online, membership renewal primarily remains a paper/mail/fax system. Job duty statements are outdated and have morphed into many new responsibilities that are not captured for transferability.

The Executive Committee is aware that current in-house staff will not continue beyond April 2009. **Therefore, if a decision is made to retain in-house staff, there is little time left to hire and train an entire new staff. It is therefore critical that staffing decisions begin to be made as early as the February 2, 2009 Executive Committee meeting.** At current staffing and contract levels and volunteer support, only core programs will be supported, i.e. membership renewals and processing, bookkeeping, conference, meeting management, Governance administrative support, website design, upgrades and content management, and volunteer and contract advocacy.

B. Optimal Staffing Levels

CLA is operating below the standard set by ASAE for an Association this size, i.e. 5.3 FTE. The higher level of staffing enables an Association to provide support for a full complement of programs and services that will ensure Association growth and vitality. It also provides critical resources that can be devoted to Public Relations and Communication planning, product development and outcome measurements; membership and marketing research, analysis and plans that can target membership segments that are critical to membership retention and growth, legislative and public policy analysis and program support; and lastly, development of training programs in leadership and Governance.

Further statistics from ASAE show that the Association community spends about 34.9 % of the budget on personnel. In the past, CLA's ratio has been maintained at 18.13%. If you want growth, communication and cutting edge programs, you must increase your investment in staff. Further, administrative overhead for the Association community was 27% while in the past; CLA's was at 10.07 % with building expenses, and 5.41% without. Again, **there is a direct correlation with infrastructure expenditures and how the work gets done and in what kind of environment.**

Following is a graph that shows "in-house" staff at CLA on three different levels, current, midlevel and optimum. The positions down the left hand side represent the kind of work that must be done and how it can be allocated in a small staff environment. The salaries levels are for illustration and comparison only. A duty statement follows at the end of the graph. In a small staff size, those "positions" and skill sets roll into a more "broadly defined" positions. If you are going to maintain "in house" staff, the challenge becomes being able to find the right "skill sets" and "professional" mixes that will roll into fewer staff allocations with broader responsibilities. Lastly, a small staff size offers little room for advancement so talented staff retention becomes problematic. Associations of all sizes are finding that they can accomplish more with less when they contract with an Association Management firm to provide their services as the talents and expertise for programs is drawn from a pool of "experts".

Staff Comparisons

	Current I	Mid level I	Optimal III	Salary ranges
Executive Director	.70	1.00	1.00	109,000-130,000
Accountant/Bookkeeper	.30	.30	.30	35,000-42,000
Membership/marketing analyst	.20	.50	1.00	33,000-38,000
Administrative Assistant/Data Entry	.80	.40	.50	28,000-35,000
Director of Meetings/events	.40	.50	.50	52,000-58,000
Advocacy/analyst	.00	.50	1.00	36,000-48,000
Director of PR/Communications/Web	.30	.60	1.00	58,000-65,000
Grant Management	.15	.20	.20	42,000-48,000
Property Manager	.15	.00	.00	35,000-40,000
Total FTE	3.0	4.0	5.5	See below

Current level: \$165,550-\$195,100 plus 40% overhead \$231,770- \$273,140
 Mid-level: \$234,400-\$277,200 plus 40% overhead = \$328,160 - \$388,080
 Optimal: \$268,900 - \$322,200 plus 40% overhead = \$376,460 - \$465,080

Current staff duties: Current staff perform overall administration and financial tracking and budget development and oversight, accounting/bookkeeping functions, membership renewal, data entry, meeting planning, limited grant writing and grant management, website content updates, website improvements, on-line innovations e.g. ScholarOne, On-Line Registration, CapWiz, Web blog etc.

Future staffing duties: (Assumes grants will continue but building is sold, so there are no building management responsibilities add facility expenses as a renter):

The **Executive Director** is hired as a visionary, able to build relationships (or have them) to obtain sponsorship support for programs. S/he is familiar with the CA Library Community, CA legislature/grass roots strategies, building communication/marketing/public relations/business plans and products and an Association executive or equivalent and able to assist in the creation and management of a Strategic Plan. Personnel document management is outsourced. The ED would hold staff accountable for maintaining job duty descriptions, desk manuals and office procedures.

Accountant/Bookkeeper performs basic accounting and bookkeeping functions. Account functions are on contract. Payroll is outsourced.

Membership/marketing analyst works closely with the accountant/bookkeeper and Director of communications and Director of meetings and events, to integrate marketing plans with events, communication and public relations products, leading to increased membership and partnership participation.

Administrative Assistant performs clerical support and membership data entry support and other HR administrative duties.

Director of meetings and events builds on a strong exhibitor relationship/involvement and create opportunities to invite other organizations to join/partner/sponsor the annual and other events of the Association. S/he must be able to develop plans to maximize revenue potential in business partnerships, sponsorships and advertising.

Advocate/Analyst provides analytical support for the CLA Advocacy program and is liaison to the Legislative committee and provides other analytical work as needed.

Director of Communications/PR must be able to develop and deliver a strategic public relations/ communications plan and products that build awareness and support of the California library community. Areas of integration would include advocacy, grassroots, conference, website and other communications products with membership and the community. This employee must create a system for content review and enhancements as well as produce a website to be content-rich, interactive and relevant to members and the community. This person will oversee the development and content of e-communications/newsletters and/or print media. S/he will be a staff liaison to an Editorial advisory committee responsible for professional content development.

Grant Writer/Manager seeks out grants that would support the community and benefit CLA's programs. S/he will write appropriate grant applications, oversee management of the grants, and prepare reports.

C. Next Steps

In order to create “membership” intelligence within CLA which will lead to sound membership, marketing and communications plans, staffing must be increased. **The current staffing level of 3.0 FTE is unable to provide the level of work needed to take the Association to the next level of excellence and relevance to its membership and should not be maintained at that level.** So a model of “in house” staffing may not be the best model for CLA to consider at this time if it wishes to grow its programs and provide higher value to the library community and the people it serves.

A lack of a real CLA public relations/communication presence in the “information highway” has prevented CLA from being recognized as the real solution leader in library policy and issues in California. It also is not viewed as the “go to place” for leadership development and cutting edge education. Conferences are well attended but have not grown in size over the years, although the library community has enjoyed growth. Members and non-members are seeking out education that is more focused and tailored for their area of expertise.

1. Hiring the next Executive Director is critical. The hiring model i.e. position statement, needs to be revised to reflect the new direction of the Association. At minimum, the position must be able to attract an inspiring visionary, who has the skill set and/or established relationships to secure large corporate sponsorships to help grow Association programs. The individual must have strong advocacy experience to help capitalize on the already strong legislative component of the Association and more closely align the advocacy program with the Association’s vision and mission. The individual should be expert at developing plans, strategies/tactics and understand “how to do it and what to do to get it done”.

To be able to aptly take the Association “to the next level,” the individual must have some expertise in the field. This knowledge would facilitate understanding that there are other forms of education beyond the conference and are important to the membership and help to develop the necessary partnerships within the community to make innovation in education happen.

Lastly, the ideal individual will have expertise in Association management or be ready to make Association management education a number 1 priority to understand quickly which “best practices” in the Association world can and should be applied to CLA programs.

In interviewing Executive Directors in the states evaluated for “Best Practices” i.e. Illinois, Ohio, New York and Texas, it was found that - without exception - they each fit the qualities and skills set referred to above. If they didn’t fit the descriptions precisely, they grew into them quickly and expertly. Additionally, they were all strong leaders and had extensive backgrounds in advocacy and were seen as the leader in their state on Advocacy and public policy matters. Two of the State Executives come out of the Library field, another was a long time lobbyist and the other was a long time Medical Association Executive. They are all expert at

Association management and each has excelled uniquely in their state. They are charismatic, again, each in their own way. They are highly respected and seen as innovators, as the Best Practices listed later demonstrate. CLA's current model is that the Executive Committee defers to the Legislative Committee who works in their own silo throughout the year. In each state, the Executive Committee gives policy direction to the Executive Director, who then implements the plans within that direction with the chair of the committee. The lobbyist is hired by and reports to the Executive Director.

2. The office "facilities" need to get organized and reconfigured if there is to be any expansion to staffing levels. Too much of the CLA space is devoted to "storage" of documents, old files, conference material and general "junk." Storage closets need to be cleaned out and stocked only with supplies that reflect current usage. The "third office," which has been used for storage, needs to be cleaned out and turned into a better utilized space. The "conference room" is too small for a regular meeting, seating for only 6 people, so becomes "unused space". Metal storage racks should be moved out, freeing up space to push chairs back from the table.

The offsite storage needs to be cleaned out. CLA is paying \$1,000 for this storage, which is rarely visited. A file retention schedule needs to be developed and all stored material needs to be categorized for retrieval or disposal. This is wasted rent if the space is not needed or it can be reduced.

The ARC model also provides storage and all computer and related equipment, thus obviating the needs to separately review and determine upgrades in house.

3. A decision will need to be made on what position(s) is created and at what level. Other job duty descriptions will need to be written that reflect the selected staff structure. Jim Collins says it best in his book, "Good to Great," i.e. "first who, then what!" Currently, there is only computer equipment for a staff of three. The computer devoted to desk top publishing died several years ago.

3. Comments on Staffing. The Executive Director and Director of Administration positions have varied unlike responsibilities and as such require distinctly different skill sets. The responsibilities and expertise have developed out of necessity within each position over time, and neither reflects the job duty description normally attributable to those positions. As an example, the Director of Administration has provided all support for bookkeeping and accounting, while leading the way for several initiatives, i.e. RegOnline, Capwiz, Job mart and online ballots/elections, Scholar One, a web based conference proposal submission and committee evaluation system, member discussion forums and maintaining website content and upgrades. In addition, she developed the template for the CALTAC newsletter and she and the administrative assistant provides all administrative tasks for the contract, which were simply added as additional workload to her already full position. Because the Administrative Assistant position has seen undesirable turnover, the necessary additional training and support has pushed more work onto the other two staff.

4. So what's the problem? The work that has been accomplished has been done well and expertly. But there is **more work that the Association must do in relationship building** in both the public (State level Executive, legislative and judicial branches of government, local level, city council, supervisors, boards of education etc). and private (exhibitors, sponsors, educators like Associations) sectors, in communications/public relations and in technology. **Membership growth has only been 2% from 2003/04 to 2007/08, exhibitor growth has been "0;"** in fact a decline of 9% in Northern California venues over Southern California venues. Conference management and support has been accomplished by the Executive Director acting in the capacity of a meeting manager/director with extensive support from the Administrations Director and administrative staff, therefore detracting from more important Executive Director Responsibilities and packing additional responsibilities on other staff that could be supplemented with a Director of Meetings and Conventions.

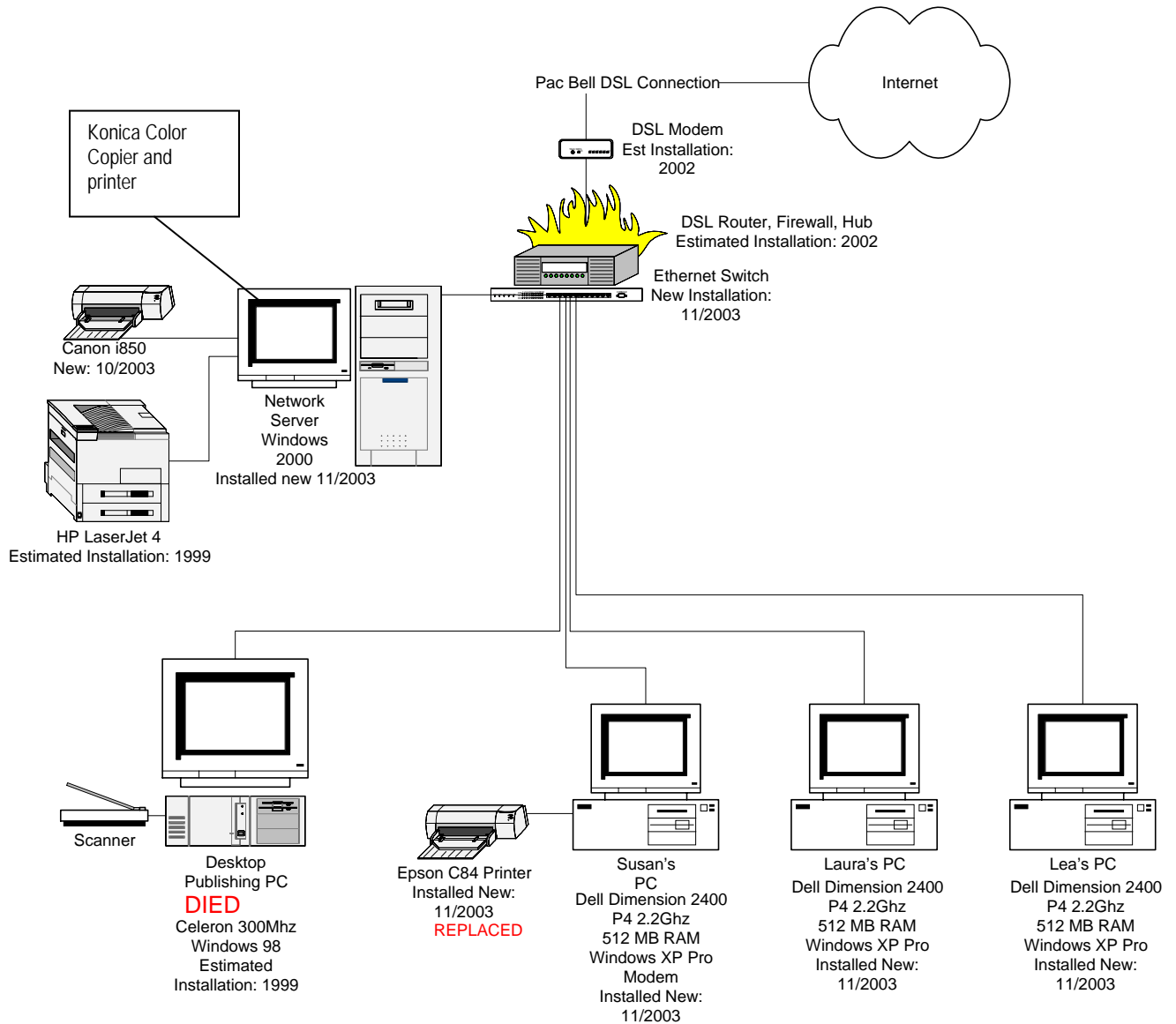
Many new **programs developed by volunteer committees have not been operationalized resulting in dead end "Random Acts of Excellence."** Program outcome measurements do not exist so there is no measurement for program retention or deletion.

To be relevant to members, staff must to skilled and professionally trained, they must have the equipment and technology to support volunteer cutting edge thinking. **Plainly put, the California Library Association must be smarter than its smartest member and must become the Employer of Choice to attract and retain the right people.**

IV. Office Technology and Information Management

In 2003, CLA contracted with the Galecia Group to evaluate and propose technology recommendations for office operations. A proposal was made in July and new hardware and software was installed. Following is a diagram of that installation. ‘

CLA Office Configuration:



A. CLA Office Description

The CLA office has a small Ethernet network comprised of a file server, three primary PCs, three printers (color ink jet, B&W laser printer and color copier) attached to the file server and a DSL connection to the Internet which also provides email connectivity. The network equipment includes a DSL modem and a DLink router with multiple Ethernet ports. This device provides firewall services, port mapping, and network connectivity to the category 5 twisted pair wiring which connects the PCs and server to the network. (All equipment is properly documented in the file).

A recommendation was made to move all desktop publishing functions to one of the new computers. All three computers now have desktop publishing software installed. Products include Adobe Acrobat Professional, PageMaker, Photoshop and Adobe Illustrator.

In early 2006, it was recommended that the technology requirements be re-evaluated. Unfortunately, that step did not occur. (Specifications and work can be found in the electronic file identified as CLA technology upgrade). Back up is performed daily with an external attachment. Accounting is done on QuickBooks, MTrack is used for the database, and PCs run on Microsoft Office Word 2003.

In late December, the prior owner of The Galecia Group recommended that **CLA was ready for another major technology upgrade**, due to the advances in technology and evolving member communication needs. Additionally, it was recommended that CLA contract another technology company to perform an assessment of current equipment and make recommendations for upgrades. The prior owner emphasized that a modern organization needs an office environment that will cater to doing work in a closed, virtual-based application with online data storage. It was also recommended that CLA convert to a laptop environment and purchase 5 laptops (\$2,000 each), upgrade the firewall router (\$700), upgrade internal connection (\$100/month) contract for e-mail hosting (\$500), which allows for collaboration, white boarding, data storage, sharing files, virtual working and no back up is required, purchase a large network color printer (\$1,700), provide remote access through router configuration, purchase a wireless router (\$250). The set up and applications and testing would require a 1 week on site visit for \$5,000 labor and \$2,000 in software. Also suggested was the conversion to an “open house” system instead of Microsoft as there are no licensing fees associated with this design. It was also noted that there is no need to upgrade the server or printers, as they will be good until 2010. **The estimate for hardware upgrades is \$26,850.**

B. Database Management

CLA Purchased MTrack as its database management software. MTrack's operations are based in Canada. Of note, this company has not secured a new client since 2004. Currently, no California-based companies use MTrack, and a few state Nursing Associations use MTrack. The database is now outdated and minimally supported. It is not a difficult system for learning data-entry; however its flexibility is dependent on staff with strong technical capabilities. Technical support is still provided. The cost for a basic database management system conversion begins at \$48,000. The cost of a content management program, as described below, has not yet been researched.

CLA needs to investigate migration to a hosted content management program. A dynamic management program will allow CLA to host online member communities and offer web-based membership management. The migration should include critical membership data. CLA should not attempt a conversion as it is costly and never converts adequately for the investment made.

V. Organizational Structure

Current Governance documents are either stored electronically or in paper files. Electronic files are categorized according to business function while paper files are stored in a fireproof filing cabinet. Electronic personnel documents, however, have not been protected for confidentiality. There is not a current file retention policy, nor is one activity practiced. Job duty descriptions are outdated and incomplete. Due to the small size of staff and the varied duties absorbed over time, e.g. desk procedure manuals are outdated. There are proper legal files kept in a locked fire safe file cabinet along with other legal documents including purchase, renovation, leasing and refinancing of the building. Financial audits are stored properly in the locked cabinet. Minutes are properly filed either electronically or in locked files.

The Association has recently undergone a change in Governance structure but did not complete a transition plan identifying all the components being. The current President is attending to transition requirements.

The current space occupied by CLA is large, occupying approximately two-thirds of the Second Floor. However, the design is inefficient. There are three large offices, two of which are occupied, a third that is used for storage. The storage appears to be random and mostly related to conference items or other items stored from past projects. Each office contains several paper file cabinets, all of which are fully utilized. Although there is a small meeting room, it too is used to store periodicals and past programs. The meeting area only accommodates 8 people, so is rarely used for CLA Governance meetings. There is no staff room. Going to the outside walkway is the only way to gain access to restrooms. There is a self-contained storage closet and another storage closet with a large sink. There is no staff room. A small refrigerator sits in the meeting room along with a paper cutter. A small storage room contains office supplies, a water supply, mail machine and large copier. Office desks are old. The Executive Director's desk is not built for a computer station. Office chairs are aging. Ergonomics has not been a priority in this office. There are only three operational PCs, so if extra work needs to be accomplished by a temporary staff person, there is no computer available for work. There is a large entrance area which currently houses two work stations, but only one working computer. A second office printer is located in this area.

Several Governance documents will need to be revised as a result of the change in the Governance by-laws, i.e. standing rules and financial policy. There is no Governance manual or strategic plan. There will need to be a major revision to the Leadership Toolkit prior to using it for leadership training in the fall.

There was not ample planning completed concerning the overhaul of the Governance Structure. As a result, the Association is in somewhat of a state of limbo until a Transition Task Force completes its work and provides Sections and Roundtables and the Executive committee with a plan for transition.

Lastly, the Association has lost the Executive Director and Administrative Assistant. The only remaining employee, the Director of Administrative Services, must be relied on for all

institutional memory. That staff person will be leaving at the end of April. In the meantime, a temporary employee and the Executive Director Duties are being performed by an Interim Executive Director who is concurrently preparing this Business Analysis to help the committee to begin making operational and staffing choices are providing administrative work. Between January 4, 2009 and April 30th the Executive Committee must decide what structure they will embrace, i.e. continue to staff in-house or transition to an Association Management Firm.

The Association also owns the building they occupy at 721 20th Street in Sacramento. The Building was purchased in 2001 for \$480,000 and then refinanced in 2003 to receive a better interest rate. A profit and loss statement for the building shows a negative net rental income of \$22,295.

In 2008, a major tenant vacated the building and subleased their space to another tenant. Following this, the major tenant promptly quit paying rent and subsequently filed for bankruptcy. Even with the commercial space being sub-leased, CLA has not received rent since June 2008 and has continued to pay the utilities while the bankruptcy action is pending. CLA is being released by the courts from the bankruptcy filing so we will be free to begin leasing to either the current tenant occupying that space, or decide to rent to a new tenant.

A commercial real estate broker, who has recommended that we sell the building, has looked at the property. The current rental market in Sacramento has a vacancy rate of over 18% and is rising. Any tenant would require tenant improvements and would also want to negotiate 6 months free rental on a 5 year lease agreement. The property is a good owner occupied property and a good size for the midtown Sacramento business market. The broker provided an analysis of both leasing and selling the property. The down side to renting is that we need to continue to manage the property. This is a drain on cash and personnel time. He recommends selling the property and leasing approximately 1,000 s.f. of office space for \$1,500 to \$2,500 per month. We currently occupy more space than is utilized for a staff of 3.0.

VI. Financial Analysis

A. Financial Audits

CLA is audited annually. When the audit begins, staff need to be available to provide access to working papers and collaborate with the auditor to make appropriate journal entries and adjustments to the Profit and Loss statements. Because staff is dedicated to the launch of conference registration at this time, the audit is delayed and does not begin until September and is not completed until the end of the calendar year. These delays prevent the Treasurer from provided an audit financial report at the Annual membership meeting.

The current Auditor is on an annual contract, which has been annually renewed since 2001 and has reported each year that the financial statements present fairly, in all material respects, the financial position of the Association. During the audit, the auditor may make non-material suggestions to management. These discussions are usually memorialized in “Management letter”. The auditor has not provided a management letter as part of his reporting responsibility to CLA. He has stated that any issues he found were communicated verbally to management and resolved. He has been requested to provide a Management letter for fiscal year 2007-08 which memorialize those conversations. Future contracts will include this request.

It would be a more efficient and responsive business practice to devote staff resources to both closing the books timely and then continue to work with the auditor to finish field work within the month of August so that the Association can have an audited financial report by September 1. This would enable the Treasurer to provide the membership with an audited report at the annual meeting and subsequently posted on line in financial documents.

Of note, ARC reported that they provide “Accredited” accounting systems. Accounting policies and procedures are a major piece of becoming accredited. Currently, CLA relies on the expertise of a bookkeeper.

B. Financial Management and Cash Flow

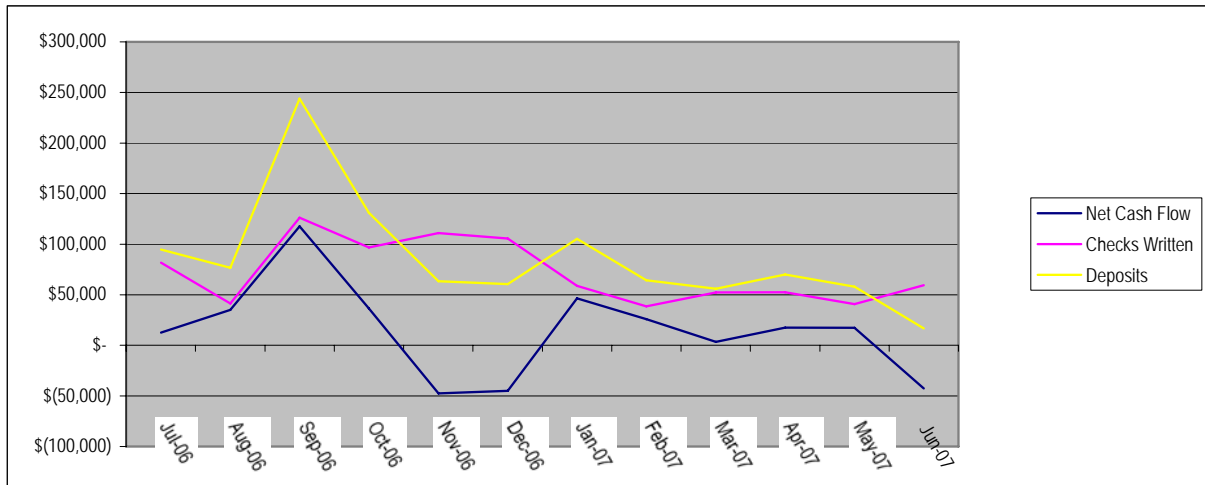
There are three conditions that have challenged CLA's long time conservative approach to financial management:

- 1). The declining market;
- 2). A non-performing major asset;
and,
- 3). An employee buyout.

For purpose of this assessment, two years of monthly cash flow analysis was charted (FY 06-07 and FY 07-08) to demonstrate the importance of understanding where you need to readily keep cash reserves while maximizing investment income.

Monthly Cash Flow 2006-07

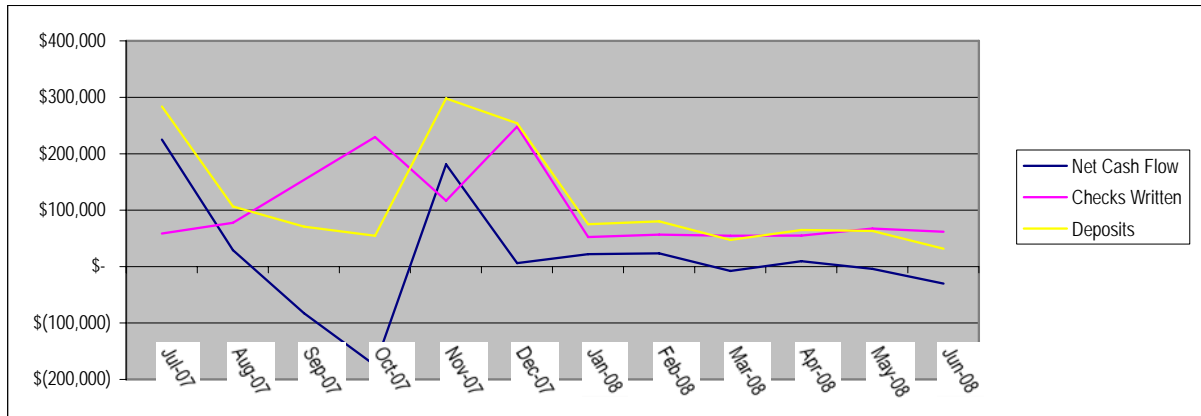
	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07
Checks Written	\$ 81,911	\$ 41,503	\$ 126,279	\$ 94,640	\$ 110,949	\$ 105,554	\$ 58,934	\$ 38,469	\$ 52,373	\$ 52,470	\$ 40,809	\$ 59,284
Deposits	\$ 94,647	\$ 76,672	\$ 243,866	\$ 131,086	\$ 63,560	\$ 60,605	\$ 105,355	\$ 64,351	\$ 55,870	\$ 70,038	\$ 58,083	\$ 16,706
Net Monthly Cash Flow	\$ 12,736	\$ 35,170	\$ 117,588	\$ 36,446	\$ (47,389)	\$ (44,949)	\$ 46,421	\$ 25,882	\$ 3,497	\$ 17,568	\$ 17,274	\$ (42,578)



NOTE: In September 2006, \$60,000 was written on CLA's checking account and deposited into CLA's Merrill Lynch cash account.
In December 2006, this amount was transferred to the Merrill Lynch mutual funds account.

Monthly Cash Flow 2007-08

	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
Checks Written	\$ 58,439	\$ 77,439	\$ 153,761	\$ 229,501	\$ 117,035	\$ 247,898	\$ 52,756	\$ 56,666	\$ 54,787	\$ 55,179	\$ 67,175	\$ 61,668
Deposits	\$ 283,483	\$ 106,716	\$ 70,904	\$ 54,750	\$ 297,947	\$ 254,129	\$ 74,779	\$ 80,088	\$ 47,208	\$ 64,905	\$ 63,216	\$ 31,680
Net Cash Flow	\$ 225,044	\$ 29,277	\$ (82,857)	\$ (174,751)	\$ 180,912	\$ 6,231	\$ 22,023	\$ 23,422	\$ (7,579)	\$ 9,726	\$ (3,959)	\$ (29,988)

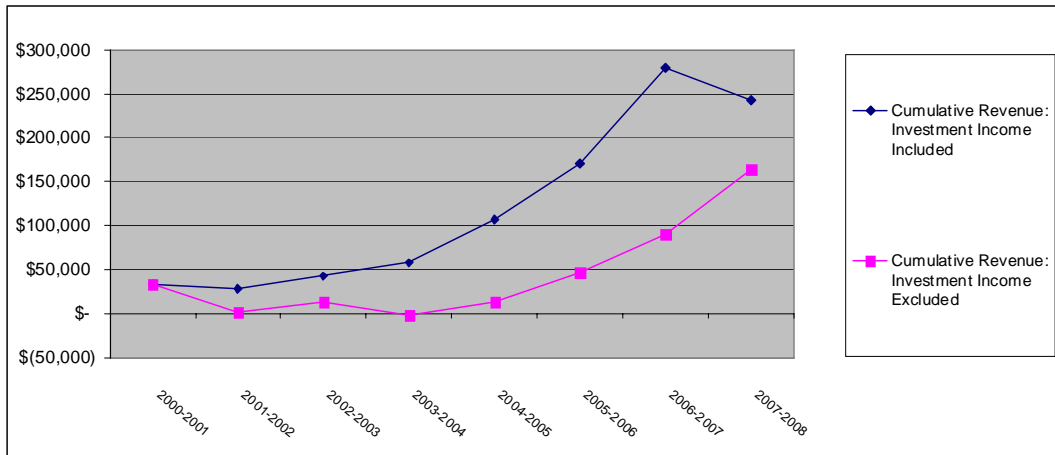


NOTE: Grant funding was received in July (\$183,700), October (\$230,053) and December (\$230,052).

From this “aerial” view you can see a wide swing in the months of July to December. This is due to large amounts of revenue coming in from Conference registration and then all the conference expenses. Then once conference is concluded and reconciled, checks and deposits become normalized. Therefore, your sweep account must be built up in those months. When high levels of deposits come in, it should be understood that the amount should NOT be deposited in a Long Term Investment, as the cash is short lived. Currently, FDIC guaranteed insured amounts have been raised to \$250,000 which means our current Money Market is safe and will make some interest.

C. Conservative Budget Management

Currently, CLA lists bank interest and investment interest in the same line item in the Profit and Loss Statement. As the Long Term Investment Market fluctuates adjustments are made to the revenue item. When the two items are reported together you can not properly manage your asset. Therefore, I have recommended that beginning in FY 09/10 the long term investment interest be reported below the operational revenue line so that it can be monitored separately, although it will roll up into the actual total of all revenue.



Fiscal Year	Cumulative Revenue: Investment Income Included	Cumulative Revenue: Investment Income Excluded
2000-2001	\$ 33,660	\$ 33,660
2001-2002	\$ 28,142	\$ 1,928
2002-2003	\$ 43,123	\$ 13,656
2003-2004	\$ 58,013	\$ (1,074)
2004-2005	\$ 106,776	\$ 13,763
2005-2006	\$ 170,223	\$ 46,712
2006-2007	\$ 279,540	\$ 89,933
2007-2008	\$ 241,933	\$ 164,320

Including Investment Interest distorts the actual amount of operating revenue because it is not “real” interest, but rather anticipated interest for the year based on investment value. The amount is not “spendable” so should be included below the line as a sub category. This also enables the Finance Committee and the Board to properly monitor its Fiscal Policy to determine if they are receiving their strategically-planned return on investment. The graph shows that the net reserve with Investment Interest is \$241,933 compared to a net reserve without Investment Interest of \$164,320 which represents the actual money added as a result of real interest earned along with net revenue over expenditures. Adjusting how we report this will help to educate finance committee members and allow them to make prudent decisions.

D. Managing Long Term Investments

The declining market has reduced the value of CLA's long-term investment. Although CLA has a fiscal policy it is silent on how reserves are to be maintained. As a result, \$174,000 of pass through grant income was deposited in the long term investment, which ultimately both caused a cash flow problem when the staff payout was made, but affected negatively by the downturn and performance of invested funds. That was corrected and has been withdrawn from the Long Term Investments over the last nine years. In interviews with the auditor, it was recommended that CLA maintain a sweep account that can be used for ebbs and flows of cash reserves and as a depository for grant funds. Grant funds should never be deposited to long term investments, due to the risk and volatility of those markets. CLA should consider a more conservative fiscal policy as it attempts to rebuild its reserves.

Next, CLA should determine what amount of funds should be maintained in a sweep account at certain critical stages of the cash flow analysis, consider CDs as a stable interest investment, and then maintain a Long Term Investment account that should not be depleted for "emergencies". The Fiscal Policy should follow a "Best Practice" of the Ohio Library Council: take 10% of net revenue each year to deposit in Long Term products.

E. Dues revenue

CLA Audited Profit And Loss

Revenue	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Annual Conference	509,053	422,165	454,874	383,952	341,165	348,052	350,908
Government Grants	450,788	47,686	72,000	0	0	0	0
Member Dues	260,586	258,467	245,776	222,995	222,497	215,880	232,092
Other Program Services	78,420	104,118	89,682	51,918	45,560	46,255	46,885
Net Rental Income	-5,018	-2,600	-20,465	8,492	-2,350	4,251	-4,605
Investment Income	-11,392	67,426	31,480	34,595	30,339	3,701	-1,904
Net Assets Released From Restrictions	3,000	3,000	3,000	0	0	0	0
Total	1,285,437	900,262	876,347	701,952	637,211	618,139	623,376

Expenses	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Library Education Prog.	449,145	43,818	65,531	0	0	0	0
Annual Conference	410,575	333,822	315,682	296,060	265,868	266,124	279,998
Membership	181,312	217,156	203,946	172,952	177,990	163,961	178,257
Government Relations	101,481	102,443	126,271	96,436	90,649	94,235	82,981
Total Programs	1,142,513	697,239	711,430	565,448	534,507	524,320	541,236
Management & General	77,531	90,657	83,067	87,967	84,936	78,838	88,408
Total	1,220,044	787,896	794,497	653,415	619,443	603,158	629,644

Change In Net Assets	65,393	112,366	81,850	48,537	17,768	14,981	-6268
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AE in 2002 advised that the conference revenue proportion was too high for stability.

The current Profit and Loss shows a positive change in net assets for six of the past seven years. However, the building investment has only shown positive net revenue in only two out of seven years of ownership. CLA staffing has remained unchanged in the past nine years. Member dues revenue has only increased by \$28,494 in 7 years and accounts for 31% if the operating budget (less Grant revenue) while conference revenue accounts for 61%. This is the reverse of what is recommended by ASAE and demonstrates that CLA should put significant resources into gaining a higher membership. If CLA concentrated on doubling its institutional membership the ration would improve by 10% bring it to 41%. It would be natural that personal membership increases would follow. Therefore, this supports the creating of an Institutional marketing plan.

VII. Building Ownership Analysis

The CLA building was purchased in August 2000 for \$470,000. The two-story building is approximately 4,400 square feet and has a total of nine free parking spaces – a rare commodity in Midtown Sacramento. CLA occupies two-thirds of the upper floor. A 2nd floor tenant rents the remaining one-third of the upper level. There have been several tenants in the first floor. The last tenant, who vacated the building in June, sublet to another tenant but discontinued paying rent in June 2008. CLA has not collected rent on that space while awaiting the bankruptcy court to release CLA as an asset. The building has also been refinanced to obtain a lower interest rate. Normal closing costs were again incurred. (See notes below). The table below illustrates how the building is accounted for in the Profit and Loss statement.

For discussion purposes, it is important to understand what building expenses are taken in the year they occur and which ones may be capitalized over time, and if capitalized, under what conditions could that capitalization be charge in a single year. When a building is purchased, costs/expenses for the purchase are accounted for in either the year they occur or are capitalized as allowed for by standard accounting principles. While building repairs are taken in the year they occur, building improvements are capitalized over time unless you sell the building and then the remainder is taken in the year it is sold. Lease tenant improvements can also be capitalized, but if a lease is broken, the balance of the improvements must be taken in the year the lease is broken.

When you negotiate a new lease, you pay for tenant improvements and normally provide up to 6 months of free rent while negotiating a long term lease of up to 5 years. Each of these scenarios has happened during the life of CLA's ownership. For purposes of accounting here, the building expenses are allocated to **66.4% for rental activity and 33.6 % to CLA for occupancy**. See notes below for an explanation on why some months are positive and others negative.

The Building was purchased without creating a Business Plan. So it is unclear to this writer if the building was purchased for a 10, 20 or 30 year period; whether it was purchased to net a substantial non-revenue income stream with a positive net rental income of some amount of money, and if that revenue fell below some identified loss, whether it should be sold; whether it was being purchase to “hold it as an Asset” to be disposed at some future date with a guide on the rate of return needed to determine a sale.

Also, it appears that little value was placed on the management of that asset, i.e. the Building. The staffing remained at 3.0 FTE, meaning that staff would absorb any new tasks and no value was placed on the extra workload. Building management has included: keeping supplies on hand for the rental property and owner; running to hardware stores, Costco and other businesses for supplies; seeking out repair businesses and doing due diligence to get estimates for repairs and renovations; trouble shooting electrical, plumbing and leaking/flooding issues; managing those repairs and dealing with delays; painting the building when damaged by graffiti; paying and keeping track of bills; renegotiating new

refinancing; negotiating leases; working with attorneys when leases were broken; working with the city to repair a city sidewalk; creating building maintenance and renovation schedules; filling vacancies; evaluating future tenants; maintaining a clean walkway to limit accident liabilities; and the list goes on and on.

The time and talent required for building ownership was absorbed within existing staff resources which translates to having to give up time that would have been spent in marketing, public relations or some other activities that improved communications and other critical CLA programs. In today’s litigious society a building owner puts themselves at risk when owning a building that is not ADA compliant. There is no handicapped access to the second floor and the second floor bathroom facilities are not ADA compliant. These tasks have been substantial already for the Interim Executive Director; I only imagine the challenges of building ownership for the Executive Director.

The table below is extracted from seven years of audited Profit and Loss statements:

CLA Audited Profit And Loss

Revenue	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Net Rental Income	-5,018	-2,600	-20,465	8,492	-2,350	4,251	-4,605

Over 7 years of ownership the net rental income is a loss of (\$22,295).

A. Notes on Rental Income

07/08: Rental income was normal. When the old lease terminated within the year all capitalized expenditures were charged to this year (although the expenditure was \$8,019 it had been prepaid so there was no cash hit to cash flow). Net book value as of June 2008 (original purchase price+ capitalized improvements-accumulated depreciation) was reported at \$490,996.

06/07: Rental income was normal. There were substantial repairs which were unrelated to Building improvements which could not be capitalized and had to be taken in the year they were incurred.

05/06: Rental income was down because there was a vacancy. (\$13,000 loss in rent. Numerous repair costs unrelated to Building improvements which could not be capitalized. Some tenant improvements plus roof repair (\$35,000) were made but were capitalized.

04/05: Rental income was normal. This is what it looks like when the building is rented and repairs are normal. (Net rental income was \$8,492, then look at cash flow from building depreciation and amortization of building is not cash expenses, then it generates \$15,920 cash flow to services the debt. (This is what the building is capable of when fully rented and repaired to standards).

03/04: Rental income was normal Loan prepayment penalty \$4,568, amortized loan costs due to refinance of building with the intention of saving monthly payments. (\$3,000 of interest expense was in fact saved due to this action).

02/03: Rental income was higher and utilities were lower

01/02: Rental income was lower in relationship to higher utilities and repairs.

Given the high rental vacancy rate in Sacramento (currently 19% and rising) it was prudent to obtain both rental and selling information on the building. CLA has a fiduciary responsibility to manage and maximize its investments on behalf of the members and the community and to follow the ebbs and flows of an investment. Following is a synopsis of this exploration.

In early January, CLA requested and received an analysis (Proforma) from a Commercial Real Estate firm, Callaway Commercial, Inc., who was familiar with the CLA building, as they had placed two clients in the building over time.

5 YEAR TERM - Net, Net, Net

Office	Rentable SF 4,394	Term (mos.) 60	Lease Start Jul-09	T.I.'s \$ 65,910	Free Rent (mos.) 6
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	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Base Rent(per month):	\$ 1.05	\$ 1.08	\$ 1.11	\$ 1.15	\$ 1.18	
Total Monthly Rent(RSF):	\$ 4,613.70	\$ 4,752.11	\$ 4,894.67	\$ 5,041.51	\$ 5,192.76	
Annual Cash Flow:	\$ 27,682.20	\$ 57,025.33	\$ 58,736.09	\$ 60,498.17	\$ 62,313.12	\$ 266,254.92

Total Rent	Months Occupied	Effective Monthly Rent	Rentable SF	Eff. Monthly Rate
\$266,255	60	\$4,437.58	4,394	\$1.01

TOTAL RENT	\$ 266,254.92
T.I'S	\$ (65,910.00)
COMMISSION	\$ (19,969.12)
NET INCOME	\$ 180,375.80

<u>LEASE ASSUMPTIONS</u>	
1.	Local Credit Tenant
2.	\$15/SF Refurbish and T.I. Allowance
3.	Office Space @ \$1.05 per square foot, NNN
	Te
4.	3% annual increases on office and warehouse

<u>INVESTMENT ASSUMPTIONS</u>	
1.	Used Average of 60 month rents (\$56,371)
2.	5% Deduct Factor for Vacancy, Management, Reserves

<u>PROFORMA</u>		
	<u>Leased</u>	<u>Vacant</u>
NET INCOME (average)	\$ 53,250.98	\$0.00
(less vacancy, etc.)	(2,662.55)	
Effective NOI	50,588.43	
Capitalization Rate	7.00%	N/A
Estimated Value	\$ 722,691.92	\$878,800.00
Per Square Foot	\$164.47	\$200.00
(less sale commissions/closing)	\$ (50,588.43)	\$ (61,516.00)
(less leasing commissions & ti's)	\$ (85,879.12)	
TOTAL PROCEEDS FROM SALE	\$ 586,224.37	\$817,284.00
		DIFFERENCE
		(\$231,059.63)

*The target market for sale is to an owner user. Owner users can obtain SBA financing with a 90% LTV.

Options

current scenario	CLA is draining cash and personnel time to own and manage the building
condo conversion	It is difficult to convert older buildings due to code compliance issues. In addition CLA would still have to manage their floor
leased investment	It does not make sense to stabilize the income and achieve a lower sales price
vacant/owner user	Sell the building to an owner user and go lease an 1,000 SF office +/- for \$1,500.00 to \$2,500.00/month

Above is a five-year term rent analysis for renting the entire building of 4,394 sq ft. The assumption is that the five-year term is not interrupted by a vacancy. Office space rented at \$1.05 sq ft. with 3% annual increases, paid TI improvements would gross Annual revenues of \$266,254.92. Deduct Tenant improvements at \$65, 910 and Commission of \$19, 969.12, places net income at \$180, 375, or an average rent of \$53,250.98 per year.

The current sale price is set at a low of \$722,691.91 and high of \$878,800.00 by one realtor and at \$675,000 by another. In the above analysis, if it was sold while leased at the lower rate, deducting for sale commission/closing and leasing commission you would net \$586, 224. If sold, the building would be vacant at the higher rate less commission/closing \$61,516 you would net total proceeds at \$817,284. Applying the lower estimate of \$675,000 would lower both net figures proportionately.

B. Conclusion

The building was a good “asset” purchase and it was a prudent expectation that it would be a substantial non-dues revenue source. An analysis of the net revenue over time has revealed that it has, in fact, been a non-performing asset. It is therefore time to re-evaluate whether CLA retains the building, remains housed in any portion of it, continuous to rent out the first floor, or whether it is financial prudent to sell the building and take the profits to build new programs within CLA. If a decision is made to retain building ownership in any form, a business plan should be developed that memorializes the expectations of return on investment.

VIII. Programs

A. Membership

In the ASAE peer review, it was documented that CLA did not have a membership development or retention plan, and only had an annual numeric goal. An analysis of membership from 2003/04 to 2007/08 shows that there has only been a 2% increase in personal memberships, a 7% increase in Institution membership and a 19% decrease in Business memberships. CLA has only 106 of the 196 potential institutional and systems memberships. So there is tremendous room for growth. In 2008/09 San Jose State University required all students to have joint membership in ALA and CLA, thereby increasing membership by approximately 1,000 in the student classification, which resulted in an increase in dues of over \$20,000. Prior to this increase, student membership was at approximately 550 each year.

MEMBERSHIP

Personal	2,235	2,350	2,280	2,324	2,270
Institutions	99	102	106	109	106
Business	21	20	17	19	17
Total Members	2,355	2,472	2,403	2,452	2,393

Rankings for dues collected in 2008 revealed that those paying personal dues the highest fee (298) at \$165 ranked 2nd in revenue generation at \$49,170. Those in the second highest rank (445) at \$140 generated the most revenue at \$62,300. With the influx of students from San Jose State, students ranked 3rd in revenue generation at \$32,700. The third highest rank (206) at \$120 generated the 4th highest revenue at \$24,720. The next 4 ranks generate less revenue (\$26,400) than the entire student rank (\$32,700), which demonstrates two things: the value of student membership and the need to transition them to professional dues upon graduation. These are the type of statistics a membership/marketing plan would address to help formula the best return on marketing investments.

Business dues generate \$2,400 in revenue. **Institutional members generate \$79,550** in revenue, which is the highest contribution to revenue by class.

The ASAE peer review indicated that past campaigns resulted in some significant but unsustainable increases, and since then, efforts have been inconsistent. Because CLA does not segment membership activities within the Budget P & L reporting, no funds have been designated for membership development and retention in any meaningful way. CLA needs to develop a Strategic Plan tied to the budget and include membership growth in that plan. The ASAE review also indicated that CLA should develop a Communication Plan that also addresses membership benefits in a multitude of venues. That plan has also not been developed. Again, the limit of 3.0 FTE over the years has made any implementation of planning documents unattainable.

Although there have been membership surveys, it does not appear that the information gleaned from those surveys has led to appropriate changes or game plans. A staff member dedicated half-time to membership attraction and retention would provide the link between collecting necessary data, volunteer support and program implementation and result in higher returns. Currently, the only staff dedicated to membership performs only data entry. The most logical approach is to develop membership marketing plan in three stages:

1. *Concentrate on Institutional members with a Goal of 100% membership.*
2. *Address Business membership*
3. *Address Personal membership*

The marketing plan would contain all the elements and intelligence necessary to begin a stepped approach. For example, CLA works daily on behalf of Institutional members to “protect” the financial strength of libraries. A marketing plan memorizes what knowledge and information there is about libraries in the state. It helps you examine who has joined, from what geographic area, and then concentrate on those libraries that do not belong. At some point it helps you become creative, like following the Best Practice of CALTAC where, as a last resort, they will offer 2 year scholarships. Once you have exhausted all strategies, then and only then will CLA be in positions to begin going after personal memberships

It is suggested to continue building programs and PROMOTE them. As noted earlier, **Best Practices** of our Sections and Round Tables include providing additional Continuing education to members. However, promoting this fact to our members as “accomplishments” has been lacking. We excel at “Keeping CLA California’s Best Kept Secret.” Add to this effort by looking into developing an “Educational Institution for Leadership and Library staff. See **Best Practices** of Illinois’s “Reach Forward,” which is an educational institution approach for library staff, and the Texas Leadership Institute “TALL” which has 9 leadership competencies that are taught in a 5 day session and followed for two years. Then move on to stage 3 where you attract library staff and begin offering them benefits unique to them. By triaging the approach to membership growth, programs and membership will grow in a more logical direction.

B. Conference

The Annual Conference held in late October/early November is the main education offering of CLA to its members and other interested stakeholders. The Conference is typically scheduled for 2 ½ days and offers approximately up to 55 workshops, seven institutes, six poster sessions, a general membership meeting, several featured speakers, and numerous committee and Governance meetings. Approximately 133 Exhibitors purchasing 180 booths hold a Grand Opening of the Exhibit Hall as a kick-off to the Conference and hold exhibit hours for eight and six hours, respectively, the following two days. Other activities include career services, resume evaluations services, an internet Café and numerous meal award events where members are recognized for service and contributions to the library community. Approximately 1,200 to 1,600 people register for the event. The conference accounts for nearly 60% of the Association's revenue when grants are backed out of the budget.

The Conference planning and education is the work of a volunteer committee with meeting planning support from the Executive Director. The Exhibits business is handled on contract by Hall Erickson for approximately \$57,000. Hall Erickson sells exhibitor space, manages the Exhibit Hall and all other logistics during the conference. Drayage is handled through a contract with GES. Hall Erickson also has a responsibility to "maximize" exhibitor revenue by bundling exhibit space, brochure and magazine advertising. They are not provided with marketing or revenue goals. Some sponsorship solicitation is done by the fund raising committee chaired by the Treasurer.

Currently, hotel arrangements for the 2009 Conference are being handled by the Ambassador group. When a person registers for conference they will first register on-line through RegOnline and then be directed to log into the Ambassador group to complete hotel arrangements. The current hotel contracts (3) for the 2009 Conference provide a 10% commission to the Ambassador for all rooms booked, and a \$10.00 rebate to CLA. Based on the number of room nights this would result in a direct commission to the Ambassador group of approximately \$23,111 and subsidies to CLA of approximately \$12,320. Although this is not an uncommon arrangement for hotel bookings, typically an Association will disclose that a rebate is offered back to the Associations.

The Conference Committee begins its work for the next year in a debriefing meeting with the current Conference Committee. The first conference planning meeting is then held in early December. The Committee does not get involved with setting a budget or creating revenue projections. The "business" of the conference is handled entirely by the Executive Director, who oversees the Conference Planning Committee and the exhibitor sales. The Conference Committee has some responsibility to secure sponsorships, but the actual business of that is somewhat vague. Currently, there is no business plan developed or a template to operate from, nor is there a Conference Planning Guide. The Committee is provided with job duty descriptions of committee members and the Executive Director and staff. They are also provided with a planning calendar from the prior year to serve as a guide in their planning. Conference logo is designed on contract and then the brochure layout and development is handled by the Executive Director and in house staff. All collateral for the conference is developed and managed by the Executive Director.

A separate debriefing meeting is held with the exhibitors at the conclusion of the conference. There is little coordination between the Conference Planning committee and the Exhibitor contractor. As a result, there are is no connection or integration between program development and revenue generation, unless it is handled by the Executive Director. Although the debriefing this year asked for several new approaches to the exhibit hall, there is no mechanism for evaluating the suggestions and understanding how to incorporate them into another conference.

Attendees are asked to complete surveys when attending the exhibit hall and workshops/conferences/speakers. Those surveys are handled by Hall Erickson who compiles the data and sends the data to CLA without analysis or recommendations. That information was received this year in mid January, a month beyond the first planning meeting.

CLA conducts a “Zoomerang” survey that is sent to all conference attendees at the conclusion of the conference. All raw data is eventually provided to the Conference Chair and Program Chair without analysis or recommendations.

The following chart is attendance data from the last six conferences as well as revenue data from the last 5 conferences.

Conference	Ontario 2003-04	San Jose 2004-05	Pasadena 2005-06	Sacramento 2006-07	Long Beach 2007-08	San Jose 2008-09
Registrations	1,007	1,206	1,604	1,146	1,510	1312
Exhibitors	197	169	195	178	179	171
Exhibits Only Passes	121	111	169	81	147	114
Total Attendance	1,325	1,486	1,968	1,405	1,836	1,597

	Ontario	San Jose	Pasadena	Sacramento	Long Beach
Revenue	2003-04	2004-05	2005-06	2006-07	2007-08
Annual Conference	\$341,165	\$383,952	\$454,874	\$422,165	\$509,053
Expenses	2003-04	2004-05	2005-06	2006-07	2007-08
Annual Conference	265,868	296,060	315,682	333,822	410,575

Conference expenses do not include administrative and staff overhead allocated to the conference. There is no completed revenue and expenditure data for the 08-09 San Jose Conference at this date. Net revenue is used to run the CLA office and other programs.

The Joint Conference with CSLA held in Ontario in 2003 -04 was not well attended, although Exhibitor attendance was high. There is little variance between exhibitor attendance held in the North. The highest exhibitor attendance was in Pasadena. The highest registrations are in the South, excluding Ontario, with attendance not varying much with attendance in the North at around 178. Conference revenue has increased due in part to the increase in Exhibitor fees. Exhibitor fees have increased over \$200 since 2003-04. The increase did not have an effect on attendance

The Conference committee should become more active in conference planning as it relates to both setting revenue expectations, recommending to the finance committee increases or adjustments to registration and exhibitor fees, and overall budget and exhibitor relationships. A “**Best Practice**” in Illinois also requires board members to interview and survey exhibitors. It provides excellent relationship building and the board members learn what their major contributors expect from conference attendees as well as build avenues for future sponsorship opportunities.

The timeframe for Conference planning also needs to be changed. Next year’s conference leadership team should begin their orientation in late August. There should be a preliminary meeting with the Executive Director, the Meeting Planning, and Chair of the Conference Committee, Program Chair and President where they go over (the soon to be developed Conference Guide) and establish revenue goals, conference layout, number and type of educational offerings and other functions to provide leadership and guidance to the planning committee. Once these goals have been established, then they can be refined when the full committee holds their first meeting and debriefing with the prior conference committee. At that point, planning would be well on its way and the finance committee and Executive Director would have the Conference committee revenue and expenditure goals for Budget development for the next fiscal year.

C. Continuing Education

ACTSS has been offering 2 continuing education workshops each year. The subjects that have been covered include “XML for Libraries,” “Serials Cataloging,” “Metadata Standards” and “Map Cataloging.” The workshops are well attended, receive high marks and result in non-dues revenue. From this net revenue, ACTSS has been able to bring in high-caliber speakers and pay a stipend for their Conference workshops. This approach is a **Best Practice for other Sections**. The ACTSS also had the funds (\$500) to offer a scholarship for a student to attend conference. Another **Best Practice!**

The Academic section offered a free workshop “An Introduction to Second Life” at UCLA that was well attended and has been good public relations for CLA. The Student Round Table has also had brown bag lunches, showing leadership. Sometimes, these lunches were driven by a topic discussion or lead by a speaker. In order to keep the interest of continuing this format, the risk of making this Round Table an “interest” group is that they lose their leadership when they graduate. This is a good example of rotating leadership in an informal self-managed interest group. The Public Library and Management Section have co-sponsored “Leading from any Position” which provided high-level education. Offered twice, it was a very popular workshop. All these section activities add value to CLA membership.

Although Conference registration is deeply discounted for support staff education, opportunities are very limited. CLA would benefit from formalizing education for support staff.

In order to provide more staff support and inject activity into Round Tables and Sections, CLA initiated “Spring Fling,” an education program. This is a **Best Practice**. The staff support is being provided by CLA’s Program Director on contract for \$3,900 plus direct expenses and staff support from the Administrative Director, who is creating web pages and other collateral design. Nine are taking part: ACTSS, Academic Section, CYAS, Public Library Section, Reference Services Section, Chinese American Librarian Roundtable, Library History Roundtable, Services Latino Roundtable and Student Roundtable. Ten programs have been planned by 8 of the groups and will begin March and June of 2009. **CLA would benefit from an organized Press Conference to launch the programs.** Programs which are scheduled include: “The importance of play in early literacy in child development,” “Poetry in Branches” will be held at various branches; Obscene in the Extreme: a talk by author Rich Wartzman, “Workshop on FRBR and RDA, Spanish Cataloging Workshop,” those yet to have confirmed dates and locations include: Academic Libraries Responding to Tough Times, Breaking into Services to Latinos, and CJK Cataloging Workshop, Tour of the Chinese Historical Museum and San Francisco’s Chinatown, plus Dim Sum lunch, Work on Descriptive Cataloging of Rare Materials.

This is the type of offering that needs to be fully operationalize in 09/10 so that this and the other independent work of the Sections and Roundtables are not lost in transition.

D. Advocacy and Public Policy

CLA has enjoyed a very active, successful and volunteer-rich Legislative committee for the last three decades. CLA has retained the same lobbying firm since the late 1970s. Successes have included sponsoring legislation that created the Public Library Foundation (1982 and a related measure in 1997), a construction and renovation bond in 1988 and another in 1999, a measure to protect the privacy records of library patrons (1980 and 1986), the creation of the “Library of California” (a massive portal linking 8,000 participating libraries, which has never yet been realized) and defeated a measure in 2008 to eliminate the California Library Literacy Service program. The firm has lobbied to protect library funding attacked in various budgets and random pieces of legislation by either defeating the legislation or being successful in have libraries exempted from the measures.

Although legislative updates are provided on the website and notices of the postings are e-mailed to subscribers, there is not a strong understanding among the leadership and the broader membership of the significant value a strong advocacy program brings to the Association and the library community at large. **The Association would benefit from providing a meaningful electronic newsletter that contained information on the legislative, grassroots/grasstops activities throughout the state.** Once members realize the value, you should see a rise in institutional memberships.

In the last decade, there has been a disconnect between the Executive Committee and the Legislative Committee, as well as the Executive Director and the lobbying firm. The current Legislative Chair recognizes those disconnects and is working on aligning the committee’s agenda with the broader overarching role of the Executive Committee. The Executive Committee will need to address the future relationship between the Lobbying firm and the Executive Director. All four states studied for Best Practices have a strong advocacy responsibility for the Executive Director.

It appears that CLA has concentrated its Advocacy energies to major funding issues, i.e. sponsoring or supporting bills for capital improvement bonds. The Legislative committee has seen this as a major activity. The downside is that this Association does not have the capital or earning power to raise the million dollars that is needed for an all out bond campaign. The CLA saw this happen when they raised only \$200,000 for a Major Bond campaign that failed passage with the voters. You simple can not get the word out with a \$200,000 budget.

CLA should look to best practices of other states and defer in part to their new Executive Director to help develop a public policy platform that is more balanced and relevant to the members and start telling their story, over, and over, and over again, to drive home the word “libraries” as a household name in the minds of every elected official in California.

E. Communication and Public Relations

Currently, the California Library Association does not operate from a Strategic Plan and thus, no longer has an active Communication or Public Relations plan. The Communication Task force has plans for 2002 and 2004. Those plans are available in the Communications electronic files and should be reviewed for relevancy in concert with planning for 2009 and beyond. Some of the items in the plans were instituted, others were not. The sustainability of the plans came into question because of a lack of staff to follow and integrate the plans. Currently, there is little work done to promote the work of CLA to its members and the community.

The Public Relations committee created an excellent Public Relations toolkit for members, but it was not extended to CLA as an approach for marketing its work on behalf of members. The Toolkit is available on the website and is being updated by the committee this year. Workshops have been offered to help promote the kit and the committee has received high scores for its relevancy.

CLA began publishing a Newsletter at its inception in 1898. The Newsletter was published 10 times a year. In 2004, ½ of the issues remained in print format, while ½ of the issues were communicated by e-mail.

In 2005, a weblog was created and the newsletter was discontinued in favor of weblog postings. Members were invited to subscribe to the weblog so they would know when information was posted. New members are told about the weblog and encouraged to subscribe. **The Newsletter should be re-introduced as an E-Newsletter.**¹⁰

In April 2005, the *Clarion* magazine was introduced with plans to publish biannually. An Editor was named to a two-year obligation and provided a \$500 stipend for each edition. A note in the first edition referred to a membership survey and communications plan that was developed, and that the *Clarion* was being published in response to both the information in the survey and the plan. However, the Communications Plan and the survey could not be located, thus validate or understand the publication's creation.

According to the Editor in the first edition, the *Clarion* was established to be "theme-based" and contain exclusive information that a librarian could not get anywhere else. Themes over time have been: "Collections for Californians," "Services to California Kids," "California History," "Intellectual Freedom," and "Mysteries," among others. It is understood that it has been difficult finding a volunteer editor and that the magazine production may come into question.

If CLA is to continue with the *Clarion*, the Association needs to survey members to find out if they value a printed magazine. Furthermore, it must be investigated if the preferred frequency – currently biannual circulation - is what meeting their needs. This will reveal what resources and attention needs to be devoted to this medium. To maximize the reach of

¹⁰ Best Practices of Illinois Library Association

the publication and evolving needs of members, a **downloadable copy** of the *Clarion* should be provided online in addition to print.¹¹

Additionally, CLA should explore the benefits of creating an editorial board that can set the direction for all communications within CLA to reach its readership in a way that is valued. CLA would also benefit from developing a Business model for its publications so that readership and advertising revenue can be maximized. Since many see a magazine as typically a major form of communicating with members about timeless information, any information in the magazine should be written to fit an organized “Contents” model, e.g. Feature articles, Opinions, Commentary and “News Front,” or “News you can Use”..

CLA should also increase its public involvement with anything effecting Public Policy as it relates to the Library Community. Recent initiatives include writing a letter to President Obama - reminding him of the importance of Libraries - and a second letter to Governor Schwarzenegger outlining the qualities needed in the next State Librarian. Those letters serve two purposes, the first is to remind and educate, and the second is to show that CLA is “at the Public Policy table” and can be relied on as an expert and resource in Library matters. CLA should integrate a “public community” event at Conference in order to develop relationships with the media and help “tell our story” to the community and Public Policy leaders.

¹⁰ Best Practices of Illinois Library Association

F. Grants

In 2005, CLA became involved in obtaining LSTA grants through the State Library, which assist in providing training and workshops. Since that time, CLA has secured three (3) grants totally over \$570,000, specifically, *The Summer Reading Program*, *New Librarian Training* and the *Boomer Project*. The majority of the income is passed on to the training providers. CLA's responsibility is to provide administrative services, disperse the grants, provide registration and in some instances, provide on-site support. In exchange for these services, CLA is paid for the direct administrative costs and allowed to retain a small portion of the net income, \$5,450 for *Summer Reading*, \$26,000 for the *Boomer Project*, and \$16, 449 for the *New Librarian Training* project. No new staff was hired to provide support for these programs, other than a contracted Program Manager who manages the Summer Reading Program and provides grant reporting, monitoring and other support. All staff at CLA absorbed the workload, although CLA benefited from being paid for the work. The additional auditing required for the grants were paid directly to the Auditor.

Income	2007-08	2006-07	2005-06
Government Grants	450,788	47,686	72,000

Expenses	2007-08	2006-07	2005-06
Library Education Prog.	449,145	43,818	65,531

Although CLA is providing the administrative work for these projects, the CLA name is not connected to them, so there is little public understanding that through our partnerships, these programs are provided. It is questionable whether this is a core activity CLA that should be involved in, especially with only 3.0 FTE to absorb the management and administration of these projects. Clearly, other CLA work that should be done, e.g. in areas of Communication and Public Relations, can not be done when valued resources are diverted to these projects.

G. CALTAC

In January 2008, CLA entered into a contract with CALTAC to manage and process their renewals, manage the production of their Newsletter (staff designed a template in order to format the newsletter, have it printed, and then assemble and mail it), and to support their advocacy and leadership training efforts. In the first year, revenue from these services was \$5,600 which included a one time set up expense of \$1,400. Ongoing revenue is estimated at \$4,200. CALTAC currently has 800 members that represent about 80 libraries. Although CLA is paid an administrative fee to provide support, **all staff resources devoted to this support has been absorbed within existing resources of 3.0 FTE.**

The Past President and President of CALTAC and the programs they manage are a **Best Practice in action.** They work very well together and have an active program to get and retain members, provide leadership training (they provide training both in the north and south and held a very successful institute at the 2008 Conference) and produce a content-rich newsletter. In each newsletter, CALTAC has an elected official write a column on why they support libraries. Membership is allowed to remain “delinquent” and still receive services, while they make personal contact to encourage renewal. In some instances, if money is a problem, they give them a “scholarship” to remain as a member. All this keeps them connected to their members and spreads the word that “*members are important to CALTAC!*”

IX. Best Practices to Consider in Future Planning

Below is a comparison of statistics and Best Practices from the most successful Library Associations in the country. Much of this information has been referenced in this report. Each state approved the contents of this table. Furthermore, these Associations stand ready to assist CLA in obtaining more in-depth information concerning resources, timelines, and the use of technology.

Best Practices A Large-State Study				
	Illinois	Ohio	New York	Texas
Staff	Advocacy ED model, professional librarian, CE/Conference mrg, member services coordinator/data base, booking/accounting outsourced	Advocacy ED model, experienced CAE with medical association 18 yrs, 11 staff, Dirs. Of Legal Services, Professional development, Meetings and Events, Communication, Finance, Members services, and 4 other admin staff and outside legal counsel.	Advocacy model, lobbyist, 5 staff; Deputy Director, Acct Manager, Membership coordinatio, Marketing coordinator/trade show. Plus part time intern.	Advocacy model, professional librarian, 14 staff, in house meeting planning, special projects, tradional staff, Director of Communications, Publications and graphics specialist.Exhibits and vendor relations.
Revenue	\$114,4844; (iRead \$236,000, \$333,377 membership, \$269,907 Conference, \$106,340 Reach Forward	\$1,543,550 (65% membership; 25% conference,chapter training and unit workshopsNote: 501c6 not a c3.	\$1.0 million estimate: just received a \$700,000 unrestricted grant and purchased an owner occupied building and will give up business condo ownership. Conference \$365,000, membership \$600,000	\$3.1 million All inclusive library membership
Membership	3,068 public,trustees,higher education	5,251 (3,300 personal, 1700 flat rate, 251 Institutions) public libraries, trustees and library staff only	4,300 (personal 2,000, flat rate 80, Institutions 360, Trustee 500, Students 700, support staff 80, retirees 200, All libraries membership	7,300 Members get members approach
Expenditures	\$1,129,344	\$1,552,754 (50% staff; 11% consultants; 8% space rental	unk.	63% Conference; 22% membership; 12% misc rev; 3% journal advertising
Conference Frequency	Annual-Requires Bd members to survey exhitors in Hall and report of survey form, build relationships	Biennial even year only, Has a Chair for Program and a Chair for Exhibits and Sponsors	Annual	Annual, 60% of income, has "Exhibitor Roundtable"
Conference Attendance	1371 registration, 83 sessions, 227 Exhibitors	Conference (750) and expo (110) on even years only	1,500 sessions?, 140 exhibitors	6,200 includes exhihits,passes 700 booths. 1,500 Exhibit personnel. All in house planning
Other Professional Education Programs/Institutes		"Training @OLC in house- 5 Individual 2 day workshopsChapter training, stand along EXPO (300 exhibitors, 900 attendees); OLC Workshops in odd years. Purchase on line conference workshops.		Texas Tall Leadership Institute, 5 days, \$650, 2 year followup and commitment.; Reading programs e.g. Texas Bluebonnet award and your media award programs.
Non-Dues/Revenue sources	iREAD is in house and provides \$39,278+ in non-dues revenue	Ohio Public Librarian Certification Program (394 participants, \$2,500 /yr.		
Library Support Staff training/education	Reach Forward: Education for Library Staff	OLC Partnership w/ an Institution member, brings education/training to the library.	Certification is required in NY. 60 hours every 5 years; offered SMART Boards, 3 tracks: Library Trustee; Administration and management; and Board members	

Best Practices A Large-State Study

	Illinois	Ohio	New York	Texas
Newsletter	e-newsletter (see attachment to illustrate 1st page setup)		Produced first e-newsletter	
Use of blogs, Wki, RSS streams, Web2.0	Uses all, Website committee reviews content, functionality			
Annual Report	See Website, excellent format: Advocating for the Public Interest.; Promoting Professional Excellence; Preparing for the Future			One association for all types of libraries
Surveys/other		Tag line: "Promoting our libraries. Inventing our future".	Create business model to purchase and utilize building. Upstairs is staff office, downstairs is train/education room and a separate "call center" room.	Public Opinion Poll re: Libraries, \$60,000, received some grants to defer cost; Summit: 6 areas of focus; Organization structure, PR, How to continue transformation, leadership development, innovation, collaboration/.
Business Development		Consulting Services Business Proposal Vision is to provide unique training in the business aspects of Libraries.	Extensive education: Ethics and Leadership and Management Academy (40 students, 10 courses, over 1 year); Librarian assist/tech training, certificate through JC.	Men of Texas Library Calendar
Summer Reading program	iREAD is in house and provides \$39,278+ in non-dues revenue			Bluebonnet Award: 200,000 kids, 10 kids give award at annual conference to author winner: Attracts 2,000 to awards lunch!
Financial Planning	10% of net revenue deposited in Long Term Investments	Has 4 levels of deposits: checking + sweep (\$350,000), CDs (\$290,000), LTI (\$280,000).		
Magazine	6 times a year, best practice format: Features, Opinion & Commentary. News front (announcements, new members, forum and committee news, calendar		Bulletin 4 times a year	Produce Journal
Initiatives	Partner with MySpace to create "NetSafe Bookmarks" free to Ill libraries, sold them to NY and NJ; then partnered with AG to create Internet Safety Campaign. Is now helping to design license plate for Secretary of State.	3 on line tutorials, free to libraries, Takes training to Libraries through partnerships	Increased media relations to raise awareness of NYLA. Held Summit with State Librarian, Gift and Book shop: Ties, bags apparel etc.	Robust grant program for libraries damaged by natural disasters
Strategic Plan	Has Website committee to review content, functionality, proposed innovations	Strategic and tactical Plan: Advocacy, Professionalism, Collaboration, Innovation	No	Excellent plan plus planning schedule and responsibilities, i.e. who does what by when. 8 Section Manual see attachment in report

Conclusion

“The future depends on what we do in the present.”

-M. Gandhi

The California Library Association has a rich history in providing leadership, advocacy, education and professional growth to librarians and the communities they serve. The leadership took a brave step into 21st century thinking when they decided to revamp their governance structure and provide its members a system of transparency and inclusion. They have successfully positioned the Association to draw on the strength of its past and embrace the systems, resources and technology that will support the board’s vision of service, relevance and leadership. It is advised that the contents and findings of this study serve as the Association’s framework for future success.

Attachments

The following documents are referenced in the verbal or written assessment. They are attached to this report:

- ATT A - LR Environmental Scan
- ATT B - CLA Strategic Planning History 1993 – 2009
- ATT C - ILA Events _ Event Registration
- ATT D - Illinois Exhibitor Board member survey
- ATT E - NY vs. CLA, PA web hits
- ATT F - Strategic Governance Manual Template
- ATT G - Texas SP Section VIII
- ATT H - TLA - TALL Texans Leadership Development Institute
- ATT I - Board Self-Assessment Survey
- ATT J - State best practices
- ATT K - CALTAC Best Practice
- ATT L - Cash Flow Projection 08/09
- ATT M - CALTAC Services Report
- ATT N - Round Table and Section Allocation Balances
- ATT O - Brown Sales Proposal
- ATT P - Estimated Staffing Costs
- ATT Q - ARC Management Proposal