

# **ORGANIZING AND MANAGING YOUR FLORIDA PROFIT OR NONPROFIT CORPORATION**

## **Selecting an Organizational Structure**

### **a. Officers, Board of Directors, the Executive Committee, Sub-Committees**

The officers of the corporation appointed at the organizational meeting are generally the **President, one or two Vice Presidents, the Secretary, and the Treasurer.**

Generally the officers are also directors of the corporation, who are given additional powers and responsibilities as set out in the bylaws. The officers and directors may serve for one year, unless otherwise limited by the bylaws. The general members elect the directors, while the board of directors appoints the officers.

The board of directors is elected by the voting members of the corporation, and is given the power to govern and manage the corporation. A typical board of directors for a not for profit corporation would consist of the **President, one or two Vice Presidents, the Secretary, the Treasurer and the chairpersons of important sub-committees.** If the not for profit corporation is developing local chapters, the **Presidents of the local chapters are generally directors on the governing board of directors instead of the chairpersons of sub-committees.**

The Executive Committee is a nucleus of the board of directors, which has been delegated certain decision-making powers by the board of directors. Two things are important: **(1) the board of directors**

cannot delegate to the executive committee more power than the board has; and, (2) the board of directors remains responsible for the decisions and actions of the executive committee. The board of directors must therefore ratify and approve the decisions and actions of the executive committee, or take immediate steps to prevent the implementation of those decisions.

Sub-committees are formed for the purpose of providing support for the objectives of the corporation, and to make to corporation function efficiently. **Examples of Committees or sub-committees are: the Membership Committee, the Research Committee, the Entertainment Committee, the Fund Raising Committee, etc.,** depending on the needs and objectives of the corporation. Each committee has its own chairperson, recording secretary, treasurer if needed, and functions as a unit within the corporation. **All-important decisions of the committees must be brought before the board of directors for approval, modification or rejection.**

#### **b. The physical structure of the corporation**

A careful reading of the immediate preceding sub-heading **2a**, will reveal that the Board of Directors is the body that controls the corporation by virtue of the authority it possesses. The authority of the Board of Directors can be either retained by them or delegated to lower levels in the corporation. Centralization exists in a corporation when the Board of Directors retains almost all the authority and delegates a very limited amount. Decentralization is the opposite - the Board of Directors delegates a significant amount of its authority to lower levels of the corporation.

Before a corporation selects an organizational structure it should decide whether the authority, (including some decision making powers), will be centralized or decentralized. Only when that determination is made will the corporation know the quality and capabilities of the staff it should employ. In a decentralized system there will be a greater need

for persons who can be trained to accept authority and be accountable for their actions, than in a centralized system of management. The organizational structure the corporation selects must be capable of being demonstrated on paper. Only when the line organization has been established, will it be possible to add the staff specialist, who will advise, serve and support the key personnel in the line organization.

A properly prepared organizational structure for a not for profit corporation can show on paper: the present physical status of the corporation, where it hopes to be at any given time in the future, the system of delegation, vertical and horizontal communication, the key positions for which specialized training will be necessary and exactly when that training should begin.

### **c. Communication, Delegation and Control**

**Communication.** Effective communication must exist at all levels of the corporation. Not only must the managers exhibit good communication skills, but also the organizational structure of the corporation must provide for vertical (up and down) communication as well as horizontal, (same level). **If the workers do not fully understand what is expected of them, disharmony occurs between management and staff, there is little chance of accomplishing the goals and objectives of the corporation, and demoralization sets in with workers who are efficient and seeking advancement within the corporation.**

The manager must decide **what** he wants to communicate and **how** to communicate it to the proper person in the most effective way, whether orally, written or visual, e.g. color-coding or images. Additionally, there should be some system of feedback to confirm that the message sent was the message received.

**Delegation.** Delegation is an art. The manager needs to be able to assess the capabilities of the lower level manager to whom he is

delegating the authority, and the extent of the responsibility that he will give to that person. **The manager cannot delegate all of his responsibility for the performance of the task, because he remains ultimately responsible. He shares responsibility with the lower level manager, and must continue to maintain a working relationship with that manager. By maintaining this relationship, he is able to determine the extent to which the manager should be held responsible for the performance of the task. If the manager delegates the authority without retaining control, he exposes himself to the consequences of the lower level manager's failure.** Obviously, the lower level manager must be given sufficient authority to accomplish the task.

**Control.** Delegation is the art of good government and control is what keeps the corporation on track. The control process is the method by which management establishes standards for the corporation, creates checks and balances for monitoring performance at all levels of the corporation, and taking whatever corrective action is necessary to achieve the goals and objectives of the corporation. The standards set by the corporation must be realistic and attainable. Monitoring the performance is not only to determine if the standards set by the corporation are met, but also to ensure that customer satisfaction is maintained. Any unsatisfactory results disclosed by the monitoring process must be corrected and fed back into the checks and balances to ensure that the goals and objectives of the corporation are met.

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