

# DEMA Board of Directors

## *Board Member Orientation*



Diving. It's Like Nothing On Earth.



# Agenda

- Legal Requirements and Guidelines
  - DEMA – 501( c ) 6 status
  - Bylaws
  - Board Members
- Protocol
- Job Description
- Historical Review
  - DEMA Association
  - DEMA Show
- Review of Mission, Purpose, Current Goals and Issues



# Board of Directors

Most nonprofits are corporations, which means they are legal entities distinct from the individuals who founded them. Like their for-profit counterparts, nonprofit corporations are governed by boards of directors with legal and ethical responsibilities that cannot be delegated.



# Board of Directors

## Legal responsibility

The board is responsible for:

- Ensuring that the organization meets legal requirements
- Operating the Association in accordance with its mission and the purpose for which it was granted tax-exemption.



# Board of Directors

## Legal responsibility

- Individual board members must exercise the duty of care:
  - Attend meetings
  - Be prepared to make informed decisions by reading the information provided
  - Request additional information if necessary
  - Carry out duties in a reasonable and responsible manner
- As safeguards of a public trust, board members are responsible for protecting the assets of the organization



# Fiduciary Responsibilities

- Board members are required to exercise “ordinary and reasonable care” in the performance of duties
- All members are required to protect confidentiality and prevent the unauthorized release of Board discussions
- Protection of confidentiality is particularly important with reference to confidential information from legal counsel. Failure to do so can waive the attorney-client privilege and seriously damage the Association.



# Fiduciary Responsibilities

- Board members are required to pursue the best interests of the Association rather than his or her own personal or financial interests or those of some other individual or entity (ie: their company) during the performance of their Board duties
- Board members must avoid or disclose conflicts of interest (professional, financial or personal) and provide undivided allegiance to the Association's mission.



# Legal Construction

- DEMA – 501 ( c ) 6 – which includes business leagues, chambers of commerce, and boards of trade that are not organized for profit.
- DEMA is NOT a charitable institution



# Conflict of Interest

- When the personal or professional concerns of a board member or a staff member affects his or her ability to put the welfare of the organization before personal benefit, conflict of interest exists.
- Nonprofit board members are likely to be affiliated with many organizations in their communities, both on a professional and a personal basis, so it is not unusual for actual or potential conflict of interest to arise.



# Conflict of Interest FAQ'S

## Why must we be concerned about conflict of interest?

- Board service in the nonprofit sector carries with it important ethical obligations. Nonprofits serve the broad public good, and when board members fail to exercise reasonable care in their oversight of the organization they are not living up to their public trust.
- In addition, board members have a legal responsibility to assure the prudent management of an organization's resources.
- In fact, Board members may be held liable for the organization's actions. A 1974 court decision known as the "Sibley Hospital case" set a precedent by confirming that board members can be held legally liable for conflict of interest because it constitutes a breach of their fiduciary responsibility.



# Conflict of Interest FAQ'S

## Does conflict of interest involve only financial accountability?

- No. Conflict of interest relates broadly to ethical behavior, which includes not just legal issues but considerations in every aspect of governance.
- There are three levels of ethical behavior:
  - Obeying the law
  - Decisions where the right action is clear, but one is tempted to take a different course
  - Decisions that require a choice among competing options
- **This third level of behavior can pose especially difficult ethical dilemmas for nonprofit board members.**



# Conflict of Interest FAQ'S

**A policy on avoiding conflict of interest has three essential elements:**

## **FULL DISCLOSURE**

Board members and staff members in decision-making roles should make known their connections with groups doing business with the organization. This information should be provided annually.

## **BOARD MEMBER ABSTENTION FROM DISCUSSION AND VOTING**

Board members who have an actual or potential conflict of interest should not participate in discussions or vote on matters affecting transactions between the organization and the other group.

## **STAFF MEMBER ABSTENTION FROM DECISION-MAKING**

Staff members who have an actual or potential conflict should not be substantively involved in decision-making affecting such transactions.



# Conflict of Interest FAQ's

## What Are Some Examples of Actual and Potential Conflict of Interest?

- When organization policy requires competitive bidding on purchases of more than \$1,000, but a printing firm owned by a board member's spouse receives the \$25,000 contract for the annual report and no other bids are solicited.
- A board member serves on two boards in the community and finds himself in the position of approaching the same donors on behalf of both organizations.
- A staff member receives an honorarium for conducting a workshop for another group in the organization's field of interest.



# Conflict of Interest FAQ'S

## Should an organization contract with a board or committee member for professional services, such as legal counsel or accounting?

- Attorneys, accountants, and other professionals can contribute valuable expertise to a board. Due to the potential for conflict of interest, their contributions should be voluntary.
- At the very least, a board or committee member who is associated with a firm competing for a contract should abstain from discussion and voting in the selection process.
- If a competitive bidding process results in the selection of that board member's firm, he or she should disclose the affiliation and abstain from voting on future board actions connected with that firm's contract with the organization.



# Board of Directors

## Oversight.

- The board is responsible for ensuring that the organization is well run. It moderates the power of management, and has the power to hire and remove the chief executive.

## Representation of constituencies and viewpoints.

- Board members are chosen so that they can bring to the board the experience or perspective of a particular group or segment of the organization's constituency. Boards are not inherently democratic institutions, but they do provide an opportunity for the groups and communities that a nonprofit serves to have a voice in its governance.

## The Non-Profit's the Thing

- However, representing a constituency or viewpoint takes a back seat when voting — all board members are expected to vote with the nonprofit's best interest in mind



# Protocol

## Responsibilities

- DEMA Bylaws – Board members should be familiar with and understand DEMA's Bylaws. No action should be taken that would be contrary to the Bylaws.
- Meetings – Board members should attend all Board meetings, whether in person or telephonic meetings, and all special meetings called by the Board or the Executive Director to which Board members are invited.



# Protocol

- Meetings
  - Board members must come fully prepared to participate in the meetings. Should circumstances prevent attendance, Board members should notify the Executive Director as much in advance as possible
  - Board members should conduct themselves in a manner that positively represents DEMA and inures to the best interest of DEMA.



# Authority of Board Members

- Board members are authorized to serve as a part of the collective body of the Board of Directors.
- Board members have no individual authority except as designated by Board vote or as may be delegated by election as an officer, assignment as a Committee Chairperson or other special assignment by the Board.
- Individual Board members, except as defined above, have no individual authority to direct the DEMA Staff or to make legal or financial commitments on behalf of DEMA.



# Confidentiality, Conflict of Interest

- Board members shall at all times adhere to the policies of confidentiality established by DEMA



# Individual Communications

- Board members may speak and make commitments on behalf of the Board and DEMA when specifically authorized by the Board to do so.
- Board members may communicate clear decisions and approved programs at any time.
- As appropriate, when making statements in writing or in public, Board members should indicate that their statements are personal or referring to their own businesses. Unless otherwise authorized, Board members should not attempt to speak for DEMA



# Individual Communications

- Board members may communicate personal opinions on DEMA issues for which clear decisions have not been made, identifying the opinion as personal, and should suggest the DEMA office be contacted for further information. Board Members should also encourage discussion and debate.
- It is the Directors' responsibility to support the vote of the Board of Directors once a vote on a given issue has occurred. However, Board Members shall have the right to publicly disagree with any Board decision. The vehicle for public disagreement is a point-counterpoint article in a DEMA publication and/or website ([www.dema.org](http://www.dema.org))



# Meetings

- As much as possible, Board members should prepare in advance for meetings by reading materials provided and becoming familiar with the topics to be discussed.
- Agenda items for Board meetings should be presented to the Executive Director using the protocols established by DEMA.
- The President or Chair of a meeting shall conduct the meeting and have the authority to control debate. In the event of a disruptive process any voting member may ask that the procedures revert to using Robert's Rules of Order



# Committees

- Committees serve as advisory groups for (1) the needs of the Executive Director and his proposed programs, and (2) the needs of the Board.
- Committees are established under the following procedure:
  - Executive Director or Board of Directors suggests the need for a specific committee
  - The President, after consultation with the Executive Director, appoints the Committee Chairperson
  - The Board of Directors, by affirmative vote, approves the Chairperson and the Committee's specific duties, purpose, term, authority and responsibility.



# Committees

- The Committee Chairperson, with consultation with the Executive Director, appoints the committee members.
  - Committees should be kept small
  - Utilize members from a range of industry segments
  - Include non-Board members when appropriate (all must sign confidentiality agreement)
- The activities of all working committees shall be communicated to the entire Board by the Executive Director through minutes of committee meetings or monthly reports



# Committees

- The scheduling of all committee meetings is communicated to the entire Board by the Executive Director, and any Board member is authorized to attend any committee meetings.
  - All committees also have a staff member assigned
- Committee Chairpersons must obtain Executive Director approval for any funds to be spent or committed. Should a dispute concerning such arise, the President shall serve as arbitrator to resolve the dispute.



# Committees

- A committee's function is advisory only, and no committee shall have the authority to commit DEMA legally or financially, unless such authority is specifically delegated by affirmative vote of the Board.



# Expenses of Board Members

- Board members are entitled to reimbursement of approved expenses.
- Approved expenses, generally are those expenses:
  - Incurred to attend Board meetings and other special meetings which a Board member is requested to attend, either by the Board or the Executive Director
  - That are above and beyond expenses that would be incurred in the individual Board member's normal course of business due to conducting DEMA business



# Expenses

## Airfare

- Airfare, for flights taken for Association business shall be coach/economy ticket with applicable advance purchase considerations being a requirement.
- Fees for changing flight schedules are generally not reimbursed
- Justification, presented to the Executive Director, is required for tickets purchased less than 21 days prior to departure date
- Reimbursements will be limited to the published lowest available fare as of the date of the 21-day advance purchase requirement



# Expenses

## Hotels

- Hotel expenses will be limited to the night before the day the Board Meeting starts through the night the Board Meeting adjourns. (i.e.: Board Meeting is scheduled for Monday and Tuesday; thus DEMA will reimburse for hotel rooms for Sunday, Monday and Tuesday nights.)
- Generally speaking, most Board meetings will end early enough to allow departure on the last day of the meeting. However, always allow for extended discussions so that no part of the meeting is missed.



# Expenses

- Meals are reimbursable during the Board Meetings only.
- Car rentals must be pre-approved and will not be reimbursed without pre-approval.
- Concerning other expenses:
  - Justifiable business/entertainment expenses are allowed however purchase of personal liquor separate from meals is not considered an approved expense.
  - Spouse attendance and attendance at industry social functions may be acceptable if there is no additional charge to DEMA.



# Expenses

- Concerning other expenses:
  - Board of Directors expense disputes shall be arbitrated by the Executive Director or the Treasurer of the Board of Directors.
  - Expenses shall be reimbursed using DEMA's expense report or other approved form.
  - All reimbursed expenses must be in accordance with the IRS guidelines for a 501 ( c ) 6 Corporation.



# Dispute Resolution

- Any Board member operating outside the Bylaws of the Board Protocols shall be consulted by the President, or such individuals as the President may designate.
- Should such occurrences persist, the Member shall be consulted by the entire Board of Directors.
- Repeated violations of Bylaws and Board of Directors Protocols, will be addressed to the full extent provided for within the Bylaws



# DEMA Officers

## Job Descriptions



# President – Chief Elected Officer

- Assists the Board of Directors in developing a strategic vision and direction for the Association
- Creates a safe environment for decision making where a candid and open exchange of ideas occurs
- Oversees Board and executive committee meetings
- Serves as ex-officio member of all committees
- Works in partnership with the Executive Director to make sure Board resolutions are carried out
- Calls special meetings if necessary
- Appoints all Committee Chairs and, with the Executive Director, recommends who will serve on committees



# President – Chief Elected Officer

- Assists Executive Director in preparing agenda for Board meetings
- Assists Executive Director in conducting new Board member orientation
- Oversees searches for a new Executive Director
- Coordinates Executive Director's annual performance evaluation
- Works with the nominating committee to recruit new Board members
- Acts as an alternate spokesperson for the organization
- Periodically consults with Board members on their roles and help them assess their own performance



# Vice President

- Provides consultation to the President
- Attends all Board meetings
- Serves on the executive committee
- Carries out special assignments as requested by the Board President
- Understands the responsibilities of the Board President and is able to perform these duties in the President's absence
- Participates as a vital part of the Board leadership



# Treasurer

- Oversees adherence to budget and overall financial matters in consultation with the President and the Executive Director
- Maintains knowledge of the organization and personal commitment to its goals and objectives
- Understands financial accounting for nonprofit organizations
- Manages the Board's review of and action related to the Board's financial responsibilities.
- Works with the President and Executive Director to ensure that appropriate financial reports are made available to the Board on a timely basis.
- Assists the President and Executive Director in preparing the annual budget and presenting the budget to the Board for approval.
- Reviews the annual audit and answers Board members' questions about the audit.



# Secretary

- Attends all Board meetings
- Serves on the executive committee
- Oversees minutes of meetings and provides Consultation to the President.
- Assumes responsibilities of the President in the absence of the Board President and Vice President.
- Assures that notice is provided of meetings of the Board and/or of a committee when such notice is required
- Approves the list of Board nominees for future elections



# Board Member Tasks

- Define the needs to be met, for whom and at what cost
- Define the ends that are to be accomplished on behalf of its membership
- The DEMA Staff (rather than the Board member) carries out the means to reach the ends that have been determined by the Board





# Historical Review – Association

- Originally Diving Equipment Manufacturer's Association.
- 1994 DEMA became the Diving Equipment and Marketing Association.
- Current membership includes five stakeholder groups who are equally represented on the board.
- Surplus from the DEMA Trade Show and membership dues support the purpose and mission of the organization



# Historical Review – DEMA Show

## DEMA Show began 1977

### 1st ANNUAL DIVING INDUSTRY TRADE SHOW

**Sponsored by the Diving Equipment Manufacturers Association**  
 January 16, 17, 18  
 Sheraton Four-Ambassador Hotel  
 Miami Beach, Florida

**Exclusive Show for Diving Industry Retail  
 Store Owners and Their Employees**

This show is being sponsored for the diving retailer and his employees. It is designed to be a common meeting place to preview 1977 product lines and to explore the current decisions facing the diving industry. In addition to the exhibits there will be educational seminars, repair clinics, discussion groups, hospitality suites and industry sponsored social events.

**Call Jim Hall, General Manager  
 Diving Equipment Manufacturers Association (D.E.M.A.)  
 (714) 836-1431 for Further Information**

*Proceeds earned from this event will be used to  
 promote the sport of diving.*

#### LIST OF EXHIBITORS

<ul style="list-style-type: none"> <li>1) Sea Quest</li> <li>2) Nautica</li> <li>3) DEMA</li> <li>4) PADI</li> <li>5) Sportsways</li> <li>6) Bayview</li> <li>7) Shebco</li> <li>8) Imperial</li> <li>9) ScubaPro</li> <li>10) Tetra</li> <li>11) U.S. Divers</li> <li>12) Aqua Craft</li> <li>13) Aqua Safari</li> <li>14) Skin Diver</li> <li>15) Sea Tec</li> <li>16) Sub Sea</li> <li>17) Aqua Tech Int'l.</li> <li>18) Teach/Tour</li> </ul>	<ul style="list-style-type: none"> <li>19) Healthways</li> <li>20) Tempa</li> <li>21) Mynor</li> <li>22) Fintlon</li> <li>23) Von (Swimaster)</li> <li>24) Kettle</li> <li>25) S.S.L.</li> <li>26) InnerSpace Res.</li> <li>27) Aqua Craft</li> <li>28) Hydro Photo</li> <li>29) White Stag</li> <li>30) Ocean Apparel</li> <li>31) Divers' Victory</li> <li>32) Water Gill</li> <li>33) Oceanic</li> <li>34) Undersea Systems</li> <li>35) Cavallero</li> <li>36) PDC Ed Brawley</li> </ul>
<ul style="list-style-type: none"> <li>37) Global</li> <li>38) Nautica</li> <li>39) Undersea Kinetics</li> <li>40) Reckoff</li> <li>41) Poseidon Ventures</li> <li>42) Sea West, Inc.</li> <li>43) Oo Diving, Inc.</li> <li>44) Hal Watts' Progressive Sales Seminar</li> <li>45) Piding Rock Inn</li> <li>46) PADI College</li> <li>47) NACU</li> <li>48) Underwood Salsale</li> <li>49) Underwater Designers</li> <li>50) Henderson Aquatics</li> <li>51) Dimension 2</li> <li>52) Supreme Divers, Ltd.</li> <li>53) Bristol Bluewater Boats</li> <li>54) Key Largo Diving Headquarters</li> </ul>	



# Historical Review – DEMA Show

- DEMA Show contributes approximately 85% - 90% of total Association revenue
- 2010 will be the 34th DEMA Show and will be held in Las Vegas, Nevada
- 5% of gross revenue from each show is designated as a Manufacturer's Fund for control and use by the Manufacturer's Committee

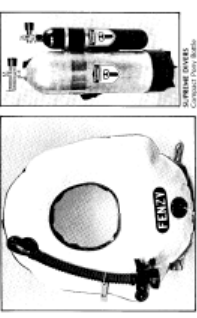


## New Products Unveiled at DEMA Trade Show

By Jim Hall

Nearly 100 exhibits were featured at the 33rd DEMA Show, an impressive display of new products and services. The show, held at the Las Vegas Convention Center, was a major success for the diving industry. Exhibitors showcased a wide range of products, from regulators and tanks to diving computers and accessories. The show was a great opportunity for manufacturers to showcase their latest innovations and for divers to see the latest in diving technology. The show was held from October 14-18, 2010, and was a major success for the diving industry.

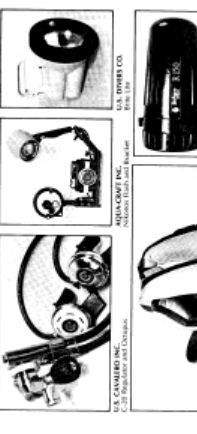
U.S. CANADIUM INC. showcased a new line of regulators, including the new 3300 Regulator. The 3300 Regulator is a new design that offers improved performance and reliability. It features a new diaphragm and a new seal, which helps to reduce the risk of leaks and improves the overall performance of the regulator. The 3300 Regulator is available in both first and second stage configurations. Other new products from U.S. Canadium include the new 3300 Tank, which is a new design that offers improved performance and reliability. The 3300 Tank is available in both 80 and 100 cubic foot configurations. Other new products from U.S. Canadium include the new 3300 BCD, which is a new design that offers improved performance and reliability. The 3300 BCD is available in both first and second stage configurations.



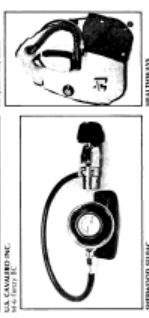
U.S. CANADIUM INC. 3300 Regulator  
U.S. CANADIUM INC. 3300 Tank



U.S. CANADIUM INC. 3300 BCD



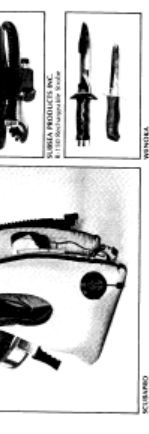
U.S. CANADIUM INC. 3300 Mask



U.S. CANADIUM INC. 3300 BCD



U.S. CANADIUM INC. 3300 BCD



U.S. CANADIUM INC. 3300 Mask

U.S. CANADIUM INC. 3300 Regulator  
U.S. CANADIUM INC. 3300 Tank  
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U.S. CANADIUM INC. 3300 BCD  
U.S. CANADIUM INC. 3300 BCD  
U.S. CANADIUM INC. 3300 Mask



# DEMA Show Management

- 1992 - 1994: Browning & Cohen
- 1995 – 2000: Epic Enterprises/PGI
- 2001 – 2002: In House Management
- 2003 – Present: National Trade Productions (NTP)



# DEMA Show Attendance Credentialing

## For Buyer Designation the following qualify as appropriate credentials:

- Must present a photo ID (driver's license or photo diving certification card or similar) along with (any of the following):
- Copy of business license with name of retail business under which the buyer registers PLUS Business Card; or
- Tax ID# along with the name of the retail business PLUS business card; or
- Wholesale invoice from a diving equipment manufacturer with name of the retail business (quantities and pricing may be blackened out)

**International identification for Buyers** - business registry information used in the country of origin or which permits buying in the US



# DEMA Show Credentialing

## **Instructors, Assistant Instructors, and Dive Leaders NOT registering as store staff**

- Must present a photo diving certification card that indicates the level of professional certification achieved; OR
- A non-photo certification card with appropriate leadership credentials PLUS a valid photo ID.

## **Travel Industry Professionals – Photo ID is required PLUS:**

- Copy of business license with name of business under which the travel employee/owner registers PLUS Business Card; or
- Tax ID# along with the name of the business PLUS business card;  
or
- Wholesale invoice from a diving travel provider with name of the business (quantities and pricing may be blackened out) PLUS Business Card



# DEMA Show Credentialing

## **Industry Professionals** – Photo ID is required PLUS:

- Copy of business license with name of business under which the employee/owner registers PLUS Business Card; or
- Tax ID# along with the name of the business PLUS business card

## **International Identification for Industry Professionals**

Photo ID and Business card are required PLUS Business registry information used in the country of origin or which permits buying in the US

## **Dive Store Staff** - Must present a photo ID (driver's license or photo diving certification card or similar) along with:

- Copy of business license with name of retail business under which the staff registers PLUS Business Card; or
- Tax ID# along with the name of the business PLUS business card; or
- Invoice from a diving equipment manufacturer with name of the retail business (quantities and pricing may be blackened out) PLUS Business Card

## **International identification for Dive Store Staff**

Business registry information used in the country of origin which permits buying in the US, PLUS Business card



# DEMA Show

## Housing

- Most hotels within 5 miles of convention centers in popular cities (Orlando, Las Vegas) will range from \$110 to \$190.
- DEMA negotiates the best possible rates 3 – 5 years in advance of the DEMA Show. This locks in rates for the show, but leaves DEMA vulnerable to rate changes at the hotel as well as undercutting through internet or “room pirate” sales



# DEMA Show

- DEMA has negotiating strength due to its ongoing position as top 200 show (*Trade Show Week Magazine*)



# Show Venue

## Most popular cities (industry-wide survey):

- Orlando
- New Orleans
- Las Vegas
- Venue Selection has a direct impact on net income due to cost of convention center, unionized labor, convention center requirements to use in-house services, etc.
- Selection of cities must be made 3 – 5 years in advance of the DEMA Show



# Show Venue General Selection Criteria

- Attendee popularity
- A city or metropolitan area with cultural or entertainment attractions and special event venues appealing to the diving professional. There should be a variety of restaurants and other entertainment within a 10 minute walking distance of the host hotel/convention center
- City should be a major airline destination for North American and international travelers. The city should have a substantial number of direct flights coming into the city, and be a hub for at least one major airline
- Current *Trade Show Week* Labor rates for the city must be within 10% of the median current *Trade Show Week* rates for past DEMA cities.



# Show Venue Criteria

- There must be an available convention facility that meets DEMA's exhibit and meeting space needs. The convention center must be in a location convenient to major hotels, the international airport and city points of interest. The minimum convention center size is approx. 500,000 gross square feet.
- A minimum of 30 meeting rooms in the convention center, capable of holding at least 50 – 100 people while using classroom style seating.
- Hotels convenient to the convention and exhibit facility for up to 12,000 attendees. Hotel facilities should accommodate a minimum of 1,500 rooms peak night pick up, with 10,000 total room nights required within DEMA's block. This number of hotel rooms must be within a 5-mile radius/15 minutes travel time (whichever is less) of the convention center.
- Hotel room rates within the block cannot exceed \$180.00/night



# Show Schedule

- DEMA Show 2010: Nov. 17-20, Las Vegas, NV
- DEMA Show 2011: Nov. 2-5, Orlando, FL
- DEMA Show 2012: Nov. 14 – 17, Las Vegas, NV
- Based on survey data and discussion with retail buyers, travel buyers and exhibitors, a Las Vegas/Orlando rotation was put into place at least through 2012.
- Currently New Orleans hotels continue to exceed cost maximums



# Mission

To promote sustainable growth in safe recreational diving and snorkeling while protecting the underwater environment.



# Goals

1. To produce an annual trade event for the industry which services the needs of its stakeholders and produces a successful financial outcome for the association.
2. To engage in marketing programs which promote the industry, create new customers, drive business into retail stores and resorts and promote diver retention.
3. To dedicate funds annually to detect and act upon potential legislation which could affect the industry.
4. To engage in marketing research programs which will:
  - Define the universe of divers
  - Determine the rate of erosion amongst existing divers
  - Determine the number of entry level certifications which take place in the United States and Caribbean each year
  - Provide retail audit information
5. To protect natural aquatic resources.





Diving. It's Like Nothing On Earth.

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