



International
Labour
Organization

The Effective Employers' Organization

A series of “hands-on” guides to building and managing effective employers' organizations



Building a strong and efficient sectoral employers' organization



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How to use this guide

“Building a strong and efficient Sectoral Employers’ Organization (SEO)” is the sixth guide in a series that constitutes the Effective Employers’ Organization package. Compared with the other guides, this one is designed to help executives, directors and managers of employers’ organizations that represent specific sectors of the economy, to build and run their organizations more strategically, effectively and efficiently. The guide is aimed at those setting up, building and managing SEOs, as well as those undertaking or considering a strategic review of the way they currently operate.

The worldwide network of SEOs includes small SEOs, which represent sectors that employ several thousands of employees, up to very complex SEOs that represent sectors that employ millions of employees. In some countries, a particular sector represents a very small percentage of the nation’s economic output, while in other countries the sector is a pillar of the national economy and a major contributor to the national Gross Domestic Product (GDP). This is why it is impossible to propose a one-size-fits-all model for an SEO. Nevertheless, this guide provides practical advice and tools that will help the leaders of well-established SEOs to review their approaches on different aspects of their operations, or to help newer organizations build appropriate structures and processes from the outset. It is up to the readers of the guide to apply the advice and tools in a way that is appropriate for the size of their SEO and with the regional and cultural environment in which it operates.

The guide is intended as a multi-purpose tool and although it is designed as a relatively straightforward and interesting read, working through it from cover to cover is not the only – or the best – way to maximize its value. As SEOs will start from different positions with respect to their “actual” and “preferred” situations, the various sections of the guide will appeal to differing audiences; and although certain points will doubtless command universal interest, others may appear simplistic to one reader and overambitious to another.

For example:

- Some SEOs might be interested in a full review of their operations – for example, new SEOs interested in building their organization from scratch or existing organizations establishing a strategic plan/conducting a regular review. The chapters of this guide will provide essential advice for a full review of the SEO’s operations.
- Other organizations might be interested in one specific aspect of their operations; they can use one or more chapters of the guide that they deem useful.

Each section provides a checklist that can be used to facilitate action planning, or otherwise used as a benchmark of where the organization stands on a particular issue.

The tools provided in this guide are of three types:

Checklists



Checklists are designed to help review where the SEO is currently placed, to identify deficiencies and to plan ways to design and implement better structures and processes.

Best practices



Best practices provide examples of how other organizations have tackled the same problems.

Practical exercises



Practical exercises can be used individually, by working parties or by decision-making bodies.

Section One

The importance of sectoral employers' organizations

Employers' organizations play an important role in most countries and bring undisputable benefits to their members and nations. Section One puts employers' organizations, in particular sectoral employers' organizations (SEOs), on the global map. Different kinds of SEOs are described and the notion of a "sector" is examined. A closer look is taken at the contradiction that occurs between creating a sufficient critical mass to establish influence while advocating specifics for sub-groups. The common challenges SEOs face are illustrated. Finally, the key areas for organizational building are pointed out as are the ways to success; all will be dealt with in the guide.

1.1 Employers' organizations nationally and internationally

Employers' organizations play an important role in nearly all countries in the world, for the most part cooperating well with trade unions and governments. Employers' organizations contribute to development in their countries, not only in the labour market, but also in civil society, including by strengthening democracy, economic efficiency and social equity. In countries in transition, employers' organizations play an essential role in the course of the changeover to a market economy from a previous planned economic system.

In many countries the employer side is made up of sectoral employers' organizations (SEOs) which together form a cross-sector "umbrella" confederation of employers. The SEOs are often the backbone of the confederations and influence their affairs in the interest of all employers in the country. A regional dimension to the employer side is also present in many countries.

Employers' organizations are also active internationally on several levels. The confederations are members of the International

Organization of Employers (IOE) which voices the common interests of employers globally, and supports them in the activities of the International Labour Organization (ILO) in cooperation with the Bureau for Employers' Activities (ACT/EMP) in the ILO.

SEOs also form international sector organizations, particularly in Europe, which have a considerable influence on the development of the respective sectors. Examples are the European Chemical Industry Council (Cefic), The European Engineering Industries Association (Orgalim) and Eurocommerce. Thus SEOs are important parts of national and international networks for the benefit of their member companies.

1.2 Different kinds of SEOs and their activities

SEOs have different historical backgrounds and experience. In Europe their history spans more than one hundred years, whereas in countries in transition they have been present for only 15-20 years. The mandates and agendas of SEOs differ as well, something that one has to bear in mind when studying this guide. In principle, there are three kinds of SEOs:

- "Pure" employers' organizations, dealing with social affairs, employer-employee relations and collective representation in relation to trade unions and the State, mainly collective bargaining;
- Trade organizations without a mandate to become involved in employers' affairs; dealing with trade matters related to the sector; taxes, customs, environment, products, standards and more;
- "Mixed" organizations covering the whole span of the abovementioned matters.

"Pure" SEOs, present in Europe for many years as a counterpart to the trade union organizations, developed many sister organizations which took on trade matters in the aftermath of the Second World

BOX 1

CASE STUDY – CENTRAL AND EASTERN EUROPE

In the late 1980s and early 1990s, after several decades of centrally planned economies, the countries of Central and Eastern Europe embarked on the creation of new and modern democratic societies, a trend which was also introduced in the countries' economic life. This meant that new companies and employers needed to re-create the lost culture of economic and personal relations. Notwithstanding the significant challenges faced by sectoral employers' organizations in the EU member states of Central and Eastern Europe, SEOs' achievements in building modern industrial relations justify using them as a case study for building modern sectoral industrial relations. This is particularly the case in a society transferring from a centralized illiberal type of societal governance to a market economy and democratic society.

Sectoral trade unions and, in some cases, even sectoral industrial associations were an integral part of the socialist system, but they played no role in employment relations and this is still the case for many centralized, totalitarian or dictatorial societies. It should therefore be recognized that in certain countries the formal existence of such organizations does not make modern industrial relations a reality, for they are often only a propaganda move or a window-dressing exercise.

An increase in independent firms (due to economic decentralization and privatization) stimulated the rapid emergence of sectoral employers' organizations in Central and Eastern Europe. However, credit must be given to the governmental support for tripartite structures, which had positive effects on the development initiatives of the newly-created sectoral employers' organizations. This governmental support was given in order to balance the power of trade unions. In the same way as the historical development of sectoral employers' organizations, their re-emergence in new democratic societies was greatly motivated by the need to find a partner for sectoral trade unions and facilitate sectoral-level bargaining. However, industrial relations have developed significantly since then and the reasons for creating an SEO should not be based only on the fact that there is a sectoral trade union.

War. Over time, members of both found the double membership irrational and today, mixed organizations are dominating the picture after mergers at sector level as well as at umbrella level. In countries where organizational building is in progress, employer organizations (Eos) usually take on the broader mandate from the very beginning. Among the trade organizations, you may find organizations with a similar character to Chambers of Commerce, which may use this guide when moving into the field of employers' affairs.

The industrial relations arrangements in countries with well-developed social dialogue differ from each other, as do their welfare regimes and social models; however, they also share a number of common features. Historically, the industrial arrangements and their achievements in contributing to growth and publicly-secured social protection in the post-1945 world, have rested on such essential institutional pillars as a degree of solidarity wage-setting, based on coordination at sectoral level, and tripartite policy arrangements. It is no surprise that the successes of social dialogue

and high bargaining coverage rates of European countries are directly linked to the existence of sectoral employers' organizations¹.

The routine involvement of SEOs (whether directly or indirectly by contributing to cross-sectoral representation), in consultation over social and economic policies, is a core element of social dialogue at all levels. This routine involvement can take different forms: it may be guaranteed by law; be embodied in councils or tripartite advisory bodies and committees that meet regularly; or it may be more informal, although more significant than just an *ad hoc* affair only convened in times of crisis and necessity.

SEO's provide the foundation for collective interest representation and this is why the very existence of SEOs is an obvious *sine qua non* for social dialogue to take place. The "quality" of industrial relations is directly linked to the social and institutional support that the industrial actors enjoy in a particular political context, but which the actors must also earn.²

¹ European Commission: Industrial Relations in Europe 2008 (Brussels, Directorate-General for Employment, Social Affairs and Equal Opportunities, 2009), pp. 19–39.

² J. Visser and A. Hemerijck: "A Dutch miracle: Job growth, welfare reform and corporatism in the Netherlands" (Amsterdam, Amsterdam University Press, 1997), p.70.

Social support of the SEO is evidenced by membership, mobilizing power and standing in public opinion, while institutional support is based on recognition of SEOs as social partners by lawmakers. It is codified in legal norms and supported by public policy regarding the rights of representation, consultation and co-determination in the particular domains of policies affecting the sector. This guide addresses all these issues.

1.3 Notion of a sector

Before going any further in the analysis of SEOs, it is first necessary to focus on the notion of a sector. In many countries there is a workable demarcation of sectors although different stakeholders may have claims regarding the exact delimitation. However, the notion of “sector-level industrial relations” does not always correspond to the same reality in different countries, and the delimitation of a sector may not be as simple as it seems. Keller has already noted that “there is no exact official definition of which criteria constitute a “sector””;³ a good example is “the transport sector”, which covers very diverse activities such as civil aviation, road transport, railways and maritime transport. The “services sector” is not officially defined either. The NACE classification is generally used to delineate the activity in economic terms; however, the reality of one sector in a country, particularly in terms of a perimeter for industrial relations, may vary from the economic standard.

Nevertheless, it is important to have a common notion of a sector, as it facilitates learning from this guide; for this reason, within this guide, a sector means a clearly defined section, segment or division of economic operators. The definitions of sectors can be based on:

- Types of product manufactured/service delivered (for example, the Association of Swedish Engineering Industries, the UK Boot and Shoe Manufacturing Association or the *Asociacion de Hoteles de Turismo de la Republica Argentina*);
- Technologies used by the group of operators (for example, BIOTECanada – the Canadian Biotech Association);
- Type of feedstock used by the group of operators (for example, the Association of Plastics Convertors in Hungary);
- Specific product life-cycles (for example, the Photovoltaic Cycle Association in Germany);
- Specific stages in the production chain (for example, the Spanish Association of Tensioactive Substances Producers; producing raw material for companies manufacturing final products – detergents and affiliated cleaning products; for example, in Japan, the Soap and Detergent Association);
- Type of ownership structure (for example, the Hungarian Association of Cooperatives);
- Any combination of the above (for example, the Association of Public Hospitals in Slovakia).

This outline of a sector narrows the subject of this guide and defines the term “sectoral employers’ organization” (SEO) in order to facilitate continued reading of the guide. A sector may be further subdivided into sub-sectors. Use of the term “sector” and “sub-sector” is often used to underline the relative position of two sectors or SEOs (but not necessarily the hierarchical subordination of particular SEOs). For example, producers of plastics are a sub-sector of the petrochemical sector, which in turn is a sub-sector of the chemical sector, and so on.

Within areas that are subject to collective bargaining, even the demarcation lines of the sector itself are negotiated in the sense that the parties have agreed on which companies are covered by the agreement. In some countries the sectors are defined by legislation. Sub-sectors within an SEO are very common in countries with a developed collective bargaining system and the sub-sectors are also foundations of other activities, including lobbying (more information is given below). Thus, the boundaries of a sector are often more influenced by the needs of a particular group of economic operators in collective representation and advocacy regarding others, than by formal classification.

There are currently over 5000 SEOs operating in Europe alone, so the choice of examples is ample; in the last section, the guide provides links to some SEOs throughout the world. The Internet also offers a wealth of contacts for SEOs, which can be used to find partners in other countries and may also help in formulating an SEO’s strategy and actions.

³ B. Keller: “Social dialogues. The state of the art a decade after Maastricht”, in *Industrial Relations Journal*, (Hoboken, NJ, Wiley, 2003), Vol. 34, No. 5, p. 420.

1.4 Balancing specific interests against critical mass

SEOs operate in very competitive frameworks of collective representation; the competition in collective representation exists also within one sector. SEOs normally strive to reach a critical mass in order to be representative and influential, be it in advocacy or collective bargaining. But the scope of the critical mass has to be compared to the specific objectives the SEO wants to achieve. The narrower the “sectoral” definition of the group of stakeholders, the more the SEO can focus on reflecting the interests of the group. And conversely, the larger the area the SEO tries to cover, the less specific it can be as to subdivisions. But an approach from a larger group can have more political impact.

This is why each challenge faced by members will require careful consideration of the influencing power/critical mass the SEO has, as well as an examination of possible short-term coalitions or even mergers with other SEOs in order to serve the interests of members in the best possible way.

A common solution is to use the brand name and influence of the whole SEO in order to represent a sub-group's interests, taking into account that favours must be distributed fairly over time among the sub-groups. Also, this paradox between specificity and critical mass may require some good governance solutions, for example, specific internal committees for sub-sector activities.

These assessments are also related to membership of the national umbrella organization. This organization is an essential channel for an SEO to national-level policy-making. In the same way, SEOs' support for their umbrella employers' organization broadens the employers' voice by making it stronger and more effective.

The experience of many campaigns led by SEOs shows that any effort to increase the influencing power of the SEO through coalitions with other SEOs, national umbrella employers' organizations or partners at European and global levels, yields excellent results. Such coalitions found the necessary political support, got across more credible messages and respected the interests of more than one sector, such as downstream users and final consumers. In other words: playing well with others pays off.

The need to reach a critical mass/influencing power mainly refers to collective representation with regards to the social partners and State authorities in advocacy activities (including social dialogue). This is, however, a very narrow view; the SEO also needs this critical mass for establishing collaborative initiatives (such as Responsible Care® in the chemical sector worldwide or the HERA programme in the detergent sector) and for the essential services provided to members (such as technical standardization in the gas sector). This is why taking into account critical mass/influencing power is not only an advocacy-related issue. Moreover, later in the guide, the issue of reaching critical mass is analysed from the point of view of making the SEO's operations financially feasible.

To summarize, the SEO must analyse its critical mass/influencing power, which has two components:

- Internal critical mass/influencing power – i.e. how wide is the political support the SEO can secure; this can be extended by increasing representativeness, merging with other SEOs with similar interests, etc.;
- External critical mass/influencing power – i.e. how wide is the support that the SEO can solicit from other employers in order to secure wide political support for its actions. It can be increased through building coalitions with other SEOs or umbrella employers' organizations at national and international levels.

1.5 Future challenges for SEOs

Although there are differences between countries and world regions, SEOs face common challenges. These challenges concern several issues, such as membership rates, services offered to members, the scope of activities and the efficient use of available resources; sometimes the whole mission or the main objectives of the organization are questioned. The good news is that it seems that SEOs have not faced a severe decline in membership in recent times⁴ as is the case for trade unions, due to the loss of their traditional support base in the manufacturing and public sectors. This is probably due to the fact that SEOs are active in networking and lobbying activities which are essential for traditional as well new sectors of the economy.

⁴ European Foundation for the Improvement of Living and Working Conditions: Industrial relations development in Europe 2008, (Dublin, 2009), pp. 24–25 and Overview of industrial relations in the EU and other global economies 2008-2009, (Dublin, 2009), pp. 10–12.

Nevertheless, SEOs face other challenges related to the recruitment of new members and their organizational preferences, for example in promoting membership among small and medium-sized enterprises (SMEs) or in extending representation in the services sector.

In Eastern Europe it is a challenge for SEOs to act in harmony to gradually diminish the role of the State in, for instance, collective bargaining. Moreover, SEOs face increasing pressure from their members to cut down on resources, enhance the accountability of the leadership and be more assertive in promoting entrepreneurship. Calls for cutting resources go hand in hand with the growing number and complexity of issues to be dealt with by SEOs, such as promoting global product strategies, supporting collaborative initiatives aimed at improving companies' performance in protecting human health and the environment; or addressing the impact of the sector on climate change. This is why the efficiency of SEOs' structures and operations will be the key theme of many discussions amongst corporate leaders on the future of their sectoral collective representations.

Globalization strongly influences sectoral social partners' attitudes, for traditional labour relations have to cope with entirely new and very dynamic situations. Globalization accelerates economic interdependence between countries on an intraregional and interregional basis and encourages individual companies to take a similar business approach in competitive markets; it consequently has an impact on sectoral industrial relations. As a result, sectoral industrial relations arrangements may begin to converge around the world. This convergence is already visible in many strongly globalized sectors and has already had an impact on SEOs representing their sector around the world.

Globalization also encourages a greater use of economies of scale, leading to a higher concentration in sectors (through mergers and acquisitions) as the structure of the sector itself undergoes changes. SEOs must be proactive in adapting their organizational strategies and operations to this trend. Globalization also involves large global companies, often with structures of a conglomerate nature, whereby company activities encompass activities which are not specifically limited to one sector.

Furthermore, the current movement towards deregulation, decentralization and individualization of employment contracts may impinge on the

outcomes and authority of collective bargaining (which by its very nature is centralizing), while globalization pushes towards more flexible labour markets and the relaxation of employment protection legislation. However, the Europeanization processes try to guarantee minimum standards for all workers in the EU, and, as a result, the coordination and cooperation of social partners at EU sectoral level will intensify in the future.

There are no universal models for sectoral social partners, SEOs in particular, in the global sense, and only time will show which type of model will survive global competition. However, the conclusion is that SEOs not only have undisputable reasons to exist, but that their importance will grow with time. This is why employers need to address future challenges in order to reap the benefits of well-structured and organized sectoral collective representation in which SEOs are the key institutions.

There are many good examples of adaptation and tackling of challenges. For instance in Australia, where changes in collective bargaining have led SEOs to play a less active role in bargaining, SEOs have thus turned their attention towards developing advisory services and many have started charging a fee for their services instead of continuing a membership-based revenue model. In Sweden people from the service industries and the "modern" sectors such as the IT-software industry have been successfully recruited as members of SEOs. The IT companies' own "weapons" have been used, such as special web sites directed at this sector containing not only "social affairs matters" (which are not at the forefront of young entrepreneurs' minds now, but will be later!) but other topics of immediate interest for them; all in order to increase awareness of the SEO among the companies.

1.6 Key areas in organizational building

This guide will cover the most important circumstances and challenges, situations and platforms, the basic principles, structural features and driving forces, which have to be considered when setting up, developing and running a successful SEO.

As a readable format is desirable, this guide does not claim to be exhaustive. First and foremost, attention is paid to situations that we know from experience occur frequently in the "real life" of an

SEO. That means that the guide deals with strategic long-term issues as well as hands-on issues involved in the day-to-day work within an SEO.

The key areas identified in terms of developing an SEO, which are also reflected in the sections in this guide, are the following:

- Membership
- Revenue building
- Governance
- Advocacy
- Social dialogue/collective bargaining
- Services
- Strategic planning

Deliberate and well carried out activities within these areas will pay off, and it is very much about creating virtuous circles. Lessons learned leading

to success within these areas include that the “organizational world” – as the business world – is changing constantly and that SEOs have to adapt accordingly to meet and channel members' demands; continuous strategic planning is a must to this end. Size and representativeness of the SEO matter as a basis for resources and influence. Building up a good brand name and image is essential. Active membership policy is needed, and this goes together with balanced revenues in order to achieve optimal representativeness. Transparent institutions of governance with prominent representatives free from undue interests are important ingredients. Public and successful advocacy strengthens the SEO, as does result-oriented participation in collective representation, such as collective bargaining. Demand-driven services make the SEO attractive in providing added value for the member companies. SEOs that score highly within these areas will be winning. This guide aims to support the SEOs in their endeavours to be successful.



SECTION ONE CHECKLIST

- ☐ How defined is the corporate membership sector that the SEO would like to attract?
- ☐ How does the SEO tackle the task of building up a critical mass/influencing power?
- ☐ Did the SEO consider where it can use its influencing power to best benefit members?
- ☐ Did the SEO reach the critical mass necessary to effectively represent members?
- ☐ Did the SEO reach the critical mass necessary to operate efficiently and with adequate resources?
- ☐ Does the SEO participate in collective bargaining at sectoral level?
- ☐ What are future trends in collective bargaining in the sector the SEO represents?
- ☐ What sector-specific legislative issues does the SEO address?
- ☐ What sector-specific policy issues does the SEO address?
- ☐ Does the sector-specific legislation affect other sectors?
- ☐ Are the interests of other sectors competing with the interests of the SEO's members?
- ☐ Does the SEO cooperate with downstream users and their SEOs on sector-specific issues?
- ☐ Does the SEO address regularly the challenges that globalization is bringing about?
- ☐ Does the SEO promote membership of SMEs?
- ☐ Does the SEO regularly evaluate the efficiency of its structures and operations?
- ☐ Is the SEO a member of a national umbrella employers' organization?
- ☐ Is the SEO a member of a sectoral employers' organization at regional (European), international, or global level?
- ☐ What role does the SEO play in supporting regional or global collaborative initiatives?
- ☐ How does the SEO address the challenges that economic and social development in the sector will bring?
- ☐ Strategic planning — getting things right from the beginning

Section Two

Strategic planning – getting things right from the beginning

SEOs need to plan for the long term while maximizing performance and impact in the short term, and for this they need to draw up a road map to success. The strategic plan helps to outline such a road map, while Section Two provides a blueprint for developing a strategic plan based on the following simple steps: (i) securing buy-in from the SEO's leaders; (ii) establishing a planning process; (iii) developing and agreeing a mission statement; (iv) agreeing strategic priorities; (v) turning strategic priorities into objectives; and, (vi) measuring and reviewing progress.

Strategic planning provides a vehicle for examining the added value that the SEO brings to members, as well as the ability to reach the critical mass necessary to effectively represent the sector. Moreover, it helps an SEO to define strategic priorities and objectives and to test the necessity of structures built and resources allocated for the delivery of these objectives.

Section Two develops guidance around the following specific functions that SEOs must fulfil:

- SEOs are the foundation of collective representation. They play an indispensable role in bipartite negotiations of collective agreements.
- SEOs are the principal advocacy actors working on behalf of sectors.
- SEOs are the fundamental building blocks of international SEOs advocating the sector's interests at regional (e.g. European) and/or global levels.
- SEOs are irreplaceable in supporting sectoral collaborative initiatives.
- SEOs are unique in providing specific services that cannot be offered by other service providers.

Writing, adopting and regularly reviewing the SEO's strategic plan is an integral part of the SEO's management and needs to be reflected in the design and implementation of the performance management processes.

2.1 The need for a strategic approach

Deciding on priorities and raising the funds necessary to enable the organization to advance sectoral interests at national and international levels calls for a strategic approach that identifies priorities and methods for their effective delivery.

The complexities faced by SEOs may be different, but they are no less challenging than those faced by their members. They frequently have:

- Demanding and complex objectives;
- A very demanding client base – their members;
- Limited resources.

In this context, strategic planning is the only rational way of prioritizing the use of extremely limited resources, while at the same time securing

member understanding and buy-in for organizational objectives. Compared to national employers' organizations, the SEO's objectives in advocacy and other areas of their activity will be more specific and narrowed to their sectoral needs and concerns. Their members will aim for very specific targets and expect very practical results that have a direct impact on their operations. Members will therefore respond very quickly if the results achieved are not adequate and dissatisfaction of members may have a detrimental effect on the SEO (even impacting its very existence).

2.2 Blueprint for developing a strategic plan

The ability to plan long-term while maximizing performance and impact in the short term is a must for SEOs. A strategic plan helps in drawing up a road map to success.

It should be noted that there are many ways that strategic planning can be undertaken, but this guide seeks to present an approach best suited to SEOs working with limited financial resources. This is not to say that other processes are not equally suitable, that particular elements of the process cannot be exchanged for tools that perform a similar purpose or that additions cannot be made.

The most important issue to bear in mind is that the following fundamental steps must be followed in the order presented:

- Securing buy-in from the SEO's leaders;
- Establishing a planning process;
- Developing and agreeing a mission statement;
- Agreeing on strategic priorities;
- Turning strategic priorities into objectives;
- Measuring and reviewing progress.

Stage 1: Securing buy-in from the SEO's leaders

The objective of this stage is ensuring that the SEO's senior leaders (for example, but not limited to, Board members) are committed both to undertaking the strategic planning process and to implementing its outcomes.

Typical actions would be:

- Preparing an analysis of current and recent trends in membership and financing of the SEO;
- Identifying the current and future external challenges facing the SEO.
- At the end of this stage the commitments needed should receive the approval of the SEO's senior leaders.

Stage 2: Establishing a planning process

The objective of this stage is establishing key milestones for the strategic planning process.

Typical actions would be:

- Deciding who will develop the plan;
- Deciding on the planning horizon;
- Outlining the planning process methodology to be followed;
- Setting deadlines for the key phases of the plan;
- Establishing times when key institutions like the Board and General Assembly will need to be engaged or make decisions;

- Building into the Board's timetable the topics which need their approval;
- Deciding if and how consultants will be involved;
- Setting a budget.

At the end of this stage the planning process should have received full approval.

Stage 3: Developing and agreeing a mission statement

The objective of this stage is developing a mission statement that is approved by the Board and actively supported by the members of the SEO.

Typical actions would be:

- Developing a draft mission statement;
- Consulting sample members of the SEO on the draft;
- Presenting a revised draft to the SEO's senior leaders for discussion (including, but not limited to, the Board);
- Formally agreeing to the mission statement with the Board;
- Communicating the mission statement to members and key stakeholders.

This stage of planning should result in the Board's approval of the SEO's mission statement.

Stage 4: Agreeing strategic priorities

The objective of this stage is reviewing possible strategic alternatives and setting the SEO's strategic priorities.

Typical actions would be:

- Conducting internal/external analysis using SWOT, PEST and member surveys;
- Developing a list of possible strategic priorities;
- Presenting priorities to the Board for discussion;
- Reviewing draft priorities with key members;
- Agreeing strategic priorities with the Board.

This stage should result in a final priority list approved by the Board.

Stage 5: Turning strategic priorities into objectives

The objective of this stage is turning the agreed strategic priorities into a limited number of SMART objectives.

Typical actions would be:

- Developing SMART objectives from the priorities;
- Producing an outline of the plan which includes the mission statement, strategic priorities and strategic objectives;
- Reviewing and approving (by the Board) of the plan outline;
- Reviewing the outline plan for organizational implications and deciding how to approach the changes;
- Undertaking a financial review of the plan and making adjustments so as to meet financial constraints;
- Producing a final financially-assessed plan and confirming the Board's agreement;
- Presenting the plan to the General Assembly for final approval.

The outcome of this stage should be a final strategic plan approved by the General Assembly. The strategic plan will then be handed to the secretariat for developing concrete work plans and the collection of the single work plans should be reviewed and approved by the Chief Executive.

Stage 6: Measuring and reviewing progress

The objective of this stage is ensuring that a process exists to measure performance against organizational and single work plans and establishing a regular process by which the strategic plan itself can periodically be reviewed.

Typical actions would be:

- Assimilating the work plans into the performance management and appraisal systems of the SEO;
- The Board reviewing the strategic priorities and objectives on an annual basis.

The regular review should result in amendments of the strategic plan (if necessary) to be approved by the Board.

2.3 Securing buy-in from the SEO's leaders and getting started

The establishment of a clear strategic context helps to correctly define the strategic priorities and objectives to be delivered, as well as explaining

difficult decisions that were taken. It also gives the SEO's representatives and staff clear targets on which their efforts should be focused. As an additional benefit, the development of a strategic plan helps improve internal and external communication and enhances teamwork amongst the SEO's staff and between its various committees.

Strategic planning provides a vehicle to:

- Examine the overall justification for the SEO's existence and proof of reaching/keeping its critical mass (otherwise specific efforts will have to be made towards increasing membership, merging with other SEOs, incorporating additional sectors or sub-sectors, amongst other things);
- Define the strategic priorities and objectives that will deliver the SEO's mission;
- Establish work plans based on these objectives;
- Test the alignment of structures built and resources available to achieve the objectives;
- Create a bond between the SEO and its members in working towards common and clear goals.

If the strategic plan is to be a road map to success, the worst possible policy is to wait for a crisis in the SEO in order to motivate the establishment of a strategy for the first time or the revision of an outdated one. Strategic planning in a crisis situation presents the SEO with a major task and the planning process will take time, energy and resilience. A background of immediate financial or organizational crisis is not the most conducive to considered decision-making.

Development of a strategic plan will typically call for tough decisions, so it is important that the process be led and sustained from the very top of the SEO. This leads to the first challenge for those advocating a major strategic review – that of persuading the SEO's leaders to commit wholeheartedly to the process and outcomes.

Often, a paper or presentation will need to be prepared to provoke a discussion among the most senior decision-makers in the SEO. The content will vary, but the key elements need to be:

- A study of current and recent trends in membership and financing of the SEO;
- A desire to better serve members by offering services more closely suited to their needs;
- An identification of the current and future external challenges facing the SEO, such as

trends in employment relations, the government agenda, amongst others;

- A prediction of where “doing more of the same” will lead the SEO over the next three to five years.

After reviewing these questions, if significant doubts or a lack of commitment remains on the part of senior SEO leaders, it is better not to begin a strategic planning process and instead reflect on the reasons for such indecision.

If your management team decides to go ahead, there are some immediate questions that need to be considered. With your SEO in mind, give some initial thought to these questions:

- Who will develop the plan?
- What process will you use?
- What are the key milestones?
- How you will arrange to keep your collaborators and members involved and informed?
- What help will you need?
- Over what timescale will the plan be developed?
- Who will sign off on the plans?
- Will you have a budget?

There are no simple answers to these questions. They will depend on the size, shape and complexity of the SEO, the resources available to it, and the nature of the challenges faced. Some considerations that will apply to all SEOs include:

- Who will develop the plan? – The overall responsibility for strategic planning rests with the most senior executive manager in the SEO – normally called the Secretary General, Director General or Chief Executive. He or she will often delegate responsibility to one manager working with a small planning team and reporting directly to him or her. The planning team should be small (no more than six people and perhaps two or three in small SEOs). The team will need skills in areas like finance and operational management and it may also be a good idea to involve one or two members who sit on key committees.
- What process will you use? – There are many options promoted by business writers and consultants, but the planning team will need to decide on a particular one and stick to it. The framework suggested in this guide is a relatively simple but effective one.
- What are the key milestones? – Key milestones are normally associated with the occasions when the Chief Executive will need to seek the involvement of, or present conclusions to, the SEO's Board and the SEO's members. For example, the Chief Executive will need a Board decision on the mission statement, the planning team will probably go through several drafts of the strategic plan prior to the final signing off and the final document is likely to be presented to the General Assembly of the SEO.
- How will you arrange to keep your staff and members informed and involved? – It is absolutely crucial not to leave the Board, the SEO members and the staff too many steps behind the planning team. To do so risks making progress too quickly, which often results in less acceptance on the part of stakeholders. A similar case presents itself when sound conclusions appear too radical if the stakeholders concerned have not followed the thought-process closely.
- What help will you need? – Most SEOs, even the smallest, will benefit from external assistance by experienced consultants. How much the SEO involves outsiders and who they are will depend on the size, complexity, but above all, the financial constraints of the SEO. A consultant can help establish the process and identify milestones, and there are certain activities described in the guide where external help will be of considerable value. Good examples are facilitating brainstorming sessions using SWOT or PEST analysis and defining the mission statement. Not all SEOs will have the financial means to engage this kind of help, but those with little money to spare might consider requesting an SEO member to offer a manager from their company for this task.
- Over what timescale will the plan be developed? This will depend on how much time the planning team and Chief Executive have, but it is advisable not to be overly ambitious. Whilst the planning process might take six months in a small SEO, in larger and more complex SEOs it may take over a year to ensure that all parties are fully involved and engaged, as discussions and decisions at Board meetings at various stages of the process must be scheduled. It is useful to undertake certain elements of the process and then follow them with small breaks for reflection; for example, logical break points are after outlining the mission and after the establishment of a strategic plan. If there is a pressing internal or external crisis it might be best to tackle the task against two time limits; the first to develop responses to the most pressing issues over an initial six month planning period and, only then, follow with the

development and adoption of a longer – two or three years – strategic plan in a less pressing environment.

- Who will sign off on the plans? – Normally plans will be signed off by the Board or the most senior decision-making committee in the SEO and then communicated to members and the public. SEOs might wish to consider taking the strategic plan to the General Assembly for adoption.
- Will you have a budget? – Putting together a strategic plan will certainly take up staff time, but it will also cost money, particularly if the SEO wishes to engage consultants.

2.4 Developing a mission statement

The purpose of this section is not only, and perhaps not primarily, to assist an SEO to develop a written mission statement from scratch. It is intended to help an SEO review its current mission statement in order to check whether it meets certain basic requirements.

2.4.1 Specific role of SEOs

Before actually writing the mission statement of the SEO, very simple questions must be answered – Why does the SEO exist? What is the justification for the financial costs and human efforts devoted to the SEO's actions? Often, it is also helpful to ask what would members desperately miss if the SEO ceased to exist? Answering these questions means formulating a clear, to-the-point and all-embracing mission statement for the SEO.

These answers will be very individual to each particular SEO and will depend on the sector, the country or the region in which the SEO members operate. Nevertheless, it is possible to outline the specific role of an SEO that will be reflected in one way or another in the justification of its existence, and consequently in its mission statements.

Continuing in our analysis of the sectoral approach, we can draw attention to these specific functions that SEOs have to fulfil:

- SEOs are **the foundation of collective representation**. They primarily engage in this role by representing a sector with regard to social partners and stakeholders. Compared with national employers' organizations they have an indispensable role in bipartite negotiations

with trade unions at sectoral level, as shown by sectoral collective agreements. They are also essential in supporting sectoral tripartite dialogue which addresses specific sectoral issues.

- SEOs are the **principal advocacy actors on behalf of the sectors** in responding to legislative and policy proposals which have limited sectoral impact. They are essential contributors to the national employers' organization's advocacy actions that affect business operators in general, and ensure that sectoral concerns are taken into consideration. They are essential in addressing issues that are sectoral in nature, but that also have a significant multi-sectoral impact.
- SEOs are the **fundamental building blocks of international SEOs because they advocate** sectoral interests at regional (e.g. European) and/or global levels. For example, with more legislation being prepared and adopted at European Union level, SEOs' contributions to European SEOs are becoming critical.
- SEOs are **irreplaceable in supporting sectoral collaborative initiatives** such as Responsible Care® in the chemical sector, HERA (Human and Environmental Risk Assessment) in the household cleaning products sector, and others.
- SEOs are **unique in providing specific services** that cannot be replaced by the services of national employers' organizations or by other service providers. This is due to the specific statutory position of the SEOs, their access to unique specialist resources and their unique links to operators in the sector. These services include, for example, the technical standardization services in the gas sector, the licensing functions of SEOs in the transportation sector, as well as other examples.

2.4.2 Qualities of a sound mission statement

A good mission statement should:

- Inform members, staff, partner organizations and the general public of the precise reasons why the SEO exists;
- Provide a clear reference point for establishing organizational strategy and objectives, setting priorities to allocate resources and assigning tasks; and
- Act as a source of alignment and inspiration for members and staff in the delivery of organizational objectives.

Compared to a mission statement from a national umbrella employers' organization⁵, the SEO mission statement refers more specifically to the sector's challenges and is often more specific in terms of the methods and channels to be used in order to provide assistance to members.

While strategic priorities and objectives are the subject of regular reviews, the mission statement as such is not subject to frequent revision. Although it is good practice to review the mission statement periodically against strategic priorities and objectives, this is primarily to check whether the objectives are in line with the stated mission of the SEO rather than the contrary.

Allison and Kaye believe that a good mission statement should comprise the following elements:

- Purpose – One sentence that describes the end result an SEO seeks to accomplish (and for

whom), for example “to improve the competitive environment for business”;

- Business – A description of the primary means used to accomplish the purpose, for example “through effective advocacy with regulators and the provision of services to members”; and
- Values – A list of the values, beliefs or guiding principles shared by members of an SEO, for example “quality outputs and value for money services”.

2.4.3 Writing the SEO's mission statement

Writing a mission statement is not easy and should always involve key stakeholders such as staff and members in its development and approval. This will often take some time to achieve, particularly if the

Writing your mission statement

Discuss the following questions and agree a mission statement for your sectoral employers' organization based on your responses:

Question 1: In your view, what is the main purpose of your sectoral employers' organization? Please make a brief and to-the-point statement that describes what results should be accomplished.

Question 2: What are the main problems that your sectoral employers' organization helps to resolve? Please describe the main problems faced by the companies/organizations in the sector and how their situation could be improved or changed if your sectoral employers' organization was successful in solving their problems.

Question 3: What are the primary means used by your sectoral employers' organization to accomplish its purpose? Please describe the primary means (for instance, effective advocacy, targeted research, provision of support services, amongst other things) your sectoral employers' organization should use in achieving the desired results and in solving the main problems of member companies/organizations.

Question 4: What are the fundamental values and beliefs that should guide your sectoral employers' organization, its representatives and its members in their actions? Make a list of fundamental values and principles that should govern the actions of your sectoral employers' organization.

Remember that a mission statement needs to be:

- Concise and powerful;
- Compelling and realistic;
- Meaningful, unambiguous and inspirational, and motivating for your members. **Write your mission statement based on the answers to these questions. Review this against your current mission statement (if you have one) and debate whether changes are needed.**

Time saved by taking shortcuts in the development of the mission statement will often be lost when trying to turn it into detailed strategic priorities and objectives.

If the SEO has decided to establish a small planning team working for the Chief Executive, the process might start with them, otherwise the place to begin is with the Board itself. The following practical exercise is an example of a good starting point for discussion.

⁵ As generally advised to national umbrella employers' organizations, the mission statement should be an overarching and succinct description of what the organization sets out to achieve. It should not be a statement of “how” the mission will be delivered, nor is it a statement of “what” is to be done.

mission statement is not a consensus-driven compromise, but rather a statement that will describe to the outside world what the SEO stands for and capture the imagination and commitment of its staff and members. The mission statement is the “gold standard” against which organizational activities and priorities are measured.

For the SEO’s staff involved in writing the mission statement it is important to understand the difference between the mission statement of the SEO and the mission to be fulfilled by the SEO’s secretariat. This difference must be properly understood or the process may end up with a very confusing text.

2.4.4 Gaining commitment for the SEO’s mission statement

The mission statement is the fundamental building block upon which the SEO’s strategic priorities and objectives will be defined. It is also the way to describe the SEO’s purpose to members, potential members and business partners. It might be useful to get views on the draft from a representative sample of members and it must be discussed and agreed with the Board or its equivalent. The best way to do this is to produce a consultative draft and submit it to a small focus group of SEO

members. The amended draft can then be put to the Board for review.

The time spent getting the commitment to the SEO’s mission statement is time well spent.

If the mission statement is new or substantially revised, it is advisable to undertake a communication exercise with all employees, all members and key stakeholders in order to publicize it. The SEO’s mission statement should certainly be reflected in all press releases, major communications and on the SEO’s website.

2.5 Agreeing strategic priorities and objectives

A strategic approach to the identification of priorities and their effective delivery requires SEOs to address the following issues:

- Where the SEO now stands;
- The present state of the internal and external environments;
- Deciding where the strategic priorities should be;
- Developing activities to achieve the set objectives.

Examples of SEO mission statements

Name of the SEO	Country	web-link
Universities and Colleges Employers Association	UK	http://www.ucea.ac.uk/
Verband Deutscher Maschinen- und Anlagenbau	Germany	http://www.vdma.org/
Fédération Belge des Entreprises Electriques et Gazières	Belgium	http://www.febeg.be/
Associazione Nazionale Filiera Industria Automobilistica	Italy	http://www.anfia.it/
Fédération des Entreprises de la Beaute	France	http://www.febea.fr/
Verband der Schweizer Holzbau-Unternehmungen	Switzerland	http://www.holzbau-schweiz.ch
Associação Brasileira da Indústria Química	Brazil	http://www.abiquim.org.br/
Hotel Association	India	http://www.hotelassociationofindia.com/
Asociacion de Hoteles de Turismo de la Republica Argentina	Argentina	http://www.aht.com.ar/

In order to carry out this task, the SEO will need to agree on a planning horizon of two or three years. Having decided on a planning horizon, the work can be split into four stages:

- Internal and external analyses;
- Review of the strategic options open to the SEO and selection of strategic priorities;
- Turning the strategic priorities into concrete objectives;
- Developing activities and projects to meet the strategic priorities and deliver objectives.

This section of the guide deals with the first three stages; the guide later addresses the task of turning strategic priorities and objectives into concrete activities and projects.

2.5.1 Internal and external analyses

Whatever method is used for the analyses, it should allow the generation of a list of potential strategic options from which priorities and objectives can be selected.

The tools suggested here are:

- A SWOT (strengths, weaknesses, opportunities and threats) analysis of the internal and external environments;
- A PEST (political, economic, social and technological) analysis of the external environment;
- Some form of member survey.

Using the data generated from these analyses, it will be possible to identify the strategic options available to the SEO and debate the priority areas. By the end of this exercise, it should be possible to present to the Board the analysis of:

- Strengths, weaknesses, opportunities and threats;
- Member views on the SEO today and where the SEO should be in the future;

- The main strategic alternatives; and
- A view on the strategic priorities to be followed and objectives to be achieved.

At this point it will be the responsibility of the Board to select and agree upon an initial draft. At this stage it is important not to go beyond planning and move on to resource allocation without the involvement and agreement of the Board on the strategic priorities and objectives.

2.5.2 Undertaking SWOT and PEST analyses and conducting a member survey

The following pages provide step by step guides for the conduct of SWOT and PEST analyses and member surveys.

Conducting a SWOT analysis

The SWOT analysis is instrumental in strategy formulation and selection. SWOT is an acronym for Strengths, Weaknesses, Opportunities and Threats. The following diagram shows how a SWOT analysis fits into what is often called “an environmental scan”.

A key distinction is made in the SWOT analysis between internal and external factors; strengths and weaknesses are internal factors. For example, a strength could be the SEO's specialist expertise in the sector's issues, while a weakness could be an exclusive focus on collective issues. In contrast, opportunities and threats are external factors; for example, an opportunity could be building on strong brand recognition or a loyal member base, while a threat could be the overregulation of the sector.

SWOT suggests that an SEO should not always pursue the more lucrative opportunities: it may have a better chance of developing competitive advantages by identifying a fit between its own strengths and upcoming opportunities. In some cases, it will be more appropriate for the SEO to overcome a weakness in order to exploit a compelling opportunity.

S – O strategies pursue opportunities that are a good fit for the organization's strengths.

W – O strategies overcome weaknesses to pursue opportunities.

S – T strategies identify ways the organization can use its strengths to reduce vulnerability to external threats.

W – T strategies establish a defensive plan to prevent the organization's weaknesses from making it highly susceptible to external threats.



PRACTICAL EXERCISE

Complete the following matrix looking at strengths and weaknesses that relate to the internal working of the SEO and opportunities and threats relative to the external environment over the agreed planning horizon (normally 2 to 3 years). Share the findings with others, discuss them and come to a conclusion on the key strengths and weaknesses of the SEO and the opportunities and threats that exist.

SWOT MATRIX	
Organizational strengths	Opportunities presented
<input type="checkbox"/> e.g. Strong membership base <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____	<input type="checkbox"/> e.g. Government privatization programme <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____
Organizational weaknesses	Threats identified
<input type="checkbox"/> e.g. Lack of in-house expertise <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____	<input type="checkbox"/> e.g. Decentralization of bargaining <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____

For many SEOs it may be useful to consider the external environment at more than one level. In Europe, SEOs might consider the national level, the regional (EU) level and the international level in the following way:

EXTERNAL OPPORTUNITIES AND THREATS		
	Opportunities	Threats
National	<input type="checkbox"/> e.g. Privatization programme <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____	<input type="checkbox"/> e.g. Decentralization of bargaining <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____
Regional (e.g. EU)	<input type="checkbox"/> e.g. Competitiveness need <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____	<input type="checkbox"/> e.g. Environmental laws <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____
International	<input type="checkbox"/> e.g. International network <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____	<input type="checkbox"/> e.g. Terrorism threats <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____

The available strategies can be summarized in the following form (matrix of available strategies):

Conducting a PEST analysis:

The PEST analysis is a framework used to scan the strategic external macroenvironment in which the sector operates. PEST is an acronym for the following factors:

- Political factors;
- Economic factors;
- Social factors;
- Technological factors.

PEST factors are usually beyond the control of the SEO and its members, and are therefore generally considered as either threats or opportunities. As macroeconomic factors differ by continent, regions or even countries, a PEST analysis needs to be performed at the correct level of aggregation. The table below gives examples of typical PEST factors.

Completing a PEST analysis is a relatively simple process, and can be done via workshops using brainstorming techniques. It may be worth knowing that some consultants recommend the use of extended forms of PEST analysis such as SLEPT

(PEST plus Legal), or the STEEPLE analysis, using Social/demographic, Technological, Economic, Environmental (natural), Political, Legal and Ethical factors.

Conducting a member survey and its specific role in an SEO's environment:

It is essential to have a good idea of how members feel about the achievements of the SEO, how its activities affect their operations and also of the effectiveness and comprehensiveness of the services it provides. This will further add to the data generated in the SWOT exercise and provide a "reality check" for those who have completed the matrices.

Compared to the national umbrella employers' organizations, the member survey can produce more relevant data for the SEO's strategic decisions. This is because the SEO's membership is better structured for organizing, delivering and assessing the results of such a survey. The experience of SEOs shows that responses to a survey of a national umbrella employers' organization usually cover around 30 per cent of their membership, while SEOs usually have over 60 per cent coverage. In other words, SEOs can receive very tangible feedback on very concrete, sector-specific issues and statistical data can be collected via such a survey to support the SEO's

Political (including legal)	Economic	Social	Technological
Environmental regulations and protection	Economic growth	Income distribution	Government research spending
Tax policies	Interest rates & monetary policies	Demographics	Industry focus on technological effort
International trade regulations and restrictions	Government spending	Labour/social mobility	New inventions and developments
Contract enforcement law & consumer protection	Unemployment policy	Lifestyle changes	Rate of technology transfer
Employment laws	Taxation	Work/career and leisure attitudes	Life cycle and speed of technological obsolescence
Government organization/attitude	Exchange rates	Education	Energy use and costs
Political stability	Stage of the business cycle	Health consciousness & welfare, safety	(Changes in) internet

arguments. These data, however, must be treated in compliance with fair competition rules.

In the case of national umbrella national organizations, a member survey helps support strategic decisions; SEOs can turn the member survey into a key element of their analysis of the sectoral issues and of the challenges faced by their members.

2.5.3 Deciding where organizational priorities should be

Armed with the conclusions from the SWOT and PEST analyses and the results of a member survey, it becomes possible to list the strategic options and discuss suggested priorities.

The real skill in strategic planning lies in this area: it calls for a skilled assessment of the current environment and the likely environment of the future, and it is from this assessment that opportunities for strengthening the SEO will emerge. In evaluating these potential opportunities, strategic alignment with the mission statement should be monitored, together with the internal strengths and weaknesses of the SEO itself. The essential question is how strengths can be built upon and weaknesses reduced or eliminated.

2.5.4 Getting agreement on the SEO's strategic priorities

The SEO's priorities will probably fall into five distinct areas:

- Collective representation regarding social partners and key stakeholders;
- Collaborative professional activities;
- Cooperation with partners at regional (for example European), international or global levels;

- Cooperation with national umbrella employers' organizations;
- Member services.

When the process has produced conclusions on the priority areas for action, it is time to return to the Board to discuss these proposals in detail. If these strategic priorities are to be adopted and delivered by actions, the Board must agree with them fully.

The Board discussion will not only deliver agreement on the strategic policy areas, but will also provide some insight into the Board's views on how these should be turned into objectives, activities and projects and on how these goals underpin the efforts towards setting strategic priorities.

2.5.5 Turning strategic priorities into objectives

Turning the approved strategic priorities into objectives is a process in which all the staff of the SEO will need to be involved. This is to ensure that the objectives are defined and understood by those who will be responsible for their delivery.

An objective defines the precise goal that is being pursued to the extent that individual experts can produce detailed work plans to ensure the goal is met. In addition, the SEO should be able to measure the extent to which the objective has been achieved; to this end, the definition of the objectives should make it possible to guarantee that the SEO's mission will be carried out, that opportunities and strengths will be exploited, and that threats and weaknesses will be combated.

Most managers are aware of the acronym SMART in relation to the setting of objectives. SMART objectives are:

SPECIFIC	Do the objectives specify what they want to achieve?
MEASURABLE	Can you measure whether you are meeting the objectives or not?
ACHIEVABLE	Are the objectives achievable and attainable?
REALISTIC	Can you realistically achieve the objectives with the resources you have?
TIMEBOUND	When do you want to achieve the set objectives?



BEST PRACTICES

SETTING OBJECTIVES

1. Objectives must be the result of participation of those responsible for their execution. They must not be imposed from outside;
2. They must be adequate to and compatible with the organization's mission or statement of purpose. They must be consistent with and pertinent to goals;
3. They must imply a reasonable challenge; that is, they must have a certain breadth of scope;
4. They must be realistic and feasible; that is, they must be doable;
5. They must be clearly stated in writing;
6. They must be up to date, adapted to reality. This means they must be periodically revised;
7. The number of objectives must be limited and reasonable. Too many objectives weaken those that are most important. The number must be kept small;
8. They must be hierarchical; that is, they must be prioritized;
9. They must be concrete and measurable; vagueness must be avoided. Such generalities as "maximize", "minimize", "as soon as possible", "improve", "do our best" should not be used;
10. Objectives must relate to one another. This means that short-term objectives (week, month) should relate to medium-term objectives (quarter, six-month period) and these, in turn, should relate to long-term objectives (year, five years, etc.)

To produce an initial draft of the SEO's objectives it is possible to use several approaches, including brainstorming followed by putting ideas into groups. The objectives can then be refined and prioritized and each objective should involve the person(s) responsible.

The list of the characteristics of sound objectives is reproduced from the *Guide to Management of Entrepreneurial Organizations* by Gonzalez Marroquin of the Bureau for Employers' Activities of the ILO.

2.6 Writing, adopting and regularly reviewing the strategic plan

2.6.1 Organizing the delivery of the strategic priorities and set objectives

Any major changes in the strategic priorities and objectives have an implication on how the SEO operates and on the number of services it offers. This may have organizational implications as new staff may be required, some existing staff may no longer be needed, and the SEO structure itself may need to be modified in order to focus on new priorities. It is likely that there will be proposals to

undertake new initiatives and plans and others that suggest ending other tasks that have been undertaken. These needs and changes have to be thought through in detail and an overall strategic plan that will deliver the strategic priorities and objectives must be put together.

The first draft should be reviewed by the Board, by senior staff in the SEO and by key members. This should not be a cursory consultation, as those offering their views must either buy into the plan or deliver its content; the planning team and the Board should be prepared to listen to genuine suggestions and incorporate them into the plan. As a result of this process the plan may go through three or more drafts before it is ready to be submitted to members for formal approval at the General Assembly.

The strategic plan will be an important working document and a key tool through which members will judge the SEO's success, as well as a marketing tool for attracting new members. It is worthwhile investing the time necessary to produce a satisfactory job of the writing process and to consider professional ways of packaging it.

2.6.2 Measuring and reviewing progress

A systematic review of progress is fundamental to the delivery of the strategic plan. Although the

design and implementation of performance management systems is an enormous subject and falls outside the scope of this guide, it is important to emphasize that effective performance management processes are an integral part of strategy implementation.

Review as a regular part of the working process

It is important to mainstream the strategic plan into the regular performance review systems that SEOs are likely to already have in place. The purpose of issues of cost and cost recovery will have to be discussed at length, as it is likely that some of the objectives will deal with how to increase membership or how to offer new services that, at the very least, recover their operating costs. The task of the financial controller or accountant will be to produce a budget that supports the new strategy; this will serve as a reality check on the plan itself and will also identify resource gaps that will require revision of certain objectives or changes to some of the financial assumptions relating to costs and income. It is crucial that proper financial assessment of the strategic plan is undertaken at this stage; after all, no Board or General Assembly will sign off on a strategic plan for which there is no proper budget.

2.6.3 Writing and approving a strategic plan

After making all the necessary considerations and analyses, the first draft of the strategic plan can be drawn up. This document will need the agreement of the Board and probably of the General Assembly, and will be presented to all the SEO's members.

The draft should contain:

- An introduction by the President;
- An executive summary;
- Background material relating to the evolution of the SEO and the changing external landscape;
- The mission statement;
- The strategic priorities;
- The SEO's objectives, together with the financial and organizational implications of their implementation;
- How the plan will be put into action;
- How the plan will be reviewed.

The aim of strategic planning is not to add separate layers of review, but to place the strategic plan at the core of existing processes. The regular review is likely to include monthly superior/subordinate

meetings with individuals and an annual performance evaluation interview. By following this method, everyone in the SEO will be required to report regularly on their progress towards meeting the objectives.

A change in priorities

When SEOs adopt and implement plans over a two to three year period, the only certainty is that the plans will change. This is not an excuse for failing to undertake a strategic review, but a way of ensuring that changes in circumstances and priorities are reviewed in a strategic context, and that the strategic plan is an evolving and working document – not a static blueprint for success. For example, low priority items may become high priority ones, governments change, the state of the national and global economy changes, and opportunities arise for alliances or mergers.

The point of strategic planning is to have a benchmark against which these changing needs can be reviewed and revised. Certain changes, like a change in government or a national or international financial crisis, will call for a wholesale revision of many elements of the strategic plan. The planning process is thus designed to make the SEO more adaptable and responsive in dealing with internal problems or external shocks.

Review of the strategic plan

It is normally wise to review the strategic plan itself in an annual meeting with the management team. This meeting should be dedicated exclusively to progress review and will take between half a day and one day. The review should not be a simple agenda item added to a regular meeting.

The annual review should cover:

- Progress against each of the strategic objectives and it is useful for the individual managers responsible to make formal presentations.
- A review of the content and priority rating of the strategic priorities and objectives.
- The addition or deletion of strategic priorities and objectives.

A summary of this annual review should be presented to, and discussed by, the SEO's Board. On the basis of this meeting, the annual report to members should include a section dealing with how the SEO has performed against its strategic priorities and objectives.



SECTION TWO CHECKLIST

- ☐ Does the SEO have a written mission statement?
- ☐ Is this mission statement transformed into a strategic plan?
- ☐ Is the mission statement published internally and externally?
- ☐ Is the strategic plan published internally and externally?
- ☐ Is there the necessary commitment from the SEO management and Board to undertake a strategic planning review?
- ☐ Will the SEO management and the Board be prepared to take the tough decisions necessary to see such a plan implemented?
- ☐ What help will the SEO be likely to need in developing a strategic plan?
- ☐ Will there be a budget for developing the strategic plan?
- ☐ Who will sign off on the strategic plan?
- ☐ Does the SEO have a written mission statement?
- ☐ Has the SEO reviewed it recently? (within the last three years)
- ☐ Did the development of the mission statement involve the Board, staff and members?
- ☐ Is the mission statement compelling, challenging and realistic?
- ☐ Is the mission statement meaningful, unambiguous and inspirational?
- ☐ Does the SEO regularly check strategic priorities and objectives against the mission statement?
- ☐ Is the mission statement prominently featured on the SEO web site?
- ☐ Does the SEO use the mission statement regularly in external communications?
- ☐ Has the SEO established a planning horizon for the strategy?
- ☐ Has the SEO conducted an internal/external analysis using the SWOT technique or similar?
- ☐ Has the SEO conducted a member survey?
- ☐ Has the Board approved a list of strategic priorities?
- ☐ Does the SEO have a realistic number of strategic priorities?
- ☐ Has the SEO turned these priorities into objectives?

- ☐ Is each of the objectives SMART?
- ☐ Will the SEO produce a written outline of the strategic plan containing its mission, strategic priorities and objectives?
- ☐ Is the final plan approved by the Board and General Assembly?
- ☐ Does the SEO have an effective performance management system that regularly reviews individual and organization achievements against objectives?
- ☐ Does the strategic review process form a part of this regular management reporting and performance review system?
- ☐ Has the SEO put in place a process to review the strategic plan on an annual basis?
- ☐ Does the Board formally discuss a report on the strategic plan review?

Section Three

Developing the SEO's membership

SEO's need to develop a strong membership base in order to be representative and influential. Section Two discussed the nature of an SEO and the identity and character of membership. Recruitment policies, arguments and methods are dealt with alongside analyses of member profiles and the representativeness of an SEO. The specifics of SMEs are highlighted and finally the importance of holding on to "old" members is discussed.

Generally speaking, an SEO should be striving for independence, competency and representativeness.

Independence refers to all other actors: government, parliament, authorities, trade unions, non-governmental organizations, political parties, physical persons, and so on. Sometimes it is tempting to liaise more closely with other bodies and actors – and sometimes it is necessary – but one has to think of the consequences, for example, for the image of the organization. Employers' organizations are typically independent of political parties, even if they from time to time support their policy in certain matters, in the interest of their members.

Competency is embedded in the education, experience, and training and performance of the leaders and staff, but also in the culture of the organization, its willingness to improve and "preserve" knowledge, all in order to bring added value to the members.

Representativeness depends on the size and composition of the membership base.

3.1 Membership

3.1.1 The nature of an SEO

A sectoral employers' organization (SEO) is a voluntary and membership-based group of companies. As set out in ILO Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87), voluntary membership is a fundamental, internationally accepted principle of forming an employers' organization. It sets out the right to establish and join an organization as well as having the right to draw up its constitution and rules and to elect representatives, with full freedom.

An SEO represents the common interests of individual companies within a defined sector (see Section One). As seen in this guide, this comprises advocacy and dialogue with other actors and it often entails social dialogue/collective bargaining with trade unions. In many countries, SEOs are members of and make up a cross-sector "umbrella" organization with the mandate to see to the interests of the whole industry and trade in the country.

The regulations regarding employers' organizations differ according to country. In some countries, in particular in Eastern Europe, an employers' organization has to be "registered" due to special criteria in order to take part in social dialogue. That is not the case in other countries, for example, in the Nordic countries, where the general prerequisites of a non-profit organization are valid.

3.1.2 Identity and character of membership

3.1.2.1 Legal entities as members

The members of an SEO are typically legal entities, be it companies or sometimes other organizations. A "company" should be defined according to national law. They are, for the most part, joint stock companies, but other forms of undertakings with a different legal status may join in most countries. In some countries a difference is made in practice between the "owners" and the "company". However, it should always be the legal entity itself which is the member, having all the responsibilities that may prevail under national law. For example, a mandate in collective bargaining is exercised by the management of the company, normally the chief executive. That does not hinder the "owners'" (typically the shareholders') interest, and influence may come into play when the relationship to the employers' organization or its business is brought up in the board of the company. In smaller companies the "owners" and the managers are the same people but, nevertheless, it is the legal entity that is responsible.

The comparison of members with “clients” or “customers” may be adequate from time to time, for example in the way the services are provided, but membership is a two-way liaison with responsibilities for both the organization and the members. This differentiates the organization from a company in several aspects.

3.1.2.2 Different kinds of membership

Regular membership

Regular membership of an SEO is predominant, and includes full influence on governance and full access to the services and the activities provided by the organization. In order to leave the organization, a notice period, seldom less than a year, is required. Expulsion requires certain grounds, for instance repeated arrears with dues to the organization. There are sometimes statutes that stipulate immediate expulsion in case of serious violations of the law or labour market practices.

Many organizations have certain membership criteria in place. Examples are the legal status of the company, the size of the company, the financial situation and the time period the company has been in operation. Organizations dealing with collective bargaining representing a sector have generally lower or no obstacles to joining, whereas trade associations often have certain requirements.

Associate membership

Some SEOs offer a limited form of membership with the character of a “probation period” for the company as well as for the organization, with the intention that full membership will follow.

In these cases of associate membership, a discount is offered on the membership fees in connection with limited influence and services. What is provided could be current information on the web site and the organization's newspaper and access to telephone services. There is no right to vote or take part in the governance institutions.

Special criteria are often linked to the associate membership in order to avoid criticism by regular members in regards to “free riders”. In Sweden, for instance, associated membership for companies is provided by an SEO only if the company is not unionized nor bound by collective agreement. The notion of this kind of membership is to create interest for the organization by providing services but not breaching the united front of organized companies when it comes to collective bargaining.

Before introducing a system like this it is important to communicate the intention and provisions with the regular members to avoid suspicion about a

free rider system. If not laid down in the constitution, a decision at a high level in the organization is necessary, preferably by the General Assembly. This kind of membership shall also be seen as a means for recruiting members (see below).

3.1.3 Recruitment of members

3.1.3.1 Representative member base

A broad and representative member base is important for achieving the goals of the organization, be it lobbying, collective bargaining or provision of services. In this context the level and composition of member fees is crucial (see below). A fundamental issue as to recruitment is whether the SEO wants to maximize income from membership fees or to adopt fee levels that allow the SEO to maximize its representativeness; creating a club or maximizing membership in other words? Most organizations try to balance revenues in order to get optimal representativeness. The “free rider” situation has to be taken into account as well: the higher the membership fee to join an employer organization, the more tempting it becomes for a company to stay outside (see more under Section Three).

New member recruitment policies and planning should be high on the agenda of the leadership of an organization. It is well-known that it is easier to keep an existing member than to recruit a new one, so taking good care of existing members is also a part of recruitment efforts.

3.1.3.2 Recruitment policy

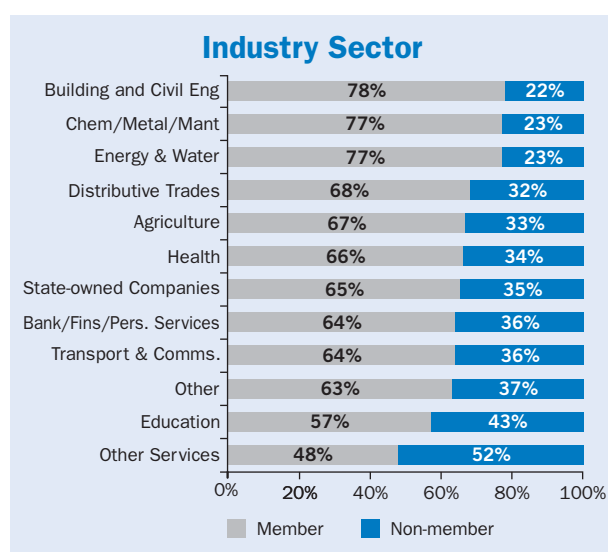
A recruitment policy shall involve identification of potential members and the allocated means and costs. This identification could cover – among others – the following questions: which are the strategically most important companies to approach? Typically, these are the largest companies within the sector, but we know from experience that there are also smaller companies that are important within a region or companies which are known as role models. In order to be successful in lobbying, it is important to have as broad a base as possible in terms of smaller companies (SMEs). How shall the organization relate to foreign-owned companies, either those with subsidiaries in the country or those with only national headquarters in the country? Is regional coverage satisfactory? The approach to state-owned companies is also important in many countries.

The answers shall be put into a measurable plan for a certain period and the means and costs shall be determined as well.

3.1.4 Analysing member profiles and the representativeness of an SEO

The aim of this analysis is to identify the differences between those enterprises that have chosen to join the SEO and those that have not (so far).

The 2003 ILO survey showed that some sectors have higher affinity for SEO membership than others. The graphs below show the incidence of membership by industry sector, company size and organization status.



In general, companies that employ more than 500 people are more likely to be members of SEOs; vice versa, the smaller the company, the less likely it is to be a member of an SEO.

The corporate headquarters of nationally-owned and foreign-owned multinationals are equally likely to join an SEO. However, the subsidiaries of nationally headquartered multinationals are significantly less likely to join SEOs than the subsidiaries of

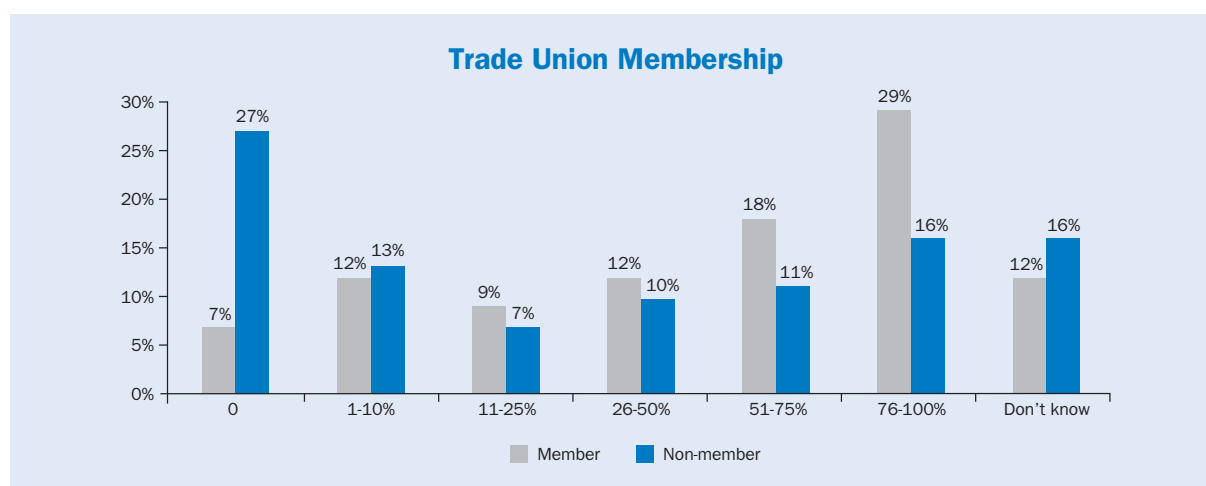
foreign-owned companies. It appears that national subsidiaries are more likely to rely on their national corporate parent, an SEO member, for services – something that is not possible for foreign-owned companies.

An examination of the employee relations of member companies reveal the reasons why companies join employers' organizations and why they do not. Unsurprisingly, SEO members have higher levels of trade union membership, discern higher levels of trade union influence on their operations and are more likely to bargain collectively.

- Companies with very high levels of union membership are twice as likely to join an SEO.
- Companies with no union membership are four times less likely to join an SEO.

If membership of an SEO signifies becoming involved in trade union issues or belonging to a formal bargaining group, those companies with no trade union involvement have a significant disincentive to join, especially if they wish to maintain their non-union status. However, this changes if the applicability of the collective agreements concluded by the SEO is extended by law to all companies in the sector. Companies with no union membership then have an incentive to join the SEO in order to influence collective bargaining.

As already discussed, SEOs fulfil several specific functions and develop sector-specific activities. SEOs are irreplaceable, not only in countries where collective bargaining on wages and working conditions is prevalent, but when supporting collaborative sectoral initiatives, disseminating good practice and know-how in such areas as protection of human health and the environment, safety at work, operational safety and consumer protection; all these actions involve the



development of specific rules, codes of practice and indicators of performance. SEOs (often with the support of an independent organization) check the implementation of these rules and codes of practice in order to increase recognition of the collaborative initiative, and that is why its implementation is often subject to audit. Companies complying with the rules and codes of practice receive a formal certification of compliance, which can then be used in communications with relevant parties (suppliers, customers, stakeholders, the public, etc.). As discussed in Section Five, these activities must comply with competition law.

If companies in the sector face problems that are addressed by the SEO, such companies have a distinct incentive to join the SEO. By participating in initiatives and through the sharing of good practice, they can improve their performance and receive the recognition of stakeholders and the public for their efforts. Furthermore, by getting more companies on board, the SEO increases coverage of its activities and furthers its recognition.

Moreover, only representative collaborative initiatives get recognition by public authorities, which makes representativeness a key criterion. An analysis of the representativeness of companies involved in the SEO's collaborative initiatives, implementation of relevant rules, and codes of practice, will bring to the forefront non-member companies that the SEO can attract.

Another factor that can play an important role in companies' decision to join (or not) the SEO, is the existence of specific functions that the SEO fulfils in the sector. For example, some SEOs have responsibilities for technical standardization (e.g. SEOs in the gas sector, and the Responsible Care programme in the chemical industry), recycling of products (e.g. recycling of cars in the automotive sector) as well as other cases. If circumstances require that the SEO takes on such responsibilities, then companies from the sector are more likely to join the SEO. It is worthwhile to analyse how many companies are influenced by the standardization activities of the SEO and how many are already members. Recruitment campaigns should focus on those companies that are not yet members of the SEO.

Based upon this analysis the SEO will be able to undertake a considered examination on its membership's strengths and weaknesses, as well as an analysis of areas where new members can be acquired.

The representativeness profile of the SEO and its specific activities can be easily analyzed using the

following template. Each SEO has to carefully consider which specific activities are to be included in the representativeness profile (questions four and five).

3.1.5 Taking into account specifics of SMEs

Contrary to public perception, small and medium-sized enterprises (SMEs) represent a significant share of economic operators. SMEs make a major contribution to the transfer of innovation generated in the value chain upstream to the manufacturing industry downstream. Governments therefore listen carefully to their message and are often ready to support programmes that would address SMEs' problems.

SMEs are also important local employers: municipalities pay attention to their problems as the problems of local SMEs can easily turn into local social problems if they cause an increase in unemployment. This is why SEOs, in their drive for recognition and representativeness, should engage in recruiting as many SMEs as possible.

Although member companies from this category must comply with the same membership criteria, enjoy the same benefits and fulfil the same obligations, including paying membership fees just like other members, SMEs need the specific attention of the SEO's leaders and secretariat. The experience of SEOs shows that there is a need to develop specific programmes and structures to motivate SMEs towards contributing to the SEO's work, particularly in advocacy.

There are two critical issues that need to be addressed by the SEO's management:

- Attracting SMEs with special programmes means finding external resources, as membership fees cannot cover the special efforts that need to be made, but setting the minimum membership fee too high would discourage SMEs from joining.
- SMEs are most often companies with no union membership and family-run and are therefore four times less likely to join an SEO. If membership of an SEO means becoming involved in union issues or belonging to a formal bargaining group, these companies have a significant disincentive to join, in particular if they want to maintain their non-union status; wish to continue bargaining for themselves; or want to continue to set pay levels unilaterally within the company or at individual level.



PRACTICAL EXERCISE

Member profiling and representativeness

Analyze your own diffusion of the potential membership by as many of the following factors as possible: company size, ownership and trade union membership.

Answering the following questions will allow you to plot areas of representational strengths and weaknesses for your SEO.

Q1: What percentage of companies in the following size categories (number of employees) are members of your SEO?

Size of companies	Estimate the number of companies of this size in your sector in the country.	% of companies of this size that are members of your SEO.
Very large companies (over 1000 employees).		
Large companies (from 250 to 999 employees).		
Medium sized companies (from 50 to 249 employees).		
Small companies (from 10 to 49 employees).		
Individual/Micro- companies (from 1 to 9 employees).		

Q2: What percentage of companies in the following ownership categories are members of your organization?

Ownership category	Estimate number of companies in this category in your sector in the country.	% of companies in this ownership category that are members of your SEO.
Corporate headquarters of multinational company		
Corporate headquarters of a national company		
Subsidiary of a foreign multinational		
Subsidiary of a national company		
Independent company		

Q3: Based upon what you know about your membership, estimate the percentage of your member companies with the following trade union membership.

Trade union membership.	% of your members in each category.
0	
1 - 10	
11 - 25	
26 - 50	
51 - 75	
76 - 100	

Q4: What is the coverage of your sector-specific activities, such as collaborative initiatives, sharing of good practice, implementation of codes of conduct in protecting human health and the environment, work safety, operational safety, etc.?

Collaborative initiative/ sector-specific activity*.	Estimate the number of companies in your sector that could benefit from being involved in the collaborative initiative or activity.	% of companies that are already involved and are members of your SEO.

Q5: What percentage of companies affected by specific functions of your SEO, such as standardization or licensing, are already members of your SEO?

Specific function of your SEO in the sector (technical standardization, management/supervision of recycling of used products, used packaging, etc.)*.	Estimate the number of companies affected in your sector in the country.	% of companies that are members of your SEO.

* Each SEO has to consider carefully which specific activities, functions, collaborative initiatives, etc., are to be included.

In addition it should be noted that:

- SMEs are usually referred to or addressed as one group of companies, which often leads to the incorrect perception of SMEs as a uniform community, but SMEs, even in a narrowly-defined sector, are a very diverse group with differing interests and problems. It is often very difficult to define common problems or issues for sectoral SMEs and to address them effectively. Often SMEs cannot identify the link between their needs and the SEO's strategic priorities and are thus less likely to join an SEO.
- To be involved in the SEO's activities means that a company must allocate time and human resources, and for SMEs this is often impractical and negatively impacts their motivation to join an SEO. On the other hand, the SEO can argue that the HR issues of the company can be left to the SEO, creating more time for "business".
- SMEs are often customers of larger entities which in turn are members of the SEO. Life-cycle type product stewardship programmes adopted by SEO members call for the same approach to be adopted by their professional users and

distributors of their products – such as companies recycling used products or packaging. This can help to motivate the current SEO's membership towards linking SMEs in the SEO's activities.

Although the concrete details vary from sector to sector, this overall picture, with few exemptions, is almost the same.

The approach of SEOs to SMEs differs from sector to sector and country to country. However, we can highlight the following examples of good practice in motivating SMEs to join an SEO while, at the same time, maximizing the benefit for all SEO members when SMEs are "on board":

- Providing SMEs with the possibility of voicing their concerns with the SEO and their contacts with stakeholders by having representatives of SMEs on the Board, relevant committees and by incorporating SMEs into the SEO's advocacy activities;
- Developing activities also by a sub-sector class, for example by having active sub-sector groups. These groups are able to better address the problems of companies in the specific

BOX 7 NUMBER OF SMEs AND LARGE COMPANIES BY SECTOR IN THE EU 27 MEMBER STATES

Sector	No. of SMEs	No. of large companies	Total No. of companies
Mining and quarrying	22,000	300	22,300
Manufacturing	2,357,000	19,000	2,376,000
Electricity, gas and water supply	29,000	1,100	30,100
Construction	2,914,00	2,500	2,916,500
Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods	6,491,000	6,600	6,497,600
Hotels and restaurants	1,729,000	1,300	1,730,300
Transport, storage and communication	1,243,000	3,500	1,246,500
Real estate, renting and business activities	5,625,000	8,500	6,633,500
Total	20,409,00	43,000	20,452,000

Source: EIM on the basis of EUROSTAT

sub-sector and provide open and attentive forums for large and small companies to raise issues of common concern;

- Using external grants for developing and implementing projects aimed at assisting SMEs in implementing best industry practice in protecting human health and the environment, corporate social responsibility (CSR), etc.;
- Particular regulation in collective agreements for SMEs;
- Developing services which are of special interest for the SMEs, such as tax and other trade matters, management training and recruitment support.

3.1.6 Arguments for membership

Before approaching future members, the SEO should review the various benefits that membership can bring to an employer. A summary of membership benefits should be clear and concise so it can be used in a special recruitment brochure and on the SEO's web site.

The success of the recruitment activities depends on the added value that the SEO can bring and on the way such added value can be presented to likely members. In preparing arguments for convincing companies to join the SEO, it is necessary to take the company's point of view. The SEO's comparative advantage will be with targeting the specific needs of the companies in the sector. This means that winning arguments should be developed around the specific added value of the SEO in advocacy, social dialogue and in service provision. The SEO should consider preparing the following categories for its recruitment campaign:

Successful advocacy campaigns

Previous successes in advocacy campaigns provide important arguments. Successes in such campaigns can be classified into two groups:

- Being a part of the SEO, the company can shape advocacy campaigns in order to further benefits from its successes by bringing in new arguments and facts.
- Successful advocacy campaigns in one area result in the ability of the SEO to pursue campaigns in other areas of interest to companies involved in the recruitment campaign.

Sectoral collective bargaining

Collective bargaining directly or indirectly affects all companies in the sector. Possible arguments for convincing a company to join the SEO will depend on the national legal framework and on employees' representation. For example:

- If membership is linked to consequential application of collective agreements the advantages of having such an agreement in effect should be presented (see below).
- Membership gives the opportunity to influence the content of the agreements and to get first-hand information about application and interpretation of the agreements.
- If collective agreements signed by the SEO with trade unions are extended by law to include all companies in the sector (members and non-members of the SEO), there is a clear incentive for a non-member company to join the SEO and influence negotiations with trade unions. This applies even to companies with no union representation.
- Long-term corporate stability entails good cooperation and involvement of employees in the health and safety aspects of the company's operations. If the SEO succeeds in motivating such cooperation and the development of best practices through sectoral social dialogue, it has a strong argument for convincing a company to join.

Technical activities of the SEO

The SEO's activities may cover many technical fields in which companies in the sector have vital interests. For example:

- Many SEOs are the focal point for standardization in the sector. This may include product or service standards, such as product safety, technology standards, standards for the equipment used in production, storage and transport of products, ISO standards, amongst others. It is essential for companies affected by these standards to be part of and influence them.
- Some SEOs have developed, in cooperation with regulators, support services which help companies to comply with pre-clearance market procedures for their products (for example, product registration, assessment of environmental and health impact of the products). Although these services are not (and must not be) the only way to comply with the market's pre-clearance requirements, they provide very economical and technically-feasible

alternatives for companies to put their products on the market.

- In cooperation with their members, regulators and research organisations, many SEOs have developed invaluable know-how and best practices in product safety and in the working environment, which are being developed in the service industries.

Social acceptability of the sector's activities

Improving the image of the sector is often one of the strategic priorities of SEOs. They must develop extensive contacts with all stakeholders, including politicians, government agencies, the general public and NGOs, and develop successful public relations campaigns which provide an important argument for recruiting new members. Being part of a successful organization representing a well-reputed sector is an argument in itself for being a member. There are examples that the right for companies to use the SEO's logo in a business context is considered to be a competitive advantage. A non-member company cannot benefit from earned media coverage and contacts with stakeholders which are the result of positive exposure through the SEO's activities.

Collaborative initiatives and other unique services

If the SEO succeeds in developing unique collaborative initiatives linked to the business success of the companies involved, links recognition to certification, or if the SEO launches unique services, the position of the SEO in promoting membership can be greatly reinforced. Business people have a special affinity for numbers – by having concrete figures which detail the added value of SEO membership, the case for belonging to the SEO can easily be promoted.

3.1.7 Developing strategies for gaining new members

Securing new members is a labour-intensive process. Through the results of the representativeness analysis, the SEO will need to develop different strategies to address its strengths and counter its weaknesses. For each of the categories, the SEO will need to work on identifying specific target companies.



BEST PRACTICES

On the Internet, many examples of membership benefits summaries published by SEOs can be found. The list of web links attached in the last section of this guide can also be used and includes:

Name of the SEO	Country	web-link
British International Freight Association	UK	http://www.bifa.org/
Verband Deutscher Maschinen- und Anlagenbau	Germany	http://www.vdma.org/
Fédération de l'industrie du béton	Belgium	http://www.febe.be/
Associação Brasileira da Indústria Química	Brazil	http://www.abiquim.org.br/
The Australian Hotels Association	Australia	http://www.aha.org.au/
Federación Española de Asociaciones de Productores Exportadores de Frutas, Hortalizas, Flores y Plantas Vivas	Spain	http://www.fepex.es/

Areas of strong membership

In these areas (sub-sectors, regional, amongst others) the SEO already has a considerable membership base. The target companies are similar to existing members.

There are three likely reasons why companies in this category are not already members of the SEO:

- They don't have a clear enough idea of the SEO and its role and activities;
- They know about the SEO, but choose to benefit from its actions without paying membership fees, in other words, they are true free riders;
- They know about the SEO and have a principled reason for not wishing to associate with it.

The recruitment campaign should focus on the first two groups. By splitting the targets between those with insufficient information and the free riders, the SEO can develop its campaign strategy further.

For those employers who do not have a clear idea of what the SEO does, the simple answer is to provide them with information. In doing so the SEO should consider the following:

1. Who is responsible and who will likely influence the decision to join the SEO;
2. Through the use of existing contacts, find out if there is a principled reason for these employers not joining the SEO and which explains why the companies/organizations are not members;
3. Arrange face-to-face meetings with key contacts in the non-member companies using peers from the SEO's membership;
4. Use the SEO's point-by-point argument for "selling" membership.

If the company is a true free rider that has considered all the issues and decided to save money, another set of prepared arguments should be used:

1. Explain to decision-makers what the company is losing in terms of information and influence by not being involved in the SEO's policy-making activities. This may include describing what the companies' key competitors gain by being involved.
2. Point out that the company is benefiting from advocacy without contributing to the costs. It is best that a well-respected paying member of the SEO bring this to the attention of the company,

as people don't mind being free riders until someone they respect points this out.

Areas of weak membership

In this area the SEO will face a different group of companies. There may be large areas where the SEO has few members and a lack of success stories, but it is important that the SEO recruit the maximum number of members in these areas, particularly at the low end of the subscription matrix. These organizations will need to be persuaded of the real benefits of signing up compared to the membership costs.

The first step is to divide the group into similar categories: SMEs, sub-sector companies, family-run businesses and companies with little or no union membership. Although difficult, there are ways for the SEO to succeed: the SEO might focus on special issues of concern to the group; review membership fees for the smallest of companies; offer new forms of membership that limit unwanted obligations on companies and develop specific programmes or projects that attract a specific membership group (such as SMEs). The implications of a membership-based collective agreement should also be observed.

3.1.8 Means for recruitment

Many means are available for recruitment measures and vary from country to country. Some examples are given below.

3.1.8.1 Campaigns

Many organizations undertake regular campaigns in order to recruit new members, often in cooperation with consultancy firms. During a certain period, information events are organized in different parts of the country to which prospective members are invited by e-mail or by telephone calls. Where many small companies are targeted, massive telephone campaigns are undertaken. The purpose is to invite companies to these events "with no obligation". Market-based call centres might be used, but one must be certain that the operators are trained to use a language which touches the right chord with the employer!

Even if many normal sales arguments can be used, keep in mind that the SEO is offering *membership*, not a product. It is not only about tangible matters such as service, information, and so on, but also about intangible values such as participation in activities together with colleagues in order to achieve common goals for the sector in question.

It is, of course, important to submit printed material of interest to prospective members as well as having an informative web site, which is valuable also for potential members and could be referred to in campaigns.

3.1.8.2 Visits to companies

It is our experience that larger companies and key prospects should be approached in a personal way by well-known representatives of the organization, maybe in cooperation with board members who may have links to the company concerned. Company leaders usually welcome a visit where they are given the opportunity to present the company and to listen to the organization's information about the mission, objectives and activities.

The meeting might be rounded up by saying that the company is "welcome to contact us whenever you have a problem," as the SEO can rest assured that the company will be in that situation sooner or later.

3.1.8.3 Experience of recruitment

Writing letters or e-mails is likely to be waste of time. General advertising, such as in the media, promoting the value of joining an employers' organization, does not pay dividends either. Campaigns may yield good results when approaching a certain area containing many prospective members among small companies. The abovementioned kind of systematic "colleague to colleague" visits however, is the best means to gain trust and interest in joining the organization. This is in line with what one management guru said: "You gain more, and faster, by showing interest in the potential members' business and personalities, instead of trying to get them interested in your organization." So, if representatives of the SEO have generated interest within the company and presented your organization and the advantages of membership well, the company will call you when in trouble.

Finally, the best "advertisement" for membership is to be well-known for providing good service and added value to the member companies. Therefore, gradually building up a good brand name and image, which also stands for the most representative and best organization in the sector, is also critical when it comes to recruiting.

3.1.9 Holding on to members

There are no available international data relating to membership retention in SEOs, but anecdotal evidence suggests that members leave when they have a fundamental policy disagreement with the organization, if they change ownership, or if they suffer a severe financial crisis.

Retention of a member begins when the company joins the SEO; to start retention efforts after serious problems arise is already a moment too late. Retaining members in the SEO means:

- Doing a good job every day! And doing it with a "member feeling": creating an atmosphere of an exclusive club where all are addressed equally and have the same interests;
- Communicating extensively with members about what the SEO is doing, with particular focus on the SEO's successes. In this day and age the use of a newsletter is archaic, while using the Internet is a must, but not sufficient in and of itself. SEOs must effectively use social networks such as Twitter, Facebook and My Space to keep their members constantly up to date.
- Promoting good governance and financial transparency, as these make good friends and keep the SEO's members satisfied. Sometimes the SEO's leaders may force members to accept decisions that are experienced negatively by some groups but are favourable in the long run for the majority of members.
- Building collective initiatives that are linked to the SEO's membership and which bring clear business benefits or special recognition to the companies participating in them.
- Building at least one service that is unavailable outside of the SEO, as members will always take into consideration the effect of losing access to it.
- Involving the SEO's members in the SEO's activities – through committee membership and direct involvement in the activities themselves.
- If a member has a problem, provide and organize help immediately. Helping a member in crisis will pay dividends through the member's support for the SEO in the future.

If the SEO suffers a major loss of members after addressing all these points, its leaders must initiate an urgent review to identify the reasons for this and initiate "stop-loss" actions.



SECTION THREE CHECKLIST

- ☐ Do you have an IT-based membership management system?
- ☐ Do you have regular reporting on the evolution of membership and its different components: new members, loss of existing members?
- ☐ Can you accurately profile your membership to identify representational strength and weakness?
- ☐ Do you have a membership strategy drawn up?
- ☐ Do you have a specific retention policy to hold on to members?
- ☐ Do you have specific membership strategies for the different clusters of potential company members, such as SMEs, multinationals, trade sectors, amongst others?
- ☐ Do you have a membership department or a dedicated staff function for membership policies?
- ☐ Do you regularly evaluate your membership campaigns?

Section Four

Developing the SEO's revenue-building

SEO's need not only to develop a strong membership base but to build viable revenues in ways that genuinely strengthen them. Section Three takes a step-by-step approach in guiding readers through this process. It starts with analysing important themes for revenue-building and with an analysis of the current financial situation of the SEO. Hereafter, different kinds of membership fees and their calculation are described, as is the delicate issue of calculating payment for services. Finally, alternative sources of funding are accounted for.

4.1 The virtuous circle of revenue-building

To develop adequate and sustainable income streams is crucial to an SEO. Good income sources guarantee good performance by the organization, which in turn attracts new members. Increased membership generates improved incomes and possibilities to do good things for members. It is about creating a virtuous circle.

A revenue policy should be laid down by the organization and followed up regularly. Revenue-building is as seen in the previous chapter on recruitment policy. The critical question is whether the organization is aiming at maximizing revenues from members or adapting fee levels to maximize organizational strength and representativeness. The "free rider" situation also has to be taken into account: the higher the membership fee to join an EO, the more tempting it becomes for a company to stay outside (see more below).

4.1.1 Themes for discussion on revenue-building

Before setting or changing revenue policy, the SEO should bear in mind two major themes that emerge

from discussions on securing income via membership subscriptions.

The first theme relates to the differences between SEOs in different countries, as different SEOs start from very different financial positions and face different challenges. An idea that has worked well for one SEO will not necessarily be successful for another.

The fact that most SEOs share common concerns and topics masks the enormous differences in the resources available. Established SEOs in stable political and economic conditions, with a tradition of representing an industrial sector, possess a certain quantity of resources. Those building their organizations and activities in an environment where dramatic changes are taking place, and which are still working on their position within modern industrial relations will have a different set of resources. Furthermore, there are also considerable differences from sector to sector or even regionally.

Another aspect of the situation is the size of the country and the sector the SEOs represent; and although the subscription income may be at an appropriate level, its total amount may not be able to cover the needs of the SEO. While some SEOs are very complex organizations employing hundreds of employees, SEOs in small countries must attempt to fulfil the same objectives with an average of only five employees, and in some extreme cases with only one or two people in the secretariat, thus pinning their hopes on volunteers from member companies.

This is why the SEO's conditions should be analysed from two points of view:

1. Reaching an appropriate level of subscription income in relative terms – relative to the sector's payroll cost and/or turnover;
2. Reaching critical mass of membership in order to build up an SEO with sufficient resources to successfully represent members and to reach its objectives effectively.

The second theme relates to revenue generation paradoxes that apply to SEOs.

To build revenue in ways that genuinely strengthen SEOs requires the consideration of the following key revenue-generation paradoxes:

Paradox one – Creating an exclusive club or maximizing membership?

An important challenge is that of deciding whether to maximize income from membership fees or to adopt fee levels that allow the SEO to maximize its representativeness. SEO representativeness comes from reaching the best possible coverage of the sector; while maximizing subscription income will almost certainly mean sacrificing membership. Which is the right approach?

Paradox two – The cost of effective advocacy and the free rider tendency:

For SEOs, the first strategic priority is advocacy with the objective of ensuring a sector-friendly operating environment. This means representing the sector's interests in a wide variety of national and international policy-making forums. However, in order to be an effective lobbyist, any SEO also needs adequate resources. The positioning of membership fees at a level that maximizes membership will almost certainly fail to provide the resources needed to lobby effectively. This is particularly the case when SEOs need to exercise their “voice” beyond national boundaries, at regional level in institutions such as the EU and at global level within the World Trade Organization (WTO), United Nations (UN), the ILO and other similar organizations.

This issue is made more difficult by the “free rider” tendency. SEOs lobby to create the best operating environment possible for the sector, and this benefits all companies, not just the members of the SEO. However, as long as the lobbying paid for by “the few” is effective, there is no incentive to join the SEO for the many companies that do not seek positions of influence. They reap the benefits of a better working environment without contributing to the costs of the advocacy work that helped produce it: they are known as free riders. Plainly stated, the higher the membership fees, the more logical it becomes for a company to remain a free rider.

A logical way to address these two paradoxes is to keep membership fees at an affordable level for “the many” (maximizing representativeness of the SEO and discouraging companies from being free

riders) while cross-subsidizing advocacy programmes from other income sources, such as paid-for services.

4.1.2 Analysis of the financial viability of an SEO

The starting point for any action in budgeting and securing the adequate financial resources for an SEO is an understanding of its current financial viability, and this section provides a simple approach to such an analysis. The more complex the SEO, the more comprehensive the analysis needs to be.

The following practical exercise asks the following questions:

- Where the SEO subscription revenues come from;
- The services the SEO provides;
- Whether any charges levied cover the costs of service supply; and
- The annual costs of running the SEO.

The following simplified analytical format can be easily adapted to local circumstances. If the SEO does not have the figures to hand, it is even more important to undertake the analysis.

The tables that follow contain information necessary for the review of the SEO's financial status and for further analyses of revenue-building options.

The SEO should also analyse the limits of feasible funding that the SEO can raise in the form of membership fees. This is to test whether potential membership can provide sufficient resources to successfully represent members and reach objectives. The SEO can use historical data on subscription income or, if such historical data are not representative, base an estimate on the data from the sector, as the feasible funding will be proportional to payroll costs and the total turnover of companies in the sector. In other words, it will reflect the size of the country and the size of the sector in the country's economy.

After having identified the potential funding in the form of membership fees from the sector which the SEO seeks to represent, it can easily compare this amount with the financial resources needed (from the analysis of the operational costs of the SEO).



PRACTICAL EXERCISE

Current Revenue Sources

PART ONE
MEMBERSHIP FEES

	TOTAL annual revenue	No. of members
Total SEO membership		
Large national companies (over 250 employees)		
Medium-sized national companies (50 – 249 employees)		
Small national companies (10 – 49 employees)		
National individual/micro-companies (1 – 9 employees)		
Country-based multinational companies		
Subsidiaries of foreign-based multinational companies		
Sub-sectors/collective members		

PART ONE
TOTAL ANNUAL COSTS OF RUNNING YOUR SEO (INCLUDING THE COSTS ASSOCIATED WITH THE
PROVISION OF FREE SERVICES)

Human resources costs (salaries, social security, employee benefits, legal insurance)	
Office costs (rent, service charges, electricity, maintenance)	
Publications (annual report, reports, printing)	
Administrative costs (office supplies, equipment maintenance, travel and meeting expenses, copying, phone charges,)	
Capital expenditures/depreciation	
Costs of membership in the national umbrella employers' organization (membership fee, other shared costs with the national umbrella employers' organization)	
Other costs and contingencies	
Total annual costs	

CALCULATION

Total membership fees (total from part one of the table)	
Total annual costs (total from part two of the table)	
Balance	
Does your income from membership fees cover your SEO's annual costs?	YES NO

PART THREE ANALYSIS OF THE COSTS AND REVENUES ASSOCIATED WITH PAID-FOR SERVICES PROVIDED TO MEMBERS

Comment: part three of the table should be adapted to the list of paid-for services the SEO provides.

Paid-for service	Total annual revenue generated	Cost of providing the service
Legal services		
Management training		
Training on product certification		
Statistical services for sub-groups		
Management of the technology platform		
Business databases		
Total revenues and costs		
Profit/Loss generated by provision of paid-for services		

PART FOUR ALTERNATIVE SOURCES OF FUNDING

Type of income	Total cost of generating the income (implementing the projects supported by grants, costs associated with other incomes)	Total annual revenues guaranteed
Grants for projects – national		
Grants for projects – regional/EU		
Other incomes (advertising, sponsorships)		
Total costs and revenues		

There are **two possible conclusions**:

1. The financial resources needed to operate an effective SEO are below the potential amount that could be raised from membership fees or the fees do not constitute enough of a safety margin.
2. The financial resources needed are above the potential amount that can be raised from membership fees.

If the SEO is unable to raise adequate resources from the sector it seeks to represent, there are several strategy options to be considered:

1. Redefine the boundaries of the SEO and widen the potential membership by affiliating two or more sectors, or additional sub-sectors not considered in a previous analysis.
2. Consider merging with other “like-minded” organizations or building a secretariat shared by two or more independent SEOs. Mergers have successfully taken place in Norway whereas Sweden is a good example of the latter; a major part of the SEOs are gathered in groupings, sharing staff, regional offices, administration, amongst other things. Building joint secretariats has also been tested successfully by regional and sub-sectoral structures of SEOs in France.

3. In some specific situations and depending on the character of the SEO and its financial resources, an SEO can be subsidized by a specific commercial activity which is the exclusive domain of the SEO. Successful examples of this kind of activity are the French Furniture Manufacturers Association's trade fairs, which provide almost 60 per cent of their income, as well as the special trade zone of the Turkish Chemical Industry Employers' Association. These examples should not be confused with membership services – which can help attract companies for membership – or with subsidies for lower membership fees (a way to increase representativeness). However, these services cannot compensate for the lack of financial resources caused by the sector and/or the country being too small to raise adequate financial resources through membership fees – even when they are set at adequate levels.

4.2 Member fee structure and calculation

4.2.1 Different kinds of fees

The vast majority of SEOs levy annual membership fees. There is a wide range of fee types, fee structures and calculation methods that SEOs can use to determine their membership fees.

SEOs often levy:

- Full membership fees or standard fees;
- Affiliate membership fees (usually a discount on full membership fees);
- Service membership fees (usually only providing access to the SEO's services in general or per unit);
- Sector group fees (fees charged to a sub-group of its members for the extra costs their activities incur);
- Collective membership fees – usually charged to member sub-sector organizations (the fees are based on the total turnover of their members, and so on);
- Associate/Observer membership fees – usually charged to members for an initial “trial” membership before they become a full member (time-limited).

The following are the two main components of SEO membership fees:

- Basic fees;
- Special/variable fees linked to specific collaborative initiatives the member is a part of.

Calculation of the basic SEO fee is usually based on:

- The total payroll costs of the member company/organization or number of employees; or
- The total turnover of the member company/organization; or
- The legal form of the member; or
- Any combination of the above.

Formulas for calculating the fees used by SEOs include:

- A percentage of the base (e.g. 0.1 per cent of the total payroll cost, or 0.01 per cent of the total turnover); for larger companies, a lower percentage of payroll sums above a certain amount;
- A specific fee for total payroll cost; number of employees employed; turnover; or the legal form of the member;
- A sliding scale for calculating the fees to be paid with an increasing calculation base.

4.2.2 The size of the fees

There are no standards regarding subscriptions/fees to employer or business organizations. Fee structures, levels and so on are rarely discussed between employers at international level. Within countries, though, benchmarking takes place between SEOs and information is normally given on request. The systems are for the most part transparent and are published on the web site.

Subscriptions vary considerably between countries and organizations and so on, depending on the following:

- The general economic market conditions in the country and price levels;
- The organization's mandate and tasks; in lobbying, collective bargaining, social affairs, trade matters, and so on;
- The level of services and types of services;
- The relative importance of the organization – the existence of competitors;
- The number of staff and their competency and experience;

- Tax conditions – are the fees deductible for the companies in the same way as other business costs?;
- How is the organization taxed?;
- The existence of the company's own capital;
- Own funding, for example, in relation to conflicts;
- The composition of members and potential members – large companies, SMEs, MNEs, micro companies, and so on.

It is known that fees paid to SEOs in Northern European countries amount about 0.1 per cent of the wage sum covering extensive collective bargaining and related services. If not an absolute benchmark, one has to keep in mind that higher charges may start a discussion about the justness of the fees.

Discussions about fees, however, concern more the proportion between the subscriptions/fees and payment for direct services. In other words: what is included in the basic subscription?

High subscription levels, say over 75 per cent, may cause a discussion over whether a system with paid services should be set up or increased. On the other hand, if the paid services exceed the income from subscriptions, it could be questioned whether the SEO can correctly fulfil its collective representation.

4.2.3 Payment for direct services

As already stated, payment for direct services is a common approach among employer organizations in addition to a basic fee.

The pricing of services is delicate and launching or widening a system of this kind must be carefully prepared for. The unique competency of the organization must be the basis for selling its products. Normal market research must be carried out looking for competitors and their performance and prices. Can the ordinary staff provide these services or must specialists be employed? Are there possibilities for joint ventures with consultancy firms with the consequences this may have for the profit and the brand name of the organization?

We know from experience that “underpricing” in order to gain customers turns out to be a bad solution. A system of this kind must be financially driven, taking into account the prevailing overhead costs of the SEO as well.

Furthermore, a system with paid-for services must be related to the basic, mandatory functions such as

collective bargaining and related matters. Thus, in the Nordic countries, where collective bargaining is widespread, the organizations' paid-for services are limited to those that are very close to the “core business” and the unique competency linked to it, such as implementation of wage systems or working environmental systems in companies. This means that the income from paid-for services is less than 10 per cent. In other countries, however, where nationwide collective bargaining is limited and unionization is weak, paid-for service systems are the dominant income source: for example, in the UK.

Finally, a warning should be launched directed at SEOs in the services sector: beware of competing with member companies! Apart from this it shall be mentioned that organizations, even those with a considerable fee covering a wide range of services, charge for special events such as conferences and training courses at a market-based price level.

4.2.4 Payment of fees

As SEOs rely on fees from members to support their daily operations, members' financial discipline in terms of paying their fees on time is vital.

As mentioned earlier, the SEO's rules should clearly establish the mechanism by which membership fees are determined, including the mechanism for periodic changes in the fee structure, and any extra charges for individual members that require special services.

It is clear that non-payment of dues is grounds for cancelling membership. The rules of the SEO should address the issue of non-payment of membership dues, clearly outlining the procedure for notifying members that are in arrears, as well as the procedure for expelling non-paying members.

The statutes should also indicate the status of membership rights for any member in arrears. For example, members in arrears may lose voting rights in the General Assembly, the right to services, the right to have office-holding representatives or the right to participate in industrial relations activities undertaken by the SEO.

4.3 Alternative sources of funding

Other than membership fees and revenue from providing services, there are other sources of income for SEOs; however, as they are more *ad hoc* by nature, they cannot normally be relied on as core funding sources, although they may be significant. Examples include sponsorships, advertising in magazines and publications, as well as external

grants or income derived from projects. All these sources are used to a greater or lesser extent by SEOs and are described briefly below.

4.3.1 Sponsorships

Sponsors can help financially by supporting conferences, publications, web sites or physical assets like computers and televisions. SEOs that invite sponsored income or contributions in kind must ensure that the credibility of the SEO is not eroded, but enhanced by its association with the sponsor company. The sponsoring organization usually pays a cash sum or offers a product or service in return for prominent exposure at conferences, in the SEO's premises or in publications, as well as access to the SEO's mailing list.

An SEO offering sponsorship opportunities should be very careful to offer opportunities on an even-handed basis. By offering all members exactly the same opportunity there will be no risk of favouritism.

Note that providing a list of members to outsiders needs members' support.

4.3.2 Advertising

It is not unusual for the price of newspapers and magazines to fail to cover the costs of production and distribution. There are many examples of so-called "free-sheets" that exist only on the basis of advertising and this also applies to the web sites of popular organizations. There is no reason why an SEO should not seek to recoup a part or all of the production and distribution costs of its magazine or web site by selling advertising space to members and non-members.

4.3.3 Grants

In order to secure grants it is first necessary to study the market and learn about potential donors, their preferences, terms and requirements. Many donors have very specific areas on which they exclusively concentrate, such as sustainable development, small businesses, youth entrepreneurship, and so on. The SEO must take care to align potential donors with its own strategic priorities and political positioning.

As there is a significant amount of work involved in finding, applying for and securing a grant, it should be noted that project grants are conditional on successful completion of the project and often

involve complex reporting obligations. Grants should be used where the objectives of the donor and the project align with the SEO's own objectives and where they will carry forward the SEO's agenda. It is easy to get caught up in seeking large grants simply because of the funds involved, but as the SEO will rarely make a profit from external grants, this approach risks steering the SEO off course and causing it to lose sight of the real priorities.

4.3.4 State support

In some countries the State offers support to social partner organizations, in the form of preferential fiscal treatment and direct grants. There is nothing wrong with an SEO taking advantage of any funding opportunities provided by government; however, it must always remember that the key role of an SEO is to lobby government on behalf of its member companies and organizations. In other words, it must be crystal clear to governments and to members that the acceptance of State funding does not influence the views or behaviour of the SEO.

4.3.5 In kind support

In addition to direct financial assistance or financial support for specific projects, SEOs can also benefit from in kind support from external donors. Such in kind support can be:

- Provision of office space free of charge;
- Use of secretarial, copying facilities and postal services free of charge;
- Provision of goods (such as office supplies) or services (for example, social services for the SEO's employees);
- Provision of meeting rooms and other services related to organizing workshops, seminars and other types of meetings free of charge (for example, meetings with trade unions on collective agreements).

This in kind support should not be confused with in kind contributions which partially or fully substitute the payment of membership fees. Although such an arrangement is possible, this type of in kind contribution must be financially transparent and must be advantageous for the SEO.

It should also be clear to both the donor and the SEO's members that acceptance of such support will not influence the views and actions of the SEO. Finally, the SEO must comply with local accounting rules for accepting such in kind support.



SECTION FOUR CHECKLIST

- ☐ Do you know the exact proportion of your revenue that derives from subscriptions, services and other sources?
- ☐ Do you believe that your current revenue mix is appropriate?
- ☐ Do you believe that your current revenue mix is sustainable in the longer term?
- ☐ Can you list by sector and company size where your subscription income comes from?
- ☐ Do you know the annual running costs for your organization for providing membership-based services?
- ☐ Does your revenue from membership cover the costs of membership-based services?
- ☐ Do you know how much each of your services costs to provide and whether you make a profit on the services you sell, over and above the membership package?
- ☐ Can you list sources and amounts of income from items other than subscriptions and service provision?
- ☐ Is your fee structure transparent and perceived as fair by members?
- ☐ Is your calculation formula auditable?
- ☐ Do members know what they get and don't get as a member service?
- ☐ Is your formula self-revising for cost increase?
- ☐ Do a small proportion of your members provide the vast majority of your income?
- ☐ Do complex companies pay a fair fee – or can HQ operations “hide” subsidiary companies?
- ☐ Are the member services genuinely services that a majority of members want to take up?
- ☐ Do you give incentives for early payment?
- ☐ Do you have rules for leavers and joiners?
- ☐ Can you list the key organizational strengths upon which you base service provision?
- ☐ Do all of the services you provide sit comfortably within your organization's mission and objectives?
- ☐ Do all of your services make money?
- ☐ Do you have a longer term service provision strategy that plans to exploit second and third generation services in your areas of key organizational strength?
- ☐ Do you have a process for examining which services emanating from your organization's key strengths will be the most marketable and profitable?

- ☐ Do you currently use contracting out or joint ventures to supply services?
- ☐ Are you confident that your business partners enhance the reputation of your organization?
- ☐ Do you obtain income from sponsorship or endorsements?
- ☐ Are these arrangements open equally to all your members?
- ☐ Does each of your sponsors or endorsement arrangements contribute to the image of your organization?
- ☐ Do you carry advertising in your publications and/or web site?
- ☐ Have you explored the opportunities for encouraging legacies to your organization?
- ☐ Does your organization make use of external grants?
- ☐ Do each of the areas where you have grants fit in with your organization's mission and key objectives?
- ☐ Are your financial accounting procedures adequate to comply with donor reporting requirements?

Section Five

Achieving good governance in SEOs

Good governance strengthens the ability of SEOs to effectively represent the sector's interests in a credible manner and positively impacts on their ability to grow and develop. After addressing the importance and purpose of good governance, Section Three outlines the main elements, institutions and tools of good governance in an SEO environment.

SEOs serve a legitimate and useful purpose, depending on their statutes, and engage in a wide variety of activities for their sector, as long as these do not violate applicable competition laws in the countries in which their members have their headquarters and in which they operate. Consideration of the various competition laws requires that SEOs refrain from any activity which might be construed as unlawfully limiting competition among its members and other stakeholders. Section 3.5 provides guidance on how to ensure that an SEO avoids activities that would be censured by governments and which would be financially damaging to the SEO.

SEOs differ from cross-sectoral employers' organizations in their variety of membership forms and organizational structures. Section 3.6 aims to explain the basic principles for building effective and representative institutions of good governance.

The secretariat is the backbone of the SEO: it provides infrastructure, technical and administrative support to the SEO's activities and to the functioning of the statutory bodies. Section 3.8 focuses on the fundamental principles of building an SEO secretariat and the specific competencies it needs to develop.

An essential step in increasing the credibility and recognition of an SEO at national level is joining the national umbrella employers' organization. The national umbrella employers' organization is a key channel to national level policy-making for an SEO, while the support of SEOs for their umbrella employers' organization allows a broader employers' voice, one that is stronger and more effective.

Moreover, employers' organizations at national and international levels have created an extensive network of organizations with vital links to policy makers, decision-makers and opinion formers and represent a vast resource of know-how and information. Joining this extensive network is important for reaching critical mass and delivering the SEO's objectives, particularly in the advocacy and social dialogue areas. As explained in section 3.9 it could also optimize the expenditure of SEOs, in spite of considerable costs associated with membership in international (for example, European) SEOs.

Good governance is the way to make the SEO's mission a reality and is the very foundation upon which any organization is built. This is true for governments, companies, trade unions, and employers' organizations.

An SEO is required to implement:

- General requirements on governance (applicable to any type of organization affiliating employers) such as compliance with regulatory requirements, non-discriminatory membership criteria, transparency and avoiding conflicts of interest;
- Specific requirements that primarily affect SEOs (such as compliance with competition law);

- Rules on institutions of governance reflecting the specific organizational structure of SEOs.

The following chapters provide guidance on these topics, but it is necessary to adapt this guide to the local regulations and social circumstances, as well as to the size and organizational complexity of the SEO.

It should be stressed from the beginning that good governance is a must for an SEO, not a choice. The benefits of good governance are: credibility, social and political acceptability and attractiveness for new members, and are mentioned in order to drive the efforts necessary for achieving good governance – they are not merely presented as attractive options.

5.1 Importance and purpose of good governance

Good governance strengthens the ability of SEOs to represent their members' interests credibly and impacts positively on their ability to grow and develop.

Having good governance indicates that the SEO has the necessary institutions and tools to ensure credibility, integrity and authority in determining rules, making decisions, and developing programmes and policies which reflect the views and needs of members. It is primarily through good governance that an SEO maintains the trust of its members and enhances its reputation and influence with those it interacts with.

A failure of good governance in an SEO cannot only damage the reputation and reduce the effectiveness of the organization itself, but can impact negatively on the reputation of those it seeks to represent. Good governance is an essential element in ensuring that the SEO works in the genuine interests of its members.

It is essential that SEOs provide examples of good governance practice; governments and trade unions require credible and transparent partner SEOs which represent the genuine interests of the sector.

Finally, national and international donors seeking to invest in the further development of SEOs need to be assured that they are legitimate, transparent and rule-based institutions.

Good governance in an SEO is achieved through:

- The establishment of democratic structures and procedures for decision-making;
- The existence of adequate checks and balances on decision-makers;

- Transparency in decision-making, implementation and member communication;
- Elimination of inappropriate and undue influence on decisions.

5.2 Definition of terms

The terminology relating to SEOs and their constituent parts can vary from country to country and industry to industry. For purposes of consistency this guide uses the terms below:

- An SEO is a voluntary, membership-based group of companies or sub-sector groups/organizations.
- The most important decision-making organ of the SEO is the General Assembly. The General Assembly is the representative body of SEO members, and its composition depends on the SEO's circumstances and is further detailed in the guide.
- The member-elected top governing body of an SEO is referred to as the Board; the Board is chaired by the President of the SEO.
- The senior manager (an employee of the SEO), appointed by the Board, is the Chief Executive. Other terms may include: Secretary General, Director General, Executive Director or CEO.

5.3 Regulatory framework

In most countries, and in order to act with legal authority, SEOs are required to register under a specific organizational structure designed for not-for-profit organizations. Although the regulations differ from one country to another, they generally contain provisions designed to protect the rights

BOX 2 RELATED ILO CONVENTIONS

Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)

Article 2: ... Employers ... shall have the right to establish and ... to join organizations of their own choosing without previous authorization.

Article 3: ... Employers' Organizations shall have the right to draw up their constitutions and rules, to elect their representatives in full freedom, to organize their administration and activities and to formulate their programmes.

Article 4: ... Employers' Organizations shall not be liable to be dissolved or suspended by administrative authority.

Tripartite Consultations to Promote the Implementation of the ILS Convention, 1976 (No. 144)

Article 3: The representatives of employers... shall be freely chosen by their representative organizations, where such organizations exist.

BOX 3

THE EU LISBON TREATY AND EMPLOYERS' ORGANIZATIONS

In the European Union the activities of SEOs are also affected by EU laws and regulations. For example, sectoral social dialogue at the European Union level is structured by the procedure of Articles 154 and 155 of the Treaty on the Functioning of the European Union. Under this procedure, sector employers' and employees' organizations can decide, on the occasion of a consultation under Article 154 (consultations on proposals of the Commission in the social policy field), to inform the Commission that they would like to deal with the issue by negotiation. If such negotiation leads to an agreement, this agreement can be adopted in accordance with Article 155 of the Treaty. This means that social partner organizations benefit from an *ad hoc* right to impact social policies, thus giving them a role of co-legislator at EU level.

and interests of members and third parties, and as such provide a binding general governance framework on which good internal practices and procedures can be built.

The International Labour Organization has several Conventions that, while not specifically outlining the governance of an SEO, set some fundamental principles that relate to their governance, such as the principle of voluntary participation in an SEO (see Box 2). However, there are few guidelines relating to the governance of an SEO despite their key role as the voice of a specific sector or sectors.

5.4 Membership criteria

The specific eligibility requirements for membership of an SEO can vary from country to country and sector to sector; however, the SEO's statutes should explain clearly who may and may not join the SEO. Typically, eligibility for membership is restricted to those persons, companies, or other organizations that are employers and are engaged in the commercial production or manufacture of goods or commodities, or the commercial provision of services in a specific sector of the economy. In certain countries, SEOs also affiliate regional or sub-sectoral employers' organizations that operate according to similar membership regulations.

Other persons or organizations that do not meet these descriptions may also be admitted to join as "associate" or "affiliate" members if the organization deems it appropriate. Trade unions and governments are not eligible for membership of an SEO. Under all circumstances, membership must be strictly voluntary, as set out in ILO Conventions No. 87 and No. 98. Voluntary membership is a fundamental, internationally accepted principle of forming an SEO, and in accordance with both ILO and UN Conventions against discrimination, membership of an SEO should not be based on racial, gender, religious or ethnic status.

5.5 Compliance with competition rules

SEOs serve a legitimate and useful purpose according to their statutes and may legally engage in a wide variety of activities for their sector as long as these do not violate competition law in the countries in which their members have their offices and perform business. Consideration of the various competition laws requires, in particular, that SEOs refrain from any activity which might be construed as unlawfully limiting competition among its members and other stakeholders.

5.5.1 8 Competition law and SEOs

Competition law is not intended to prohibit legitimate business activity or to impede legitimate activities by SEOs and this legitimacy has been fully recognized by governments, as well as by antitrust authorities in the world. Fundamentally, SEOs assist individual companies to develop a better understanding of the legal, regulatory and economic environment while offering structures for joint advocacy; in turn, the objective of competition law in different countries is to encourage competition. Artificial restraints on competition are prohibited, indeed, competition laws were enacted because the general public felt that trusts, cartels and other combinations were threatening to control markets to the detriment of customers.

Although there are many different enforcement procedures and potential penalties involved, the basic principles underlying competition law worldwide are very similar. It should be kept in mind that acting through an SEO does not provide individual companies with any special protection under competition law; in other words, companies cannot do anything through an SEO which they could not do with each other individually. However, SEOs offer an open framework for developing a number of legitimate joint activities.

5.5.2 Competition compliance programmes in SEOs

To ensure compliance, SEOs have compliance programmes, which include official guidelines addressed to their staff and the representatives of member companies participating in their activities. They are often complemented by regular training of staff and involvement of principal external experts in managing the different activities of the SEO. Members of staff and participants in the SEO's activities are regularly reminded of the rules through brochures and leaflets.

The competition law compliance programme is aimed at preventing a member of staff, or an individual representing a member company, knowingly or wilfully entering into any activity under the umbrella of the SEO which might violate competition law.

Members are urged to avoid not only actual violations of the law, but also any situation which could be considered a violation, or which might invite suspicion or investigation on the part of the enforcement authorities. A reasonable amount of common sense and good judgment must be used by those who are part of the SEO's bodies and committees.

In order to protect the SEO, members, and non-members who cooperate in some activities should observe and understand the following basic policies:

1. The organization has well-defined, lawful and constructive objectives, statutes and activities. The SEO's programmes are designed to promote the overall understanding and interests of the sector in a continuous dialogue with public and private stakeholders.
2. The organizational structure consists primarily of functional committees, groups and task forces.
3. Any activities in relation to pricing and marketing must be scrupulously avoided.
4. The SEO's Chief Executive, with the assistance of legal counsel, helps to ensure the strictest observance of all SEO policies by its members and provides guidance and advice on full compliance with the relevant rules and regulations including, but not limited to, competition law.

BOX 4

EU COMPETITION LAW AND SEOs

The main EU provision affecting SEOs is Paragraph 1 of Article 101 of the Treaty on the Functioning of the European Union, which reads as follows:

"The following shall be prohibited as incompatible with the common market: all agreements between undertakings, decisions by associations of undertakings and concerted practices which may affect trade between Member States and which have as their object or effect the prevention, restriction or distortion of competition within the common market, and in particular those which:

- a) directly or indirectly fix purchase or selling prices or any other trading conditions;*
- b) limit or control production, markets, technical development or investment;*
- c) share markets or source of supply;*
- d) apply dissimilar conditions to equivalent transactions with other trading parties, thereby placing them at a competitive disadvantage;*
- e) make the conclusion of contracts subject to acceptance by the other parties of supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts."*

In accordance with this paragraph and a number of key decisions by the European Court of Justice, two basic points should be kept in mind. First, regardless of the good intentions of the individuals involved, if the effect of the SEO's activity is found to prevent, restrict or distort competition, the activity will be considered illegal. Secondly, to violate Article 101 it is not necessary for the parties involved to enter into a real agreement; under the concept of concerted practices such agreements are implied by the actions of the parties.

5.5.3 Activities to be avoided

The list of activities to be avoided includes:

1. Companies or other stakeholders should not enter agreements with competitors or other parties in order to:
 - Fix the prices of products or conditions of sale;
 - Limit production, fix production quotas, or otherwise limit the supply of any product reaching the market;
 - Divide the market or sources of supply, either geographically or by class of customers;
 - Blacklist or boycott customers, competitors or suppliers;
 - Limit or control investments or technical development.
2. Companies or other stakeholders should not discuss or exchange information which might infringe competition rules related to:
 - Individual company prices, price changes, terms of sales, and so on;
 - Industry pricing policies, price levels, price changes, and so on;
 - Price differentials, price mark-ups, discounts, allowances, credit terms;
 - Costs of production or distribution, cost accounting formulas, methods of computing costs;
 - Individual company figures on supply costs, production, inventories, sales, and so on;
 - Information as to future plans of individual companies concerning technology, investments, or the design, production, distribution and marketing of particular products, including proposed territories or customers;
 - Matters relating to individual suppliers or customers, particularly in respect of any action that might have the effect of excluding them from the market.

The above list is indicative and is intended to guide SEOs in avoiding certain activities in order to steer clear of possible problems, but every individual should use his/her own judgment. If ever there is doubt regarding the legality of an activity or action – if there is a risk of violating competition law – then the matter should be checked by the company's legal counsel or discussed with the SEO's Chief Executive before proceeding.

5.6 Institutions of governance: General Assembly, Board, Chief Executive

Before approaching the topic of institutions of governance, we have to consider the variety of membership forms and organizational structures of SEOs worldwide.

The first issue regards the number of companies represented: some SEOs represent only a limited number of economic operators (for example, the Hungarian Paint Industry Association which represents eleven companies), while other SEOs represent several thousand operators (for example, UIC, the French Chemical Industry Federation represents over 6000 companies). Consequently, in addition to success in member recruitment, the number of companies represented in the SEO depends on:

- The structure of the sector (oligopolistic, monopolistic, competitive);
- The size of the country or region;
- The economic structure of the country or region.

With regards to different forms of membership, SEOs' members can be:

- Individual operators (companies);
- Sub-sector groups (a clearly defined sub-group of SEO members, economic operators/companies, for example, with common issues or concerns, such as SMEs or downstream users, but without specific organizational form and legal personality);
- Sub-sector employers' organizations (a clearly defined group of economic operators/companies affiliated with an organization with legal personality which is separate from the legal personality of the SEO);
- Regional sectoral employers' organizations.

We can find different combinations of these forms of membership, for example:

- Organizations affiliating only individual operators (such as ACES, Asociación de Cadenas Españolas de Supermercados, in Spain);
- Organizations affiliating individual operators and sub-sector associations (such as AFG, Association Française du Gaz, in France);
- Organizations affiliating only sub-sector and regional employers' organizations (such as

FEVIA, Fédération de l'Industrie Alimentaire, in Belgium);

There are many membership options as well, for example:

- Full membership;
- Affiliate membership (usually providing discounts on full membership fees);
- Service membership (usually for members with access only to services provided by the SEO);
- Collective membership (usually sub-sector organizations or regional SEOs);
- Associate/Observer membership (often used as a temporary stage towards full membership, a form of membership with limited rights for a lower fee, a consultative form of membership or a form of free membership to attract members in order to increase representativeness);
- Supporting membership (usually granted to members not actively involved in the internal life of the SEO, but providing it with political, professional or material support).

In the next chapters we will formulate general principles for institutions of governance in an SEO's environment. However, it is important to adapt these principles to the local (regional) circumstances, the size of the SEO, and the form and types of membership in the SEO.

5.6.1 General Assembly

The members of an SEO should be the ultimate beneficiaries of the SEO's activities, as well as the ultimate authority on its governance; the authority and legitimacy of the Board members and management stem directly from the support of members. As the credibility of an SEO is based on it being truly representative of member interests, members are usually represented through a General Assembly which acts as a key institution of governance.

How members participate in the General Assembly can vary depending on the size and complexity of the SEO (see introduction to Section 4.6) and should be clearly established in the statutes and by-laws. The forms of representation of members with voting rights (usually only full members) in the General Assembly are:

- Representatives of individual operators – members of the SEO;

- Delegates of sub-sector employers' organizations;
- Delegates of regional SEOs;
- Representatives of sub-sector groups/layers of membership (for example, SMEs, research organizations, and so on).

SEO should enact measures so as to ensure that their organization represents all members, and all geographical regions and sub-sectors that are constituents of the SEO. Larger employers should have a prominent voice in SEO matters, but not to the point of excluding the proper participation of other members. The SEO rules should clearly indicate measures that provide fair and balanced representation of all members.

The General Assembly has several responsibilities; most importantly, the General Assembly elects the Board. As there are multiple ways that are more or less equally suitable, an SEO should choose the method that best suits its circumstances. For example, Board members may be proposed by individual members or a special committee set up for this purpose and elected by the General Assembly.

Equally importantly, the rules should indicate the procedure by which the General Assembly may vote for the removal of individual members of the Board, or of the Board in its entirety; this could result from broad dissatisfaction of the members with the entire Board or with an individual Board member. Typically this will involve a majority vote of the General Assembly at a regularly scheduled meeting, or a special meeting called for this purpose.

There should be clear and objective procedures detailing the percentage of votes required for a quorum and the percentage of votes required for passing a measure in the General Assembly.

Other important duties of the General Assembly typically include approval of the budget, approval of changes in the membership fees and amendments to the constitution.

5.6.2 Board – composition and responsibilities

The Board serves members by overseeing management activities, by facilitating the decisions of members, by keeping communication channels open with and between members and management and by ensuring the observance of statutory processes within the SEO. The Board has a crucial role in ensuring both the good governance of the SEO and its long-term sustainability.

The Board should be composed of executives who are considered by members to be representative of the membership of the SEO. The Board may be structured in such a way as to reserve seats for particular sub-groups (such as SMEs, research and development organizations, and so on), sub-sectors or regions; however, the number of seats allocated to individual companies should be restricted to a defined minority of seats. The SEO's rules should establish clear measures to prevent the Board from being dominated by any particular group, sub-sector, region or faction; for example, by larger members to the exclusion of the interests of the other members.

The size of the Board can vary according to the SEO: a large SEO will tend to need a larger Board; likewise, a smaller SEO can function better with a smaller Board. In absolute numbers, Board size generally ranges from six to 24 members, and although there is no correct size for a Board, it is advisable to keep Board size to the minimum necessary for adequate representation of members, as this will keep decision-making relatively simple. In between its regular meetings, the Board often delegates authority to an executive committee (presidium) on certain matters.

In order to avoid conflicts of interest and to safeguard the independence of the Board, certain occupations should make a person ineligible for membership of the Board; for example, a currently serving member of Parliament should be prohibited from serving on the Board of an SEO. It is thus important that SEOs' statutes clearly document the eligibility criteria of members of the Board (qualifications, incompatibilities).

The SEO's rules should normally limit the number of consecutive terms of office that a Board member can stand for. The SEO's rules should also clearly state that the term of office automatically expires if the member of the Board ceases to comply with the eligibility criteria for the Board membership (for example, if he/she leaves a senior management post in a member company).

The Board is responsible for maintaining the basic direction of the SEO. This responsibility manifests itself in several specific functions, including:

- Approving the strategic plan and budget prior to its recommendation to the General Assembly;
- Reviewing the performance and termination of office of the Chief Executive and appointment of a new Chief Executive as required;
- Electing the President of the Board (and Deputy President);

- Leading and steering the policy-making process of the SEO;
- Setting strategic priorities and objectives for the organization (as opposed to day-to-day business);
- Making proposals for changes to the constitution of the SEO prior to recommending such changes to the General Assembly;
- Approving new members, prior to making recommendations to the General Assembly, as well as other housekeeping issues;
- Appointing external auditors and receiving the external audit report.

Through these functions, the Board plays a key role in the governance of the SEO by providing a checks and balances system which prevents management from running the SEO without any safeguards or constraints; however, the Board must resist the temptation to "micro-manage" the SEO. All these functions should be clearly documented in the rules of the SEO and a number of them are discussed in more detail later in the guide.

Election of the President

In addition to its overseeing role, the Board has functions related to its own operation, in particular the election of a President, as the Board is responsible for electing a qualified candidate from the elected Board members to be President of the Board. The role of the President is detailed below, but it is important to note that the SEO's rules should have clear procedures on how the Board elects its President, for example by a majority vote of the Board members.

Role of the President of the Board

The role of the President is to lead and manage the Board, and to uphold the principles and goals of the SEO through the most efficient use of the Board's time and energies. In practical terms, the President is required to manage periodic Board meetings, by approving the agenda and by ensuring that statutory formalities are observed, and he or she is often expected to chair the General Assembly. In addition, the President can be expected to perform "diplomatic" functions, such as holding meetings with government dignitaries and attending other events (such as press conferences or other important activities of the SEO).

The SEO's rules should include a description of the President's role, outlining the duties and authority of the office, and these rules should pay special attention to differentiating the role of President

from the role of Chief Executive. Clearly documenting the duties and authority of the President (and of the Chief Executive) will avoid confusion and conflict within the SEO. As the Board will be responsible for reviewing the performance of the Chief Executive, it is important to clearly establish the role of the President in this review process; in practice, the President of the Board typically takes the lead in reviewing the Chief Executive's performance on an annual basis and in approving the Chief Executive's remuneration.

The role description should also indicate some basic qualifications for the position of President, for example, a minimum requirement might be that the candidate is the senior manager of a current member company or organization.

Related to the job description is a clear indication of the term of office and term limits. Often a President serves one- to three-year terms, but there is no universally appropriate term length. Term limits may also vary according to the tradition of the particular SEO, although limits to re-election and on the number of consecutive terms should be indicated in the SEO's rules.

The President of the Board must also observe the principle of impartiality when carrying out duties for the SEO, as this relates to separating the role of President from the role of senior manager in a member company. The President should never use the position to promote his or her firm or to restrict the voice of competitor member companies. In this regard the President should not only be fair, but also maintain the appearance of fairness in all activities related to the SEO.

Communication between Board and members

A key responsibility of the Board is to maintain and facilitate communication with the members of the SEO. Although management has to keep members informed of day-to-day business issues, the Board should keep members informed of the results of periodic meetings of the Board, including any debates which have taken place in those meetings. Furthermore, it is the Board's responsibility to produce an annual report to members detailing the activities of the organization.

5.6.3 Chief Executive and management:

Appointment and Responsibilities

As is the case throughout the guide, standard or generic titles are used to describe particular functions, i.e. the title "Chief Executive" describes

the senior manager (employee of the SEO) appointed by the Board. Other synonymous terms include Director General, Secretary General, Executive Director or CEO.

The Chief Executive of the SEO has a central position in its daily management, but also has important governance responsibilities as the Chief Executive is typically the highest level of full-time management in the SEO (Board members usually meet periodically), and therefore the Chief Executive's adherence to good principles of governance is crucial for the SEO.

The primary role of the Chief Executive is the day-to-day management of the SEO and its staff, and the implementation of long-term strategies and work plans. The performance of the Chief Executive in this regard will largely dictate the overall success of the SEO in its activities.

In the area of governance, the Chief Executive is responsible for the general administration of the SEO and ensuring that the legal requirements and rules are observed. The Chief Executive must also promote formal meetings related to governance matters (such as meetings of the Board or the General Assembly), as well as facilitating good communication between management and the Board, and management and members. Further governance responsibilities are noted below.

The Chief Executive typically has responsibility for hiring and managing the staff of the SEO, and in this respect it is important that the Chief Executive be able to choose his or her own management team and that this management team view the Chief Executive as their principal employer.

As noted in the section above, it is also important that the SEO's rules clearly distinguish between the responsibilities and authority of the President of the Board and those of the Chief Executive. Normally, the Chief Executive should have, within the SEO's budget, complete authority over the day-to-day management of the SEO and any staffing issues. For example, the authority of the President should be limited to such matters as removing the Chief Executive for poor performance or serious misconduct. This provides a sufficient check on the Chief Executive's powers, without undermining the authority of the position and the ability to manage the day-to-day affairs of the SEO.

The SEO's rules should explain in a clear manner all the governance responsibilities of the Chief Executive and should also be detailed in the job description for the position.

The position of Chief Executive should be made available to the person that the members of the SEO, through their Board, find most appropriate to manage the affairs of the SEO itself. From a good governance point of view, it would only be necessary to preclude, in line with national law and practice, any candidates with poor records in the area of governance matters, such as any “unspent” criminal or civil penalties for corporate malpractice.

The appointment of the Chief Executive is a function of the Board and/or the President of the Board. In practice, the Board may use a committee or a professional recruitment agency to search for eligible candidates, but the authority to appoint the Chief Executive should remain with the Board or President. As the Chief Executive plays an influential role in the day-to-day affairs of the SEO, it is good practice to have a well-documented appointment procedure in order to avoid any potential confusion or conflicts.

While the SEO’s rules provide the Chief Executive with sole authority over the staff of the SEO, there should nevertheless be a grievance procedure concerning the Chief Executive. If the circumstances warrant it, the President, with the Board’s approval, should have the authority to terminate the employment of the Chief Executive and the exact procedure for this step should be documented in the contract of employment of the Chief Executive. Clear documentation not only allows the SEO to react quickly in the event of serious misconduct or poor performance on the part of the Chief Executive, but can also preclude any wrongful dismissal litigation on the part of the Chief Executive, or any challenges to the Board’s authority on this matter. The remuneration and benefits of the Chief Executive should be set by the President, with the Board’s approval.

The job description of the Chief Executive should also include limits on, or an approval procedure for, other remuneration received for work performed outside the role of Chief Executive of the SEO. This is most likely to be applicable to a small SEO where the position of Chief Executive is not full time; however, even in a large SEO the Chief Executive may be in a position to receive remuneration from other parties for consultancies or other services. There is nothing wrong in principle with outside activities, as long as the Board of the SEO sets specific limits or approval mechanisms for such engagements, whether remunerated or not. For example, the Board may establish a mechanism whereby all external work approved by the President or the Board is allowed, as long as the key underlying principle of governance – the avoidance of conflicts of interest on the part of the Chief Executive – is met.

5.7 Tools of governance – rules, committees and project groups; transparency and communication

5.7.1 The SEO’s rules

Throughout this section, mention has been made of the SEO’s rules that are statutes, by-laws and codes of conduct or behaviour. These documents lay out the powers held by various individuals and groups and the manner in which important decisions must be made.

It is clear that the governance rules of an SEO have to be in line with the law and practice of the country, which is the legal environment for their operation, but although the SEO’s rules provide a sound basis for governance of the SEO, it is even more important that they are applied in a spirit of member orientation. It is therefore necessary to have appropriate procedures to promote and enforce these rules, and in order to do so they must be clear and simple, while overregulation must be avoided as much as possible.

Rule-making bodies can be all of the abovementioned institutions, that is, the General Assembly, the Board (Executive Committee, Presidium) and the Chief Executive. The core document – the SEO’s statute – sets out the fundamental structure and rules of the SEO, it lays down the most fundamental operating principles and should only be changed by a majority of the General Assembly (typically by a two-thirds majority).

Other forms of rules include by-laws, codes of practice and codes of behaviour. These rules are generally subject to more frequent amendments and tend to deal with issues in detail; these documents can normally be changed by decision of the Board.

It is recommended that where specific details are not necessary, the statutes should stick to fundamental issues of principle and procedure, as this will ensure good governance in the context of more flexible statutes that do not require regular revision. Inflexible and bureaucratic statutes may in fact engender a culture of disrespect for what is the key instrument of good governance.

Subjects normally considered to be within the scope of the statutes are:

- The name and aims of the SEO;
- Definitions, rights, and responsibilities of members;

- The operation of the General Assembly;
- Board membership, tasks, duties and decision-making procedures;
- The preparation and presentation of accounts;
- The appointment of an independent auditor;
- The process of amending the constitution;
- Merger and/or dissolution of the SEO.

The statutes of the SEO should also establish the mechanism by which membership fees are determined, including the mechanism for periodic changes in the fee structure and any extra charges for individual members requiring special services.

It is clear that non-payment of dues is grounds for cancelling membership. The rules of the SEO should address the issue of non-payment of membership dues by clearly outlining the procedure for notifying members that they are in arrears, as well as the procedure for expelling non-paying members. The statutes should also indicate the status of membership rights for any member in arrears; for example, members in arrears may lose voting rights in the General Assembly, the right to services, the right to have representatives holding office, or the right to participate in industrial relations activities undertaken by the SEO.

Frequently, SEOs have a class of membership that pays dues on a different scale, for example "associate" members. Such cases should be clearly outlined in the statutes, along with details of the rights of reduced-rate members. Often affiliate members do not enjoy voting rights or the right to hold office (service-only members).

The SEO's statutes should set out clear and objective membership criteria. If a company meets the criteria, agrees to be bound by the rules and objectives of the SEO, and is willing to pay the membership fees, that company should be entitled to membership. As noted above, international standards (ILO Conventions No. 87 and No. 98) require all membership to be of a voluntary nature, i.e. a company must freely choose whether or not to join an SEO. SEOs themselves should promote the principles of voluntary membership and independence of action where practical or legal obstacles to their application exist.

Companies may freely choose to leave an SEO at any time, the General Assembly may decide to cancel the membership of any company that fails to maintain membership criteria (for example, fails to pay membership fees) and the SEO may decide not to refund fees to a member that withdraws from membership. Conditions such as this and other

matters related to leaving the organization should be clearly outlined in the SEO statutes, including the notice period during which the member is required to continue paying the membership fees.

Details of the questions above, as well as the many other issues that need to be documented for the effective running of the SEO, should be included, as appropriate, in the by-laws, codes of conduct and codes of good practice. Codes of conduct, for instance, guide the conduct of Board members.

5.7.2 Committees

It is common practice in SEOs to have several standing committees to which projects/issues are referred; in a large organization in particular there may be a substantial network of standing committees and sub-committees. Increasingly, many SEOs also make use of limited time frame committees with specific goals, and once the goals are achieved or the time limit expires, the committee disbands.

As the Board only meets periodically to make key decisions, much of the background and detailed work of the Board is done through committees and project groups. This section will look at this important functional area of SEOs with respect to the governance implications of committees and the work of project groups.

It is important to clearly define the role of a committee within the governance structure of an SEO, in order to avoid confusion and/or conflicts between the Board, management, and the various committees that may exist within the SEO.

Committees may be appointed by the Board, the President or the Chief Executive, depending on their nature and function, and the SEO's rules should clearly indicate the types of committee that can be appointed by the Board and the Chief Executive.

The right to appoint certain types of committee should correspond to the formal responsibilities of the Board and the Chief Executive.

Dissolving a committee should be the responsibility of the authority that created it; in other words, board committees should be dissolved by the Board, and management committees by the management.

Committees providing support to the SEO's activities

Committees primarily exist to serve the Board in carrying out its responsibilities. This concerns first of

all the development of policy positions/decisions on issues of relevance to the SEO: committees are the means with which to make full use of the experience and expertise of members in preparing such decisions/positions, as well as the means to settle possible divergences of opinion at a very early stage and adequately reflect the views of members.

The Board has several other formal responsibilities that require substantial support in terms of research and analysis. These responsibilities include strategic issues such as the merger of one SEO with another, or issues of remuneration, succession and audit.

Committees or project groups may also be set up to support management functions where special expertise is required (e.g. addressing technological issues facing the sector) or where in-depth member participation is required.

In all these circumstances, the key issue remains that committees are support structures meant to facilitate decisions by the Board/management, not bodies that take decisions on their own.

Statutory committees of the SEO

Apart from committees for the development of policy positions, there are committees that support statutory functions of the SEO. These include those for financial affairs (budget) and auditing. Given the importance of these committees, it is recommended that their functions, authority and composition be detailed in the SEO statute.

Finance committee

The finance committee helps to define the budget principles and membership fee levels. Another important role of this committee is to define the appropriate level of remuneration and benefits for senior figures in the SEO and to outline a remuneration policy for the SEO as a whole. The committee will usually concern itself with the remuneration of the Chief Executive; however, in cases where Board members or the President are paid for their services, this will also fall within the finance committee remit.

The general principle is that those who receive direct remuneration from the committee should not be in a position of authority over the committee itself.

Audit committee

One of the single most important responsibilities of the Board is ensuring that the income and expenses of the SEO are properly accounted for;

this requires the Board to establish an auditing committee whose responsibility is to appoint an external accountant/auditor to review the financial records of the SEO, and the auditor should report directly to the audit committee or the President of the Board. It is not recommended to have the auditors or the audit committee reporting to the Chief Executive or any other member of management, for although the auditors will be working with managers, especially the treasurer, it is important that the auditors report to the Board directly.

5.7.3 Transparency and communication

Transparency and member communication are crucially important for an SEO, as the organization serves as a trusted advocate for its members; malpractice in the performance of its operations undermines the interests of its members and casts a negative image over them. In order to maintain the trust of members and others with which it conducts business, and in order to ensure the proper governance and functioning of the SEO itself, concrete steps should be taken to promote transparency and to ensure timely and accurate communication with members, other organizations and the general public.

As noted in the sections on Board responsibilities and committees, external auditors should be commissioned annually, to review the finances of the SEO. This review should ensure that all income and expenses are properly accounted for.

The SEO statutes should establish the criteria for external auditors. They should be appropriately qualified and be members of a reputable firm with no direct connection to the management of the SEO. It is also preferable for the auditors not to be members of the SEO, though in some cases this may be unavoidable.

The external auditors have a responsibility to examine the finances of the SEO and certify that the records kept by the management accurately reflect its income, expenses and other financial circumstances. The exact role of the auditors can be briefly described in the SEO statutes.

Avoiding corruption and conflict of interest

Avoiding corruption and conflict of interest is crucial to good governance in any organization, and the SEO's rules provide measures that preclude malpractice in its operations. The rules may require the Board to draft a code of conduct for the SEO, which would then be used to guide management behaviour and to evaluate their performance.

Another way to avoid corruption and conflict of interest is to develop internal checks and balances. Many of the recommendations in this guide are based on the need to develop a balance of authority and monitoring between the various core institutions of governance in an SEO. General principles, such as the “four eyes” principle (two people’s approval for an activity, such as approving invoices for payment or signing cheques) can be a basic but effective means of building checks and balances into an SEO.

Large SEOs may also consider including an internal audit function, which is responsible for ensuring the accuracy of internal reporting and compliance with management rules. The internal audit function can report directly to the Chief Executive, with the authority to report to the Board in cases involving serious misconduct associated with the Chief Executive or other staff. The internal auditors should seek to uncover and rectify any lapses in proper accounting or procedures before such lapses are uncovered by external auditors or third party investigators (such as government authorities).

Given the core function of an SEO, it is important that it retains independence from other social partners and the government. It is therefore considered good practice to avoid giving or receiving contributions from political parties; in particular, in light of recent international efforts to combat the bribery of public officials (for example, the 1997

OECD Convention and the 2004 UN Convention), an SEO should avoid any political contributions that may appear to be intended to improperly influence candidates for, or holders of, public office. While an SEO should decline any contributions from political parties, it is acceptable to receive funds from a public authority as part of an authorized and clearly outlined commercial contract.

Another form of conflict of interest can arise when Board members or top managers become unduly influenced by parties external to the SEO or by vested interest groups within it. This can occur, for example, when external parties or internal special interests seek to curry favour with Board members or management through a valuable offer, which can consist of promises of future employment, elaborate gifts, additional income or benefits. Board or management capture can also occur where Board members or management have informal ties to particular groups, internal or external, which interfere with their responsibilities and obligations to the SEO as a whole.

The potential problem of capture can be especially pronounced in an SEO with large firms that may seek to unduly influence its policy. Even in an SEO of similar sized firms, there is the possibility that a specific sub-sector or sub-group may try to unduly influence particular policy positions of the SEO, to the detriment of other members.

To avoid such dangers, the Board of the SEO should clearly establish limits on gift giving and receiving, and the record of Board members and management on this matter should be periodically reviewed by the President and informal ties that lead to conflicts of interest should be controlled by the existing checks and balances within the SEO: the President should oversee the Chief Executive, the Board should oversee the President, and the General Assembly must oversee the Board. Establishing clear guidelines at the earliest possible moment can avoid any potential conflicts in the future.

Communication

An SEO sits in the middle of a large interconnected web of organizations, its most immediate stakeholders being its members, who rely on it to conduct advocacy and social dialogue in their name, but beyond these immediate stakeholders, an SEO has a relationship with Government and intergovernmental agencies, trade unions, NGOs and the general public. It is important that for each of these groups the SEO maintains appropriate communications and these obligations to communicate should be explained in the SEO rules. Communication with certain organizations can be assigned to specific representatives of the SEO, such as the Chief Executive, and inserted into the job description of those representatives. It should also be noted that advances in communication technology, such as Internet-based communications, provide the opportunity for SEOs to offer increased transparency to their members and other organizations and groups.

The principal stakeholders of any SEO are the members and one of the most significant institutions for communication with members is the General Assembly. The General Assembly is central to the governance of the SEO because it provides the opportunity to communicate with members, as well as the opportunity for members to communicate with the Board and management. It is at the General Assembly that members or their representatives have the opportunity to voice any formal concerns they may have about the SEO and its management.

As the Internet facilitates continuous communication and feedback with members, the role of the General Assembly may change over time. Nonetheless, the SEO rules must clearly allow for two-way communication between the members and the Board and management. As the purpose of the SEO is to serve its members, ensuring that their voice is heard is a central underlying principle of good governance.

5.8 Secretariat

5.8.1 Objectives and competence development

The secretariat is the backbone of the SEO, providing infrastructure, technical and secretarial support for the activities of the SEO bodies (for example, the Board) and various committees. The secretariat manages networks of internal and external experts providing professional support to the SEO's overall functioning and specific activities. Last, but not least, it keeps records of the SEO and manages financial bookkeeping in line with local fiscal and other relevant legislation. The secretariat is led by the Chief Executive appointed by the Board, as described earlier in this guide.

There is no model that fits all sizes and the regional or sectoral operational specificities of SEOs. In terms of staff size, SEO secretariats vary from very small organizations of one or two full-time employees to very complex structures employing several hundreds of employees; these differences are the reason that this guide is restricted to laying down just a few principles for building up an SEO secretariat and critical competences.

Balance between internal and external expertise

An SEO deals with a very wide range of issues and the individuals involved in the SEO activities will need professional support and advice in terms of representing the sector's interests and effectively achieving advocacy objectives. Depending on the size of the secretariat (i.e. the resources available to the secretariat) and the time-capacity of different experts to be effectively used for supporting the SEO activities and their availability, the management of the secretariat will decide whether to rely on and foster internal expertise or to instead rely on *ad hoc* external expertise, for example from member companies.

Although the expertise needed is often very specific, it is usually possible to find an expert or experts from member companies, who are able to

provide it. This is why building up networks of company experts is essential for having primary access to the expertise needed. The experience of many SEOs shows that seconding company experts to the SEO secretariat (short-term, long-term, part-time, and so on) is mutually beneficial and very effective in securing adequate expert support. It also keeps the secretariat directly linked to the corporate environment in the sector and aware of the practical consequences that different policies and legislative measures have on companies.

Providing effective support and orientation on strategic priorities and objectives

Although SEOs operate under constant pressure to optimize their operating costs, the full- and part-time staff and external experts must be able to support the SEO's activities effectively. This is why the size of the secretariat should respect the requirements of human resources for delivering the strategic objectives agreed to by members. If the allocated human resources are inadequate to the set of objectives to be achieved, member expectations must be reviewed or the members must find extra resources.

At the same time, staff are required to be efficient in achieving the objectives; the minimum requirement of the secretariat in this respect is effective orientation on the agreed strategic priorities and objectives. Activities distracting staff from the set objectives, and over-administration of the SEO should be scrupulously avoided.

Flexibility of the organizational structures

When an SEO adopts and implements plans over a two to three year period, the only certainty is that these plans will change, and this also means that requirements on human resources change accordingly. This is why the organizational structures should provide flexibility for the secretariat to be able to adapt to new strategic priorities and objectives.

There are many ways of achieving such flexibility while ensuring career opportunities and professional growth to motivate the staff; the concrete forms of these will also depend on the local labour laws and culture.

Professional recruitment and staff training

Although SEOs often cannot afford to employ Human Resources specialists or to hire specialized external consultants to do the job, some SEOs have solved this problem by arranging cooperation with an HR department of a member company.

The following competencies are considered critical for an SEO secretariat:

- Customer service orientation;
- Understanding and listening to both industry and society;
- Setting directions and priorities;
- Initiative;
- Teamwork and cooperation;
- Impact, building trust and, as a result, influence;
- Building relationships and networks;
- Communication ability;
- Leading and developing teams and team members.

SEOs deal with many technical issues more or less specific to the sector the SEO seeks to represent. Obviously, the SEO's staff must have a good knowledge of the sector and the technical issues to be dealt with. This is important not only in order to be efficient and effective in their work, but also to build members' trust, so that the SEO is capable of understanding their problems and can be effective in pursuing solutions. This is the main difference between staff competencies compared with cross-sectoral employers' organizations; consequently, a logical approach would be to hire experts who possess solid sectoral experience.

SEOs (compared with cross-sectoral employers' organizations) often have more direct contact with corporate members requiring assistance on a wide range of issues. This assistance is provided in a very stressful environment, to a "customer" with limited knowledge of the constraints in which the SEO operates. As any conflict with a member company would be damaging for the SEO, customer service orientation is a fundamental competency that each member of staff must master.

5.8.2 First order of business: turning set objectives into work plans and projects

Work plans are the way objectives turn into day-to-day tasks, so if effective ways to make the strategic plan operational are not found, it will turn into a "strategic planning trophy" that gathers dust on the bookshelves of Board members and senior managers. The task of turning objectives into work plans is the responsibility of the secretariat.

Where objectives fall within the remit of a single department, that department's manager should be responsible for developing an operational work plan which ensures its delivery; where objectives go beyond departmental boundaries, a project team needs to be established to develop the work plans. In this event it is crucial that one individual is made responsible for the production of the work plan. In small organizations this task will be a one-team exercise involving all staff.

The development of work plans designed to deliver the SEO's strategy is not a unique or isolated task. It must fall into the regular routine of goal-setting and measurement corresponding to departments, teams and individuals. The extent to which work plans are built into individual and departmental targets and measured through the SEO's performance management and appraisal processes will determine their success.

5.9 Joining national and international networks of employers' organizations

An essential step in building up credibility and recognition of an SEO at national level is joining the national umbrella employers' organization. The national umbrella employers' organization is a key channel for the SEO to national level policy-making. On the other hand, the support of the SEOs for the work of the umbrella employers' organization makes the employers' voice in the country broader and thus stronger and more effective.

Moreover, employers' organizations at national and international levels create an extensive network of organizations with vital links to policy-makers, decision-makers and opinion-formers and represent a vast resource of know-how and information. Joining this extensive network is important in order to reach critical mass and deliver the SEO's objectives, particularly in advocacy and the social dialogue areas. This can also facilitate future cooperation with potential partners in the SEO's advocacy campaigns.

Experience of many campaigns led by SEOs shows that any effort to increase the influencing power of the SEO through coalitions with other SEOs, national umbrella employers' organizations or partners at international level (for example, at European or global levels), yielded excellent results. Such coalitions helped to find necessary political support by getting across a more credible

message by respecting the interests of not only one specific sector, but also other affected sectors such as downstream users and final consumers.

Besides winning the critical support for succeeding in the SEO's own objectives (particularly in advocacy), additional reasons for joining the worldwide network of employers' organizations are:

- The SEO increases its visibility and benefits from the recognition the employers' organizations enjoy worldwide.
- Although membership fees in some international SEOs are substantial, the benefits and cost savings provide considerable return on the investment made. (For example, compared to building up and maintaining one's own network of national and international contacts and securing essential information sources; possible coalition partners; access to decision-makers at international level and access to opinion-formers essential for delivering the SEO's strategic objectives).

The form of membership in other organizations at national and international levels will depend on the level that the SEO can achieve and its involvement in the activities and governance of these organizations. Besides full membership, there is always the possibility of associate, observer or other forms of membership with lower costs for the SEO, while still receiving the essential support, contacts, information and services needed for the SEO to achieve its objectives. The SEO's rules should define the process of approving the SEO's membership in other organizations at national and international levels.

Decisions on nominating representatives of the SEO for membership of statutory bodies of other organizations should be made at the appropriate level (for example by the Board). Regular feedback must be provided to members on the outcome of membership of other organizations, together with feedback on the work accomplished by the SEO's representatives in their statutory bodies.



SECTION FIVE CHECKLIST

- ☐ A system of SEO rules, consisting of statutes, by-laws and, as need be, codes of conduct is in place.
- ☐ The SEO rules are in line with the national legal framework.
- ☐ The SEO rules define clear competences and provide for adequate controls.
- ☐ The SEO statutes contain basic provisions on the name and purpose of the SEO, rights and responsibilities of its members, as well as the functioning of its statutory bodies.
- ☐ By-laws contain more detailed regulation on procedures and special issues. There may be codes for the conduct of the SEO bodies and members.
- ☐ The SEO rules provide a fair and balanced representation of all members of the SEO in the General Assembly.
- ☐ The SEO rules clearly indicate who may and who may not be a member of the SEO.
- ☐ The SEO rules clearly indicate the process by which the General Assembly elects or approves the Board.
- ☐ The SEO rules clearly indicate the process by which the General Assembly may remove members of the Board.
- ☐ The SEO rules clearly establish the mechanism by which membership fees are determined.
- ☐ The SEO rules clearly address the issue of non-payment of membership dues, including the procedure for expelling non-paying members and the status of membership rights for any member in arrears.
- ☐ The SEO rules clearly indicate other member responsibilities, for instance the type of information members are expected to share with the SEO.
- ☐ The SEO rules clearly define objective membership criteria.
- ☐ The SEO rules clearly indicate that membership is voluntary.
- ☐ The SEO rules establish clear measures to prevent the Board from being dominated by larger members or regional/sectoral groups to the exclusion of the interests of other members.
- ☐ The SEO rules clearly document the eligibility criteria for Board members and describe the function of the Board.
- ☐ The SEO rules clearly indicate the process by which Board members are nominated and elected.

- ☐ The procedure for electing members of the Board is transparent and open to the entire body of member companies, or their representatives. The nomination and appointment do not take place behind closed doors by a single person or group (e.g. the President or Chief Executive).
- ☐ The SEO rules define criteria that disqualify certain categories of people from Board membership, e.g. currently serving members of government.
- ☐ The SEO rules clearly establish a mechanism by which members may remove individual members of the Board or the entire Board.
- ☐ The SEO rules clearly document the responsibilities of the Board.
- ☐ The SEO rules establish clear procedures for the nomination and election of the President of the Board.
- ☐ The SEO rules detail the types, or categories, of decisions that come under the remit of the Board, and draw a clear distinction between decisions that are the responsibility of the Board and decisions that are the responsibility of the Chief Executive.
- ☐ The SEO statutes contain a procedure by which the statutes can be amended or changed, including final approval by the General Assembly.
- ☐ The SEO rules establish the term of office for the President (and the Board members), and limit the number of consecutive terms that can be served by the same person(s).
- ☐ The SEO rules clearly establish the principle of impartiality as this applies to the President's activities on behalf of the SEO.
- ☐ The SEO rules assign specific reporting responsibilities to the Board, including the appointment of an external auditor to review the finances of the SEO.
- ☐ The Chief Executive is responsible for the general administration of the organization, and ensures that statutory requirements are observed.
- ☐ The SEO rules provide the Chief Executive with full responsibility for hiring and managing the staff necessary for the day-to-day operation of the organization.
- ☐ The SEO rules clearly distinguish between the responsibilities and authority of the President of the Board and those of the Chief Executive. The President has the authority to terminate the employment of the Chief Executive in cases of serious misconduct and poor performance.
- ☐ The SEO rules detail the responsibilities of the Chief Executive in a job description.
- ☐ In line with national law and practice, the SEO rules preclude any candidate for Chief Executive who has a record of criminal or civil liability for corporate malpractice.
- ☐ The appointment of a Chief Executive is a function of the Board and/or the President of the Board. The process of selecting and appointing a Chief Executive is clear and detailed.

- ☐ The exact procedure for terminating the employment of the Chief Executive is documented in the contract of employment of the Chief Executive.
- ☐ The remuneration of the Chief Executive is set by the President with the Board's approval.
- ☐ Outside activities and remuneration of the Chief Executive must be approved by the Board and must not present a conflict of interest for the Chief Executive.
- ☐ The SEO rules clearly indicate the exact functions, authority and composition of key committees, such as policy development and auditing.
- ☐ The audit committee reports to the Board.
- ☐ The SEO rules clearly establish the authority of the Board or management in relation to their committees. The committees are always accountable to the authority that created them.
- ☐ A summary of the work of each committee within the organization is presented periodically (at least once a year) to the Board.
- ☐ External auditors are commissioned by the Board at least once a year to review the finances of the organization.
- ☐ The SEO rules establish the criteria for external auditors.
- ☐ The SEO rules require the Board to draft a code of ethics that applies to all Board members and management.
- ☐ A code of ethics (or similar) specifies the acceptable limits of gift giving and receiving for members of the Board and management.
- ☐ The President periodically reviews the performance of the Chief Executive to ensure that the Chief Executive is not being unduly influenced (or "captured") by an external party or an internal special interest.
- ☐ The SEO rules clearly provide mechanisms for two-way communication between the members of the organization and the Board and management.

Section Six

Advocacy

Collective representation of members' interests is the reason SEOs exist. Section Four looks at advocacy and social dialogue from the point of view of SEOs and studies the fundamental elements of delivering the SEOs' advocacy and social dialogue strategic priorities and objectives.

An effective SEO advocacy strategy is built on: (i) clear advocacy priorities; (ii) first-rate research and analysis capacity; and (iii) understanding the processes of government and knowing how to tap into them in an effective and timely way. Section 4.1 takes a closer look at how to turn the SEO's strategic priorities and objectives into effective advocacy arguments, and how to identify targets and tactics for SEO advocacy campaigns.

An SEO needs to build the necessary database of briefing documents. Besides a layered briefing portfolio, a simple issue-management system is proposed, which is feasible even for those SEOs with limited resources.

Although not an exhaustive guide on communication, Section 4.2 describes the basic tools for working with the press to support advocacy actions. Working with the press is presented as a case study and each SEO can easily build up and use the proposed tools.

A well-developed and constructive sectoral social dialogue can provide a significant contribution to economic and social performance. After scrutinizing the question of finding the most effective place for an SEO to exploit its influencing power most effectively, Section 4.3 takes a step-by-step approach for an SEO to build up structures for effective social dialogue. A clear and unambiguous negotiating mandate and an effective negotiation team of SEO experts are the key factors for success.

Collective representation of members' interests is the reason SEOs exist. This means representing members in a wide variety of national and international forums. The main cornerstones of representing members' interests are advocacy and collective representation in a dialogue with social partners.

As highlighted earlier, SEOs are irreplaceable in supporting collaborative professional initiatives of their members and are unique in providing specific services.

While the collective representation mission is strong in terms of members' motivation, it represents a challenge in terms of defining mandates for specific advocacy actions, or for dialogue and negotiations with social partners. It should also be stressed that the SEO's actions in these areas have a direct legal effect on members (for example, collective agreements) or a specific regulatory impact (such as involvement in a consultation as a part of the regulatory process). Mistakes in advocacy actions or in collective bargaining can have serious consequences for the SEO.

On the other hand, service and collaborative initiatives have a very clear mandate, but the SEO faces the challenge of first winning the support of members in order to achieve the set objectives.

The strategic priorities and objectives set by the SEO define the balance between the collective representation function of the SEO, the provision of services and the support of collaborative initiatives. The formula for success in delivering the set priorities and objectives is to strike the right balance between the efforts and resources allocated and to adequately address the challenges the objectives represent.

6.1 Advocacy

When we talk of advocacy and lobbying in the context of SEOs, we generally think of public policy advocacy, in other words, actions designed to influence laws, regulations and the general attitude and approach of decision-makers in terms of socio-economic policy favourable to the sector. SEOs exist to ensure that the laws and regulations which regulate the sector do not harm enterprises.

There are several common features for being effective in advocacy. A good example is the list of successful advocacy actions drawn up by the Center for International Private Enterprise (CIPE). Interest groups (such as SEOs) that advocate effectively are known to:

- Articulate members' concerns as a unified voice thus attracting the attention of the policy-maker to the maximum possible extent;
- Meet regularly with decision-makers to discuss key policy issues and to provide well-researched publications;
- Establish regular channels of communication and close working relationships with government officials;
- Use these channels to promote members' interests by influencing the pace and direction of specific laws and policy proposals;
- Engage in both proactive and reactive advocacy to the benefit of members, seeking to set the policy agenda by voicing concerns and proposing specific policies;
- Help prevent frequent changes to the business-related legal and regulatory framework;
- Monitor the administration of policies and ensure that enacted provisions of interest to members are applied swiftly, fairly and consistently.

Being recognized as an effective advocate strengthens the SEO's public profile, both with policy-makers and within the business community. Strong performance in the field of advocacy leads directly to increased membership; it also provides the reputation and "brand recognition" necessary to promote the other revenue-generating services the SEO offers. In short, being recognized as an effective advocate creates a virtuous cycle involving membership growth, revenue increase from subscriptions and member services, as well as better and more effective lobbying, as more resources are available and representativeness is increased.

Compared with the national employers' organizations advocating "horizontal" issues and being active in terms of legislation related to all employers, SEOs:

- Focus on "vertical" issues and legislation that affects operators from the sector they represent (for example, product legislation affecting the sector, technical standards relevant to product safety or safety of operations, requirements on recycling of used products, governmental

policies on the security of supply, governmental interventions, and so on);

- Play a key role in addressing issues and legislation that are sectoral in nature, but have a wider multi-sectoral impact;
- Support national Employers' Organizations in advocating "horizontal" issues and offer sectoral input to their analyses and argumentation.

It should be noted that this cooperation between an SEO and the national umbrella EO is not automatically granted by their sole existence, but should be earned through mutual respect for each other's interests, and through the success of advocacy initiatives from which they can both benefit.

6.1.1 The need for a strategic approach

Doing the best possible job with limited resources requires setting priorities and then organizing them in order to pursue them effectively. In short, SEOs cannot afford to be blown off track by volume or by "the urgent", rather than "the important". They have to develop and implement a strategy for effective advocacy within lobbying tactics.

An effective advocacy strategy is built on three foundations:

- Clear advocacy priorities;
- First-rate research and analysis;
- Understanding the processes of government and administration, and knowing how to tap into them in an effective and timely way.

The first chapters of this guide explained strategic priorities and objectives, a process which will produce a clear indication of advocacy priorities. Against this background, the following chapters take a step-by-step approach to implementing an effective advocacy strategy.

6.1.2 Turning the SEO's strategic priorities and objectives into effective advocacy arguments

With the advocacy objectives in place (the advocacy objectives are a fundamental part of the SEO's strategic priorities and objectives, which were already addressed in Section Two), the shift from strategy to what tactics to employ begins in earnest. In order to plan a campaign, for each priority area it is necessary to know the level of

support and opposition the SEO is likely to face and where it will come from; conducting this analysis will help the SEO to shape basic arguments and become more effective.

In the process, the SEO needs to develop three types of arguments:

- **Political** – final decisions are made in a political environment;
- **Economic** – essential for gaining support for the SEO's positions and proposals in a public arena;
- **Technical** – these will concern mainly administration and experts in charge of implementing and enforcing the proposed measures.

These three types of arguments address three different aspects of an advocacy issue, for example, the review of product legislation is a political decision which the government will need to make and which the SEO may wish to influence. What will be the costs of implementation and enforcement? What will be the benefits of new legislation? How should these costs be shared between government, producers and consumers? All these issues will be part of an economic discussion to justify or oppose new regulations, or to propose another solution to the problems that lead to the decision to modernize the regulatory framework. The SEO may play an essential role in this discussion.

How the products will be assessed, how, for example, impurities will be measured or technicalities of the proposed market pre-clearance procedure are technical issues that will be extensively discussed at technical level among experts, including SEO experts.

In an advocacy campaign, the SEO may wish to concentrate on all aspects (political, economic, technical) or only on one or two; this depends on the advocacy objectives set out. Often there is no clear distinction between the political/economic/technical aspects of an advocacy issue; furthermore, during the process itself a technical detail can become a political facet, an economic detail can become a technical one and so on. The table below gives some examples of political, economic and technical advocacy issues.

Analysis of the SEO's arguments will help to identify the source and strength of support and opposition in the campaign. By identifying those likely to support and oppose the SEO's views, it is

possible to list all potential solutions that are likely to be proposed – including ones that are unacceptable to the SEO. The SEO's preferred option or options can be presented in the most attractive light by forming arguments against the less acceptable options.

The analysis should contain a thorough review of the pros and cons of each option and the SEO should be able to defend its position using concrete evidence, facts and statistics, references to relevant research and indicators of international trends and experiences will be extremely valuable.

It is always necessary to remember that the SEO is looking for a win/win solution, one where there are no "losers", as on another occasion it will need to work on another issue with the same players.

6.1.3 Identifying targets and assessing tactics

One of the most important features of an effective advocacy campaign is for the targets to be precisely identified and for unique tactics to be adopted for addressing each of them. This means having a thorough understanding of how the policy-making process works, who the "players" are and what the points of maximum influence are at each stage. The advocacy campaign for each priority should identify targets in the correct sequence, and each successive action should build on achievements or lessons learned.

There are many advocacy targets, but a useful and simple categorization is to think of them as "insider" and "outsider" targets.

"Insider" advocacy involves:

- Meetings with policy-makers and legislative staff – the Government, to specialized agencies, to parliament, to regional authorities, etc.;
- Contributing to the work of expert task forces and working parties assisting the government in the regulatory process;
- Providing analyses and information to parliamentary committees;
- Testifying before parliamentary committees.

"Outsider" advocacy involves:

- Influencing the media;
- Fostering grassroots activities; and
- Coalition-building.

POLITICAL ADVOCACY ISSUES	ECONOMIC ADVOCACY ISSUES	TECHNICAL ADVOCACY ISSUES
Review and modernization of product legislation.	Costs of implementing and enforcing new product legislation	Conditions for assessment of products. Health and safety requirements.
	Economic benefits of new product control scheme	Measurement and assessment of impurities.
	How the costs of a product pre-clearance scheme will be shared.	Access to information submitted by the industrial sector.
Liberalization of the labor code.	Cost of an inflexible labor market to employers.	Termination of employment processes.
	Costs of social support due to higher unemployment.	Redundancy obligations.
Trade Union rights provisions.	Costs of providing technical and human resources.	Rules for providing office space, office equipment, rules for giving paid leave to union representatives.
Improving consumer protection by extending the warranty period.	Costs to producers, distributors and retailers.	Rules for accepting and rejecting claims. Exemptions for some categories of products.
Raising energy taxation.	Economic impact on producers.	Base for calculating taxes.
Tighten control over dangerous products.	Costs of testing products. Research, development and production costs of replacing a dangerous product.	Tests to be used for product assessment. Thresholds for classification of products. How a socio-economic analysis will be carried out for justifying an approval or ban of a product.
Improving adaptability of employees to changing labor market in the sector(s). Brain drain. Barriers to skilled migration.	Cost of re-training employees. Cost of Lifelong Learning Schemes. Benefits from the improved employability of people. Funding for establishing and developing Lifelong Learning Schemes. Shortage of skilled personnel in the sector. Lack of government investments in education. Inadequate vocational education structures.	Management of funds supporting Lifelong Learning projects. Eligibility criteria for the projects, tender procedures, assessment of the projects.
Minimum wage increases.	Impact on employers in the sector. Impact on employment in the sector and related government costs (e.g. increase in unemployment claims).	Calculation of minimum wage. Link between minimum wage and other charges or levies.
Improving conditions for attracting investments in the sector. Political stability. Industrial relations climate. Anti-corruption measures. The status of the Rule of law and legality.	Costs of developing infrastructure. Tax relief programmes. State aid available to new investors. Access to bank credit. Support for R&D of new products. Functioning local stock market to raise capital.	Type of infrastructure to be built. Regional allocation of resources for developing infrastructure. Eligibility criteria for tax relief programme. Conditions for receiving state aid.

The SEO must also consider the level at which the legislative or policy measure is to be adopted – regional, national or international levels (for example, in the case of an SEO operating in the EU, the Member States at European Union level). SEOs must identify the relevant bodies which will be involved in the process.

For each priority advocacy issue the SEO will need to map a specific campaign plan for insiders and outsiders; a plan that tracks the issue through its various stages. It should detail the various

interventions the SEO proposes to make, allocate responsibility for actions, and specify who will coordinate the overall activity. The plan will need to be very specific, but will also need to be flexible. Policy issues often take unexpected turns that offer new opportunities or pose new threats, and the SEO needs to monitor the issues very closely and be prepared to rapidly change campaign tactics.

If an issue is identified early enough, advocacy contact will normally begin with public officials. Contact should be made at the appropriate level,

BOX 5 ACQUIS COMMUNAUTAIRE

Contrary to general perception in the EU Member States, more and more legislative decisions are made at the EU level; today, 80% of legislative pieces stem from the European Union level. It is therefore important for SEOs to understand the EU legislative process in order to be effective in delivering their advocacy objectives. It is also essential that SEOs inform promptly its members about new EU regulatory requirements so they can adapt to new circumstances.

and junior or middle ranking officials should not be overlooked. The time during which the public official is researching and considering a problem is the time when s/he is most likely to be influenced; once pen has been put to paper, it is much more difficult to make substantive changes.

When an issue moves from the administrative arena to the political one, the power that is wielded by public officials over policy development and ministerial decision-making should not be underestimated. The public official still holds the pen that drafts the amendment and often has the last say with the minister.

The SEO will have reached the pinnacle of insider advocacy when the policy-makers working within it begin to see the SEO as part of the policy development process and stop viewing it as an outright lobbyist. In the same way that the SEO will seek meetings with them on key issues, the ultimate objective is that the policy-makers proactively seek meetings with the SEO in order to hear what the sector's views are. The earlier and less formal this is, the more effective it is likely to be.

To establish and develop positive long-term relationships it is useful to consider the following actions:

- Making sure that relevant public officials and politicians have all relevant information about what the SEO does, who the members are, the issues the SEO works on, etc.;
- Inviting public officials and politicians to key SEO events where they will have an opportunity to meet corporate members in an informal setting;
- Inviting key policy-makers to address the SEO's members at relevant conferences, key policy-making committees and round tables. The most successful meetings bring together groups

that policy-makers would not normally meet under one roof;

- Offering policy-makers the opportunity to visit SEO member companies/organizations at their place of business and to meet their employees. This way they can “discover” evidence for themselves “at the coal face”;
- When special committees are set up, making sure that the SEO representatives attend any public sessions and provide testimonials when possible;
- Identifying and securing seats on relevant governmental and quasi-governmental advisory bodies;
- Regularly providing policy-makers with good quality briefing materials on issues of interest to them;
- Where appropriate, ensuring that the SEO recognizes when its views have been taken into account.

The key outside audiences for the SEO's messages are the written and broadcast media. As with insider advocacy, the ultimate objective is for members of the media to contact the SEO when a story emerges, either for the sector's viewpoint or to be put in contact with key SEO members who might contribute to their story.

The overall approach to the media should be strategic: key reporters at the most important newspapers, journals and broadcast programmes should be aware of what the SEO does, who the SEO's members are and the issues that the SEO works on. It is very rewarding for an SEO to get a reputation for producing good quality materials that are useful to the media (production of press releases and other forms of media-related materials are discussed later in this guide). When the media look for assistance, the SEO should be responsive and provide useful information. By successfully managing a positive and proactive relationship with the press, the SEO is more likely to be successful in generating “earned” media coverage. The SEO is also more likely to be able to exploit the tactical opportunities offered by being the first port of call when important stories break.

It is important to remember that the SEO's members and potential members watch the news, listen to the radio and read the newspapers; their perceptions of the SEO's influence and success will be driven by the volume and quality of coverage that the SEO receives.

A final word of caution with respect to the media: journalists can be one's best friend – but they can

also be one's worst enemy. They work to tight schedules and seek contributions that are sensational or controversial ... or at the very least, newsworthy.

Grassroots networks & mobilizing members

Special attention should be given to grassroots activities. The SEO's constituencies are companies/organizations operating in a concrete physical environment; as such, their operations affect real communities, and any message, issue or concern resonates in the local community, political representation, and so on. The SEO's influence is countered by the activities of many single-issue groups, particularly activist NGOs devoting a lot of energy to mobilizing grassroots support for their cause. Their tools include mass letter writing; telephoning, faxing or e-mailing key targets; providing kits for making leaflets; arranging protests, amongst other things.

An SEO should respond by also securing grassroots support. Besides balancing the influence of NGOs operating through grassroots activities, the SEO can reinforce the way it influences power in its own campaigns.

An SEO's members have considerable assets that an effective SEO will wish to take advantage of:

- Companies have a particularly credible voice with politicians. They work in the "real world" and can give clear and concise practical examples of how particular changes might help or hinder enterprises and national competitiveness;
- Many larger companies employ senior staff whose specialist role is to deal with government and media relations;
- The CEOs of some member companies are in regular contact with key political figures and opinion-formers, and their views are actively sought.

However, there are limits to the extent companies may wish to engage on such matters. An anonymous Chief Executive of a major multinational company spoke for many when he said:

Having received the information through, for example, a layered briefing folio, members need to know what they should do to strengthen and

support the SEO's advocacy efforts. Such actions might include:

- Meeting local elected representatives;
- Writing letters, faxes or emails;
- Attending "meet the member" events organized for policy-makers;
- Raising key issues with other organizations which they themselves or their companies may be members of, such as professional associations, Chambers of Commerce, trade associations, national cross-sectoral employers' organizations and partner SEOs.

Selecting messengers

A fundamental part of the advocacy plan is deciding who should deliver the message because, although what is said is important, how it is said and by whom is also critical. Having the right messenger can therefore make or break an advocacy effort. Any messenger that is used should:

- be an excellent speaker (based upon the specific audience, for example, one-on-one or a major conference presenter);
- have knowledge about the subject;
- have practical experience of dealing with the issue;
- be affected by the outcome of the process.

Beyond this, the general rule of thumb is to select "horses for courses": business leaders go down well with politicians and business audiences; technical experts working in the field work well with public officials and academics relate well to "think tanks".

Reviewing the layered briefing folio

The documents in the layered briefing folio must always be up-to-date. For many of the most important key advocates, this document will be their lobbying "bible" and it should therefore be updated with new facts and information as changes occur and this will be a relatively straightforward process for the individual coordinating the advocacy brief for each particular subject. However, the material contained in the folio should be reviewed and revised every six months (or more frequently if necessary), reissued to key individuals and

"When I want to tell the Prime Minister he is doing a great job – I can do that myself. When I want to tell him he is doing a bad one – I turn to the employers' association."

reposted on the web site to ensure that members always have up-to-date information.

Reviewing advocacy tactics

Advocacy tactics should be reviewed continuously in order to take account of changing timeframes, changes in policy directions and new opportunities and threats. This review will be the responsibility of the individual coordinating the advocacy effort on the issue in question.

In reviewing advocacy effectiveness, the kind of questions the planning team needs to ask include the following: (adapted from a CIPE checklist)

- Is the issue still relevant to our members?
- Has the issue changed in any way?
- Is further research required?
- Are our goals still achievable?
- Have timelines changed?
- Are we up-to-date with our advocacy actions?
- Are we targeting the right people?
- Are we reaching the targets?
- Are we using the right messengers?

- Are our messengers sticking to the set objectives?
- Does our message need to be modified?
- Do we have sufficient resources?
- Are we taking advantage of opportunities for coalition work?
- Are our coalitions working effectively?
- Are we coordinating effectively with supporters outside our coalitions?

6.1.4 Core briefing documents

The most basic advocacy support tool used in advocacy campaigns is the layered briefing folio. The SEO's advocacy agenda should be explained simply and quickly to all audiences, while at the same time possessing enough depth to stand up to the most strident questioning. The layered briefing folio does exactly this.

It allows the representatives and members of the SEO involved to explain the advocacy priorities in a compelling way to local and senior politicians in less than one minute, and also provides attractive and convincing "sound bites" on each issue that can be used with the media. It provides sufficient



BEST PRACTICES

Layer one – The key issues	A simple list of the priority advocacy issues described in one brief sentence. <i>e.g. "Eliminate bureaucracy relating to business creation."</i>
Layer two – The "sound bite"	A one or two sentence description of each issue designed to grab the attention of senior politicians or the media. <i>e.g. "The amount of red tape involved in starting a business in this country is driving our best entrepreneurs out of the country."</i>
Layer three – Key facts	Up to five key facts that can be explained quickly and support the argument. <i>e.g. "To set up a new business in this country requires ten forms to be completed involving six government departments who take three months to respond."</i>
Layer four – The issue brief	A one or two page description of the issue, the main facts, the main opposition views and the proposed solutions.
Layer five – The detailed background brief	A full and comprehensive analysis of the issue, its history, the problems caused (with data), the potential solutions (with cost benefit data), the views of opposing groups and why they are wrong, and the proposed solution (including why it is the most appropriate).

substance for a short meeting with a Minister, together with the detail and arguments needed for a longer meeting with civil servants. Its contents can be used in various ways in press releases, fact sheets and press packs.

By using this approach it is possible to tailor the supporting paperwork for those working in the SEO, for Board and Committee members and for rank and file members. Many of these materials can be made available on the SEO's web site, and for those members who have the most opportunities to meet policy-makers on a regular basis, the layered briefing folio will contain everything they need.

The layered briefing folio is a very useful and effective tool in an advocacy campaign, but it is also a very time-consuming tool which requires a lot of human resources devoted to its creation. For SEOs with very few resources it may be useful to produce a layered briefing folio only in the case of a major advocacy campaign, and resorting to a simplified issue management system for other advocacy issues. For example, they may consider building a database (for example, on the SEO's extranet) accessible to their members and collaborators (SEO staff, external experts supporting the SEO's activities, and so on), containing:

- Regularly updated issue briefs and fact sheets;
- A list of SEO experts (internal experts, external experts, experts from member companies) involved in this particular issue at the SEO level.

6.1.5 Member communication

Members need to be regularly updated on the SEO's advocacy objectives, the actions being taken by the SEO, the actions it would be helpful for them to undertake, and how the advocacy effort is progressing – together with the most up-to-date facts on the issues of the advocacy agenda. Member communication is vital if the SEO is to secure commitment to its objectives and solicit member help in advocacy.

Another issue concerns communication on the outcome of the SEO's efforts. It is often very difficult to explain advocacy success as, on many occasions, a lobbying success for the SEO will mean that a piece of legislation is delayed or is less damaging than might have otherwise been the case. Advocacy successes are normally qualified and cannot be easily presented as a "win". Even where there are relatively clear "wins", it is often difficult for the SEO to claim and broadcast them as their own, for if the SEO is to proclaim a clear "win"

it also means declaring an equally clear "loss" for someone else. This may not help the ongoing relationship with policy-makers or other interest groups such as trade unions.

For these reasons, members will often judge advocacy success by the efforts of the SEO, by the relevance of the issues the SEO is working on and by the volume and tone of media coverage. In short, they want to witness clear evidence that the SEO is working hard on the issues that matter to them.

With this in mind, it is important to ensure that the SEO:

- undertakes adequate and regular member consultation on the lobbying agenda;
- updates members regularly on the actions of the SEO through newsletters, magazines and updates;
- keeps current advocacy information on its web site; and
- ensures visibility of any positive media coverage the SEO receives in regular publications and on the web site.

It goes without saying that when the SEO has had a major success, it should make the most of it with its members.

6.2 Basic tools for working with the press to support advocacy actions

This guide concentrates on the basic tools that an SEO will need to develop in order to build effective cooperation with the press as a part of increasing its visibility and targeting specific advocacy issues. The following documents and packages are discussed below:

- Press release;
- Issue brief;
- Fact sheet;
- Press pack.

6.2.1 Press release

A press release, if picked up by the print and/or broadcast media, is one of the most effective ways of getting the SEO's message through to the general public, the SEO's members and those the

SEO seeks to influence. Depending on the publication or broadcast programme, the message that comes across has the benefit of not being seen as “biased lobbying” but as “independently reported information or news”; in other words, “earned” media coverage.

Content – Journalists receive large numbers of press releases – often on the same subject on the same day. To be used, the press release must have been written taking into consideration the journalist rushing to meet a copy deadline.

The following best practice example is adapted from a variety of sources based upon an original model provided by CIPE.

Distribution – the SEO should develop a comprehensive list of journalists who work in the media and that the SEO wishes to target. It is essential that the list contain individual journalists in the relevant daily and weekly local and national publications, weekend newspapers, professional and technical journals and television and radio stations.

There are PR companies that can help the SEO to develop such a list of journalists, and provide further assistance in fostering essential contacts with the media.

If the SEO cannot afford to subcontract this work to a PR company, another useful tip is to keep a record of who uses the SEO’s press releases and which writers produce articles on the issues of concern to the SEO. These are the journalists and media professionals with whom it may be most useful to arrange a specific meeting with the objective of developing a longer-term relationship. They are likely to be those it may be beneficial to contact directly before an event, in order to “tip them off” on a breaking story.

6.2.2 Issue brief

The issue brief is the fourth element of the layered briefing folio. The issue brief is particularly useful for the SEO’s managers and staff, committee members and those members prepared to engage in lobbying. In view of the value of this document it is worth including a few simple dos and don’ts in this section.

6.2.3 Fact sheet

Fact sheets are becoming increasingly popular as a quick and easy way to create summaries of issues. They are more externally-focused than the issue brief and serve a variety of purposes: reporters use them for background information and they can serve as reference material for SEO members or the general public and are particularly suited for use in “series form” on a web site. For general purposes, SEOs can use fact sheets to describe labour laws and practices, or their own services. In the advocacy context, they are used to cover an issue in sufficient depth to provide the reader with a full understanding of the subject at hand.

There are as many different formats and styles of fact sheet as there are SEOs that produce them, but good ones have several things in common: they are one to two pages in length, well organized, clear and easy to read, and answer typical questions.

When writing a fact sheet, the author should consider the following points adapted from the guide provided by RCPI (Research for Communication and Public Involvement):



BEST PRACTICES

PRODUCING EXCELLENT FACT SHEETS

PLAN YOUR FACT SHEET

Identify your purpose

- Why do you want to distribute a fact sheet?
- What do you want your audience to understand and believe?

Know your audience

- Who are you trying to reach?
- What does your audience already know, think and feel about the topic? What else do they want to know?

MAKE IT EASY FOR PEOPLE TO FIND THE INFORMATION THEY WANT

Provide answers for the questions people are most frequently asking

- What is happening related to my concerns or issues?
- How does this affect me?

USE UNDERSTANDABLE TEXT AND ILLUSTRATIONS

- Focus on the big picture - don't use too many details
- Keep the message straightforward and the language simple
- Cut the jargon
- Limit the use of acronyms and define the ones you do use.

USE AS FEW NUMBERS AS POSSIBLE

If you need numbers:

- Remember that numbers are not second nature to most people
- Consider using an analogy to explain small amounts and related numbers to something familiar
- Use whole numbers and fractions instead of decimal points
- If you must use scientific notions, first provide an explanation and be consistent.

DESIGN A VISUALLY APPEALING AND USER-FRIENDLY FACT SHEET

- Use drawings, graphs and photos as much as possible to convey your message
- Use bullets instead of long paragraphs of text
- Break-up text by using a question and answer format or by using helpful headings

MAKE IT EASY FOR PEOPLE TO PROVIDE FEEDBACK OR REQUEST MORE INFORMATION

- Provide a point of contact
- Provide other sources of information

6.2.4 Press pack

Press packs are normally prepared to back up one-on-one meetings with important media members. They are typically distributed at press conferences associated with a particular and

specific high-profile event, provided at product or service launches and handed out at social events attended by media representatives. The press pack is a substantial bundle of documents dealing with a particular issue or issues.



BEST PRACTICES

WRITING AN EFFECTIVE PRESS RELEASE

CLARITY

When journalists see your release they will decide whether to read it in a matter of seconds. They want to see:

- Who is the release from? - Make sure your organization's name and logo feature prominently at the top;
- Is it news? - Put the release date and time and any embargo date and time;
- What is it about? - A maximum two line "newspaper style" headline that summarizes the content;
- Who can I interview? - The name and contact details of someone to contact for more information.

BREVITY

A press release should not be more than one side of A4 and should be double-spaced. You are not writing a story for the journalist to print. Only include the most important arguments and data - if the journalists are interested they will want to follow up the story with their own questions and from their own angle.

STYLE

The ideal structure for a press release is:

- **Headline** - a maximum two line "newspaper style" headline that summarizes the content.
- **Introduction** - 8 to 10 lines of text containing the key messages of the release. It should say who, what, where, when, how and why.
- **Quote** - should be short, memorable and from someone worth quoting, i.e. a name, company, title or job that is recognizable. Distill the strongest message into the fewest words. A long quote will either not be used, or worse, will be cut to give a spin you might not like.
- **Description, figures and/or graphics** - put any list in descending order of importance and provide numbers that enable the journalist to quantify the issue. Always state the source of any information.
- **Any crucial background** that will set the release into a broader context.
- **Who you are** - two sentences that describe your organization, who you represent, and its objectives. Add your web site address.
- **Contact person** - the name and telephone number of someone who will provide further information ... quickly!

FORMAT

Many organizations produce a comprehensive style guide for their press releases containing standard layouts, type-faces, etc. If you issue a lot of releases this makes each of your documents immediately recognizable.



BEST PRACTICES

THE ISSUE BRIEF

The issue brief is typically a one or two page summary of why an issue is important, what needs to be done and why. The brief should contain the following elements.

THE PROBLEM

Identify the issue or problem and describe it in terms that the audience will understand. If it is an issue involving legislation - describe the legislative history and the likely next legislative steps.

"Too many children leave our schools without the basic levels of numeracy and literacy that make them suitable for jobs in industry. In the planned review of the national curriculum, the Government must focus on this issue".

WHY THE PROBLEM IS IMPORTANT

Explain why the issue is important to the target audience and describe in simple terms how the issue will affect business. Use straightforward terms and provide information, graphs or charts that quantify its impact on business, on the general public or on the economy.

"X% of children today leave school with no formal qualifications and levels of basic numeracy and literacy that render them incapable of performing the most basic jobs in industry. Business today is keen to make up for this failure of the education system by investing in remedial basic education for new entrants so that they can work productively and safely. Workers under the age of 25 are three times more likely to be involved in a workplace accident, and those without basic reading skills are five times more likely to injure themselves at work. At a time when business needs to focus on the use of technology, which requires higher worker skills, the educational attainment level of new entrants in the workplace is getting lower. The number of functionally illiterate children leaving school has increased from X% to Y% over the last ten years."

THE SOLUTION

Outline the policy solution to the problem and say specifically who needs to do what. Quantify the effect of the proposed policy solution.

"At its upcoming review of the national curriculum, government needs to focus the national curriculum on the achievement of basic numeracy and literacy standards. Basic mathematics and English [relevant mother tongue] must take up a greater proportion of children's school time. Schools must invest more in employing teaching staff who specialize in remedial level education and more attention must be paid to resolving problems of non-attendance and truancy. Free-of-charge remedial education classes should be provided and marketed in local communities aimed at functionally innumerate and illiterate young adults."

Increasingly, SEOs post a “virtual press pack” on their web site that combines information on the SEO, its services and advocacy fact sheets. It offers up-to-date information available online and combines all the information journalists are likely to need when drafting a story.

In addition to the issue-specific material, the press pack should normally include a selection of the following information:

THE PRESS PACK:

A brief history of the SEO

The organization’s mission statement

Data relating to membership

A list of services the organization provides and what they mean to the sector it represents

A list of officers, management and committee chairmen, and their backgrounds

A fact sheet on national statistics covering the sector

Relevant photos/images

A couple of “stories” / case studies on the work of the SEO

A list of members willing to talk about the SEO

The SEO’s advocacy priorities and objectives

A list of current fact sheets

Current news releases

A list of upcoming events

Contact details

SECTION SIX CHECKLIST



- ☐ Does the SEO have approved strategic priorities in advocacy?
- ☐ Does the SEO define clear objectives for each strategic priority in advocacy?
- ☐ Were the objectives developed as a result of comprehensive external environment research, i.e. PEST, SWOT or similar?
- ☐ Were the members' views on the objectives canvassed and taken into account?
- ☐ Has the SEO identified who will be the most important supporters and opponents for each objective?
- ☐ Has the SEO reviewed the strength of both support and opposition to each objective?
- ☐ Has the SEO built a structured series of briefing documents for each objective (layered briefing folio or other)?
- ☐ Are the key advocacy materials the SEO has developed readily available to members?
- ☐ Do the SEO experts have a clear understanding of the policy making process and timing for each of the strategic priorities?
- ☐ Has the SEO identified the most important insider and outsider lobbying targets at each stage of the process?
- ☐ Does the SEO focus on the early stages of issue development when ideas are likely to be more fluid?
- ☐ Has the SEO identified where the SEO's influencing power is most effective in social dialogue?
- ☐ Has the SEO conducted impact assessment of collective agreement proposals before starting negotiations?
- ☐ Has the SEO conducted an impact assessment of any change made to the collective agreement proposals before agreeing to such changes?
- ☐ Has the SEO approved the negotiating mandate for consultations or negotiations with trade unions?
- ☐ Is the negotiating mandate clear on the issues to be tackled and on the outcome of the consultations or negotiations (declaration, agreement, etc.) ?
- ☐ Has the SEO identified the negotiating team?
- ☐ Has the SEO provided the necessary training to the negotiation teams with a long-term mandate?
- ☐ Has the SEO provided the necessary briefing documents and statistical data to the negotiation team?
- ☐ Has the SEO assessed the legal effects of the agreements and checked whether the SEO has a mandate to sign such an agreement?
- ☐ Does the SEO have a strategy *vis-à-vis* insider targets in order to move from being a lobbyist to being part of the policy making process?
- ☐ Does the SEO have a media strategy?
- ☐ Does the SEO have a complete and up-to-date list of relevant media and journalists?
- ☐ Does the SEO have a strategy for mobilizing member support for the advocacy objectives?

Section Seven

Social Dialogue – Collective bargaining; cornerstones of representing the interests of members

Partaking in a well-developed and constructive sectoral social dialogue, in particular collective bargaining, is in many countries the main activity of SEOs. This section explains a step-by step approach for an SEO to analyse and build up structures for an effective social dialogue, in particular negotiations aiming at collective agreements. The definition of social dialogue and different kinds of dialogue are accounted for before going on to discuss the strategic issues that have to be addressed before entering into negotiations. The guide then concentrates on negotiations on wages and working conditions at sector level and gives hands-on advice regarding preparations and the carrying-through of negotiations and communication in connection with negotiations. Finally, different approaches to negotiations as well as psychological behaviour are considered.

7.1 Social dialogue; a fundamental function of an SEO

Social dialogue at all levels is essential for the development of economic efficiency and globally competitive business; well-developed social dialogue in a country is also beneficial when it comes to investments. Social dialogue provides good practice in employment and it should become a characteristic of the employment relationship both across and within economic sectors. An effective social dialogue also contributes to democratic governance in the forms of collective bargaining and conflict resolution, and to social equity through distribution of a fair welfare system.

The term social dialogue is widely used globally, not least within the European Union, where social dialogue is an essential part of the system and is seen as a mechanism for achieving a balance between economic interests, for instance by creating single markets, and social development; social dialogue is said to be “the flip side of the single market coin”. If they agree, European social partners have a mandate to carry out negotiations regarding social affairs which may end up in a European directive.

The success of social dialogue rests on the commitment of the social partners to the effective representation of their members and to their engagement with each other during informed discussion that leads to joint outcomes. Collective

representation of members with regard to social partners in social dialogue is thus a fundamental function of SEOs.

7.2 What is social dialogue?

“Social dialogue” can take place in different ways. According to the ILO, there is no universal definition of social dialogue. The ILO has formulated a working definition which reflects the wide range of practices among the states: “*Social dialogue is meant to include all types of negotiations, consultation or simply the exchange of information between and amongst the representatives of governments, employers and workers on issues of common interest related to economic policy.*”

This definition suggests that social dialogue may take place at different levels and in various forms, depending on the national circumstances. The differences between countries are considerable in terms of the forms and institutions of social dialogue, and the picture is further complicated by differences in employers’ and workers’ representation, in labour laws, and in the scope of collective bargaining.

Social dialogue can be either *tripartite* and include the State in the interchange, or *bipartite* including solely the social partners at different levels. Even if the dialogue is bipartite, it is naturally influenced by current economic matters, taxes and the welfare system, all of which are within the jurisdiction of the State.

Moreover, the notion of “dialogue” might be interpreted differently, since there is “a game within the game”,⁶ as the various actors have different opinions and strategies regarding the extent to which social dialogue should, or should not, lead to collective agreements or to some form of binding regulation. In some sectors or countries, SEOs are reluctant to engage in negotiating collective agreements as long as the prerequisites are unclear (see below) or due to the fact that the SEOs have been created for other purposes (such as lobbying and trade affairs) and social dialogue may not be in accordance with the mission.

Nevertheless, there are some common features that can be found in most of the countries with developed industrial relations and functioning social dialogue. In these countries SEOs are typically involved in:

- Tripartite dialogue with public authorities on policy and regulatory issues through tripartite councils, committees or working parties. SEOs may be involved directly, or through supporting dialogue led by a cross-sectoral employers' organization;
- Bipartite consultations between SEOs and trade unions on social issues, health and safety aspects of companies' operations;
- Negotiations of collective agreements between SEOs and trade unions.

Regarding the level at which the dialogue is pursued, SEOs play a key role in collective representation in:

- Regional social dialogue;
- Sectoral social dialogue at national level;
- International level, for example, in the case of SEOs from EU Member States taking part in European sectoral social dialogue.

The SEOs also make essential contributions to cross-sector social dialogue at regional, national and international levels led by cross-sector umbrella employers' organizations. They provide an indispensable sectoral view on the issues at stake and contribute to the efforts of employers' organizations through different forms of collective representation.

Finally, SEOs also play a role in advising and supporting their members at enterprise level when it comes to application of sector or enterprise-based agreements.

7.3 Bipartite consultations and negotiations

The guide concentrates on the following through bipartite consultations and negotiations of collective agreements between SEOs and trade unions at sector level. The reason is that this form and level is dominant in Europe as to wages and working conditions with limited participation by the State. In Eastern European countries the State still plays a role at this level but discussions are ongoing regarding decreasing influence at this level.

In this context “consultations” stand for contacts with trade unions where the employer side has the right to take the final decision on the matter concerned. “Negotiations” means that the parties have unsolved and, for the most part, conflicting interests involved, for example in terms of wages or employment conditions, with no exclusive right for any of the parties to finally decide. The parties are considered to take part in negotiations in good faith including emphasis on direction to achieve agreements. If no agreement is attained, “disputes of interests” arise.

How disputes are solved in countries has a direct bearing on the SEO's bargaining situation and is critical to what lines have to be taken in case of looming disagreement. In countries with extensive rights for the trade unions (and employers) to resort to industrial action, for instance, the SEO has to consider the alternatives to a negative answer in order to participate in negotiations or to come to a final proposal in the bargaining round.

The role of the SEO in negotiations always depends on the national legal or agreed framework in the labour market. The legal status of collective agreements is important. To what extent are concluded agreements legally binding for the members? Are they enforceable? Do they entail labour peace during the validity period? These are some of the questions involved. Unwritten rules, attitudes and values in the labour market must also be taken into account.

Before initiating or agreeing on any form of consultations or negotiations with trade unions, the SEO has to consider the following issues.

7.3.1 Strategic issues

The primary question is in what ways and to what extent the SEO can contribute to meeting and channelling members' demands through social

dialogue. Particularly in countries where social dialogue is not yet established or in progress, there is an opportunity to take the lead and influence other stakeholders; in first place the State and partner trade unions.

The subjects and levels of social dialogue/collective bargaining (see below) are important matters for consideration. Moreover, the SEO has to take into account that enterprises typically strive for decentralization of decisions in business as well as in employment matters, whereas trade unions seek to centralize regulations, which is also in the nature of a collective agreement at sectoral or cross-sectoral levels.

As collective agreements typically are the results of collective bargaining, the SEO has to achieve agreements which are considered valuable for the companies, and explain why. In countries where social dialogue is in progress the following benefits of collective agreements have been noted by employers. A sector agreement offers: (1) a standard for wages and employment conditions, both internally, in relation to employees and trade unions, and externally, in levelling competition for labour; (2) a basis for economic and budget planning; (3) access to social dialogue in organized forms; and (4) labour peace.

A topical question for SEOs is how flexibly collective agreements can be constructed in order to meet the needs of the companies. For instance, to what extent is it possible, despite a “centralized” framework, to delegate decisions to local party level, management–trade union or management–employee level? Furthermore, can provisions be achieved giving the employer side the right to unilaterally leave the agreement or parts of it depending on developments during the term of the agreement, or leave the decision up to the local parties? These kinds of “opening clauses” have been attained by German employers in times of crisis.

In countries with highly developed collective bargaining systems, such as the Nordic countries, employers in many areas have successfully managed to decentralize decisions to enterprise level **within** the framework of a sector agreement, for instance regarding wage setting. The expiry mechanism of collective agreements is also important; is there a definite expiry date or an indefinite period with limited possibilities to terminate the contract?

The organizational implications of introducing collective agreements at sectoral and cross-sectoral levels have also to be taken into

account. If the membership coverage of the SEO among companies is still limited, what will a collective agreement system lead to regarding “free riders”? The same question should be answered when there is a system in place for extending concluded collective agreements to companies which are not covered by the agreement through membership.

In many countries, in particular in Eastern Europe, the State still plays a formal and more or less active role at sector level, for instance in wage bargaining. This fact, however, should not prevent the SEO and the trade unions concerned from being active and, as far as possible, from preparing and carrying out negotiations bilaterally.

If the desired results are unlikely to be attained through sector agreements, then cross-sectoral or enterprise level dialogues, influenced by the SEO, should be considered.

7.3.2 Collective bargaining – subjects

The issues that are the subject of collective bargaining vary between countries. Most common are negotiations regarding wages and employment conditions, leading to collective agreements which are legally binding for members of the signing parties – or to recommendations. Peace clauses are often included in the agreements and entail labour peace during the contract period. The first major agreements in a country’s pay round are usually models for the succeeding contracts. Agreements concluded at cross-sectoral or sectoral level are often intended to be negotiated/confirmed and finally applied at enterprise level.

In many countries collective bargaining also takes place over social issues such as insurance, sick pay and pension schemes, firstly at cross-sectoral level as they are usually applicable to all categories of employees and are supplementary to legislation.

In countries with advanced systems of social dialogue, collective agreements also exist on funding of redundancy pay, training and so on, in the event of job loss. Agreements on cooperation between parties are also occurring, including common assessments regarding the trade concerned and negotiating procedures, for example.

Thus the choice of subject for negotiation must be carefully made. When considering the issues, the SEO also has to reflect on whether the matters being negotiated are intended to replace legislation, supplement legislation or if they shall stand separately.

7.3.3 Collective bargaining – levels

The most appropriate level of negotiations is the next issue to deal with: at which level and in which form is the SEO best able to exploit its influencing power for the benefit of members? The SEO has several choices and can, for example, pursue consultations and negotiations:

- at regional and/or sub-sectoral level;
- at sectoral level;
- in coalition with several SEOs;
- by mandating the cross-sectoral umbrella employers' organization for consultations and negotiations (to precede sectoral negotiations).

In some countries, SEOs strive for a system of negotiations regarding wages only at enterprise level, which means SEOs take on the responsibility of playing a coordinating role. However, the SEO has to take into account that similar considerations are made by partner trade unions.

As to negotiation levels, several “ideal” solutions have been elaborated and promoted by economists. However, in the real world where the labour market and its independent organizations and institutions are part of a market-oriented economy, a single actor cannot set the negotiation pattern. There are often conflicting interests and different views among the actors regarding the level of negotiations, since the scope and content of an agreement are to a great extent related to the level of negotiations. Therefore, not all actors always see the solutions in a specific country as “ideal”. In many countries, prior to every pay round there is an ongoing discussion about the degree of centralization of wage bargaining, whereas in most countries there is an accepted model. Many countries have also had different negotiating patterns over the years, depending on their varying economic and institutional circumstances.

The SEO must, therefore, although always trying to influence matters, respect the specific cultural and regulatory environment in the end.

7.3.4 Relevant opposite party – “competing” trade unions

It takes two to tango and the SEO needs a legitimate and relevant opposite party or parties and also a certain demarcated area for negotiations, normally a sector of the industry and trade (see Section One). The collective bargaining domains are normally long-since tailored; if not, the

actual area should be determined prior to negotiations.

Sometimes more than one trade union claims to be the right bearer in the agreement. This can be delicate, especially where the unions exercise their possible rights to take to action in order to achieve an agreement.

In doubtful situations, the SEO has to analyse the situation on the union side: what about the strength, representativeness and mandate among the competitors? Which one has a structure that will fit with the SEOs as to local representation? Which one is the most credible and the best for a long-term relationship? Which one can “deliver” an agreement and stand up for it in the long run?

If the unions will not listen to the arguments about the relevant opposite party, the SEO has to select one to start with, and decide on the order of possible negotiations with the others. Or consider parallel negotiations. Or expressly drop other parties and be ready to take the consequences of the shut doors.

Also the SEO may have “competing” organizations on the employer side, where the demarcation lines between employer organizations are not settled. This happens even in the most organized countries. These kinds of differences are fairly often difficult to solve as there is a struggle over members in the picture. In this guide however, we can assume that reasonable agreements can be achieved between SEOs!

7.3.5 Competence and resources

It may go without saying that competence and professionalism as to negotiations are needed within SEOs that are participating in collective bargaining. Internal training and exchange of knowledge and experience of negotiations of this kind is a must. The knowledge within an SEO is not only based on proficiency of facts but also on experience about how matters were dealt with and solved earlier.

Staff resources must also be provided for SEOs in order to prepare and carry out negotiations. This includes not only managers who can conduct negotiations but specialists in the matters involved in the negotiations; economics, facts about the sector, statistics, wage policies, labour law and working conditions, and so on. Depending on the content of the negotiations, resources for a negotiating team and other negotiating bodies must be available in the pay round (see below).

7.3.6 Conclusions

Having considered all the circumstances above, the SEO may be ready to enter into sector level negotiations. The alternatives are to leave the primary negotiating role to the umbrella organization and to play an influential role at this level or to strive to conduct negotiations only at enterprise level. In the latter case the SEO can play an important role in relation to coordination with the member companies, sharing information and giving advice. As mentioned, however, the choice of negotiating level is seldom up to the SEO to decide unilaterally.

The following experience will mainly regard negotiations on wages and employment conditions at sector level but much of the content could also be considered applicable at other levels of negotiations.

7.4 Preparing for negotiations

7.4.1 Mandate

The basic mandate issue is whether it is possible at all for the SEO to enter into negotiations and conclude agreements on behalf of members. This mandate may be on a permanent basis, for example, according to the constitution. Or it may be based on decisions made from time to time by the SEO's board, depending on the circumstances. The latter discussion often also includes the question of whether the umbrella employers' organization will be called on to negotiate at apex level prior to sector negotiations.

The specific mandate issue concerns the approval of a negotiating body (here called the delegation), its composition and authorization as to the objectives, content and performance of the negotiations. Such a delegation is usually appointed by the organization's board or at the annual meeting. The composition of this body varies. It is typically composed of persons from the top management of member companies such as managing directors and heads of HR departments; it could be the board itself. The members of the delegation follow the negotiations very closely, together with the negotiation team, and during the course of the negotiations are present on the premises where the talks are taking place, at least when critical and final decisions are being taken.

The mandate that is left to the delegation and the team leader varies. The mandate usually specifies the initial demands of the SEO and the margins in which the delegation can manoeuvre without further consultations with the board. In the course of the negotiations there is interactive play between the

team leader (typically a full-time senior staff member of the SEO or an appointed chairperson), the delegation and, depending on the character and scope of the mandate, the board. Sometimes, formal approval of an agreement by the board is required.

7.4.2 Demands/proposals

Many SEOs set overall objectives with respect to their negotiations. Some may be long-term or medium-term to be achieved over a series of negotiations, whereas others are formulated for use in the upcoming round.

The SEO's demands that are submitted to the opposite party shall, of course, be formulated within the given mandate and take into account the given objectives. Thus some claims may be of a primary nature, aiming at long-term changes, and have to be submitted even if the chances of getting them through in the earliest round are limited. Other demands may concern acute needs signalled by the members.

In countries with long experience of negotiations the parties normally have a realistic approach to the initial demands. They often have to pass through tough discussions with their respective members before the submission of demands. This general attitude is not, however, incompatible with the desire to maintain a margin for negotiations and far-reaching initial demands may occur for this purpose. As a part of the game, some items may also be forwarded in order to have some stock in hand for trading.

Having too many unrealistic demands, which have to be abandoned during a negotiation round, undermines the party's credibility. Conversely, being too modest without any negotiating margins, or forwarding too few demands, may also be negative for a good final solution. Thus, selecting and prioritizing demands by the SEO are important matters and time for considerations in the board and the delegation should be allotted accordingly.

7.4.3 The opposite party's demands

When learning about the demands of the SEO's opponent(s) one has to take into account the logic that is prevailing on the other side. There is always a formal structure within a trade union organization where issues have been collected and organized at different levels into a list to be used in the negotiations. Therefore, the list the SEO gets contains elements of different weightings and importance; the issues are coming from different

levels and interests within the organization. It is important to analyse the background of the claims.

Comparing the two lists of demands can indicate an abyss between the parties. But this is also the nature of free independent bargaining and no one can be blamed for forwarding demands – or for rejecting them either! It is just about demands, not the final outcome.

7.5 Planning negotiations and exchange of demands

7.5.1 The negotiating team

Within a good negotiation team specific tasks are distributed among the members depending upon their position, training, experience and special knowledge. Here are some examples of tasks to be distributed among the accessible staff.

- **Team Leader/ Deputy Team Leader**

Head of the group conducting the discussions and acting as spokesperson with the opposite party.

The team leader should be released from having to undertake the detailed work and the “nitty-gritty” in order to keep a “helicopter” perspective.

- **Secretary**

Keeping records, minutes (formal and informal), registering attendance and so on. Also responsible for documents, maintaining documents currently being prepared and checking formulations and so on, organizing meeting rooms, refreshments, timetables, amongst other things.

- **Persons responsible for economics, facts, labour law, statistics, calculation and so on**

Need experience and knowledge and access to relevant databases.

- **Head of information/communications**

This role is about internal information/communications, information/communications to members and to media – see more below.

7.5.2 Exchange of demands

When it comes to exchange of the original demands, the SEO's representatives usually state the general economic situation within the trade concerned and within the represented companies and also make some principal statements regarding their demands. The union side usually gives an overall view on the working conditions in

the sector and accounts for their demands in broad terms. Hereafter the demands may be established in more detail by both parties.

The comprehensible presentation of the SEO's demands orally and in writing is important for many reasons. The position and demands must be very clear in relation to your opposing party and also regarding member companies. Therefore, a great deal of effort must be put into the preparation of the documents that are submitted.

7.5.3 Analysis

After receiving the opening demands from the opposite party these must be analysed in depth regarding costs and consequences, impact, precedents, and so on. No effort shall be spared when analysing your opinions or reactions to them. With reference to what has been said earlier about the character of demands, the analysis should also imply their importance for the counterpart and possible margins.

7.5.4 Documents

It is essential for the SEO to have working documents describing the progress and the outcome of the negotiations. It is important that the employer side takes on the authorship of the documents and keeps them “under control” during the negotiations; which ones are your own drafts, which are submitted (and approved) to the delegation and/or presented to the opposite party.

Regarding the final document which describes the new agreement for a certain period, it is of course desirable that this is perfectly clear and leaves no room for interpretation. Unfortunately, in practice, it is inevitable that some unclear wording may arise later.

In most countries there is a tradition that the final document is signed by the parties on the premises immediately after the talks are completed.

7.6 The negotiations

7.6.1 Negotiations – a process

“Negotiations”, for instance wage bargaining aiming at a new wage agreement, refer to a process that normally stretches over a period of time, with numerous meetings in the team, delegation, and the board and joint meeting between the parties. A period of several months is

not unusual. In many countries the legislation or agreements between the parties stipulate time frames and other procedural matters.

During the first part of the period, contact between the parties is not particularly intensive, but becomes more frequent towards the end and is especially intensive at the very end. A couple of all night sittings are common. It is obvious that some kind of time constraint is necessary in the end in order to force the parties to drop demands and make their final moves.

7.6.2 Activities

During the negotiation period, contact within the team is continuous in order to keep up the information/communication level, to analyse the current situation and discuss the next move.

It is important to have the delegation extremely well informed in all senses and discuss all moves with them. Cooperation between the team leader and the delegation is crucial. A professional and experienced team leader often has new ideas in mind as to how to proceed but needs the delegation's support and involvement.

In further discussions it is important to categorize the issues and discuss them accordingly. Which are the main issues for the SEO and for your opponent? Which are less important ones that may be dealt with later? Which issues are totally impossible to agree upon?

Sooner or later, the team leader is expected to narrow down the discussions and ask for advice or give advice on the position that needs to be taken regarding different issues.

Based on the parties' respective considerations, the order in which issues will be handled should be dealt with at this stage. Which are the most time-consuming issues? Which items are interlinked and have to be dealt with together? Small issues/big issues? The parties may have different interests in these matters, and the agenda itself may be up for negotiation.

Sometimes parties choose to set up committees to deal with specific items. This may be suitable when numerous facts need to be analysed by a smaller group. These groups must have a precise mandate.

7.6.3 The next phases

When the negotiations are in full swing, arguments and talks take a considerable amount of time. It is

difficult to describe a typical pattern of further meetings with respect to frequency and content. Some typical phases after the preparatory part can be observed though, known as "transport distance", "crunch time" and "final steps".

■ Transport distance

The introductory phases described above are often followed by an extended phase of argumentation from both sides when the issues are dealt with over and over again without major progress. It is a necessary part of the game, which the participants have to endure. The delegations on both sides often want their spokespersons to repeat the demands and arguments in order to make sure that the adversary understands and – hopefully – will agree. It is also necessary for people to get things off their chests and be able to claim that all efforts were made to persuade their adversaries.

■ Crunch time

Later, when issues have finally been defined and discussed, open disagreement and conflict will likely take place. This is a consequence of negotiations – it is seldom possible to agree smoothly. This phase must be expected and regarded as natural. Good negotiators never try to avoid this phase, or get upset, because they realise that this period is the basis for the coming give and take. Instead, they attempt to ensure that the talks do not reach an impasse. This might be a stressful period, but staying cool may provide an opportunity to reveal what the opposite side really needs. Properly managed disagreement and conflict bring the parties together. Handled badly, it can highlight and widen the differences.

■ Final steps

Whatever the content and frequency of the earlier stages, a number of questions normally remain unsolved towards the end of the negotiations. The time set for the negotiations, especially if there is a formal last date for agreement, puts final pressure on the parties to come to terms.

The final step is typically taken by submitting a document containing a "final solution" which is considered to be acceptable for the other party. This way requires good judgement of the situation and of the adversary's (positive) reaction. One has to take into account that a rejected written proposal creates a new stage of talks.

The other way is that the SEO team leader sits down with the opposite number and negotiates orally the "remaining eggs in the basket". This method requires experience and a feeling for what could be achieved in these very last moments of the negotiation. The negotiators involved are supposed to be very open minded

and present “possible” offers provided they can be met by equally valuable concessions. Often these kinds of offers are made from a personal point of view and linked to a promise to work for support by the delegation itself, provided that the opposite negotiator is doing the same. These kinds of talks require trust in the people involved.

7.7 Member communication

Information is an important part of negotiations and sometimes it is used as a means to persuade the surrounding world of the legitimacy of certain demands. Communication is also critical for getting and maintaining members' support in negotiations.

As to information prior to negotiations, members should be the focus by this time and the regular channels used. The organization's web site provides an opportunity to give necessary and timely information. Information to provide early on could include the schedule of the negotiations and a comprehensive picture of the SEO's demands and those of the other party. Sometimes there is a need for a more thorough overview of these demands. Attention should also be paid to media depending upon their interest in the actual negotiations.

The members should also be the focus in terms of information during the negotiations. Continuous information should be provided about the progress of the negotiations; we suggest putting this on the web site. The schedule, some facts and some comments on the situation are normally sufficient. Avoiding argumentation and blaming the adversary is good advice. Regarding the media, journalists usually continuously check web sites in order to collect information about the progress of important negotiations.

Regarding information after the negotiations, it is important to inform members immediately after the handshakes have taken place. On the other hand, the initial information given on the web site and in a press release can be very short; the fact that an agreement has been reached and the major points of the content will suffice. Detailed information will be provided later. It might be tempting to communicate a possible “win” in wage negotiations; however, depicting a “win-win” picture might be a better alternative and members are likely to understand such a message.

The media information will be dependant upon the importance of the agreement and on earlier media attention.

7.8 Approach to negotiations

7.8.1 Different ways to carry out successful negotiations

As to ways to succeed in negotiations in general, many theories are available both from a scientific perspective and from “game-playing” theories. Unfortunately they are seldom applicable to collective bargaining. There is no “escape button” at hand, as in business negotiations or in games. You are tied to your partner and cannot normally choose another one.

No general advice can be given as to how to carry out negotiations in the labour market. That depends very much on many factors, such as the experience, competence and maturity of the persons and organizations involved, former negotiations and the trust and confidence among the actors, the scope and complexity of the matters and, last but not least, the expectations among members and third parties.

In practice, one can observe and discuss some typical patterns, approaches or methods of the negotiation process.

7.8.2 The approach to negotiations – two extremes

How you approach and handle a negotiation will often determine what you will achieve from the negotiation. One can identify two extremes of approaches to negotiations, here called “positional bargaining” and “interest bargaining.”

■ Positional bargaining

This type of bargaining tends to focus on articulating one's own demands, defending one's own position rather than trying to understand the demands and underlying concerns of the other side. Winning is everything in this kind of bargaining and negotiations are usually conducted in a state of aggression where the other side is an opponent; an adversary who must be defeated. The negotiations are conducted from an – often supposed – position of strength.

Neither party in this environment is seeking, nor even wanting, to leave the other side satisfied. Conceding is seen as a weakness and therefore the negotiations tend to take a long time, especially the “transport distance”, as the parties continue to defend their own positions.

Parties who do not know or do not trust each other often use this approach, at least in the opening rounds. Parties who lack competence or experience also tend to behave this way. Poor preparation may also be an underlying reason for this behaviour.

Of course, this kind of situation does not create an atmosphere of trust and respect and does not contribute to the achievement of an agreement.

■ Interest bargaining

In interest bargaining, both parties respect each other. Some key elements of this approach are: respect for the other party, sticking to rules and facts, looking for win-win solutions, aiming to achieve agreements and awareness of the long-term relationships.

The parties are conscious of the fact that the other side has legitimate positions and demands, although they cannot be agreed to, or rejected, without arguing and consideration. This suggests looking at the issues from different angles, including the opponent's side. Understanding the other party's point of view enables solutions to problems to be found, which to some extent will meet the other party's needs as well.

In interest bargaining, attributing blame to the other side is avoided. The other party becomes involved in the process and is made part of the solution. Overreactions and bombastic language are avoided. Active listening is crucial and close attention is paid to what the other side has to say. Open-ended questions and statements are followed up in a positive way. Interest bargaining is aimed at win-win solutions and not at a win-lose outcome.

Experience and competence are essential elements in this kind of approach, which is used by parties who trust and respect each other. This approach also facilitates a relatively speedy negotiation.

These approaches, theoretically, also entail different methods of bidding and putting forward proposals in the course of the negotiations. In positional bargaining the parties give ground to each other bit by bit and will hopefully reach a result in due course. In positional bargaining the parties put forward, at a relatively early stage, proposals that are close to the estimated target.

Important: these “approaches” should not be seen as “tactics” but only as points for discussions within the SEO on general attitudes in negotiations.

7.9 Personal behaviour, psychology

Questions about the need for appropriate personal behaviour by the actors and the importance of psychology always arise when discussing how to negotiate. All human interactions have psychological elements, collective bargaining included. But in labour market negotiations it is more about “collective” psychology and the relations and interactions between the parties concerned. This is the reason why we have put the main focus on “hands on” activities in this guide.

However, the psychological interplay between persons involved in the collective bargaining process is important in some situations, in particular when it comes to approaches and the final stages of the negotiations.

This being so, there is always room for a number of good personal qualities to be exercised.

BOX 6 COLLECTIVE BARGAINING IN EUROPE

SEOs in Europe successfully negotiate collective agreements using the following options:

- SEOs bargain collective agreements with several trade unions – as is the case in France and Poland;
- Coalition of several SEOs bargain collective agreements with one trade union; for example, in Slovakia, the SEOs in the steel, electro-technical and mechanical engineering sector bargain collective agreements together with one trade union;
- SEOs mandate national umbrella organizations for bargaining collective agreements with trade unions – as is the case of SEOs in Latvia;
- SEOs are not active in collective bargaining and companies in the sector are represented through national umbrella employers' organization pursuing bargaining agreements with national level trade unions – as is the case of SEOs in Slovenia.



SECTION SEVEN CHECKLIST

- ☐ Has the SEO identified where the SEO's influencing power is most effective in social dialogue?
- ☐ Has the SEO conducted impact assessment of collective agreement proposals before starting negotiations?
- ☐ Has the SEO conducted an impact assessment of any change made to the collective agreement proposals before agreeing to such changes?
- ☐ Has the SEO approved the negotiating mandate for consultations or negotiations with trade unions?
- ☐ Is the negotiating mandate clear on the issues to be tackled and on the outcome of the consultations or negotiations (declaration, agreement, etc.) ?
- ☐ Has the SEO identified the negotiating team?
- ☐ Has the SEO provided the necessary training to the negotiation teams with a long-term mandate?
- ☐ Has the SEO provided the necessary briefing documents and statistical data to the negotiation team?
- ☐ Has the SEO assessed the legal effects of the agreements and checked whether the SEO has a mandate to sign such an agreement?
- ☐ Does the SEO have a strategy *vis-à-vis* insider targets in order to move from being a lobbyist to being part of the policy making process?
- ☐ Does the SEO have a media strategy?
- ☐ Does the SEO have a complete and up-to-date list of relevant media and journalists?
- ☐ Does the SEO have a strategy for mobilizing member support for the advocacy objectives?

Section Eight

Expanding services in SEOs

Decisions to provide services must be financially driven. The services should bring to the SEO more financial resources through increased membership fees set at adequate levels or through financial income generated by services provided at a cost. Section Five underscores that services have to be built on sustainable comparative advantages and provides an overview of typical SEO strengths that generate such advantages.

To help idea generation, section 5.2 gives an overview of services typically offered by SEOs. This overview is complemented by references to several concrete examples of SEOs worldwide. Section 5.3 takes this guidance further by describing steps an SEO project team needs to complete in order to build up a viable proposal for providing new services by the SEO: a demand/supply analysis; assessment of the proposal against the SEO mandate; an assessment of the SEO's capacity to provide the proposed service; possible impediments and finally a consideration of service delivery alternatives.

It should be underscored from the outset that:

- decisions to provide services must be financially driven;
- a sustainable comparative advantage for an SEO is most likely to be generated by a factor that private sector competitors cannot replicate;
- all considerations of the scope and content of services should be related to the “core business” and mandate laid down in the constitution or otherwise decided;
- decisions to provide services must be financially driven;
- a sustainable comparative advantage for an SEO is most likely to be generated by a factor that private sector competitors cannot replicate.

8.1 Building on strengths

SEOs have very specific objectives and typically offer services as their basic *raison d'être*. Most SEO mission statements start from the basis of either improving the environment in which their sector operates, by means of effective advocacy, or conducting collective bargaining on behalf of their members. It is in either or both of these two contexts that additional services are likely to be regarded positively by members. In service provision, the SEO is logically constrained in that it must build on its established strengths.

The effect of this on the determination of what services to offer is substantial and suggests that the starting point are the SEO's mission and strengths, not a random review of members' opinions on what services they want to receive. Only after the SEO has proved itself an excellent service provider in one area can it move on to develop its offerings.

The starting point for an SEO is the identification of key strengths. These strengths vary by SEO, but are likely to include:

- **ADVOCACY POSITION** – enjoying a privileged advocacy position with legislators gives SEOs influence, makes them privy to information and allows them to develop high levels of expertise in the areas in which they work;
- **COLLECTIVE EMPLOYEE RELATIONS** – having relations with employees and trade unions places SEOs in a position of knowledge and expertise;
- **LOYAL MEMBERSHIP** – by maintaining a stable membership the SEO can build on established relations with members based on excellent levels of service provision and trust.

It is only after the initial and successful exploitation of these skills that the SEO can begin to branch out into other areas.

The chart below gives examples of first and second-generation services that have resulted from the recognition and exploitation of an initial organizational strength.

8.2 Current services offered by SEOs

Services provided by SEOs can be divided into four main areas:

- Services aimed at **supporting sectoral collaborative professional initiatives**, such as Responsible Care® in the chemical sector, HERA (Human and Environmental Risk Assessment on ingredients of household cleaning products) in the household cleaning products sector, as well as others;
- Sector and **SEO status specific services** that cannot be replaced by services provided by the national umbrella employers' organizations or by other service providers, due to the specific statutory position of the SEOs (not-for-profit organization, representative of the sector having direct access to critical and unique technical expertise, and so on). These provide access to unique specialist resources and offer unique links to operators in the sector. These services include, for example, technical standardization services in the gas sector, or the licensing functions of SEOs in the transportation sector;
- **Professional services** which make use of the strong advantages of the SEO that the private sector cannot replicate or is not able to provide. These can be political assistance in collective labour disputes or assistance in complying with sectoral legislation;
- **Subsidiary services** that are motivated by maximizing income through free technical or professional capacities, such as renting meeting rooms or providing training activities.

From the point of view of their typology, SEO services can be grouped as follows:

Type of service:	Concrete forms – examples:
INFORMATION PROVISION Scope: labour law, company law, taxation, environment, business legislation, access to finance and markets, certification (ISO).	<ul style="list-style-type: none"> ■ Newsletters ■ Publications: informative reports, booklets, guides, analytical studies, SEO annual reports, ■ Comments on new legislation ■ Dissemination and promotion of good practices and techniques ■ Regular updates for members on legal and other initiatives and changes
NETWORKING Scope: create business contacts, development of social dialogue and advocacy.	<ul style="list-style-type: none"> ■ Regular business meetings ■ Meetings with key policy-makers (working lunches, breakfasts, and so on etc.) ■ Member directories and databases ■ Conferences and high level meetings ■ Technology platforms.
ADVICE AND CONSULTANCY Scope: HR, labour law, company law, taxation law, sectoral product legislation, environmental legislation, risk assessment, product safety of products legislation, negotiations and mediation.	<ul style="list-style-type: none"> ■ Written/oral/web site-based ■ Support of collaborative initiatives ■ Support of compliance efforts ■ Assistance in collective bargaining at the enterprise level: negotiation, legal advice on collective agreements ■ Assistance in dispute resolution at enterprise level ■ Assistance in dealing with inspections ■ Explaining the business case for corporate social responsibility/responsible business practices.

Type of service:	Concrete forms – examples:
ACCESS TO PUBLIC FINANCING Scope: EU structural, pre-accession, research funds; World Bank funds, state funds.	<ul style="list-style-type: none"> Information about tenders, donors Information about public funds Project proposal assistance Consortia formation and project management.
LEGAL REPRESENTATION Scope: commercial law, labour law, bankruptcy law, statutory law, and so on.	<ul style="list-style-type: none"> Representation in court / Mediation/ Arbitration.
ECONOMIC SURVEYS Scope: Trends (economic, employment, education), skills, wages, and so on.	<ul style="list-style-type: none"> Sectoral / sub-sectoral Clearing house for confidential statistics Members only / Members and non-members Quarterly / annual.
DISCOUNT SERVICES Scope: subsidiary services, for example: communications (IT, telephone), automobile leasing, transportation and travelling, legal mail, insurance, bank services.	<ul style="list-style-type: none"> Membership cards with direct benefits and discounts to members Group membership discounts and special rates, loyalty programmes (insurance, publications, fleet purchase).
INFRASTRUCTURE SERVICES Scope: subsidiary services.	<ul style="list-style-type: none"> Access to SEO facilities (conference services, use of board and meeting rooms, computers, catering options, etc. and so on).

Once the organizational strengths most likely to deliver comparative advantage in the marketplace have been identified, it is useful to observe what other SEOs have done in similar situations, and how their service offers have evolved over time. A simple way of doing this is by searching the web sites of SEOs to learn about real-life examples.

8.3 Sounding out the proposal for providing a new service

After deciding to pursue a proposal for a new service, a project team should be put together by the SEO to examine the idea of extending the SEO's service portfolio.

The project team should pay attention to the following steps:

1. **Idea generation.** Having identified the areas of comparative advantage based on unique organizational strengths, the project team should generate ideas on the services the SEO might offer. The team can use the

support of other staff, experts from member companies, and partner organizations from other sectors.

2. **Demand analysis.** The project team can use informal or formal methods of consulting members regarding the demand for a new service. Using informal methods, the project team can conduct a member survey or use opportunities to discuss their ideas at workshops and seminars with members. Very often, the ideas for new services arise through the SEO's outreach and contact with members, as well as through the SEO's involvement in the development of new policies and legislation.

More formal methods can include sophisticated data collection methods (such as internet surveys, mail surveys, personal interviews, phone interviews, panels and focus groups); a good template is provided by the toolkit produced by the British Market Research Association (<http://www.bmra.org.uk>). If the SEO decides to hire a professional organization, it is a good idea to know the pros and cons of the various approaches that may be suggested.



BEST PRACTICES

On the Internet, many examples of services provided by SEOs can be found. The list of web links to SEOs attached in the last section of this guide can also be used. This list includes SEOs which provide the following examples:

Example 1: Association Française du Gaz (France) provides essential services such as standardization and certification to the natural gas industry. These services are complemented with organizing training activities and publishing technical papers. The Association also provides a range of subsidiary services such as renting meeting rooms. More information can be found on their web site: <http://www.afgaz.fr>

Example 2: Chemical Industry Association (United Kingdom) supports its members with a wide range of free and paid-for services. For example, to assist member companies in their efforts in complying with new chemical legislation (REACH), the UK CIA founded a business subsidiary *REACHReady* which provides chemical legislation related services. More information can be found on their website: <http://www.cia.org.uk>

Example 3: Food and Drink Industry Association (Ireland) provides services in five main categories:

- representation and lobbying;
- information and counsel;
- sector development and marketing;
- events and networking services;
- technical and regulatory services.

More information can be found on their web site: <http://www.fdi.ie/>

Example 4: Asociacion de Hoteles de Turismo de la Republica Argentina (Argentina) provides its members with consulting, promotional and statistical services. More information can be found on their web site: <http://www.aht.com.ar/>

Example 5: Fédération nationale de l'industrie hôtelière (Morocco) developed promotional services supporting the business objectives of its members. More information can be found on their web site: <http://www.fnih.ma/>

Example 6: Federación Empresarial de Farmacéuticos Españoles (Spain) provides members with publications, statistical, training and networking services. More information can be found on their web site: <http://www.fefe.com/>

3. **Supply analysis.** Having tested the demand side of the market, the project team must analyse the current supply of the service. The key set of questions includes:
- Who** else is providing the service on the market?
 - Where** – What is the presence of other service providers on the market?
 - When** – What is the time availability and accessibility of the service?
 - How much** – can the SEO beat the competition by offering a better price for the service?

Through this supply analysis, the project team can identify a niche for the SEO on the market. If such a niche cannot be identified, it is a clear signal for the SEO to review their proposal and restart the process.

4. **Assessment of the proposal against the SEO mandate.** The project team should analyse whether the proposed service is compatible with the SEO's mission, strategic priorities and objectives, and if the provision of new services respects existing SEO rules. If some adaptations of the rules are needed, would such changes be supported by the Board or the SEO's members?
5. **Assessment of the SEO's capacity to provide the new service and the staff competencies needed.** A new service will require an initial investment from the SEO in the form of financial, technical and human resources allocated to its provision. It is therefore logical to check the availability of such resources and/or find them externally.
6. **Checking possible impediments.** The new service must be provided within the legal framework in which the SEO operates. If the SEO benefits from a not-for-profit status, new services may present additional legal, accounting and taxation requirements. The SEO may need to consider establishing an

independent organization with a specific legal form required by local laws. All these aspects of the proposal for new service provision must be analysed.

Besides these external impediments, there may be several internal obstacles for implementing the provision of a new service. These may arise if members already provide the same service or if the new service provided by the SEO impacts their members' business model. The implications of such a situation must be carefully considered.

7. **Considering service delivery alternatives.** Certain services can be provided by the staff of the SEO. However, these are normally limited to briefings, training courses, conferences and a certain amount of advisory and consulting work. This is why the SEO may need to bring in specialists on a fee-paying (external contracts) or profit sharing (joint-venture) basis. Both of these options allow the use of external expertise that does not exist within the SEO and which is either not needed on a full-time basis, is too expensive or where retention would be difficult.

The advantages and disadvantages of joint ventures over external contracts are that the risks and profits are shared; the higher the risk, the more likely the SEO is to choose a joint venture. Joint venture or contract partners are often very keen to work with SEOs, as such ventures provide them with access to businesses that would otherwise be difficult and expensive to reach. The fee or profit-sharing should recognize the value that the SEO is bringing to the partnership.

Upon completion of these steps, the project team will be ready to prepare a detailed proposal on the provision of new services to the Board. This proposal will also include conclusions from the abovementioned analyses. Once the SEO has received the approval of the Board, the plan's implementation can begin.

**SECTION EIGHT CHECKLIST**

- ☐ Has the SEO identified the key organizational strengths on which the services can be built?
- ☐ Does the SEO have a clear idea of the SEO's source of comparative advantage in the provision of services *vis-à-vis* private sector competitors?
- ☐ Do the services the SEO provides sit comfortably within the SEO's mission and objectives?
- ☐ Do all of the services make money?
- ☐ Has the SEO launched a process for examining which services emanate from the SEO's key strengths and which will be the most marketable and profitable?
- ☐ Does the SEO currently use external contracts or joint ventures?
- ☐ Does the SEO obtain income from sponsorships?
- ☐ Are these arrangements open equally to all the SEO's members?
- ☐ Does the SEO make use of external grants?
- ☐ Do all of the areas where there are grants fit with the SEO's mission and key objectives?
- ☐ Are the SEO's accounting procedures adequate with donor reporting requirements?

Guides related to sectoral (and similar) employers' organizations:

- Allison, M.J.; Kaye, J. 1997. *Strategic planning for non-profit organizations* (Hoboken, NJ, Wiley).
- Boleat, M. 2001. *Good practice in trade association governance* (London, Plaza).
- Brennan, P. 1997. *A guide to strategic planning in employers' organizations: A training module* (Geneva, ILO Bureau for Employers Activities).
- Brennan, P. 1997. *A guide to strategic planning in employers' organizations: A training module* (Geneva, ILO Bureau for Employers Activities).
- The Center for International Private Enterprise. 2003. *How to advocate effectively: A guidebook for business associations* (Washington).
- De Silva, S.R. 1992. *Managing an employers' organization and its changing role* (Geneva, ILO Bureau for Employers' Activities).
- . 1996. *Employers' organizations in Asia in the 21st Century* (Geneva, ILO Bureau for Employers' Activities).
- European Commission. 2001. *A style guide for press releases* (European Commission).
- González Marroquín, G. 1997. *Guide to management of entrepreneurial organizations* (San Jose, Costa Rica, ILO Bureau for Employers' Activities).
- ILO. 1999. *Report of the ILO international symposium on the future of employers' organizations* (Geneva, ILO Bureau for Employers' Activities).
- . 2003. *Employers' organizations and the challenges facing business today* (Geneva).
- International Organization of Employers. 2002. *The service role of employers' organizations* (Geneva).
- Jayemanne, S.K.D. 1991. *The public relations function of an employers' organization* (Geneva, ILO).
- Kindon, D. 2005. *The Committee Bulletin's guide to lobbying* (Lobbying Australia).
- O'Brien, J.F. 1991. *Organizing information services in employers' federations* (ILO, Geneva).
- New Zealand Employers' Federation. 1998. *Seminar on the financing of employer organizations* (ILO, Geneva).
- Parker, S.K. 2001. *Designing and developing more effective organizations* (Geneva, ILO Bureau for Employers' Activities).
- Standaert, J.M. 2004. *Governance of employers' organizations: Practical guidelines* (Budapest, ILO Bureau for Employers' Activities).
- Strohmeyer, R. et al. 2005. *Building the capacity of business membership organizations* (Washington, World Bank, Small and Medium Enterprise Department).
- Van Vooren, E. 2001. *Making and keeping members: Direct communication for employers' organizations* (ILO, Geneva).

Links to some sectoral employers' organizations:

Bundesarbeit geberverband Chemie	http://www.bavc.de/
Association Francaise du Gaz	http://www.afgaz.fr/
Magyar Vegyipari Szövetség	http://www.mavesz.hu/
Bundesverband der Deutschen Entsorgungswirtschaft	http://www.bde-berlin.org/
Verband der forschenden Pharma-Unternehmen	http://www.vfa.de/
Bundesverband Informationswirtschaft, Telekommunikation und neue Medien	http://www.bitkom.org/
Verband Deutscher Maschinen- und Anlagenbau	http://www.vdma.org/
Verband für Schiffbau und Meerestechnik	http://www.vsm.de/
Arbeitgeberverband der Deutschen Kautschuk-industrie	http://www.adk-verband.de/
Arbeitgebervereinigung Nahrung und Genuß	http://www.ang-online.de/
Vereinigung der Arbeitgeberverbände der Deutschen Papierindustrie	http://www.vap-papier.de/
Hauptverband des Deutschen Einzelhandels	http://www.einzelhandel.de/
Bundesarbeitsgemeinschaft der Mittel- und Großbetriebe des Einzelhandels	http://www.bag.de/
Arbeitgeberverband der Versicherungsunternehmen	http://www.agv-vers.de/
Arbeitgeberverband Deutscher Eisenbahnen	http://www.agvde.de/
Zentralverband des Deutschen Baugewerbes	http://www.zdb.de/
Zentralverband des Deutschen Handwerks	http://www.zdh.de/
Verband der Deutschen Zeitschriftenverleger	http://www.vdz.de/
British International Freight Association	http://www.bifa.or/
Association of Steel Stockholders	http://www.nass.org.uk/
Builders Merchants Federation	http://www.bmf.org.uk/
Bathroom Manufacturers Association	http://www.bathroom-association.org/
Glass and Glazing Federation	http://www.ggf.org.uk/
Business Centre Association	http://www.bca.uk.com/
Professional Contractors Group	http://www.pcg.org.uk/
Chemical Industries Association	http://www.cia.org.uk/
Bundesverband der Energie- und Wasserwirtschaft	http://www.bdew.de/
Ceska plynarenska unie	http://www.cpu.cz/
Fédération Belge des Entreprises Electriques et Gazières	http://www.febeg.be/
Fachverband der Gas- und Wärmeversorgungsunternehmungen	http://www.gaswaerme.at/
Magyar Gázipari Egyesülés	http://www.hungas.hu/
Vertretung der Schweizer Erdgas-Wirtschaft	http://www.erdgas.ch/

Verbundnetz Gas Aktiengesellschaft	http://www.vng.de/
Fachverband Hotellerie	http://www.hotelverband.at/
Fachverband Gastronomie	http://www.gastronomieverband.at/
Veranstalterverband	http://www.veranstalterverband.at/
Syndicat National des Hôteliers, Restaurateurs, Cafetiers et Traiteurs	http://www.synhorcat.com/
Irish Hotels Federation	http://www.ihf.ie/
Restaurants Association of Ireland	http://www.rai.ie/
British Beer Pub Association	http://www.beerandpub.com/
Food and Drink Federation	http://www.fdf.org.uk/
Food and Drink Industry Ireland	http://www.fdi.ie/
Fédération de l'Industrie Alimentaire/Federatie Voedingsindustrie	http://www.fevia.be/
Union Française des Industries de l'Habillement	http://www.lamodefrancaise.org/
Gesamtverband der Schweizerischen Textil- und Bekleidungsindustrie	http://www.swisstextiles.ch/
Associação Brasileira da Indústria Química	http://www.abiquim.org.br/
Cámara de la Industria Química y Petroquímica	http://www.ciqyp.org.ar/
Pilipinas ng mga Industriyang Kimika	http://www.spik-ph.org/
Federación Española de Industrias de Alimentación y Bebidas	http://www.fiab.es/
Federación Española de Asociaciones de Productores Exportadores de Frutas, Hortalizas, Flores y Plantas Vivas	http://www.fepex.es/
Federación Empresarial de Farmacéuticos Españoles	http://www.fefe.com/
Asociación Española de Floristas Interflora	http://www.aefi.es/
Asociación de Cadenas Españolas de Supermercados	http://www.asociacionsupermercados.com/
Fédération de l'Industrie du Béton	http://www.febe.be/
Fédération des industries extractives de Belgique	http://www.fediex.be/
Asociación Mexicana de Hoteles y Moteles	http://www.hotelesmexicanos.org/
Associação Brasileira da Indústria de Hotéis	http://www.abih.com.br/
Asociación de Hoteles de Turismo de la Republica Argentina	http://www.aht.com.ar/
Federation Nationale de l'Industrie Hoteliere	http://www.aht.com.ar/
Hotel Association of India	http://www.hotelassociationofindia.com/
Almega – The Employer and trade organization for the Swedish service sector	http://www.almega.se
Association of Swedish Engineering Industries	http://www.teknikforetagen.se

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Useful organizations and web sites:

The Bureau for Employers' Activities at the International Labour Organization (ACTEMP)

<http://www.ilo.org/actemp>

ACTEMP – The ILO Bureau for Employers' Activities maintains close contacts with employers' organizations in all the member states of the ILO. The Bureau operates from ILO headquarters in Geneva and through a network of employers' organization specialists in the ILO's technical teams around the world. Its tasks are to make the resources of the ILO available to employers' organizations, and to keep the ILO constantly aware of their views, concerns and priorities. It promotes international cooperation among employers' organizations, and runs a programme of activities around the world.

The Bureau is available, via the national employers' organizations, as a gateway through which employers can gain access to some of the best information available on human resources development, industrial relations and a host of other employment and labour market-related subjects.

The Bureau also runs a programme of technical cooperation that provides development assistance to employers' organizations in developing countries and countries in transition to a market economy. This work is mostly done through projects financed by the overseas development assistance funds of donor countries.

All the "hands-on" guides of the "Effective Employers' Organization" series are available from the ACTEMP website.

The Programme for Employers' Activities of the International Training Centre of the International Labour Organization

<http://lempnet.itcilo.org>

The Programme for Employers' Activities of the International Training Centre of the International Labour Organization (ITCILO) responds to the training needs of employers' organizations (EOs) by holding advanced training courses in areas which are strategic for economic growth, good governance, development and poverty alleviation.

The Programme offers more than 20 different training programmes, tailored to EO managers, professional staff and board members from Africa, the Americas, Arab States, Asia and the Pacific, Europe and Central Asia.

It assists EOs in meeting the challenges faced by their members, by helping them to:

- Improve their services
- Increase their membership and resources
- Increase the impact and quality of their advocacy and lobbying activities
- Build their capacity to be more influential on important policy issues for employers (employment, social protection, social dialogue, Decent Work Country Programmes, skills policies, etc).

A detailed list of the training offer and more detailed information on the different activities of the Programme are available on its website.

The International Organization of Employers (IOE)

<http://www.ioe-emp.org>

Since its creation in 1920 the International Organization of Employers (IOE) has been recognized as the only organization at international level that represents the interests of business in the labour and social policy fields. Today, it consists of 147 national employer organizations from 140 countries around the world.

The mission of the IOE is to promote and defend the interests of employers in international fora, particularly in the International Labour Organization (ILO); to this end it works to ensure that international labour and social policy promotes the viability of enterprises and creates an environment favourable to enterprise development and job creation. At the same time it acts as the Secretariat to the Employers' Group at the ILO International Labour Conference, the ILO Governing Body and all other ILO-related meetings.

In order to ensure that the voice of business is heard at international and national level, the IOE is actively engaged in the creation and capacity-building of representative organizations of employers, particularly in the developing world and in countries in transition to a market economy.



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