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SADI Structure, membership & fundraising: a model for sustainability, based on the successful model of the Heritage Foundation

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Structure, Membership & Fundraising: a model for sustainability

Based on the successful model of the Heritage Foundation

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1. STRUCTURE FOLLOWS STRATEGY

1.1 The Basics

- ***What do we have in place?***

Aims and objectives, vision and goals, a description of tasks that SADI should execute.

- ***Guidelines for a strategy?***

i) The proposed National Policy

ii) SADI's report of the working groups: to engage and identify all relevant stakeholders; to coordinate all digital initiatives currently running in South Africa.

- ***What do we need?***

"Institute of National Heritage" according to the National Policy: "create a Community of Practice [which] should maintain a membership structure."

2 Options were discussed during the last workshop:

a) Consortium – the issue of chairmanship, host. Who is the leader?

b) Former NGO, now Non-Profit Company.
You can only open a bank account or receive an international grant/subsidy if you are REGISTERED as a SA company with the CIPC. According to the new Companies Amended Act 3 of 2011 it should have a properly-appointed Board of Directors. According to the King III Report the sustainability of such a company should be proved i.e. sources of income. There should be legal as well as financial expertise on the Board.

1.2 The purpose and the place of such a model:

According to Michelle Pickover's words earlier, "the formalisation of SADI could be developed **parallel** to the pilot project." I believe that this non-profit company should not oppose the idea of working in a consortium on a pilot project; it actually just structures such an initiative on a legal foundation as a more permanent initiative.

2. STRUCTURE & MEMBERSHIP

It should:

- Be a permanent initiative;
- include the big and the small : Tertiary and National institutions as well as Private Initiatives and smaller Libraries, Archives and Museums in South Africa;
- be structured for possible subsidy by Government;
- maintain sovereignty – be independent, democratic;
- have the potential to grow;
- must implement good governance practices;
- must be firmly founded on applicable laws.
- Government (DAC) should be part of the process for the purpose of TRUST.
- Structure may sound very “formal” – it is just to align with Law.

Such a non-profit company can ideally be kick-started as a small initiative with the potential to grow into something big as time describes. It is a well-known fact that Government or grantmakers require a well-established and functioning organisation, according to <u>good governance practices.</u> This is no long process - it can be done within one year from now. The essential factor is that it is structured and founded according to all applicable laws right from the start.

3. FINANCIAL SUSTAINABILITY

3.1 "Financial sustainability" is a key phrase for survival today.

- The structure should include the means of financing such an initiative. (Built-in feature)
- A membership organisation or institute requires that every member should pay for the right to be part of a national decision maker/leadership group or advisory group regarding digitisation.
- Diverse sources of income are needed for sustainability, bur membership fees can pay for the regular monthly expenses for infrastructure - not salaries, however.

3.2 **<u>Principles for success</u>**

- **The 1st principal**: include everybody - big and small.
- **The 2nd principal**: everybody pays according to a cost structure that differs for big and small (reminds of the tax structure).
- **The 3rd principal:** open the door for Government subsidies, support and other grants. .(In our world of globalisation, you either have an umbilical cord attached to the Government to keep you alive or become a big moneymaking machine, which pays taxes to the Government to keep them alive.)

- **The 4th principal:** passion; deliver without payment. It is basically a volunteer initiative and nobody is going to make money out of this. (There will always be people who will disagree.)

4. GAINS, RISKS AND RESTRAINTS

4.1 The gains

The purpose is nothing else than implementing the National Policy on the Digitisation of National Heritage Resources. There is NO personal gain for stakeholders other than having a voice in a national structure that could have an effect on all of us by strategies/regulations/policies that could be enforced by law.

- work satisfaction;
- to be able to perform your own work back at your paid job without frustration and with open doors for grants etc.
- for South Africa to move seamless into the digital era and
- for South Africa to raise its profile concerning heritage conservation internationally.

4.2 Risk management and restraints

This model

- prevents the big fish gulping the small fish and a tug of war for power;
- stealing someone else's glory;
- prevents dependency on one strong, influential leader;
- prevents friction between stakeholders to result in a ship that runs ashore.

5. THE MODEL IN BRIEF

(I mention names and amounts just for the purpose of example)

It is a member organisation with three/more categories of membership - A, B and C.

Category A: key stakeholders - National Library, National Archive, National Research Foundation and University Libraries in South Africa.

It can be defined as Governmental or semi-Governmental stakeholders.

Category B: private stakeholders or smaller institutions.

By regulation (the statutes or MoI) private stakeholders can be prohibited to become a category A member if the core decision makers should be statutory - just an example of how this model can be customised.

Category C members can be individuals or small Libraries, Archives and Museums.

The AGM condones important decisions and elects Directors for the Board of Directors.

Day to day duties are executed by the Managing Director/CEO, reporting to the Board of Directors.

5.1 Membership fee structure

Only paid-up members are eligible to vote at the Annual General Meeting.
Members vote in "their own league" for Directors, to give everyone the opportunity to serve on the Board of Directors.

Category A
Once-off enrolment fees of R50 000+
Annual fee of R2000

Category B
Once-off enrolment fees of R20 000
Annual fee of R1000

Category C
Once-off Enrolment fees of R3000
Annual fee of R400

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Note: The idea of different initial fees to become a member is like buying shares in a company.

6. BOARD OF DIRECTORS

Board of directors

- Not paid any remuneration;
- nominated and elected at AGM - -by each category for each category.
- Chairperson annually elected amongst the Directors themselves.
- Total number of directors prescribed to limit group for efficiency and affordability of meetings.
- Board of Directors meets 3 or 4 times per year to monitor the implementation of the strategy as decided on by the AGM.

Category A	Director for every member
Category B	3-4 Directors nominated & elected from group
Category C	2 Directors nominated & elected from group
Co-opted	2 Directors according to King III – financial & legal
Paid member	Managing Director – 1 vote

Model of a structure that can bring stability

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The board of Directors should co-opt two more individuals (who should first become members by paying the necessary fees of a Category C member) to fill gaps in skills as recommended by King lll e.g. financial skills and legal skills.

None of the Directors are executive directors except for the Managing Director, who has to manage this organisation as a paid employee and attends all Board Meetings with voting rights.W
All Directors are equal around the boardroom table.

7. What does this model address?

The issue of fairness

Proxies should only be hold by their own categories. You vote in your own league.

The Issue of Access for all

The lowest membership fee should accommodate non-governmental organisations/institutes and individuals. They should be part of the decisionmakers.

The issue of "he who puts in the most money has the most votes"

Category A members are automatically granted directorship - they have the most shares and should have the opportunity to decide how their money is going to be used.

To prevent stagnation or manipulation

To implement new ideas, to prevent the "power game" a rotation clause should be built into the MoI. It will state that no chairman should keep the position for more than 2 or 3 subsequent years. This person can state if he/she is willing to stand again after a year's term

A term of office is established for any Director e.g. 3 years. No Director should serve for more than 2 subsequent terms. After the first year, one Director of category B and C should leave the Board, to make way for another. They can be re-elected if willing, but cannot serve more than two terms. They start with a new term after 1 year and can thus not be re-elected after 3 years. In this way, vacancies occur regularly and should be filled by the proper procedure of nomination and election every year at the AGM.

The same applies to category A members - they also rotate after two terms and the Institute should nominate another person to represent them after two terms. Any Director can resign in writing at any time for an acceptable reason. However, the position will not be filled until the next AGM.

The issue of legal requirements

All Directors must be registered with the CIPC - every time a new one has been elected, he must be registered.

8. What is needed in terms of human resources and infrastructure?

A "Managing Director" or paid employee to be the "face" of this initiative/institute. A person to report regularly to the Board of Directors and oversee the budget, the implementation of the budget, the auditing of the budget, the management of the membership database, communication with the members, meetings with Government and other stakeholders as may be necessary, appointment of staff when necessary, managing the administration etc.

An office as the domicilium executandi; a telephone number; a web site and e-mail address; office equipment.

OR

a virtual office from home.

As the organisation grows and the needs grow, an administrative assistant can be employed. Financial administration e.g. bookkeeping and issuing of receipts etc. could either be outsourced or included in this job description from the start.

9. How do you start?

- The Category A members put their heads and their money together - draft the MoI (statutes), get the Non-Profit Company registered.
- Open a bank account when the logistics are in place - address, telephone number etc.
- Start with at least 6 members/Directors and a "Managing director" - the position could be advertised. Members/donors pay salary until enough members are recruited and paid up, for SADI to support a full-time office bearer. (The ideal situation.)