

***Organization Guide for the
Organization of a Community Board of Trade or
Chamber of Commerce***

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Preface

Invariably, the whole thing starts with one person or a few who feel that the town needs an organization to bring its businesspeople and other citizens together to secure an improvement in local conditions. Through meetings and discussions with individuals, someone suggests the formation of a chamber of commerce. A small group may get together to go further into the matter.

From there, help is available. The Chamber Relations department of the Canadian Chamber of Commerce is ready to assist with information and advice. So is any nearby chamber that may already be in existence.

As the national federation of boards of trade and chambers of commerce, the Canadian Chamber of Commerce is happy to assist in the extension of “organized business” for your community.

A Long Tradition

About the middle of the 17th century, the name of *chamber of commerce* took on general significance and such organizations became effective commercial institutions in France and other parts of Europe. The existing governments encouraged their development by allowing the, then, chamber of commerce to be supported by the income derived from the licensing of merchants and manufacturers doing business in the area served. These chambers were thus semi-official organizations and this quasi-governmental nature still characterizes the chambers of commerce in continental Europe.

It is the Anglo-Saxons who were responsible for the development of chambers of commerce as we know them today, i.e., voluntary organizations, which came into existence over a widely scattered area in the latter part of the 18th century, and Canada shares in their early history. In the British Isles, in the towns of Glasgow, Edinburgh, Manchester and London, in that order, chambers of commerce came into being about 1760. The United States witnesses their growth following the formation of a New York state organization about 1768. A Canadian historian, however, maybe quoted as follows: “Strange as it may seem, in 1750, the year after Halifax was founded merchants banded together and formed an “association for the benefit of trade”. Shortly after the turn of the 19th century, members of that continuing association conferred with businesspeople in Saint John, Quebec City and Montreal, on the formation of boards of trade in those three cities. From these beginnings, the movement grew and now represents more than 500 active boards of trade and chambers of commerce in communities across the country.

The Need for United Effort

It is clear from the many requests received by the Canadian Chamber of Commerce that businesspeople of our Canadian cities, towns and villages are more alert than ever to the need for united efforts in meetings the problems faced by their respective communities. The logical medium for that common effort is the *chamber of commerce*. In Canada, the terms “board of

trade” and “chamber of commerce” are interchangeable and synonymous. There is a general trend towards the use of the “chamber of commerce” name as this term is the only one used in most other countries of the world. However, the use of either is purely a matter of choice, to be made by each organization. Both have the same primary objectives – to foster trade and industry, stimulate civic development and promote generally the welfare of the community and its surrounding areas.

Many smaller communities in Canada are still without a chamber. The need for such an organization is being clearly felt and expressed. Their lack is manifest in the failure to achieve many things that are of interest and benefit; yet hesitation is often expressed about attempting to organize because it is believed that such a procedure will necessitate the raising of considerable money, and the setting up organization machinery that will be difficult and costly to maintain. This is far from the case as shall be shown in the following pages.

Organization is not Difficult

Practically every city and large town in Canada now has a board of trade or chamber of commerce. So this document concerns itself with setting up an organization in smaller communities.

The purpose of this document, therefore, is to indicate how one of these smaller communities can organize an effective chamber on a simple scale without undue expense; in short, to indicate briefly and concisely, the steps necessary to create an effective organization with a minimum of expense and trouble.

We believe that a group of people in any small community using the outline contained within this document, can, with little difficulty, enlist interested persons in a working organization that can accomplish much. Obviously success will depend upon the usefulness of the program of work, undertaken, and the willingness of leading citizens to give their support in the public interest; but granting these factors, we believe the suggestions that follow can be utilized to advantage by any group interested in seeing their community keep pace with others through common effort.

Initial Steps in Organizing

1. If possible, arrange for a speaker versed in chamber work to be present for an organization meeting. The Canadian Chamber of Commerce, your provincial or territorial chamber of commerce or the chamber executive of the nearest existing chamber would be willing to assist whenever possible by sending a speaker or a visiting party for the inaugural meeting.
2. Call a mass meeting of those interested. Considerable effort should be made to see that it is well attended. It should be “talked up” by the ones originally interested, newspaper publicity should be arranged, and the support of local community leaders should be sought.

Efforts should be made to see that not only businesspeople of the community are on hand, but all interested citizens.

The size and character of the meeting will have a definite bearing on the initial enthusiasms, therefore, every effort should be made to see that meeting is well attended. It is also desirable that an atmosphere of enthusiasm be present.

It is decidedly advantageous to have present some experienced in chamber of commerce work, so that questions can be answered immediately.

3. At the meeting, appoint a temporary chairman and secretary to carry on until permanent officers are elected.

Then call on your guest speaker to outline the functions of a chamber, highlighting the successes of other small organizations.

Two or three leading citizens might then make short addresses, which present definite needs of the community. They should point out what may be achieved through cooperative action and definitely propose organizing a chamber. The tone should be positive, and the proposals concrete. Emphasis should be placed on the common interests of those present and differences should be minimized.

Questions should be answered as they arise.

Next there should be a call for a motion to establish the organization. It is usual for such a motion to include the full title of the proposed organization.

If there is any dispute over the name, the chairman should suggest a simple motion to establish the organization, the choice of title to be decided later.

A committee should be appointed to draft a constitution or bylaws. A document “*Sample Bylaws*” is available from the Canadian Chamber of Commerce. A second committee should be appointed to draw up a suggested slate of officers and council members for the first year. Both committees should report at the next meeting.

Set the date for the second meeting.

Close the meeting with a “pep” talk so that everyone goes home enthused.

4. The Constitution Committee should study the *Boards of Trade Act* and the Canadian Chamber of Commerce document “*Sample Bylaws*”. The Canadian Chamber of Commerce also has an *Incorporation Guide*, which can be reviewed. This document explains the history and purpose of the *Boards of Trade Act* and procedure to be followed in order to incorporate under its provisions. One important advantage gained by such incorporation is the right to own and hold property without joint personal liability, which is of considerable assistance in furthering an industrial program. Even though your chamber cannot, or decides not to incorporate, it is wise to frame the constitution or bylaws within the provisions of the Act.

5. The nominating committee should choose for their slate a representative group of civic-minded individuals who recognize the need for a chamber and are willing to accept their responsibilities as directors. Provisions should be made for further nominations from the floor at the election meeting thus assuring that there can be no criticism later on the grounds of a lack of democratic procedure.
6. This initial meeting then should accomplish the following:
 - a) Bring the need for a chamber to the attention of the public;
 - b) Tell the people what a chamber can do for the community
 - c) Dispel any antagonism towards forming a chamber;
 - d) Indicate who the more enthusiastic supporters are likely to be. They might develop into good officers and leaders.

The Second Meeting

This is the meeting where the chamber really gets under way. The temporary officers are still in charge.

1. The first item of business should be the adoption of bylaws with particular attention being paid to those governing:
 - a) The method of election of officers and council;
 - b) The dues schedules
 - c) The month of the annual meeting; and
 - d) Arrangements for regular membership meetings
2. A program of work should be discussed. This should not include too many projects but definite recommendations may be made for consideration by the incoming council.
3. Officers and council should then be elected to serve until the annual meeting. The Nomination Committee submits its slate and there should be provisions for additional nominations from the floor.
4. The newly elected president should address the meeting on behalf of the new council or board and he or she will naturally thank those who have carried out the work of organizing.
5. Appoint essential committees such as membership, civic, commercial and industrial. (see “committees” within this document)
6. It is suggested that at this point consideration be given to affiliation with the Canadian Chamber of Commerce, so as to get full advantage of the services provided through the national office and the provincial/territorial counterparts. Membership in the provincial/territorial association and any regional chamber organization might also be considered at this time.

Success Of A Board Or Chamber

The essential elements that govern the success of a board or chamber in a small community are:

1. A good program of work;
2. A council that provides leadership;
3. Efficient committee work;
4. Active membership;
5. Sound financing;
6. An active, enthusiastic secretary.

Program of Work

The importance of having a definite written program of activities and projects that the community needs and wants cannot be stressed enough.

Officers and Council

The number of officers members of council, as well as their duties will be set out in the bylaws. Generally they are a president, vice-president, secretary and a minimum of eight other directors. It may be advisable to include a treasurer to relieve the secretary to the added responsibilities of handling all financial matters.

Committees

The work of the small chamber is accomplished almost entirely through committee action. Committees are of two kinds:

- 1) Committees of investigation; and
- 2) Committees of action.

A committee should never be created just to look impressive on paper to give members an assignment. On the other hand, there should be as many committees as there are suggestions worthy of investigation, or approved activities to be worked on.

As a guide in the setting up of committees in a newly organized board, the following are suggested as a basic list, which has been found to be practical. However, these should suit the circumstances.

1. Agricultural;
2. Civic;
3. Commercial – Retail Merchant;
4. Industrial ;
5. Membership;
6. Public Affairs;
7. Programs;

8. Tourist and Publicity; and
9. Transportation and highways.

Committees, carefully selected, should be appointed to do a specific job, either of investigation or accomplishment. They should report periodic progress and when their work is finished the committees should be dismissed with the appreciation of the executive. It cannot be emphasized too strongly that it is through active committees that the manpower of the chamber of commerce is fully utilized. The collective knowledge and judgement of a group is always greater than that of any one individual member.

Meetings

A chamber in a small community, without paid staff, might follow a simple procedure that embraces these purposes:

- a) Authorize appropriations of the chamber's funds (derived from dues and other activities)
- b) Pass resolutions expressing the opinions of the membership or confirming the actions of the chamber.
- c) Review the activities and recommendations of the chamber's committees and listen to and take action on reports of the president and secretary. It is suggested that the new chamber of commerce hold general meetings at least quarterly; and council meetings monthly.

Here is a suggested agenda for a business meeting:

- 1) Call to order;
- 2) Minutes from previous meeting;
- 3) Business arising out of the minutes;
- 4) Reports of chairs of committees;
- 5) Correspondence;
- 6) Accounts to be paid;
- 7) Unfinished business;
- 8) New business;
- 9) Adjournment.

Advantage of Meetings

The following are a few of the advantages of holding meetings:

- a) They enable the members to discuss the various problems of the community.
- b) They permit the pooling of ideas.
- c) They make effective the collective judgement of all the members.
- d) Press reports of meetings are a valuable source of publicity.
- e) They represent the democratic method of getting things done.
- f) They give committees an opportunity to report directly to the members on their activities.

Note: Never hold committee meetings unless there is a valid reason. This wastes both time and effort and can cost the chamber important members.

Budgets

As in its program, so in its budget, the chamber must be guided by local conditions. Chamber of commerce budgets, while they are naturally influenced by the size and resources of the community, will be determined by the nature of the programs undertaken and by the wishes of members. Certain projects may be undertaken that will require more money than others will. Then the amount to be raised also must be determined by those most concerned.

Taking into consideration the experience of chambers of commerce in smaller communities, the following examples indicate a general objective for cities of 10,000 and under. It is not presumed that the number of members or amounts of money indicated for cities in any population group are either the maximum or minimum which may be depended upon.

It may be that one city can raise more money and secure more members – or less – than is indicated by the following examples. But if a chamber maintains over a period of years the number of members and the amount of membership income that is given below, then that Chamber may feel it is getting good support.

Using two examples:

A – start-up chamber, unable to offer many value-added benefits such as programs, services, discounts – average fee of \$95.00/member

B – start-up chamber, able to attract a larger number of members through value add programs, services and discounts – average fee of \$125.00/member

**Using the assumption that non-dues revenue = dues revenue*

Number of members	Budget
A (50 members x \$95.00) x 2* =	\$9,500.00
B (250 members x \$125.00) x 2* =	\$62,500.00

Dues

The financing of the chamber is a most important phase of the work. In the final analysis, the very existence of the organization is dependent on its ability to secure adequate finances and to spend those funds with wisdom. Some organizations secure a portion of their income from municipal grants or other sources, but the financial support of most chambers is almost entirely on the basis of voluntary investment. This voluntary investment takes the form of membership dues.

Sources of Revenue

The two main sources of revenue are membership dues and supplementary income.

a) Membership Dues

1) Straight dues

Usually this takes the form of a uniform amount. Each individual pays the same amount regardless of the size of their business or the number of people in a firm that are individual members of the chamber. It is strongly recommended that the minimum be set at not less than \$50.00.

2) Multiple memberships

In most communities, straight dues will not supply sufficient revenue. One of the important problems that face the chamber is that of persuading large firms – and others enjoying direct benefit from particular activities – to invest more liberally in chamber membership. Larger firms are asked to base their support on multiples of the basic dues; memberships are then assigned by the firm to key members of their staff.

3) Sliding scale of fees

The problem of arriving at a fair and equitable amount is extremely difficult and probable will never be completely solved. Many formulas have been developed.

Generally these formulas are based on the number of employees but other bases are as follows:

- a) 2% of the business assessment (with a minimum and maximum).
- b) 1/10 of 1% of retail sales.
- c) 1/50 of 1% of wholesale sales of value of manufactured product.
- d) Based on number of employees.

There is room for great variety in dues on this basis and the following are examples of scales:

- i) \$50. for an individual or non-owner of a business; sole owner with one employee, \$57.; 2-3 employees \$60.00; 4-10 employees \$65.00; over 10 employees, up to \$100.
- ii) \$50.00 for an individual; sole proprietor, \$55.; 2 employees, \$60.00; over 2 employees \$75.00.
- iii) \$50.00 for an individual or with one employee; 2-10 employees, \$55.00; 11-25 employees \$65.00 over 25 employees \$75.00 or \$100.00.

A variation often used is to set three or four varied dues such as follows:

- a) Farmers, employees and such professional persons as teachers, clergymen, etc. \$50.
- b) Individuals in business for themselves (including lawyers, doctors, dentists, engineers, etc.) with fewer than 4 employees, \$75.00
- c) employers with 4-10 employees, \$80.00
- d) For each additional 10 employees (max. \$150 - \$15.)

General notes about dues

Whatever the formula on which dues are based, the final deciding factor is the willingness of the people to pay what is asked. Need for funds is only the starting point; the chamber must identify its dues on the basis of service performed.

B) Supplementary Income

Grants from a municipal or other authority are a common source of revenue for chambers. (About one third of Canadian chambers obtain funds from such sources). If the organization can finance itself independently, there is greater freedom of action. It is recommended that where such municipal contributions are accepted they be earmarked for definite purposes such as tourist or industrial promotion. great care should be exercised to ensure that earmarked funds are used only for their specific purposes, and are properly accounted for, thus avoiding any possible criticism of general chamber expenditures from municipal taxpayers. A properly audited statement should be submitted to the taxpayers once a year.

When tax funds are used by a chamber, it is good policy never to let such funds be the major part of the organization's income, and to have a provision that such funds are to be administered by the organization within general limits, without restraint by government agencies or representatives, although the funds may well be earmarked for certain definite purposes such as industrial or tourist promotion.

Some chambers have managed to get away from the suggestion of a "grant" by listing and "selling" to the city council certain services provided by the chamber. Each of these services has a price tag and the municipal council then "buys" any or all of these services from the chamber.

Summary

1. Adequate finances and capable financial management are essential in the operation of a chamber of commerce.
2. Membership dues constitute, by far, the most important source of revenue. Other sources should always be considered supplementary.
3. The amount of dues should, in each case, be determined on the basis of the financial needs of the chamber, the value of the chamber's services to its membership and the community at large and the ability of members to pay. Minimum dues should rarely be less than \$25.00 and large business firms should be asked to purchase multiple memberships or invest additional funds on a continual basis.
4. The collection of dues requires tact, ingenuity and persistence.

Expenditures

What are the normal expenditures for a chamber of commerce? How much should it spend for rent, committee expenses, salaries, and so on? Here again the answer is found in local needs and circumstances. Certain items deemed essential in the budget of one chamber might not be

necessary in the budget of another. For instance, rent may be thought of as a basic item but many smaller chambers operate from the office of the secretary and there is no charge for rent.

In the following no amounts are mentioned because the programs of work and membership structures differ from place to place. The purpose is, rather, to suggest some basic items that should be considered for inclusion in the budget.

Communication technology – could include telephone, fax, computer
Office supplies and printing
Postage
Travel
Dues and subscriptions
Committee expenses
Secretary's honorarium
Delegate to provincial and national conventions
Chamber bulletins
Luncheons (guests)
Office assistance

Where Do We Go From Here?

Establishing a chamber of commerce is a good beginning but it must be kept alive if it is to serve the community as it should. Achievements are the lifeblood of any organization and progression should be seen from project to project.

Strong communities make a strong chamber. If these small groups are used to good advantage, they will provide a training ground, producing people prepared to provide leadership in the community.

Thus, activity not only breeds success through membership participation but also prepares and trains more and more people to carry on and expand the work of the chamber.

A well-organized and active chamber of commerce can be the means of getting many things done. It should be the conscience and the will of the business community, a coordinator that draws on all the human resources available and puts them to work for the general good.

That is what chambers of commerce are for and that is what each chamber should strive to do.

Sources of information

The Boards of Trade Act

An act of the Dominion of Canada, permitting boards of trade and chambers of commerce to incorporate by registering through Industry Canada. The act is available on line at <http://laws.justice.gc.ca/en/B-6/7358.html> or copies may also be obtained through the Chamber Relations department at the Canadian Chamber of Commerce.

Incorporation

Chambers investigating the idea of incorporation are encouraged to ask for the document *Incorporation Guide* that is available electronically or via hard copy from the Chamber Relations Department at the Canadian Chamber of Commerce. This guide outlines the steps to be taken in registering under the *Boards of Trade Act*.

Sample Bylaws

Also available through the Canadian Chamber of Commerce, this document is a specimen set of bylaws, drawn in accordance with the provisions of the *Boards of Trade Act*.

For more information, contact the Chamber Development & Services Department at the Canadian Chamber of Commerce, 1-800-661-2930.



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