

SEG Constitution and Bylaws: The case for change

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The purpose of this article is to familiarize the membership with an important effort underway to modernize our governing documents in order to better align them with current regulatory requirements, and to improve the organizational structure and overall effectiveness of the SEG leadership and Business Office.

A short organizational history of SEG

The origins of SEG date to May 1930, with the founding of the Society of Economic Geophysicists. The original Constitution consisted of four double-spaced pages and declared as its mission: “The object of this association is to promote the science of geophysics and especially as it relates to petroleum geology and to the discovery and production of oil and natural gas and associated liquids.”

Over the next few years, the name of the association was changed to Society of Petroleum Geophysicists (1931), then Division of Geophysics of the AAPG (1932) and finally the Society of Exploration Geophysicists (1937), at which point it was incorporated as a nonprofit corporation in Colorado. The Articles of Incorporation comprised three double-spaced pages and essentially duplicated the Constitution.

The 1940s was an era of great growth and challenge for SEG. The membership more than doubled, primarily as a consequence of seismology becoming a core part of oil and gas exploration. In response to this growth, local sections were established, student sections were formed and district representation was established. Coincident with membership growth, the business obligations (and burdens) greatly increased as a result of conducting annual meetings and publishing *GEOPHYSICS* and special publications. Finally, the stress associated with World War II often caused officers to be unable to fulfill their roles. In response, SEG established the Business Office (up until that time, all affairs of the Society were handled by officers and members), and, in March 1947, the Constitution and Bylaws were amended to include a Council in order to “raise the standards and promote the effectiveness of the Society ... to assure that the final control of the Society is in the hands of the members” (ExCom minutes, March 1947).

The 1947 changes to the Constitution and Bylaws were made without specifically considering the existing Articles of Incorporation. This is important, because the Articles of Incorporation is the prevailing legal document for SEG, a nonprofit corporation.

Of course, over time, SEG has continued to grow, and the Constitution and Bylaws have been revised continually in response to the evolving needs of the Society. Furthermore, in 1983, incorporation of SEG was moved from the state of Colorado to the state of Oklahoma.

The current critical governing documents for the SEG consist of:

- 1) Articles of Incorporation (nine pages, double-spaced)
- 2) Constitution (four pages, single-spaced)
- 3) Bylaws (five pages, single-spaced)
- 4) Procedures Manual (381 pages, single-spaced)

During SEG’s long history, no systematic review of these four foundation documents has occurred, despite a progressive growth in its business complexity, as well as the regulatory and reporting obligations for nonprofit organizations.

Formal review of SEG governance

The SEG Strategic Governance Review Subcommittee was established under the Constitution and Bylaws Committee (CBSGRC) in September 2007 at the request of then-President Leon Thomsen on behalf of the SEG ExCom. Klaas Koster was appointed to chair the subcommittee. The mission statement was: “The task of the ad hoc Governance Review

Subcommittee is no less than to perform a complete review of the Society’s governance structure, Constitution, and Bylaws, and to recommend to the ExCom, and eventually to the membership and the Council, a governance structure suitable for the 21st century” (Leon Thomsen, 7 August 2007).

One specific charge of the subcommittee was to consider mechanisms to increase continuity within the Executive Committee.

Under the leadership of Klaas Koster, the subcommittee was formed of members “with exceptional experience and credibility, and global geography, in order to help with the politics of persuading the Society to accept the changes that the subcommittee eventually recommends” (Leon Thomsen, 7 August 2007).

Subcommittee members are Steve Hill, Sven Treitel, Dave Monk, Samir Abdelmoaty, Jack Kruppenbach, Frank Brown, Aldo Vesnaver, Louise Pellerin, Roy Clark, and Joseph Reilly.

Our subcommittee spent nearly two years following these instructions by reviewing the governing documents and creating a prioritized list of recommended changes. Rather than attempting a full rewrite of the Constitution and Bylaws, we decided to try to promote an “evolutionary” path to modernization. As a result, three recommendations were presented at the 2009 Annual Meeting. We felt strongly enough about one proposal that it was brought forward to the Council for a vote, but it was defeated. Some Council members thought that CBSGRC failed to provide a clear rationale for the case for change.

As a result of this experience, CBSGRC agreed that pursuing incremental improvements in the SEG governing



Society of Exploration Geophysicists
The international society of applied geophysics

documents was not an efficient use of our time and that our “evolutionary” approach was unlikely to result in significant improvements to the organization and performance of SEG. Instead, we carefully reexamined our governing documents and identified several potentially significant inconsistencies between the Articles of Incorporation and the Constitution, the most important of which relates to the status of the Council as a governing body. Specifically, although the Articles of Incorporation define the Executive Committee as having the “power and authority” to govern the Society and there is no reference to the Council, the Constitution indicates that the Council is the governing body.

In November 2009, CBSGRC, working with the Executive Director and President, brought these findings to SEG’s attorney, who provided a draft opinion. He noted the existence of “unique features”, potential “misunderstandings”, and “unusual and possibly confusing” text in the governing documents. Specific areas of concern were the “lack of a Board of Directors (by that name)” and “a significant conflict between the Articles and Constitution regarding authority of Council and Executive Committee.”

Based upon this information, the ExCom instructed CBSGRC to continue its investigative work and to begin to directly communicate with, and seek input from, a cross section of the Council. To date, CBSGRC has been in direct contact with more than 40% of the Council, including several district representatives, and representatives from the Geophysi-

cal Society of Houston, Denver Geophysical Society, Permian Basin Geophysical Society, San Antonio Geophysical Society, Dallas Geophysical Society, Near-Surface Geophysics Section, Canadian SEG, and Australian SEG. In addition, we have contacted the Global Affairs Committee and Special Interest Groups.

Based upon feedback from these groups, CBSGRC is developing a proposal that will be presented to the Council at the 2010 Annual Meeting. If the Council endorses the proposal, ballots will be sent to the membership. In parallel, the SEG attorney has been working with CBSGRC and the SEG Executive Director on drafting the legal framework for the revised Constitution and Bylaws and identifying “best practice” options for governing nonprofit corporations.

Resolving the legal issue is certainly our most urgent task. However, CBSGRC believes that failure to use this as the impetus for improving the overall performance of SEG would be a significant missed opportunity and is absolutely required if we wish to continue to receive the benefits of a strong and engaged Council.

Therefore, CBSGRC is explicitly involving the full Council in revisions to the Constitution and Bylaws, ensuring that it has a clear leadership role in defining SEG’s future. CBSGRC is currently circulating our recommended draft changes to the entire Council in order to raise the level of awareness of this project, seek its input and, most importantly, obtain a consensus from the

Council on the new SEG structure.

Finally, it is worth mentioning that two of our peer societies, AGU and EAGE, are revising their governing documents and organizational structure to address issues similar to those facing SEG.

Fundamental changes under consideration

Consistency between the Constitution, Bylaws and Articles of Incorporation. At the highest level, these three documents need to be consistent, clear, and in full compliance with today’s regulatory requirements.

Board of Directors. The Board of Directors should be clearly defined. In addition, CBSGRC recommends expanding the current de facto Board of Directors (the ExCom) to include Section Representatives and Directors at Large. The objectives are to conform with normal business “best practice” and (to quote the 1947 Governance Review Committee) “assure that the final control of the Society is in the hands of the members.”

Term of Office. With the exception of the President and Editor, current officers serve a one-year term. This constant change in leadership is a significant challenge to maintaining continuity, as has been noted several times in the ExCom minutes of the last 70 years. Lengthening officer terms has been considered in the past, but concern over members being willing to serve longer terms has, until now, taken precedence over improved continuity. CBSGRC strongly recommends lengthening officer terms to three years, because the current term limits are a root organizational challenge. Longer terms should allow for more effective communication and cooperation among officers, committees and Business Office staff.

Council. CBSGRC proposes changing the role of the Council from a governing body to an advisory body to the (expanded) Board of Directors. This change would greatly reduce the regulatory reporting requirements, operational oversight obligations, and potential liability of Council members. As proposed, the Council would continue to convene at the Annual Meeting and would operate in effect as a membership caucus. The Council would continue to have responsibility for oversight of sections, both geographic and technical, including endorsing procedures for establishing

and requirements for remaining active sections. As envisioned, the Chair of the Council could be a member of the Board of Directors.

Procedures Manual. CBSGRC recommends that, once the Constitution, Bylaws and Articles of Incorporation are revised, the SEG staff rewrite the Procedures Manual from scratch. There is a huge opportunity to reduce duplication and ambiguity, to streamline, and to create a much clearer version of this important document that the membership and the SEG staff utilize in their day-to-day work.

Objectives. The current mission statement of SEG is as follows:

“The objectives of this Society shall be to promote the science of geophysics, especially as it relates to exploration and research, to foster the common scientific interests of geophysicists, and to maintain a high professional standing among its members.”

CBSGRC recommends replacing “especially as it relates to exploration and research” with “including applications and research” to better reflect the broad interests and activities of the SEG membership.

Where we need your help

As members of the SEG community, we want you to be fully aware of the process taking place, and we encourage you to discuss this topic with your Council member and within your Sections and Associated Societies. If you have specific ideas and/or experience in nonprofit organizations, we would like to hear them. All Active Members should be prepared to vote on these changes once they are approved by the ExCom and Council.

This is only the beginning; the Articles of Incorporation, Constitution, Bylaws and Procedures Manual by themselves do not resolve all organizational challenges facing our Society, but they do provide the foundational basis for accountability, decision making, and organizational effectiveness. CBSGRC strongly encourages the membership to actively participate in, and contribute to, the future of SEG. **TLE**

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