

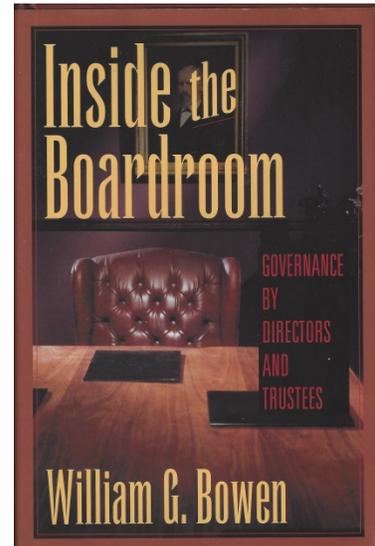
Winning Strategies

Inside the Boardroom- A Book Report **Advice from a Nonprofit Governance Genius**

During my research for writing the *Director's Guide for Understanding Club Governance*, I used several quotes and examples from *Inside the Boardroom* by William G. Bowen. Mr. Bowen has served as an executive or board member of many notable nonprofits including Princeton University, the Smithsonian and the Mellon Foundation.

In the Preface of the book he notes several things about governance:

- It has to do with power and accountability
- Who exercises power on behalf of whom and who is controlled
- It is a complex web of personal and institutional relationships
- It provides insights into human frailties and strengths



The funny thing about governance - it seems that everyone thinks they are an expert. So what are the real issues? I have related in the past that the key aspect of good governance is first to understand member opinions when it comes to driving member satisfaction, and then putting a strategic plan in place that will focus on positive change. The only way a board can insure that the strategic plan is implemented effectively and in a timely manner is to have a plan management system in place.

Bowen notes that nonprofit boards have much to learn from disciplines characteristic of corporate boards..... including the constant monitoring of discrepancies between results and planned outcomes. What are the responsibilities of club boards of directors? There is an incredible amount of data available on this subject. The Director's Guide has multiple lists. Bowen believes that all boards serve six basic functions. They are:

1. To select, encourage, evaluate and, if need be, replace the CEO.
2. Review and adopt long-term strategic directions and to approve specific objectives, financial and other.
3. To insure, to the extent possible, that the necessary resources, including human resources, will be available to pursue the strategies and achieve the objectives.
4. To monitor the performance of management.
5. To insure the organization operates responsibly as well as effectively.

6. To nominate suitable candidates for election to the board, and to establish and carry out an effective system of governance at the board level, including the evaluation of board performance.

Number six is very interesting in that we have been promoting board self-evaluation for 15 years. However, it is not very common in the club industry. You may also note that policy making is not listed as a basic function. Bowen statesIn both sectors boards almost never “make policy” in any foregoing way, although that is one of the responsibilities ascribed to them. Rather they raise questions, debate policy, and eventually adopt (or not) recommendations brought to them by theCEO, or in the case of many clubs, the committees. I have spoken to many boards and very few of them understand this concept.

Some other critical functions he applies of nonprofit boards are listed below. They seem specifically associated with private clubs and address weakness commonly seen in our industry. They are as follows:

- Resist actions that serve only to placate some noisy constituency.
- Be willing to say no and take some of the heat.
- Help mobilize support for decisions, especially controversial ones.
- Management evaluation can be a painful task. Do not postpone or avoid it altogether.
- Avoid over involvement in the operations of the organization. It is always the tendency of boards to fill management voids.
- It is a common practice to procrastinate on difficult decisions. Don't postpone needed actions.

Another area he didn't focus on was having the board speak with one voice. In government, elected officials opinions on issues are well communicated. Most club board meetings are not open to the membership unless they are communities with HOAs where board decisions may have a financial impact on real estate, i.e. Florida sunshine laws. It is a best practice of club governance that, no matter how contentious the discussion, directors are elected to insure that policy is successfully implemented. No matter which side of an issue the director was on, once a policy is passed, it is now his or her job to make the final decision work for the benefit of the club.

One of the critical issues facing clubs today is that members run for the board because they either have a single agenda item they are concerned about or they want to represent the opinions of their individual social circle or group. Bowen says that if a board member is to have influence, individuals must think for themselves and be perceived by others as concerned about the best interests of the organization as a whole. This is a tough one because each individual brings baggage to the table.

To help counter this problem requires developing a clear set of governance policies. A detailed list of policies can be found in the Director's Guide. Once they are in place, the club can provide an extensive board orientation that communicates these policies. It would be a great

practice to require each board nominee to review what the policies are, and then commit to abide by them, prior to officially being nominated for election to the Board.

Bowen ends on a high note. He says:

“Success depends in no small measure on the willingness of talented directors.... Since monetary rewards are usually nonexistent, we can be grateful that so many people seem genuinely to believe that working hard for a good cause is its own highest reward and privilege.”

That is the type of director that all clubs should seek out and then nominate. To understand how difficult being on some club boards is, just have a five minute conversation with the average member.



Jerry N. McCoy, MCM, is the President of Clubwise, LLC, a consulting firm specializing in strategic planning, master planning, operational audits and governance issues.

He is the author of *The Director's Guide for Understanding Club Governance*, *The Governance Checklist* and *The Board Resource Manual*, all of which are publications of CMAA's Premier Club Services®, the new *Strategic Management* handbook for private clubs, and is an extensive contributor to the new *CMAA Facilities and Amenities Texts Volumes I & II*, which are available through Bookmart. He can be reached at www.clubwiseconsulting.com or CMAAMCM@msn.com
