

## *"Best Practices for Club Boards"*

**The business world has generated a clear set of principles, a model so to speak, for success. There have been hundreds of books published targeting these principles. These books identify a series of best practices, which if followed, will lead to a favorable outcome. There is hardly anything left to say. Concepts that are promoted as new ideas are basically just a new look, or twist, to an old practice.**

If success is so easy, so readily mapped out with a clear to-do list, why do so many businesses fail? The answer is simple. It is not the concepts that are bad; it is poor implementation. Either we don't make the right assumptions or we do not follow through on those functions we know are necessary for success. It all begins with the leadership of the organization.

Private clubs are no different than any other business. Some clubs are on a clear track to progress. They have an enviable record of success in dealing with the difficulties every business faces. Other clubs are mired in mediocrity, unable to win the smallest battles. If we are to overcome mediocrity, it must start with positive leadership at the Board level.

It is appropriate that we take another look at these basic principles from a new perspective. What can the Board of Directors do to promote positive change? It may be easier to understand how to be successful from a business perspective if we look at the concepts from the eyes of hourly employees and their supervisors. The Board of Directors should adopt the same concepts that management uses to make employees successful. They include:

- 1. Picking Good People**
- 2. Providing Extensive Orientation**
- 3. Having a Clear Understanding of Roles and Responsibilities**
- 4. Knowing the Vision of the Organization**
- 5. Having a Method of Testing Ideas**
- 6. Communicating Clearly**
- 7. Being Able to Delegate - While Providing Oversight**
- 8. Encourage Feedback**
- 9. Providing Good Planning Facilitation**
- 10. Fund Continuing Education**

It is not necessary to argue the benefits of these concepts from an employee / employer perspective. The success of these concepts is well documented. If they promote operating effectiveness, they should work at the leadership level. Let's examine this premise further.

### **1. Picking Good People**

It is a serious endeavor when a Board goes about hiring a new General

Manager. They understand the need for good leadership. The GM takes seriously the addition of key department heads. A good organization has effective practices in place to hire hourly employees. Boards should be no different.

A selection, or nomination, to the Board should require that the individual have the experience necessary to be effective. It is not only important that the candidate have a good business background. Board candidates should have served on at least two club committees for a combined total of at least three years. They should be interviewed by the nominating committee and understand the scope of responsibility of the Board.

Friendship and cronyism should not be a part of the selection process. The Board should be represented by individuals from all member segments. There should be a clear progression up the chairs to promote continuity of leadership. The immediate past president should remain on the Board in some capacity. Specialists in legal and accounting can be un-elected and independent.

## **2. Providing Extensive Orientation**

We try to insure that hourly employees get a good start to a new job. The goal is to make new people feel comfortable in the new surroundings and set them up for success so that they can immediately be as productive as possible. We have heard the stories about how successful company orientation programs (Disney, etc.) have paid giant dividends in productivity. New Board member orientation is just as important in private clubs.

Obviously the purpose of orientation is to disseminate information. It is important for new members to understand policies, systems, history, organization and a myriad of other information important to making clear decisions on the future of the club. Many clubs prepare an orientation book that includes most of the information that may be needed. The Board, or selected group of Board members, along with the GM and possibly other key staff members, normally meets with new members prior to their first Board meeting.

Some clubs are taking an even more proactive approach to orientation. There are professional consultants, with extensive operating experience, which can lead and facilitate Board orientations. Not only is this a good orientation practice, it can also assist the Board in setting goals and establish priorities for the year.

## **3. Understanding Roles and Responsibilities**

A good employee can identify with their role in the organization. They understand their responsibilities and direct their efforts to the best interests of the club. Although this is a normal orientation issue for both employees and club leaders, it needs its own examination. Too many times there is a misconception as to how the Board should function. It is critical to provide a clear delineation between the

role of the Board, as the policy and oversight entity, and management, as the operating entity.

The Board should establish measures to deal with those issues that clearly fall under the responsibility of management. The worst thing that can happen is for a Board to get entangled in trying to operate the club. Operating problems that should be left to management professionals waste precious Board time and resources that are better spent on planning.

#### **4. Knowing the Vision of the Organization**

No business can make real progress unless it has a keen understanding of the overall mission. Employees' productivity will suffer if they do not know the goals of the organization or management has not established a clear vision for the staff. The effectiveness of Board performance is also based on a clear understanding of the club's mission and being able to provide a clear vision of how to satisfy that mission.

Developing the vision is about adopting sound practices in strategic planning, or a 'create the future' mentality. This process is normally best done with an independent facilitator. There are several good companies that specialize in strategic planning for clubs. It is however important to insure that the company selected understands clubs from an operating perspective.

#### **5. Having a Method of Testing Ideas**

It is sometimes difficult to separate a good idea from a bad one since what may work at one club may be destructive at another club. Employees may be timid about suggesting new ideas for the fear that they will be rejected or fail. The failure will then be attached to them. The worst scenario is to set a good idea up for failure by not insuring the proper resources are available to insure success.

Many times employee ideas can be tested before implementation to insure they are cost viable and promote positive change. Clubs need to test ideas at the leadership level to insure that they are a cost viable addition to the overall mission. This testing process can be made easier if leaders understand the basic mission, goal, objective and strategy of all clubs.

A club's basic mission is member satisfaction. Providing good cost / value relationship generates satisfaction. Members want to know they are getting good value for the money and time they spend at the club. Since the club is a service business, a good cost-value relationship is generated from providing excellent service within the budget confines of the organization. The strategy then is to fulfill the objective of good service by promoting effective service delivery systems. Boards need to test ideas with the following premise:

- The basic strategy of all clubs is to promote effective service delivery systems
- Having the primary objective being excellent service

- With the central goal of providing good cost / value relationships
- Which will fulfill the overall mission of generating member satisfaction

Ideas must have the overall effect of generating greater satisfaction regarding club membership by providing a positive perception of value. For good ideas to be successful they must have the service delivery systems in place to allow them to succeed.

## **6. Communicating Clearly**

How many times do employees fail because they don't understand what they are supposed to do? They may not hear correctly or may perceive communication differently than was intended. Good communication affects performance, but it also affects the overall perception of the organization. If an employee is not kept informed about why decisions have been made, they will many times fabricate their own reasons.

Members have the exact same fallacies. Members should be kept informed on the position of the Board regarding the important issues facing the club. They need to be given reasons why the Board has adopted the present policies. If they are not informed they will fabricate their own assumptions that may not necessarily be based on fact. Once fabricated, these assumptions will develop a life of their own. They may eventually be represented as fact by a broad cross-section of the membership.

Good leaders should not be afraid of the decisions they have made. Competent leaders understand that they may be criticized for their decisions. It goes with the territory. One club expert put it this way, "The most successful Boards may be the least liked during their tenure."

## **7. Be Able to Delegate - While Providing Oversight**

One of the worst things that can happen to an employee is to be micro-managed. He, or she, believes that their supervisor does not trust them. They are never able to learn and grow based on personal success and failures. A good manager knows how to balance the delegation of responsibility with providing a safety net for the organization. They can provide a sense of purpose while attaching the necessary accountability that comes with responsibility. Effective managers provide evaluation and oversight. They also mentor based on need.

Great Boards are like effective managers. They have all the same skill sets and follow the same solid concepts that work so well for good managers. Most of all they have a clear delineation between their role of oversight and mentor and the manager role as COO.

## **8. Encourage Feedback**

Employees look for feedback from the manager on how they are performing. The best managers look for feedback from the employees on how they are doing. The

concepts of giving and receiving feedback has been a weakness of private club Boards.

The Board must have a comprehensive evaluation process in place for the GM/COO. The process should be ongoing and include opportunities for an exchange of ideas. This is part of the Board's oversight responsibilities.

There also must be a concentrated effort by the Board to generate member opinion about their club experience. Retail businesses understand that their success is based on customer satisfaction. A large amount of money is spent annually by businesses on customer satisfaction and opinion polls. The purpose of these surveys is to provide businesses with the information necessary to become better at what they do in the eyes of the customer.

Surveys allow managers, companies and Boards to measure progress. Surveys set benchmarks based on performance. Future survey responses can be measured against those benchmarks. Progress can be monitored and business practices can be evaluated for effectiveness. A comprehensive membership survey is an important tool in this process. Other feedback systems that allow for members to evaluate individual experiences are also important. Keep egos out of the process and don't be thin-skinned when it comes to criticism. If members don't like something, then it is best to know it so that change can take place.

### **9. Provide Good Planning Facilitation**

Seldom is there enough time spent on planning. Employees are not given much time to plan because that would cut into their production. So when planning is sacrificed, operating problems occur more frequently. Many managers run around putting out fires rather than making enough time to plan so that those fires do not occur in the first place.

This is not an uncommon occurrence with club Boards. It is easy to get wrapped up in the minutia of specific member concerns or small operating problems that seem to take forever to solve. The Board needs to set a concise agenda on what it expects to accomplish in both immediate and long-range terms. The plan must continually be revisited since the club is always in the flux of change. That requires that the Board must always be planning ahead for the next change.

Many times this requires the Board to set aside special times to plan. Meeting agendas should be cleared regularly for planning sessions. If time at regular meetings appears scarce, then extra time must be scheduled. Independently facilitated strategy sessions, Board retreats or outings are just some of the tools used by successful Boards.

### **10. Funding for Continuing Education**

In corporate America it is not uncommon to have 1% of total revenues set aside for staff development. This equates to \$30,000 for the \$3 million club and

\$60,000 for the \$6 million dollar club. These amounts were seldom funded in clubs even when the economy was good.

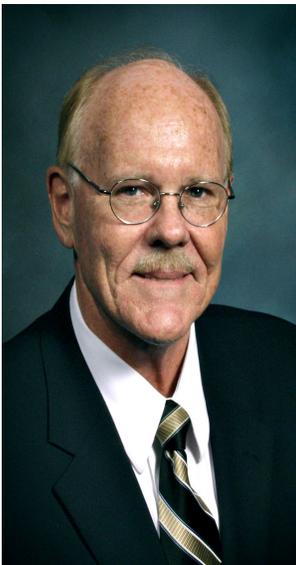
Companies run on people. So it is smart business to invest in people at all levels including employees, supervisors, management and leadership. Clubs are unique environments. The better trained an employee, the more productive they will be to the organization. The more educated club Boards are on industry best practices, the better long-term decisions they will make.

There is a myriad of written material available to help club leaders. Professional associations sponsor joint sessions for Board members and the management team. Independent consultants provide thought provoking programs on how to make positive change occur in the organization. It is suggested that club Boards set aside the time and provide the financial resources necessary to participate if the variety of excellent opportunities that are available.

### **In Summary**

There is really nothing new here. These concepts are a part of the repertoire of any good human resources professional. Competent managers and club leaders readily understand the ideas. However, it is not about knowing, it is about implementing. Promoting positive change is all about taking actions that will result in movement towards your goals.

Some of the responsibility falls on the shoulders of the GM/COO. He or she must work with the leadership to promote change through implementation. If, in combination with the GM, your Board 'takes action' to adopt these best practices, they will be better positioned to 'act' on the inevitable problems that all clubs face. Positive change will be the outcome. No longer will your club be one that is considered mired in mediocrity.



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 Volume I & II](#) which are available through Bookmart. He can be reached at [www.clubwiseconsulting.com](http://www.clubwiseconsulting.com) or [CMAAMCM@msn.com](mailto:CMAAMCM@msn.com)