

Collaborative Governance Holds the Key to Successful Change



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PRIVATE CLUB BOARDS OF DIRECTORS HAVE BEEN OMNIPOTENT...SOMETIMES! OR AT LEAST THEY THINK THEY ARE.

And if your club is content with your current board and management relationship, and your club is addressing and solving the multiple issues you face today, and are planning for tomorrow, you may not need to change.

If your club has no micromanagement issues, your club may not need to change.

as long as they're representing the club members' interests.

However, history also tells a different story...that private clubs have been operated on the whims of domineering boards of directors, and powerful cliques or personalities within the club who have pushed their personal agendas.

In more recent years many country clubs have operated with a management troika of the golf professional, the clubhouse manager and the

There's often been little tolerance for new faces or voices as the "ol' boys' club" dominates the club's government. Thus many issues have hampered club growth, transparency, inclusion and participation. So many

The best private club solutions come from boards and management working together. Collaborative governance is a process of putting together lasting, effective solutions. Collaborative governance ensures that the club's realities are considered and discussed, that there's transparency, inclusion and participation of all concerned, without decisions being made in a vacuum.

Club boards historically have not been the most productive, effective or efficient, nor its members the most qualified. But the fact is, private club boards, since time immemorial have been omnipotent, with everyone else at the private club, (members included) subservient.

That's quite understandable because that's the history of private clubs. Maybe boards should be omnipotent,

grounds superintendent, reporting directly to the board or a specific board committee, and often doing so without any requirement for consultation with anyone but themselves, let alone the club's members.

Whatever the rogue boards or committees wanted, they got or vested as the management troika has acceded to the wishes the powerful few who have made decisions in their own narrow interests.

ineffective, inefficient operations remain, particularly as clubs struggle to stay afloat in the aftermath of one of the country's worst recessions.

The fact is, boards of directors can make or break a private club. Habits of the volunteer leadership and management and the resulting behaviors, have been set in stone.

SEE PUBLISHER'S PERSPECTIVE - PAGE 97

Some boards make few decisions, or poor decisions. Others constantly meddle in the management of daily operations. Or it may be a club of "chummy members" who have run the club as their own private fiefdom for years. Or it may be a club with little or no planning: short term and long term, none of which creates a perfect club.

Over time volunteers discovered that they alone could not efficiently run a club (while also trying to entertain themselves). An organizational structure slowly developed between the volunteer management (actually members and decision makers) and paid managers who focused on carrying out the requested tasks to meet the goals of the club's members. It's been a subservient relationship, perhaps not so subtle, that still carries undertones today.

As the evolution has continued, as many private equity clubs still hold steadfastly to the 'troika' of the clubhouse manager, the golf professional and the golf course superintendent, the club's management structure and decision making process remains inefficient and ineffective...stalemated.

The difficulty with this structure and relationship of course, is that the volunteer board and/or the club president and any long-tenured committee chairs see various components of the club as their personal turf. They continually micromanage the paid managers so that to do what the volunteer board, president or committee chair wants them to do.

BoardRoom magazine, since its inception almost 15 years ago, has focused on private club governance, the club's board of directors and the need for boards and club general managers to work cooperatively for the good and benefit of the club and its members.

Our focus has been and is to inform and educate boards of directors, something that's a continual process because of the revolving door syndrome of

board and committee members being replaced on boards and committee each year.

Now is the time for clubs to get their act together!

And for those wanting to increase their productivity, investing in a more effective board of directors while limiting the micromanagement of staff, is a noble objective. And I would advocate implementing change that leads your club to collaborative governance.

My colleague Tarun Kapoor, has innovated and preached his proprietary concepts of collaborative governance...in which boards of directors and club general managers not only co-exist, but where there is a strong, continuing collaborative effort between the club's volunteer board of directors and the paid management.

I've known Tarun for the past 20 years and his collaborative governance concept is the most unique, sustainable and the most relevant to the private club industry today.

This concept has the breadth and depth that will benefit members in the ever-changing private club environment. The goal of collaborative governance is to develop effective, lasting solutions to a club's many issues. Collaborative governance, now the standard of governance for *BoardRoom* magazine, goes far beyond the 'status quo' governance cycle in which many clubs are mired.

Private clubs lurch on a precipice of decision-making, one that will ultimately influence their futures, and which can meet the demands and requirements of today's ever-evolving private club membership.

"The fact is, private clubs are not being run in the most effective, most efficient nor fiscally responsible manner," Kapoor opined. "Change is needed, but old habits die hard.

"The troika or three-legged stool of governance has long outlived its useful-

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ness, especially as the business of running a private club becomes more and more complex. Issues facing the industry, such a member recruitment, and retention, employee recruitment and retention must be treated with greater urgency.

“The financial implications for club have not ceased...the need to be fiscally prudent and the needs for experts within the club management structure has increased...not diminished. The status quo must change!” he exclaimed.

“Little or no communication and/or coordination has really created a very inefficient governance system Not only did it create managers who really have been administrative assistants to the boards of directors, but it also created a much more expensive proposition for the members.

“Governance at many clubs today pits members against members, volunteers against volunteers and volunteers against paid managers. This general dysfunction leads to chaos and all kinds of operating efficiencies,” Kapoor related.

I agree. We need to change the structure and process of operating private clubs. Collaborative governance, as Kapoor outlines, is the only way to sustain this change, with a persistent commitment to change for the benefit of the private club industry.

“Private clubs, in most instances, are a ‘not for profit’ business, dealing with daily collaboration between volunteers

and paid staff,” Kapoor added. “It’s a one of a kind business where our customers are also our owners and employers.”

Unique characteristics for sure, replete with paradox, including:

- The member as an owner versus the member as a customer
- The member as an employer versus the member as a customer
- The board member as a director versus an advisor
- The board member as an employer versus an advisor
- The inherent conflict of interest faced by volunteer leaders.

“Without understanding these characteristics,” Kapoor emphasized, “you cannot see the inefficiencies and the dysfunction in the existing system. As well, you can’t reflect on leadership and management practices, and what is necessary for a club to be successful today.

“The underlying philosophy provides a framework for the club to sustain success, but it must surface and resurface and become ingrained in the club’s culture, a core value for members, enabling a club to be successful year after year.

“The difficulty for many clubs today is the lack of clarity in leadership roles and the responsibilities of the volunteer boards of directors and the paid management,” Kapoor suggested.

“Role clarity reinforces the role of the volunteer as one of setting the club’s direction, and the role of staff as the professionals in charge of managing the club. This also prevents volunteers from falling into the trap of becoming



unpaid management, and management not taking ownership of the club.

"The club's mission, vision and values are the responsibility and focus of the club's leadership...the volunteer leadership (the president and board) and the paid leadership (the general manager)," Kapoor related.

"Many club boards and committee change each year and so many clubs depend upon the president to guide the club.

"Collaborative governance requires both volunteers and management. It's a mechanism that creates a balance of powers between volunteers and management and checks and balances. For example, while many committees are bound in a club culture allowing them to initiate change, it really shouldn't happen without the consent of the board, and the board relaying the policies and instructions to management for implementation.

"This can only happen if there is collaboration between the board and management, and if there is an institutionalized process of planning and implementation within the club.

No question, planning, particularly strategic planning plays a major role.

"In seeking a slow sustained commitment to change, a commitment to collaborative governance warrants a commitment to operating a club through a strategic plan," Kapoor emphasized. "And this takes us far beyond a club's master planning, which deal mainly with facilities."

As we move forward, BoardRoom magazine will focus a concentrated effort on Kapoor's collaborative governance concept. We will assist in developing the process and practical tools allowing the club boards, committees and management to operate their clubs in a more fiscally responsible way, without sacrificing member satisfaction.

The best private club solutions come from boards and management working together. Collaborative governance is a process of putting together lasting, effective solutions.

Collaborative governance ensures that the club's realities are considered and discussed, that there's transparency, inclusion and participation of all concerned, without decisions being made in a vacuum.

In future Publisher's Perspectives, we'll address the roles of the board and the club's paid management.

At least that's the way I see it! **BR**

John G. Fornaro, publisher

Bottom line: the volunteer board and the club's general manager work together. The club manager has to involve the board of directors and the board has to allow the general manager to run the club's daily operations.

If you have comments on this article or suggestions for other topics, please contact John Fornaro at (949) 376-8889, ext. 4 or 105 or via email: johnf@apcd.com

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