

On the Way to The Perfect Board Don't Let 'Red Ants' Spoil Your Picnic

SUCCESS FOR PRIVATE CLUBS COMES BECAUSE A STRONG, COHESIVE BOARD OF DIRECTORS DEVOTED TO THE MISSION AND SUCCESS ESTABLISHES POLICY AND THEN LETS ITS PROFESSIONAL STAFF MANAGE THOSE POLICIES TO THE BETTERMENT OF THE CLUB.

At least we like to think of it that way...in a perfect world.

The drive for the "perfect board," begins with the focus on what we call "stewardship," where the objective is strong, focused decision-making providing leadership and stewardship for private clubs now and in the future.

Is that a "mission impossible?" No, but many board members have wasted an hour or two debating and discussing an issue without arriving at any concrete solutions and then there's been the petty, trivial and personal agenda that have had absolutely no value whatsoever being discussed at a board of directors meeting.

This stewardship, the drive for a perfect board of course, begins long before a director is voted into office, more likely during the process of nominating prospective board members. But here's a word of caution – the red ant theory. Huh?

In reality, some boards make few decisions, or poor decisions. Others constantly meddle in the daily operations. Or it may be a club of "chummy

members" who have been running 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 derives from or leads to the "perfect board."

These meddlesome boards have paralyzing effects upon the effective and efficient operation of a private club. We've seen it all too often with the professional staff and management becoming the scapegoat for the actions of a 'bad board,' if not one specific board member. Ah, the "red ant" theory again!

What's the "perfect board?" Private clubs are businesses as well as places for members to enjoy themselves. How and what fundamentals of a successful business should private clubs incorporate into their board?

"It would be very difficult, in the absence of the Almighty, to create the "perfect" anything," suggests Jim Singerling, president and CEO of the Club Managers Association of America.

That being a given, Singerling outlined some characteristics leading to successful boards. "First and foremost, individuals, who bring no agenda or issue with them, must be nominated. They are simply committed to running a successful small business and pledge to work together with other board members to build consensus on issues adopted by the full board.



JOHN G. FORNARO
PUBLISHER, BOARDROOM
PRESIDENT & CEO, APCD

"Secondly, most corporate executives or individuals who own their own business are great board members. In many cases, individuals who have little involvement with managing their own office, financial accounts and customers have a difficult time grasping the human resources issues and financial workings of the club business model," he added.

Baltimore, MD-based association management expert Calvin Clemons, president of Clemons and Associates, has some ideas of what works for "an ideal sought after by many organizations."

Clemons in his book "The Perfect Board," in a nutshell, says it's "one that performs its job neatly and completely, and permits the organization to maximize its objectives."

Although a board is a group of people brought together to guide an organization, Clemons suggests it's still a group "fraught with the vagaries of people; their opinions, attitudes, biases and skills.

"Even if a board of directors achieves perfection, it lasts only until new directors come on board or some new

agency affects the organization. Perfection, then, is short lived. Nevertheless, seeking perfection is the ultimate goal for every organization, club or association. Many clubs are familiar with these imperfections.

"The most perfect boards are those entwined together to truly achieve the organization's objectives. Personal interests, conflicts and selfishness are put aside as the board moves forward in a co-operative manner, thinking only of the organization. After all, that is why they were chosen, selected, elected or appointed to the position. Their job is to work for the organization and not anything else. Their focus and concentration must be directed to the responsibilities and duties of the position," Clemons expounded.

Leonard Dopkins, CPA and founder and senior partner of Dopkins and Company, has served two terms as chairman of the board and CEO at Boca West Country Club, Boca Raton, Fla. He suggests qualities should include previous experience as a board member, perhaps with a group other than the private club, and time served on committees, which helps acquaint them with club issues.

He also feels the nominating committee must "have an appreciation for the requirements of service. It's their (the nominating committee's) task to screen candidates to provide the voting membership with a slate of highly qualified individuals.

"A common provision is that of a single slate, which avoids an election, which disintegrates into a popularity contest," he suggested.

The perfect board member, says Skip Avery, general manager of the Country Club of St. Albans, St. Albans, MO, is ultimately one "who represents the membership as a whole. They'd be a decision maker within their own organization and have the ability to see the overall big picture, and how the club fits into the community." He agrees it's the task of the nominating committee to make sure candidates represent a cross-section of the club membership.

Singerling maintains it's vitally important to elect board members "respected by fellow club members and have leadership skills that will allow them to command the 'membership' through rough waters. Someone who can take the emotion out of a decision making process. Someone who is a good listener."

But he also defines quite specifically whom you do not want elected to the board because of the relationship with club management.

"You do not want someone ... who makes less money themselves than you are paying the professional management team at the club. It is often very difficult for them to reconcile paying someone who is 'working for them' more than they are making. There should be some vetting process

of nominees by club members who know what individuals are capable of strategic thinking," Singerling expounded.

And the red ants?

"Not all people make good directors," Clemons claims. "In the not-for-profit world, there is the 'red ant' theory of board composition. In brief, this theory holds that most boards of directors are like picnics. At picnics, people bring food and drink, play games, relax and generally enjoy themselves in the company of others. But, as the story goes, all gets interrupted by 'red ants.' These little pests break up the happy occasion by bothering and sometimes stinging the picnickers, crawling on the food and just causing a bad day."

"The same can be true of people," Clemons maintains. "They may be very similar to the red ants. Some directors start their terms by being aggressive, argumentative, rude, disrespectful or ignorant of the ways of the organization. They may come in with personal agendas with their own self-interest coming ahead of the organizations. They feel they should be listened to regardless of the issue or policy. They become angry or upset when they don't get their way. They hold grudges and personalize too many issues.

"How to avoid the red ants? The simplest answer is to avoid them. Don't let them come to the picnic," Clemons opined.


SEE PUBLISHER'S PERSPECTIVE - PAGE 104

HWA Specializing in the Sale of Golf Courses and Resort Properties
 Hilda W. Allen Real Estate, Inc.

WHAT YOUR CLUB DESERVES...THE BEST SERVICE

As part of HWA's continuing efforts to remain the top Broker in the golfing industry, we work diligently to provide our clients with the most up-to-date and modern promotional marketing methods and sales techniques available in the marketplace. HWA offers several marketing options or combination of options - They include:

- a. **EVALUATIONS** On-site inspections, facility reports, and evaluations on a property prior to listing.
- b. **INTERIM MANAGEMENT** While making the transition to listing the property.
- c. **EXCLUSIVE LISTING AGREEMENT** For a specified time at a predetermined price, decided by Seller and HWA at the execution of the Agreement.
- d. **ACCELERATED MARKETING PROGRAMS** which include:
 - 1. **Absolute Auction** Property must pass title to the highest bidder regardless of price. There are no minimums and no reserves.
 - 2. **Reserve Auction** The Seller predetermines the price at which a property will be sold and is not obligated to confirm a sale if it is below reserve.
 - 3. **Sealed Bid Sale** Offers are submitted in writing and are opened at a designated time and location as advertised.
 - 4. **Hybrid Auction** A combination of a Sealed Bid Auction followed immediately after the opening of the sealed bids with an Outcry Auction at Seller's discretion. It combines the best of a Sealed Bid Sale and an Outcry Auction.
 - 5. **Call for Offers** Seller advertises that he is motivated to sell and is "Calling for Offers".




NOTE FROM HILDA W. ALLEN
We call ourselves specialists and our record proves it! Representing both buyers and sellers, our staff of professionals are Ready To Serve You!
 Hilda

Private Club and Equity Club Specialist for Sales, Turnaround, Management and Strategic Consulting

CURRENT LISTINGS
 Willow Creek GC, Greer, SC
 Cimarrone GC, Jacksonville, FL
 Stonebridge GC, Memphis, TN
 River Islands GC, Kodak, TN
 Pinecrest GC, Bluffton, SC
 Cross Creek GC, Beltsville, MD
 Southwind GC, Fulton Co., GA
 Echelon Golf Club, Alpharetta, GA
 Mill Run GC, Moyock, NC
 Windermere CC, Windermere, FL
 Cooper's Creek GC, Leesville, SC
 Balmoral Woods, Crete, IL
 Willow Springs, Wilson, NC
 Rock River CC, Rock Falls, IL
 Doe Valley GC, Brandenburg, KY
 Prairie Falls GC, Post Falls, ID
 Springdale CC, Canton, NC
 North Forty GC, Marcellus, MI

Let HWA's team evaluate, reposition and/or market your private equity club
 888-324-5020
 or View More Information Online Now:
www.hilda-allen.com



There's another crucial aspect of board membership – commitment, and the difficulties commitment can raise. That's not to say a person's entire life must be devoted to the organization, because there are other segments of a person's life, such as family, and a person's career, which cannot be neglected.

"Commitment is a word we sometimes don't honor," Clemons opined. "People sometimes take positions or make decisions without realizing the commitment involved. Serving on a board is apt example. Regardless of the position of the person on the board, there is a commitment to serve. Being

not be enough to perform the duties. Some feel by just showing up, they have done what was expected of them. Not so.

"Unless they are thoroughly familiar with everything the organization does, they will have to do some homework. Reading the bylaws, articles of incorporation and past minutes are starting points. Reviewing the current and past financial statements is a requirement. Understanding and interpreting the financial health of the organization is just as important.

"Most organizations have some type of strategic plan; it should be read, analyzed and put in perspective of where the organization is today. What is being done right? What needs to be

to making sure the laws of the land are carried out within the organization. This is a burdensome requirement, but one that needs to be done." Ah, fiduciary responsibility!

If your club is fortunate enough to get the perfect board member for the perfect board, who's guiding the ship to success? The board, the president, the CEO or GM, or whom?

"The president is the leader, along with the CEO or general manager, who keeps the club on track. " Avery commented. "The president needs to have credibility with the membership as well as the community. The board has the overall fiduciary responsibility to the membership.

"The board's job is to fulfill the club's mission and vision by setting policies guidelines along with the CEO...and allow the management team to handle the day-to-day tasks. A perfect board creates the environment that allows the CEO and management team to produce that unique experience for members while being fiscally responsible. The quality of a board will be proven over time through low membership attrition rates and the club's ability to maintain a tenured management team," Avery suggested.

Clemons is unequivocal. "The president is the leader of the organization. Like a captain of a ship, the president makes certain the ship stays on course in a timely manner and avoids the hazards of the sea. The captain cannot prevent encountering a storm, but can take precautions to ensure safety and minimize damage. The captain makes sure people do the jobs assigned and are accountable for their performance.

"The president listens to all directors and encourages them to debate and discuss issues. Rarely should the president take a position. This could unfairly influence the outcome of an important issue," Clemons commented.

"The president should look to the future for the organization. The president should be identifying and devel-



named to a board can be an honor. This involves time, study, reflection, education and expense. People often accept a directorship only to discover the commitment was much more than they realized.

"Here's where the greatest fault is found amongst directors," Clemons claims. "Just attending meetings may

changed? Does the organization have the resources to be successful? Are the correct personnel on board?" Clemons queried.

"Usually there are policy manuals or statements. Each should be reviewed thoroughly to make certain the policies are up to date and current. Directors cannot plead ignorance when it comes

oping future directors and leaders. The president should also be the person 'pushing' the strategic plan of the organization insuring that objectives and goals will be met."

It doesn't end there, says Dick Kopplin, who feels training for the board members should continue while on they're on the board. "One president told me, 'there is no school for club presidents,'" commented Kopplin, a partner in Kopplin & Kuebler, Inc., a private club executive search firm.

"His point was that board members and club officers learn their duties either through osmosis, watching what other directors have done, or by bringing their executive level experience to this volunteer position.

"He was a strong advocate of board members attending workshops and seminars on club management so that they would clearly understand their role and how it relates to the general manager," said Kopplin.

Additionally, Kopplin suggests "goal setting should be a top priority for a new board and the club president should ask each board member to identify the goals for the committee they will chair for the upcoming year." And it's his contention a strategic plan for the club is a most effective method for keeping board members focused on their governance.

"The blueprint is usually three to five years and reviewed each year by the strategic planning committee before it is presented to the full board of directors," Kopplin asserts. "Another club president told me: 'we have never had a failure at this club because of too much planning.'"

Certainly the relationship with senior management is key. "I look to the board to set the vision and mission of the club and help set the standards and expectation of the membership," added Avery. "It's my job as general manager, along with the management team, to meet these

standards and expectation that will fulfill the unique experience for the membership."

The perfect board, in Clemon's opinion, "almost always equals success. Like

which needs to be run like one. Yes, many clubs are non-profits but the basic business principles still apply.

The perfect board doesn't micro-manage, but oversees from 30,000

The perfect board must co-operate with the club management as a team serving the best interests of the club. The board must be cohesive, professional and accountable. Board members working with one another and its staff, and meeting the needs of the entire membership leads to a successful thriving club. What more can a club ask for?

a finely tuned engine, running on all cylinders, correctly timed, with a full tank of fuel, and an experienced crew at the helm, success is surely on the horizon.

"For a club, it usually translates into full membership, sound reserves, outstanding operation performance and fantastic member participation."

PUBLISHER'S FINAL THOUGHTS.

Board members never lack ideas, it seems many boards just don't implement them. The perfect board executes them. Maintaining the status quo has hurt many clubs, and failing to execute ideas in a timely fashion has turned small issues into big problems. I've met with many boards and it doesn't surprise me any more when some clubs know they have a problem but don't deal with it. They just hand it off to the next board. In fact, I've been at clubs and they're still talking about the same problems they had 10 years earlier.

The perfect board member must have leadership qualities, is an influencer and understands the club is a business,

feet. Successful business techniques including management by objectives, financial controls resulting in fiscal responsibility, using the latest information technology to better serve members and improve the decision making qualities of management all helps avoid micromanaging by the board, which unquestionably impairs the ability of the general manager to manage effectively.

All this means the perfect board must co-operate with the club management as a team serving the best interests of the club. The board must be cohesive, professional and accountable. Board members working with one another and its staff, and meeting the needs of the entire membership leads to a successful thriving club. What more can a club ask for? This will be one time the 'red ants' won't spoil your picnic.

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

John G. Fornaro, publisher

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