Board Dynamics

Its All About Leadership

Golf Association of Philadelphia
12th Annual Presidents’ Council
March 16, 2016
The Stakes Are Higher

- Standard for Board effectiveness has shifted dramatically over past decade
- Directors now confront complex challenges:
  - Great Recession aftermath
  - Changing demographics
  - Rapidly evolving lifestyles
  - Regulatory environment
- Club viability and sustainability often at risk
Effectiveness – Baseline

- Directors who can work as group
- Clearly define club’s mission
- Perform individual roles:
  - Committee leadership
  - Capital allocation
  - Membership development
Leadership

“To have a sense of where the organization is going and must go is the core and essence of the very best leadership”

John Gardner
Leadership

Today’s leaders expected to provide for organization and its constituents:

- Creativity & Vision
- Understanding of Environment
- Sense of Purpose
- Generate & Maintain Sense of Trust
- Positive Outlook
- Catalyst to Achieve Results
Board Member Experiences

- Trivial work, unrelated to organizational success or failure
- Didn’t require meaningful input or expertise
- Scripted meetings for detailed committee reports, not strategic issues and outcomes
- Lack of new member training
- Lack of self assessment
Governance Actions

- Evaluate current governance structure to ensure it reflects changing environment private clubs face
- Move from operational to strategic perspective
- Rely on data and fact to make decisions, not emotion
- Improve process for identifying and developing future leaders
Keys to Board Dynamics

- Size and composition
- Formation/elections
- Track record of participation
- Think about the good of entire club
- Strategic vs. Operational
- Make it interesting
- Activities that build trust and understanding
Existing Board Practices

From:
- Enjoy trust
- Individual roles
- Size = Involvement
- Recruiting friends
- Informal orientations
- Unclear roles
- Decisions at meetings
- Lots of paper
- Agenda of past events
- Make decisions as committee

To:
- Accountability
- Governance
- Less is more
- Recruiting skills
- Formal orientations
- Clear roles
- Fact-based decisions
- Right information
- Strategic agendas
- Effective committee structures
Strategic Management Process

Strategic Plan
Board and General Manager

- Mission
- Vision and Values
- SWOT Analysis
- Strategic Issues
- Goals
- Strategies
Strategic Management Process

Objectives and Action Steps

Schedule

Resources

Accountability/Responsibility

Evaluation Criteria

Operational Plan
General Manager and Staff
Right-Size Your Board

- Larger boards = less effective
  - Failure to resolve issues
    - Speaking time limited
    - Participants only advocate
    - Unable to process information/resolve differences

- Be narrow at top, make footprint larger at bottom:
  - Effective committees
  - Member input
  - Forums
  - Engagement activities
Carefully Consider Board Composition

- Too few members may mean lack of skills or diversity
- Too many can delay consensus building
- Term limits bring fresh talent and new perspectives
- Still lack of women serving on club boards
It’s a Talent Show

- Manifests in board’s composition and diversity
- Must attract directors with valuable, strategic input
- Build board representative of members’ diversity
  - Expertise
  - Backgrounds
  - Activities
  - Gender
  - Age
  - Experience
Board Formation –
Slate vs. Contested Elections

- Skills over name recognition
- Increase participation
- Trusted Nominating Committee
  - Majority non-board members
- Establish candidate criteria
Board Formation

- Solicit participants
- Interview candidates
- Communicate with members
- Work with unsuccessful candidates
Board Candidate Criteria

1. Willing and able to devote time to job
2. Knowledge and skills beneficial to club
3. Communicates effectively with other directors and members
4. Works effectively with general manager
5. Interested in more than honor of position
6. Proven ability to build consensus
Board Candidate Factors

1. Prior committee experience
2. Professional expertise
3. Compatibility with other directors
4. Years of club membership
5. Widely known by other members
6. Representation of specific member segment
7. Prior board experience
Board Development Program

- Prepare for service by working on committees and task forces
- Implement Board Orientation Program to help new members quickly become effective contributing members
- Implement continuing education program to introduce members to effective governance techniques
- Move focus to more strategic outcome
- Design agendas to address strategic issues
- Schedule transition so new members shadow current board
Board Communications

- Follow ongoing communications plan for club business, programs and services
- Potential Solutions:
  - Send members quarterly updates on club business
  - Make use of electronic communications
  - Hold periodic town hall meetings
  - Get member feedback through periodic surveys
Best Practices

- Evaluate need and function of committees
- Vital window to member desires and expectations
- Board members chair committees for tighter linkage:
  - Majority have between 5 and 12 committees
    - Median = 9
- Meet on appropriate frequency (not necessarily monthly)
  - Most common:
    - Membership
    - House
    - Finance
    - Green & Grounds
    - Activity
    - Nominating
Best Practices – Annual Board Workshop (Retreat)

- Break away from regular agenda
- Talk about longer range subjects
- Hear from industry experts
- Increase understanding of club business
- Mix in social time to increase understanding and working relationships
Takeaways

- Good Governance requires balance...
  - Must Haves:
    - Complementary board and management roles
      - Hire great people and remove impediments to their success
    - Strategic planning and talented executive leadership
  - ...and action
  - Deferring big issues = big problems
    - Membership
    - Infrastructure
    - Facilities
Takeaway –
There Is Only So Much Time

- Majority of directors find meetings overly focused on operational issues and committee reports
- Critically analyze your agenda
- Allow time for discussions on strategic issues
- Use consent agendas
- Develop strategic plan and make it your agenda!
Strategic Imperative

- Cyclical and secular trends continue forecasting challenges for private clubs
- Club governance more complex and challenging than ever
- To succeed in decades ahead, clubs must:
  - Know their members
  - Know their marketplace
  - Operate with strong sense of mission and purpose
  - Think and act strategically
Thank You for Listening. Questions?