FIRST, GET GREAT GOVERNANCE!

What is on the top of your board’s list of priorities? Improved golf course conditions? More energized member activities? Stronger membership growth? Extraordinary food and beverage services? Enlightened leaders are increasingly placing improved governance at the top of their lists. These leaders recognize that the path to achieving all other goals is strengthening the quality of the decisions that they make and that others make on behalf of the club... and governance is at the root of every decision made in our clubs.

**Governance is the framework, principles, and processes that a club employs to effect decision-making.**

Therefore, if you have strong governance you will generate better decisions which will lead to greater success. Your club’s framework is its organizational structure, best exhibited as the organizational chart that has boxes and lines connecting them. The boxes each have the title of a group or an individual within them and the lines connecting the boxes represent authority being given from the upper box to the lower box, and represent accountability in the other direction. Your club’s principles are the fundamental truths upon which your club’s decisions are based. The processes are the carefully chosen rules and actions the club’s leaders must follow to ensure that all decisions are in the long-term best interest of the club.

Twenty-five years ago, the term governance was absent from the club industry. Now it is widely recognized that:

**The practice of sound governance is the single most important controllable factor that will determine the level of success that any club achieves.**

We don’t argue that sound governance is the only factor: we argue that of all the ingredients to achieving success that are within a club’s power to alter, governance is the most important. Some clubs have achieved success following governance models that don’t adhere to best practices. In each of these cases you will find that some extraordinary factor that is not within the control of the board, such as location, marketplace, or history has overcome the weaknesses in their governance model.

Just as governance is at the root of all decisions, delegation is at the root of governance. Club members elect their leaders to make great decisions on their behalf. These leaders quickly learn that it is impossible for them to make every decision and that they must delegate. The first step in effective delegation is determining what to delegate, or perhaps in this case, to determine what NOT to delegate. A board that is focused on their primary responsibilities will have little or no time for secondary or tertiary issues. Club governance experts list as few as four and as many as twelve primary responsibilities. There are two that stand above the rest:

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1. Documenting Board Policy and the Roles of Governance Participants

2. Strategic Planning

Documenting Board Policy and the Roles of Governance Participants

Members who become involved in the Club’s governance don’t come to their jobs knowing exactly what is expected of them and how to perform, i.e., what rules they must follow and what actions are required. They need a document that explains their duties and responsibilities, and level of authority. This is perhaps the most important task for the governing board of any organization. Boards must help their team-members succeed by telling them how.

Several documents must be in place for your governance to operate effectively. Every club has Articles of Incorporation and Bylaws (although maybe with different names). The bylaws are the membership’s instructions to the board. The highest level of authority in a club is the membership and they communicate the boundaries within which the board may govern and oversee the management of their club through the bylaws. Every club’s bylaws must be reviewed and updated regularly. Your club, its members, and the culture of the community have all evolved over the years. The bylaws of your club should evolve too. They need to provide enough restriction upon the board so that the club has some protection from extreme decisions, but they should also include enough flexibility so that the board can adjust to the changing needs and preferences of the today’s and tomorrow’s members.

The Board communicates the boundaries within which the president, board members, committee members, general manager, and other governance participants may perform their duties through a document often known as the board policy manual (BPM) and with a policy compilation. If your club has these documents, on-boarding new participants is seamless and everyone can contribute meaningfully to the success of their club. The opposite is also true. These documents must also be reviewed and updated regularly. If they don’t currently exist, their development should be your highest priority.

Your BPM will include:
- The BPM’s purpose and function
- Procedures for amending the BPM
- The club’s values, mission, strategic vision, and goals (strategic plan)
- Descriptions of the board’s structure and procedures (committees are covered here too)
- Description of the relationship between the board and the general manager
- Parameters within which the general manager may operate the club

The policy compilation is a quick reference tool that documents the policies established by the board (in board meetings) in a searchable format. It is part of the parameters described in the BPM.
**Strategic Planning**

Once it is clear to all team-members how the club operates and what their roles and responsibilities are, they need to know what the club’s goals are, what the club’s direction is, and ultimately what its destination is. A well-crafted strategic plan will answer these questions and it is a significant part of the BPM.

Your strategic plan (SP) will articulate the club’s **values** (the guiding principles that form the foundation of all decisions), **mission** (what the club is, what it does, and for whom), **strategic vision** (description of the club in the future), and the **goals** the club must achieve to reach that vision. To be effective, the SP will be based on data about the club, the competition, and the community. The core of that data will be the opinions and preferences of the club’s members collected through a comprehensive survey. Ideally, the survey response will be 60% or higher, will include spouses, and will be analyzed by an objective third party. The members will provide strong support for a plan that reflects their needs and can be supported by facts and objective analyses.

**Conclusion**

The first few years of the twenty-first century brought us Enron, Qualcomm, NYSE, and other governance disasters that rocked the corporate world and shined a bright light on the importance of sound governance. The Sarbanes-Oxley act placed new restrictions and regulations on publicly traded for-profit entities and the nonprofit world took notice. Governance was no longer an esoteric concept that only parliamentarians, politicians, and corporate attorneys were interested in. It became evident that the best practices and principles that support sound governance in for-profit corporations can be and should be applied in member-owned private clubs. The club’s leaders are in sole possession of the responsibility and authority to upgrade their governance, but it is rare for them to possess the expertise: it is best to seek expert advice to facilitate and expedite the process. **If it hasn’t been performed in the last 5 years, a thorough review of the club’s governance system is strongly recommended.**

The most important responsibilities of a club board are to define where their club is going and to train their team to help them get there. Creating, reviewing, updating, and regularly refreshing your club’s governance documents and your strategic plan must be the board’s highest priorities.