

The Governance Spectrum

SOMETHING NEEDS TO CHANGE



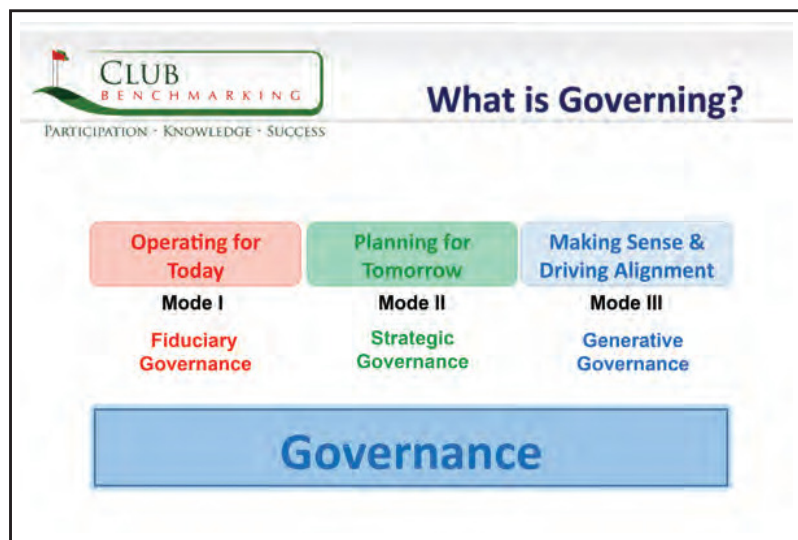
RAY CRONIN

Look around the table at your next board meeting and consider the diversity of the people in the room. Club boards are typically a mix of individuals with widely varied perspectives on business, leadership and life in general, but in many cases little or no prior board (governance) experience.

Further complicating things, unlike many other industries the governance model in private clubs is characterized by frequent turnover with relatively little emphasis on assimilating new members with education about the club industry and the practice of governance.

My thoughts on governance are based on experience, having worked for, with and on a variety of boards over the last 20 years. As an advisor to club leadership teams, my reflection and research has led me to generate a few simple questions.

- How much time has the board spent discussing the purpose of governance?
- As a group with vastly different backgrounds, how likely is it that the group shares an innate common view of governance and what it means to govern effectively?



- How much emphasis does the board put on reviewing its own performance?

While some boards have worked hard to develop an effective approach to club leadership, dysfunction is, unfortunately, the more common condition:

- The average board spends more time debating F&B profitability than discussing the purpose of governance and what separates poor governance from great governance.

- Because the composition and experience of most club boards is so varied and turnover is constant, a common view of effective governance rarely exists without intentional effort.

- The club staff is constantly appraised and evaluated, yet most boards have never considered the need to assess their own performance.

Clearly something needs to change. Among the many books that I have read on the subject, there is one in particular, *"Governance as Leadership"* by Richard P. Chait et al, that I believe can serve as a vital blueprint for boards to understand governance and what separates poor governance from great governance. A successful board must recognize and then operate in three different modes: Fiduciary, strategic and generative mode.

In fiduciary mode, the board hires and fires the GM/COO, reviews finances and committee reports and oversees the staff's management of the club. In the strategic mode, the board assesses and creates mission statements, conducts SWOT analyses and generates strategic plans.

While the generative mode is the most important, it is the rare club that even understands the existence of it. In this mode a wise, insightful board does the work necessary to understand the club business. Board members exhibit an open minded, inquisitive approach with an understanding that the club business is not "my business" and that the practices and norms in their own businesses likely do not apply in the club business.

In this mode, the club board is acting to help the COO provide insight regarding the key issues the club faces.

The board works together in a collaborative, brainstorming mode — a mode of shared discovery rather than working under the assumption that "I/We know the answer."

and make the same kind of pledges these groups have done.”

Kinkle is proud to note he is just one of many Club Managers working to make a difference. Each Florida Chapter within the Club Managers Association of America hosts an annual golf tournament and fundraiser to benefit local charities.

To date over \$1,000,000 has been raised by the Florida Chapter and benefits charities such as the Special Olympics Florida, Arnold Palmer’s Children’s Hospital,

Children’s Miracle Network, Toys for Tots, SOS Children’s Village, Golisano Children’s Hospital of Southwest Florida via Barbara’s Friends, All Children’s Hospital, George Snow Scholarship Fund and the Florence Fuller Child Development Center.

“I am happy to be where I am so I can help,” Kinkle explained, because raising money and giving money and advocating for children, “makes me feel like I’m alive. I love it. It makes me feel like I’ve accomplished something.” **BR**



AL KINKLE

from *Membership Marketing* | 38

requires someone with the skills to develop the data, interpret and create a strategy.

- The club, as a 360 degree environment, with an ever increasingly diverse set of member and potential member needs, all departments must be on high alert as to what it takes to grow the membership, retain those that you have and increase usage and satisfaction. This translates to programs and philosophies that build your brand and relevance to new and existing members.

- If communications simply happens because it happens, there is no strategy and impact. Successful clubs have placed communications as one of their highest priorities.

The notion that a membership professional might diminish member referral involvement is simply ludicrous and falls within the same kind of notion that, “when the economy comes back, it will all go back to normal.”

There has never been a more compelling time to commit to hiring a trained and certified membership professional to provide membership and marketing direction, market positioning and harnessing the power of your team in redefining your market relevance. Price is an issue but if you do not offer anything the consumer needs or wants, no matter how you discount, sales will continue to slide.

While there will always be 300 – 500 exclusive clubs located within markets that will face limited financial challenges, the majority of the industry clubs are far from immune and many are already on the slippery slope created and exploited by “consultants” driven only by greed and financial gain. **BR**

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from *Club Management* | 40

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Generative thinking is a perspective based on, “We need to come to a shared view of the key issues and questions. We need to come to an aligned view of what matters in the club and what doesn’t matter.” A more freewheeling discussion is encouraged, the voices of the quieter directors are amplified while the voices of the louder, more confident are more reserved.

Problems are not to be spotted (as they are in the fiduciary mode) or solved (as they are in the strategic mode) but they are to be framed. In this mode all members of the board

become learners and the board asks important questions: “How are we doing in terms of governing?” “Where do we fall on the spectrum of poor to great governance?” “How do we move towards great and away from poor governance?” That last question of course implies that the board has arrived at a shared view of governance.

Board members and managers interested in exploring these ideas are encouraged to read “*Governance as Leadership*,” and then pass it along to the rest of the leadership team. There are currently more than 30,000 people actively engaged in governance in the club industry, and it is critical that

this group approaches the task with the attitude, “I have a lot to learn about the industry and the process of governance”, as opposed to driving a narrow, tactical view of, “I know the answer”, even before the key questions have been identified. **BR**

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