DEVELOPING AN ACTION PLAN TO IMPROVE CLUB GOVERNANCE

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by Bob Bodman

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In a private club, the Board of Directors have a distinct and vital role to play, just as in any other well run organization. They are entrusted with significant assets, oversee a complex organism, represent stakeholders, decide on the balance between progress and tradition, and make decisions on behalf of the members. To be a successfully run organization, the club must be governed properly. But, who governs the governors? Where do the leaders of the club get their guidance, who writes their play book and who appraises their performance? Performance evaluations have long been an effective tool for developing better employees and stronger organizations. But, does anyone ever evaluate the leadership of the organization?

The responsibilities of the Board of Directors are too important to leave to chance in how they are executed. At some point, the leadership must take an introspective look to see if they are truly leading the club, or are they trying to manage the club. If they are leading the club, is it in the right direction and are they truly accomplishing anything.

Club leaders already have some very good tools at their disposal to help them govern the club properly, however, many do not take advantage of them. The Club Managers Association of America has developed an excellent set of resources: "*The Directors' Guide for Understanding Club Governance*," the "*Governance Checklist*"and the "*Board Policy Manual*." In these documents, the CMAA has clearly laid out and defined what the "best practices" are in Club Governance. McKinsey and Company, a leading management consulting firm to Fortune 500's has also developed a program for governance in non-profits called: "*The Dynamic Board: Lessons from High Performing Non-Profits*," which outlines a set of best practices for boards of directors of non-profit organizations and incorporates a board self evaluation technique.

Club Resources, a private club consulting firm specializing in strategic planning, governance training and membership surveys, has identified a gap between these wonderful resources and the lack of their use by club leadership. To bridge this gap Club Resources has developed a tool specifically designed to allow board members to evaluate themselves called: ***Club Governance - Best Practices Self-Evaluation,*** which incorporates both the McKinsey and CMAA "best practices" into a customized self-evaluation survey. In addition to carefully developing evaluation questions specifically for private club boards, the evaluation allows individual directors to look at their own role on the board. Club Resources has also added a section of the evaluation which focuses directly on the club's own highest priorities and issues.

The objective of the *Club Governance Best Practices Self-Evaluation* is to help board members identify and measure their own performance against a set of widely held standards, determine which of those standards make sense for their club's structure and culture and which ones they want to take action on. Another objective is to provide a tool to help club leaders identify and focus directly on the highest priorities and issues facing the club. One of the added benefits of conducting a *Club Governance Best Practices Self-Evaluation* is that it practically eliminates long, arduous and often circular conversations often experienced at board meetings -- hours spent discussing and conceptualizing and yet ending with no conclusions or decisive action taken.

One of the greatest benefits to be gained from conducting a Governance Self-Evaluation is the excellent opportunity it presents to **Develop an Action Plan for Improving Club Governance**. Once the results of a self-evaluation are tabulated, the areas of Governance that need improvement become obvious. *Example: If the process by which Board members are identified, nominated and elected (i.e., Strategic Succession Planning) is rated poorly by the individual Board Members, it identifies a priority for the Board in developing an Action Plan.* Grouping all of the lowest rankings from the Self -Evaluation makes the job of developing an Action Plan much more effective, thus increasing the likelihood of progress towards governing according to industry best practices in many of the governance areas (i.e. finance, member communications, policy-making, membership development, strategic planning, management oversight and development, risk management, committee appointments and management, succession planning, etc.).

Club governance is a unique and complex role. Proper leadership is vital to the appreciation and enjoyment of the entire body of members and to the preservation of the club's culture, legacy, traditions and assets. Other than the annual elections, there is no better way for the club's board

of directors to gauge and guide their performance than through a *Club Governance Best Practices Self-Evaluation.*

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