Purpose Driven Governance  
*How Boards Influence Club Success*

Club Summit  
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- **“How are we doing?”**  
  – Responsible boards are accountable to the mission
- **“What we’re doing”**  
  – Effective boards are not mired in operational minutia
- **“Where We’re Headed”**  
  – Purpose driven boards have a nose for the future
It’s All About Leadership

The Stakes Are Higher
Directors confront complex challenges:
- Great Recession aftermath
- Changing demographics
- Evolving recreational preferences
- How to adapt and reinvest
Club viability and sustainability often at risk

Common Challenges
- 56% of nonprofits struggle with board governance
- Majority believe colleagues are not engaged
- Half report challenges evaluating their performance
- 38% have difficulty with strategy
- 25% of directors say they do not have a clear understanding of their organization’s strategy

Source: 2017 Stanford Survey on Nonprofit Leadership and Management
What’s Most Important?

• 82% of nonprofit executives prioritize “Passion for Mission” as top requirement for new directors
• 53% of nonprofits have difficulty finding board members who are passionate about their cause

Source: BoardSource

What’s The Job?

“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
U.S. Ambassador and Statesman
• Today’s leaders must:
  – Understand the Environment
  – Know What Members Want
  – Establish a Sense of Purpose (Vision)
  – Generate & Maintain Members’ Trust
  – Communicate to Create Alignment
  – Be a Catalyst for Adaptive Change

• Keys to Success
  – Solid Structure:
    • Size and composition, orientations, succession, etc.
  – Right People:
    • Development/elections
  – Wholistic View:
    • Consider needs of entire club
  – Strategic vs. Operational
  – A Fun Challenge:
    • Make it interesting
Key Responsibilities

- A Question of Strategy:
  - Where are we going?
- An Issue of Talent Management:
  - Who is going to get us there?

Point of Departure

- Rely on data and fact to make decisions, not emotion
  - Understand the external environment
  - Know your members
Surveys identify values and trends

Why join?
Most important activities?
Willing to recommend membership?
Future programs and facilities?

Data helps bridge gaps between segments
Analyze results by all members
Compare with recent joiners and younger members

Distance from Home to Club

- 0-3 Miles: 44%
- 4-7 Miles: 30%
- 8-15 Miles: 19%
- Over 15 Miles: 7%
Local Club Comparison

<table>
<thead>
<tr>
<th>Local Clubs</th>
<th>US</th>
<th>Club A</th>
<th>Club B</th>
<th>Club C</th>
<th>Club D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Members</td>
<td>550</td>
<td>640</td>
<td>698</td>
<td>740</td>
<td>625</td>
</tr>
<tr>
<td>Initiation Fee</td>
<td>$295k</td>
<td>$195 - $210k</td>
<td>$60k</td>
<td>$135k</td>
<td>$140k</td>
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<tr>
<td>Monthly Dues</td>
<td>$975</td>
<td>$944</td>
<td>$430</td>
<td>$730</td>
<td>$1,050</td>
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</tbody>
</table>

Facility Improvements

<table>
<thead>
<tr>
<th>Status</th>
<th>Proposed</th>
<th>Almost Complete</th>
<th>Just Approved</th>
<th>In Planning</th>
<th>Completed 2010</th>
</tr>
</thead>
</table>

**Improvements**

**Fitness**
- Existing Size: 1,296 s.f.
- Movement & Future: 3,200 s.f.
- Treatment s.f. + 147%
- New 3,375 s.f. Fitness Center with movement studio
- Expand Fitness Center to 4,000 s.f. to include movement studio
- Expand fitness
- New 36,000 s.f. Fitness Center with 2 movement studios and spa facilities

**Dining**
- Pool Dining/Bar: 2,120 s.f. of new casual indoor/outdoor dining
- New outdoor dining
- Improved outdoor dining
- New casual dining
- Improved outdoor dining

**Pool**
- New youth lounge
- New pool area
- New pool area
- Improved pool area

**Other**
- Living Room and Terrace improvements
- New clubhouse/locker expansion
- New bar & patio improvements
- Clubhouse remodel
- -
Where Are We Going?

Vision

- Must be compelling to attract followers
- Clarity and power of purpose
  - “People don’t buy what you do; they buy why you do it.” – Simon Sinek
Clubs can get trapped in history or caught up in activities

Typical Mission

- **XYZ CC has a proud heritage and tradition as a private, family-oriented country club. We are committed to providing exceptional service, outstanding golf, recreation and social experiences in a friendly and welcoming environment for all Members and their guests.**
Establish Clarity

Define the Why?
- It is the steady shift in emphasis that keeps organizations growing

To retain relevance and vitality
- Refresh, Refine and Extend Mission

Adaptation Can Be Difficult
- Build strategy consistent with heritage and values
- Clubs exist in larger societal context and shifting interests
- Must reflect changing values and lifestyles
Multnomah Athletic Club

- Evolving athletic focus
  - Began with individual pursuits
  - Expanded to team participation
  - Embraced fitness for the family
- Core Purpose
  - “To enrich lives, foster friendships and build upon our traditions of excellence in athletics, social and educational programs”
- Opens pathways to activities like Foundation, community outreach, etc.

Culture

- “Culture eats strategy for breakfast.”
  - Peter Drucker, father of modern management
- Culture counts: To be effective, strategy must be developed in context
- Trumped by “The Why”
  - Guardrails, not roadblock
  - Expand out to the “hows” and “whats”
Who is Going to Get Us There?

Talent Management

- Qualities of a Successful Team
  - They communicate well with each other
  - They agree and set team goals
  - Everyone contributes their fair share
  - They offer support for others on the team
  - Represent diverse viewpoints
  - Good leadership – trust and respect
  - Organized
  - They have fun!

- Source: Undercover Recruiter
## The Baseline

- Seek and respond to member input
- Set clear standards for elections, duties, terms, etc.
- Be strategic
- No “I” in Team
- Legal and ethical compliance
- Set goals and evaluate performance
- Plan makeup and succession

## Setting the Tone

- Strategic agendas
  - Reasonable time frames
  - Behaviors
  - Consent agendas
  - High level issues
  - *Socialize afterwards!*
Right-Size Your Board

- Larger boards are 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
  - Communicate

Board Policy Manual

- Compiles all current club policy and governing documents in one place
- Key reference
  - Standards
  - Purpose and uses
  - Strategic elements
  - Board organization and process
  - Board/staff relationships
  - Executive parameters
- Regular place on the board agenda
Who Is Going To Get Us There?

- Board Development Committee
  - Change Nominating Committee to Board Development Committee
  - Always in session, not just at election time
  - Develop board member criteria
  - Structure board orientation
  - Create board training exercises
  - Interface with Committees to identify future talent

Board Development Process

- Solicit participants
- Interview candidates
- Communicate with members
- Work with unsuccessful candidates
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

Build a trusted slate of advisors so board has insights into industry and effective practices

Board Communications

- Communicate to build alignment
- Provide regular communications about club business
- Solutions:
  - Separate from general news
  - Send members quarterly updates on club business
  - Populate governance section of website
  - Hold periodic town hall meetings
  - Get member feedback through periodic surveys
• 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

Influence Your Influencers

• Committees:
  – Generally an untapped/unmanaged resource
  – Work in silos
  – Bring all Committee members together at start of year
  – Thank them for their service
  – Present Mission and Vision
  – Highlights of coming year
  – Enroll them in governance process and key initiatives
Keys to Purposeful Governance

- **Sound Foundation:**
  - Nominating/Board Development Committee
- **Strategic**
  - Have, follow and UPDATE a strategic plan
- **Execute:**
  - Invest in the best management team you can afford
- **Enroll Members:**
  - Align your committees
- **No personal agendas**

Summing Up

- Cyclical and secular trends indicate continued challenges for private clubs
- Club governance more complex and challenging than ever
- Continually refine and extend your mission for relevance and success
  - Where we’re going and must go
Thank You for Listening
Your Questions are Welcomed