What one piece of advice would you give an incoming club president?

Lay the groundwork for better club governance through properly focused board education. One of the most unusual aspects of private club governance is the constant turnover of officers and directors. In most clubs, a new president takes over every year or two. Frequent turnover in the boardroom can cause instability that ultimately takes a toll on the long-term health of the club. Without a consistent framework for governance, clubs tend to lose sight of long term plans and drift away from their original mission over time. Laying the groundwork for a permanent standard of governance that will withstand time and leadership transitions isn't easy, but it is possible and the benefits to your club will be immense.

The first step toward establishing a durable governance model is to evaluate the orientation materials board members receive at the beginning of their terms with this in mind: While each of these talented individuals brings with them a deep knowledge of their own business or industry, it is imperative for them to understand from their very first board meeting that the model of their business, no matter how successful, is *not the same* as the club's business model.

Establishing a common understanding of key facts and priorities in terms of the club's financial and operational success should be an integral part of the orientation process. Imagine what might be accomplished in future meetings if every board member started his or her term with a solid grasp of those key components. Here are a few examples of what the board should know that would dramatically improve focus and alignment in the boardroom: the club's total operating revenue, the gross margin, the compounded annual growth rate and the dues ratio (revenue from member dues as a percentage of total operating revenue).

Laying the groundwork for an effective and enduring governance model is a solid investment in the future of your club, and it begins with a commitment to focused, fact-based board education.

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How is governance different with a management company?

While governance is not traditionally viewed to be a proficiency of most club management companies, their expertise in club finances and strategy can be valuable.

Management companies generally do not take over the management of private clubs without a full, explicit and documented construct in which the management company operates the business in ways the club's board apparently could not. Why else would they be there? This construct provides a voice the membership feels they need via the committee system that ultimately communicates the expectations, preferences and tenor of the membership in a synthesized approach to the management company.

Underperforming club boards may have discussions focused around non-essential items, while management companies generally focus on earnings before interest, taxes, depreciation and amortization, accounts receivable aging, balance sheet strength and member behavioral analytics to drive membership. Management companies are clear that it's not about the first 100 members but rather the next 100 members. Our industry is trending toward embracing some of these concepts at the member-owned club level.

The complexities of club management are such that most clubs cannot afford or know how to build the infrastructure management companies create simply by "rolling up" disparate clubs while centralizing human resources, accounting, capital planning, bulk buying, management coaching and agronomic oversight.

You may be thinking that clubs run by management companies can't have the soul, the culture and the history traditional clubs have, which is the reason members want to belong. This may be true for those iconic clubs in the best markets. But today's members—especially those less than 50 years old—want to be entertained and are looking for creative, private experiences with the history and club culture being subordinate. Many have little interest in sitting on the By-laws Committee in the hopes of making it to the House Committee. Those members are recreating with their families.

Since 2008 the club industry has been forced to evolve. Maybe there is a way for clubs with great club governance models to partner not only with club management companies but also with groups of clubs regionally or with clubs of similar culture, to have the best of both worlds—well run businesses integrating the best business tools and deep culture clubs with proud members.

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