

EXECUTIVE CONTRACTS

How can employment agreements be a win-win for both the club and manager?

THE NATURE of employment agreements and their terms have been changing for many years now. Not too long ago it was commonplace for a club to create a formal contract with a manager to run its club. Contracts can be expensive and time consuming for an attorney to prepare, which both parties are typically anxious to avoid. The much simpler form of an employment agreement has become the new norm. A number of factors will dictate how complex the agreement should be, however, a formal, written understanding of the terms of the manager's employment should always be memorialized in a written document for the benefit of both the club and the manager. The employment agreement typically delineates the employee's roles and responsibilities; term of employment and process for renewals; compensation, benefits and perquisites; terms for dismissal (with or without cause), severance, confidentiality, and means of remediating any related disputes. These are all important issues for both the club and employee that should not be left to the best intentions or recollections by either the club or employee. Times change, boards change, and the manager's agreement changes—unfortunately so do memories!

Don't leave home without it! A manager who is leaving a good and stable position and has a family to provide for, or who knows the prospective club has some internal political or financial conflict, has reason to be concerned about job security, at least initially. Managers will want—and it is not unreasonable to expect of the club—assurance of a reasonable length of time to adapt to the new club and prove your capa-

bilities while spanning tumultuous times. Many boards do not want to sign long-term agreements that bind future boards, but a written guarantee of employment for a certain term that limits dismissal for other than cause, under these circumstances, is a reasonable request. To perform your best, you need to be free of this stress, which benefits both you and the club.

Who's watching the fox? Managing one's own rights and privileges is a manager's greatest responsibility. For this reason, it is essential that there is a very clear understanding among the key stakeholders, precisely what the manager is held accountable for and entitled to. Stakeholders and expectations will change so it is paramount that the manager's primary roles, responsibilities, compensation and entitlements are clearly spelled out and updated regularly. This becomes even more important when the manager's agreement includes housing, dining, clothing, travel, vehicles, family privileges or any other special privilege beyond those generally available to other club employees. If a club offers housing and/or family privileges to a new manager, it is imperative that the president makes that clear in his initial written welcoming of the manager and his/her family to the membership. The board and senior staff need to be made aware of these privileges from the onset of the relationship.

Keep it simple! We are finding that many businesses and clubs are moving away from perks such as club vehicles and expense accounts for comparative dining, dry cleaning, travel and the like. If necessary to remain competitive, they are simply



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increasing the base compensation. Recent tax regulations have put stricter regulations on the taxability of many of these benefits which make them less attractive to the manager and adds complexity to the agreement and to proper accounting by the club.

The Win-Win! For a mutually agreeable relationship, both sides need to be cognizant of the other's needs and motivations. Ironing out a mutually acceptable agreement—in writing—should be a collaborative process and the capstone of the negotiations process; launching the relationship. The needs of the organization and manager evolve over time, necessitating that the written agreement be reviewed and updated. This is important if only to regularly remind the club leaders and manager to what they have agreed.

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