

The Nominating Process: The Lynchpin of Great Governance

THERE ARE MANY structures and processes for Nominating Committees to leverage and no one is necessarily better or worse than the other, but there are best practices.

BOB: Some clubs believe that the process needs to be very transparent and carefully avoid any sense of an “old boys” club. I, on the other hand, believe the membership should trust the process and club leadership and accept that a smaller and more tenured committee may be able to search out and tap new prospective candidates more effectively than a larger and less tenured committee. Dan, as you often say, as in most business matters, it comes down to results and performance.

DAN: Clubs, by nature, love process, so designing a process to select committee members and their chairs is often about the optics. Clubs should establish a clear separation of the Nominating Committee and its proceedings from the board of directors. This creates legitimacy and avoids potential elements of distrust for past misgivings or beliefs; reinforcing that an independent group avoids bias and legacy thinking. Clubs are often rightfully accused of perpetuating an old boys’ culture, whereby a tenured group of members control the board and those who may be invited to join it.

BOB: I believe that is the exception versus the rule. In most clubs I’ve worked with, the membership has a higher level of trust in the board and the nominating process, which has been earned over the years. In these clubs, the nominating process can be redesigned or tweaked to be the most effective and appropriate process for the club without undue concern about the optics. As previously mentioned, Dan, it comes down to results and performance!

The National Club Association’s (NCA) *Club Director Reference Series* recommends that the Nominating Committee be comprised of five members: Three current board members and two from the membership at large. The two from the membership would likely be active volunteers who have served with potential candidates on committees or club programs where they have witnessed firsthand the commitment and leadership skills of a wide range of members and/or have their own network of involved and earnest fellow members who can provide recommendations to them for the committee. Having one or two at-large members on the committee also generally satisfies the skeptics, especially when they are respected, active and well-known members. While it may not be necessary to stipulate who this might be in the bylaws or committee charter, it is generally best that the potential chair has served on the committee and is aware, in advance, that they may be tapped to chair the committee.

DAN: Small committees with a majority of present or former board members mostly perpetuate the existing views and practices of the existing officers and board, as they are the ones who choose and oversee them. The membership sees through this and will be skeptical of the committees’ rigor in identifying new and independent candidates regardless of how earnestly they perform. It is the role of the committee to seek out new blood for the board and the more independent members you have on the committee the more thoroughly they will scour the membership for new thinking and diverse representation. Tapping the next chair of the committee is a bad idea, as it once again reinforces the connection between the existing board and the committee.

BOB: Once again, I disagree. It is generally desirable to have the recent past president and/or the current president or vice president as chair the committee, so as to effectively monitor the committee’s performance and to provide feedback to the committee on the skills needed by the board. According to NCA, it is most common that the president appoints the chair for a one-year term, which may or may not be renewed for an additional one year, sometimes requiring a one-year break between service. The chair need not be a board member.

DAN: While that may be true, the article also reports that the next most common process is that the committee members select their own chair, which I believe creates a clearer independence from the board, at least in appearance.

BOB: Depending upon the method used to select the other four members of the committee, the deck can still be stacked to control who becomes chair, so while the process may appear independent of the board, that may not necessarily be the case.

DAN: It is generally preferable that the committee members have a two- to three-year term with one or more rotating off the committee each year. There is value in having some tenured members of the committee, while new members expand the committee’s knowledge of the membership and add legitimacy to the diversity and independence the membership expects. The alternative, having an entirely new committee each year, with or without a tenured chair, makes no more sense than to have an entirely new board each year.

BOB: Just as it is important that the Nominating Committee understands what

skills are needed on the board and the wherewithal to find candidates from within the membership who have those traits, it is equally important that the process to select the Nominating Committee membership is similarly rigorous. Putting their hand up at an annual meeting, a lottery or being friends of the chair don't meet that high standard. In the end it comes down to tradeoffs. Where there is trust in the system and leadership, a smaller and more cohesive group can be chosen by the benevolent dictator such as the president (or Executive Committee) with input from the previous year's chair. This is preferable to the committee choosing its own members. Checks and balances can be accomplished by requiring board approval of the chair and committee members. Those who are concerned that this puts too much control in the hands of the president must keep in mind that the greater danger is that the committee is ineffective and does not propose the slate of candidates that the board needs to perform at its best.

DAN: There are other fundamental questions that need to be answered. Will contested elections be allowed either by design or insurrection? A clear trend in nonprofits and volunteerism in general is the lack of the right, talented individuals being willing to devote significant time to meetings. This decline has caused many clubs to move from contested elections to a fixed slate. In the former case, the Nominating Committee proposes more candidates than openings. Obviously in this instance there are winners and losers; however, we're talking about adults who understand the dynamics of elections and who are then encouraged to learn more about their fellow members viewpoints and club issues in order to face opposing candidates.

BOB: While that may be true, it is getting progressively more difficult to find members who are willing and have the time to serve on the board and it is not prudent to put additional obstacles in the way. When

the slate is the exact number as openings, the Nominating Committee can pretty much assure a candidate that they recruit and develop will be elected. Qualified candidates are very reluctant to put their hat into the ring if there is a chance that they will be defeated in a contested election. It may be humiliating to them and their family and could certainly tarnish their view of the club and fellow members, a price to them not worth paying.

DAN: I understand that what you are saying is becoming a more common viewpoint, but I think that having a selection of candidates is more democratic. Also, to that end, most clubs have a petition provision in the election process whereby a certain number of the eligible membership can petition to add candidates of their choosing to the slate of directors being voted upon by the membership. This is an important check and balance to the process, but the minimum threshold for signatures should not be so significant as to deter small special interest groups from having the opportunity to seek representation or express their views through the election process.

BOB: I agree that having a petition process is a necessary evil in a democratic environment, but I also believe that the threshold for the number of members on the petition should be significant. Many clubs only require 10 to 30 members, which represents a very small percentage of their voting memberships. It is becoming more common that a percentage such as 10% of the membership be required. That will still be viewed as a small number, but also deter a small group of outlier members from disrupting the process and sabotaging the work of the Nominating Committee.

How are the board officers to be selected? The two most common methods are by the membership at the annual meeting and more commonly, that the board selects their own officers. In the former case the Nominating Committee is charged with presenting the slate of new directors

and new officers each year for the annual meeting. A governance survey conducted by NCA found that 77% of the clubs selected their own officers. In this case, generally the Nominating Committee has little or no input into the selection, however in some clubs the Nominating Committee charter calls for the committee to advise the board on their selection of committee chair and officers. In their research identifying potential director candidates, the committee is likely to receive important intelligence about the membership's perception of the board and committees that could be useful to the leadership. To best fulfill their role in selecting new directors, to fill skill and leadership gaps, and propose second terms for officer candidates, it is desirable that the committee have a close connection with the board. This is a Catch-22 scenario if the club is also trying to give the appearance that the board and Nominating Committee are clearly independent of one another.

DAN: Although Bob and I have differing views about the composition and processes of the Nominating Committee we agree that it is one of the most important committees in the club and should not have total independence without oversight. The board, through the president or executive committee must have the authority to monitor the progress and performance of the committee and of its individual members and responsibility to replace under performers, when necessary.

Next issue, Bob and Dan will debate the role of the club's chief executive in this process. **cd**



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