



Grappling with Governance *The Times Have Changed – Have your Boards?*

Another golf season is underway bringing with it committee meetings, board interventions, and ongoing struggles to achieve excellence in golf operations at private clubs across the country.

As Global Golf Advisors (formerly KPMG) has outlined in past issues of its business newsletter, *Fore*, times are changing rapidly for private golf operations, and those that don't adapt with the times are finding it a struggle to manage the ongoing demands of running an exclusive golf operation.

Focus groups at private clubs across the country revealed an undercurrent of discontent among members in matters of etiquette, dress, manners and overall demeanour. These same members who will disregard the certain subtleties and nuances that have over the years established the character and style of private clubs.

With all the changes that have taken place in all sections of the private golf club, you would think that the governance of the club (namely the "board") would have adjusted to changing times. This is not always the case. With the exception of a noticeable trend in the downsizing of boards, very little movement has been made in the governing structure of the Club.

KNOCK OF AGES

Seventy to a hundred years ago, when private golf clubs in North America were in their embryonic stages, when pros were chosen mainly for their ability to hit a golf ball and give lessons and entered the clubhouse by the employee's entrance; when the management of a



club came only from the "school of hard knocks" and desire; and when greens superintendents knew little more than how to mow the lawn and water it by hand, boards managed the club.

Boards to govern in those days, required little if any of the business and technical knowledge that is required now to operate a club. The management team today – the general manager, the professional and greens superintendent – because of their education and established careers, are superior in their club knowledge to any board member in the operation of a golf club, regardless of the board's skills in their particular professions.

Simply put, they are trainees for two or three years, and then they are replaced by more trainees.

Today's golf clubs cannot be compared to the rather basic budgeted clubs of the past. Ideally, boards should be responsible only for seeing that club policy and by-laws are respected by management, that budgets (operational and capital) are adhered to, and should be responsible for a long-range plan for the club. This should be voted on by the members and not changed in mid-stream by a president or director wanting to leave his or her mark to satisfy his or her own vision on what the club should be.

If a change in a long-range plan is necessary, because of financial restraints or a natural disaster, then again such change must be approved by the membership



and the membership only, and not by an ad hoc committee or new board president.

Over the past 50 years, boards have been compelled by the by-laws of the club, to fill the slate of outgoing directors. The problem that boards are confronted with is finding suitable talent to fill the vacancies. At times, more often than not, the talent pool is not there, and an inadequate replacement achieves the nomination and is elected.

The trend towards downsizing of boards is part of the answer to a limited talent pool. A benevolent dictator would be the solution to all governance, but of course with the above-noted exceptions, this will never happen!

ACHIEVING CONTINUITY

To achieve any kind of continuity and focus, clubs must establish a well thought out long-range plan for the course, clubhouse and future development. The long-range planners should consist, if possible, of professionals within the membership – engineers, architects, and financial planners. If such talent is not available from within, then such professionals should be brought in from the outside.

Complementing this slate, then, is the general manager, the greens superintendent, the head professional and a qualified representative from the board.

When completed, the plan would be reviewed by the board and presented to the members. Club by-laws should



state that any significant change in a long-range plan must be approved by the membership, and the membership alone.

It's incomprehensible to think that with all the changes in private golf clubs over the past 75 years that private club boards with the exception of size, have not changed their governance style. Many continue to dictate the daily operations of the club, which is very costly and an insult to the professional people they have hired.

"The best-run golf clubs are not burdened with inefficient boards and committees. We all admire the great golf courses of the world, whether they are on this continent or in the British Isles. Pine Valley, Augusta, Seminole, Muirfield, St. Andrews: all of them have one thing in common.

They have presidents whose terms last as long as they choose. Moreover, they do not have committees; the president runs the club with a trained professional staff of his choosing. These clubs are rated the best – because they have direction, continuity and focus."

TRADITION IN JEOPARDY - A FINAL COMMENT

The 'Cell Phones in your Backswing Syndrome'

Public golf mentality and habits are slowly, but surely, creeping into the private club domain, such as driving a cart up to the tee while a foursome is



hitting, slow play by those who won't let you through, babysitting others' children on the practice tee or in the clubhouse, careless casual dress and of course the self-centered use of cell phones in your backswing and in the clubhouse.

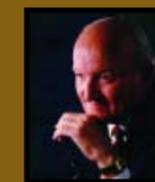
All rather annoying habits and gradually challenging the decorum of the private club.

The by-product of a computer-generated world reliant on speed, speed, speed, these individuals show a pronounced lack of good manners. It's an attitude, by the few, that is new to our "game" that if left unchecked, could and would destroy what private clubs stand for – a haven – an escape from an overburdened, overworked planet.

There is a slang expression that says, "Don't sweat the small stuff..." I would strongly suggest that private clubs should concern themselves with the "small stuff" or their way — their style — their traditions — will be forever lost.

"Grappling with Governance" was excerpted and adapted from an original article, "The Quiet Evolution: Tradition in Transition at Private Clubs in America" in the Winter 2000/2001 issue of Golfpractice-Fore published by KPMG Golf Industry Practice, now Global Golf Advisors. To obtain this and other issues of Fore, visit www.globalgolfadvisors.com.

Private Perspectives, now a regular department in each issue of *Golf Business Canada*, will focus on business articles related to interests of private and semi-private course management. We welcome any feedback or suggestions you may have on this feature and any of the departments in *Golf Business Canada*. Please email comment to Pamela Stewart, Editor, at pstewart@ngcoa.ca or call (613) 226-3616.



Garry Carl

A consultant with Global Golf Advisors Inc. (formerly KPMG), Garry's writings and critiques on private golf clubs have been recognized throughout Canada and the United States, both for their humour and analysis on how such clubs operate and perform. Garry can be reached by email at info@globalgolfadvisors.com.