



GLOBAL GOLF
ADVISORS

GOVERNANCE SERVICES

FROM THE LEADING ADVISORS IN GOLF

2016

Board Policies Manual

Sample Document
and Guidance

Description

This document is an example of a Board Policies Manual (BPM) for a private club. It contains all of the standing policies of the club Board, arranged in five parts. The purpose and contents of each part are explained in a brief commentary that follows the Sample BPM (starting on page 15). In this Sample BPM are policies taken from actual club BPMs; however, they are included as examples only. Each club Board will have its own way of formulating and articulating its policies. Most club BPMs are between 14 and 18 pages in length, not including certain documents that are incorporated by reference, e.g., strategic plan, conflict of interest statement, house rules, etc. This Sample BPM reflects the principles and best practices contained in the Club Governance Model, a schematic of which is shown opposite page 1.

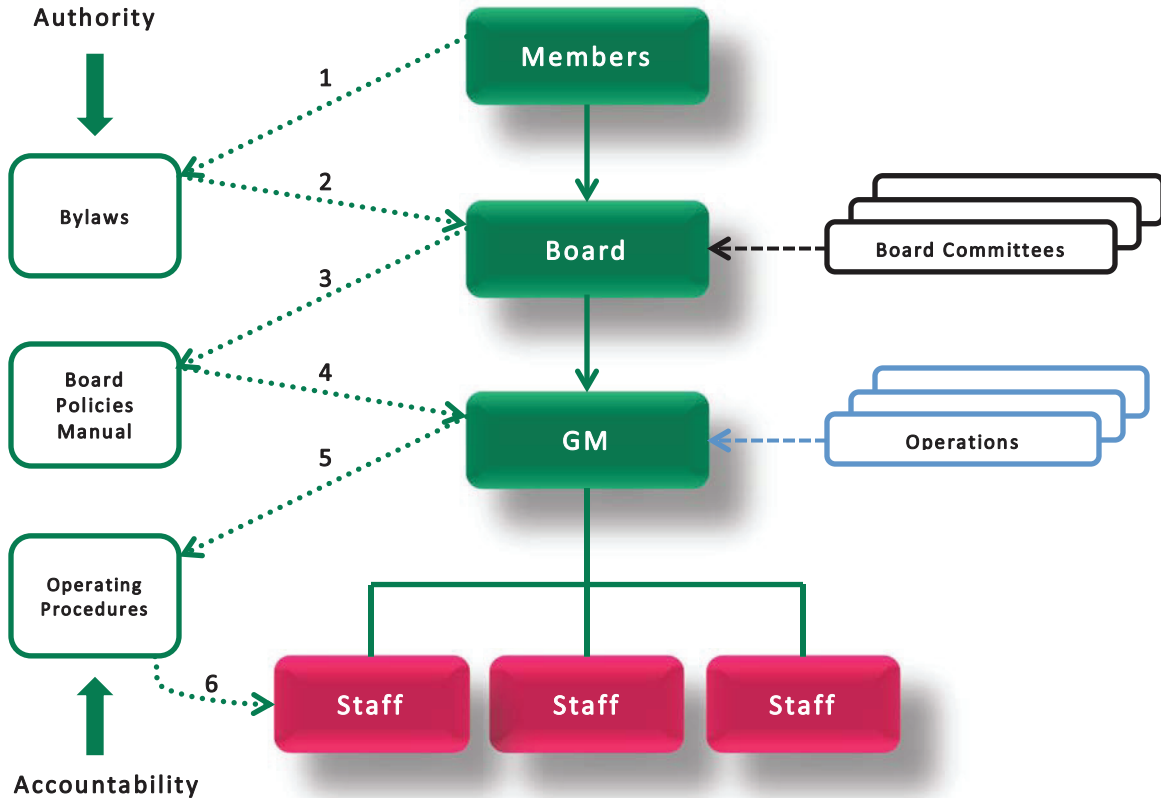


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CLUB GOVERNANCE MODEL



The purpose of the schematic above is to illustrate how the Board Policies Manual fits in the Club Governance Model (Model), which has been designated by the Club Managers Association of America (CMAA) as its governance standard of excellence. The Model is built on a foundation of basic principles and best practices of club governance. The BPM is the centerpiece of the Model as it contains the policies that reflect these principles and best practices. The *Guide to Implementing the Club Governance Model* (Guide) offers a full explanation of the Model. Please contact Barb Ralph at 1 (888) 432-9494 or via email at bralph@globalgolfadvisors.com to obtain a copy of the Guide.



BOARD POLICIES MANUAL FOR SAMPLE PRIVATE CLUB

<Approved by the Board on xxxx, 20xx>

PART 1: INTRODUCTION AND ADMINISTRATION¹

This Board Policies Manual (BPM) contains all of the current standing (ongoing) policies adopted by the Board of Sample Private Club (SPC).

- 1.1 **Reasons for Adoption.** The reasons for adopting this BPM include:
 - ✓ Efficiency of having all ongoing Board policies in one place
 - ✓ Ability to quickly orient new Board members to current policies
 - ✓ Elimination of redundant or conflicting policies over time
 - ✓ Ease of reviewing current policy when considering new issues
 - ✓ Providing clear, proactive policies to guide the General Manager² (GM) and staff

- 1.2 **Consistency.** Each policy in this document is expected to be consistent with the law, the articles of incorporation, and the bylaws, all of which have precedence over these Board policies. Except for time-limited or procedural-only Board decisions (approving minutes, electing an officer, etc.), which are recorded in regular Board minutes, all standing Board policies shall be included or referred to in this document. The GM is responsible for developing staff organizational and administrative policies and procedures that are consistent with this manual.

- 1.3 **Transition.** Whether adopted part-by-part or as a complete document, as soon as a version of a policy is voted on as the “one voice” of the Board, that policy becomes a part of the BPM and supersedes any past policy that might be found in old minutes unless a prior Board resolution or contract obligates the organization with regard to a specific matter.

¹ See page 15 of comments on the purpose and contents of BMP Part 1

² The General Manager at many clubs has the designation of Chief Operating Officer (COO) or even Chief Executive Officer (CEO). For this sample BPM, we have used the generic title GM. In BPM Section 4.1, the GM is given the role of COO. If the GM is elevated to the role of CEO, the only change needed in the BPM is Section 4.1.



- 1.4 **Changes.** These policies are meant to be reviewed constantly and to be frequently refined. When language is recommended for deletion, it is shown in a “tracked change” format. Any change to this BPM must be approved by the Board. Proposed changes may be submitted by any Board member as well as by the GM. In most cases, proposed changes shall be referred to and reviewed by the appropriate committee before being presented to the Board for action. Whenever changes are adopted, a new document should be printed, dated, and quickly made available to the Board and staff. The previous version will be archived for future reference if needed.
- 1.5 **Specificity.** Each new policy will be drafted to fit in the appropriate place within the BPM. Conceptually, policies will be drafted from the “outside in”; i.e., the broadest policy statement presented first, then the next broadest, etc., down to the level of detail that the Board finds appropriate for Board action and below which management is afforded discretion as to how it implements the policies in this BPM. Unless otherwise indicated, an approval by the Board means approval by a majority of Board members attending an official Board meeting.
- 1.6 **Maintenance of Policies.** The GM or his/her designee shall maintain this BPM and provide updated copies to the Board whenever the policies change or upon request. The Board will ask that legal counsel review this BPM biennially to ensure compliance with the law. Discrete documents referred to in the BPM, including all BPM Appendices, will be kept in a document called the Board Reference Book [see Section 4.8 of this BPM].

PART 2: ORGANIZATIONAL ESSENTIALS³

- 2.1 **Vision.** Sample Private Club (SPC) will be the most desirable private club in the Gotham Metropolitan Area in terms of its quality of service and its family-friendly culture.
- 2.2 **Mission.** SPC brings recreation and enjoyment to families of all sizes and ages by offering facilities, activities, and programs of the highest quality.
- 2.3 **Values.** The characteristics of SPC culture are listed below and they shall be reflected at all times by the members, Board, and staff.
- 2.3.1 Respect – in the way we treat one another
 - 2.3.2 Excellence – in the way we carry out our roles and responsibilities
 - 2.3.3 Stewardship – in the way we employ our resources

³ See Page 15 of comments on the purpose and contents of BPM Part 2.



- 2.3.4 Integrity – in the way we communicate
- 2.4 **Accountability.** The Board of Directors (Board) shall be accountable to the members of SPC as indicated in the bylaws as well as to applicable state/province, local, and Federal laws governing NFP/501(c)(7) organizations.
- 2.5 **Strategic Planning.** The Board is expected to think strategically at all times and to articulate the strategic direction in the form of a plan that looks out over the next three to five years. The current SPC Strategic Plan is dated February 20, 20XX and is incorporated by reference into this BPM. The Planning and Programs Committee shall review the Strategic Plan with the GM on an annual basis and make recommendations to the Board regarding any modifications. The Board shall approve any modifications and publish the revised Strategic Plan no later than November 30th of each year.
- 2.6 **Current Objectives.** The Board and the GM have mutually agreed on the following objectives for the period September 20XX through August 20YY:
- 2.6.1 Increase revenues
 - 2.6.1.1 Increase banquet revenues by 10%
 - 2.6.1.2 Increase rounds of golf played by 15%
 - 2.6.1.3 Increase F&B revenue by 5%
 - 2.6.2 Maintain a 4-star club rating
 - 2.6.3 Achieve 80% favorable rating for all categories on the member survey
 - 2.6.4 Implement new member communications process, including enhanced web site
 - 2.6.5 Increase staff satisfaction
 - 2.6.5.1 Reduce staff turnover by 10%
 - 2.6.5.2 Implement semi-annual counseling program
 - 2.6.5.3 Achieve 75% staff satisfaction rating

PART 3: BOARD STRUCTURE AND PROCESSES⁴

- 3.1 **Governing Style.** The Board will approach its task in a manner that focuses on strategic vision rather than on operational issues while encouraging diversity of perspective and observing a clear distinction of Board and staff roles in a proactive manner. As such, the Board will:
- 3.1.1 Enforce upon the Board and its members whatever discipline is needed to govern with excellence. Discipline shall apply to matters such as attendance, respect for individual roles, communicating with

⁴ See page 16 of comments on the purpose and contents of BPM Part 3.





management and the membership in a unified and respectful manner, and self-policing of any tendency to stray from the governance structure and processes adopted in these Board policies.

- 3.1.2 Be accountable to club members for competent, conscientious, and effective accomplishment of its obligations as a body. It will allow no officer, individual, or committee of the Board to usurp this role or hinder this commitment.
 - 3.1.3 Monitor and regularly provide training and orientation to the Board, seeking to ensure the continuity of governance functions and evaluate the same.
 - 3.1.4 Be an initiator of policy, not merely a reactor to staff initiatives.
 - 3.1.5 Lead and inspire the club by establishing and honoring policies that reflect accepted principles and best practices of club governance.
- 3.2 **Board Job Description.** The job of the Board is to lead the club toward the desired performance and ensure that that performance occurs. The Board's specific contributions are unique to its trusteeship role and necessary for proper governance and management. Consistent with the powers granted the Board in the bylaws, the Board shall:
- 3.2.1 Determine the strategies, and major goals/outcomes (strategic initiatives), and hold the GM accountable for following a strategic plan based on these policies.
 - 3.2.2 Determine the limitations or parameters within which the GM is expected to achieve the goals/outcomes.
 - 3.2.3 Monitor the performance of the organization relative to the achievement of the goals/outcomes within the executive parameters in Part 5.
 - 3.2.4 Maintain and constantly improve all ongoing policies of the Board in this BPM.
 - 3.2.5 Ensure financial solvency and integrity through policies and behavior.
 - 3.2.6 Require periodic financial and other external audits to ensure compliance with the law and with good practices.
 - 3.2.7 Evaluate and constantly improve the Board's performance and set expectations for Board members' involvement with Board related duties and support for the GM and staff.
 - 3.2.8 Communicate regularly through the President with club members regarding the status of club affairs.
- 3.3 **Orientation.** Prior to election, each nominee for the Board shall be given this BPM along with adequate briefings on the role of the Board, officers, and staff and an overview of programs, plans, and finances. Soon after election, each new



Board member will be given more comprehensive orientation material and training.

- 3.4 **President's Role.** The President shall be the Chair of the Board and shall manage the Board so as to maintain the integrity of the Board's processes and policies as stated in the BPM. The Chair ensures that the Board behaves in a manner consistent with its own rules and those legitimately imposed upon it from outside the organization. Meeting discussion content will be those issues that clearly belong to the Board, not the GM, to decide.

The authority of the Chair consists only in making decisions on behalf of the Board that fall within and are consistent with any reasonable interpretation of Board policies in this BPM and in the bylaws. The Chair shall be the spokesperson for the Board and shall communicate frequently with the members on Board issues, actions, and decisions.

- 3.5 **Board Meetings.** Policies that are intended to improve the process for planning and running meetings follow:
- 3.5.1 The schedule for Board meetings shall be set at the Board's organizational meeting following the Club Member Annual Meeting.
 - 3.5.2 The GM shall assist the Chair and the committee chairs in developing agendas, which, along with background materials for the Board and committees, monitoring reports, the GM's recommendations for changes in the BPM, previous minutes, and other such materials, shall be sent to all Board members no later than three days in advance of Board meetings.
 - 3.5.3 In considering items for the Board agenda, the Chair shall be guided by whether a proposed item is a Board matter or management matter and whether it is already adequately covered by an existing policy in the BPM. Only items that are clearly Board matters and are not adequately covered in a BPM section will be included on the Board agenda. The Chair shall also consider referring the matter to the appropriate committee before including it on the Board agenda.
 - 3.5.4 The Chair shall employ a "consent agenda" approach for all regular meetings. The list of items on the consent agenda shall accompany the advance material to the Board mentioned in Section 3.5.2. At the beginning of each regular meeting, any item on the consent agenda shall be removed at the request of any Board member. Otherwise, the items on the list shall be approved without a formal vote of the Board.
 - 3.5.5 The Chair shall conduct meetings using an accepted set of rules, which shall encourage open, honest discussion and fair consideration of the





views of each Board member. If the decision of the Chair is challenged, the Chair shall call for a vote of the Board and abide by the majority vote of the Board members.

Where possible, the Chair shall seek a consensus on decisions and policy-making. Where the timing of a decision dictates, however, he/she may accept a decision where there is no clear consensus.

- 3.6 **Board Committees.** Board committees help the Board to be effective and efficient. They speak "to the Board" and not "for the Board." A committee may not exercise authority that is reserved to the Board by the bylaws or by the applicable laws of _____. Committees are not created to exercise authority over staff. Once committees are created by the Board, the Board Chair shall appoint committee chairs and members for one-year terms, subject to Board approval. The Board Chair shall be an ex-officio member of all committees except the Audit and Compliance Committee and the Nominating Committee. The GM shall assign staff members, as appropriate, to assist with the work of each committee.
- 3.6.1 *Governance Committee.* This committee shall recommend policies to the Board pertaining to governance issues and processes including the orientation of new Board members, Board training, evaluation of the Board and its officers, and recommendations for bylaw changes. The committee will also develop a roster of potential Board members based on the Board profile and serve as the Board's liaison with the Nominating Committee.
- 3.6.2 *Finance Committee.* This committee shall develop and recommend to the Board those financial principles, plans, and courses of action that provide for mission accomplishment and organizational financial well-being. Consistent with this responsibility, it shall review the annual budget and submit it to the Board for its approval. In addition, the committee shall make recommendations with regard to the level and terms of indebtedness, cash management, investment policy, risk management, financial monitoring and reports, employee benefit plans, signatory authority for expenditures and other policies for inclusion in the BPM that the committee determines are advisable for effective financial management.
- 3.6.3 *Audit and Compliance Committee.* This committee shall recommend policies relating to SPC's internal accounting controls; recommend external auditors for Board approval; review the external auditors' annual audit plan; and review the annual report, management letter, and the results of the external audit. The committee, or its delegate, shall have an annual private conversation with the auditor. In addition, the committee





shall be responsible for oversight of regulatory compliance, policies and practices regarding corporate responsibility, and ethics and business conduct-related activities, including compliance with all Federal, state/provincial, and local laws governing NFP/501(c)(7) entities. The committee shall also oversee written conflict of interest policies for directors and officers.

- 3.6.4 *Planning and Programs Committee.* This committee shall study and recommend policies relating to club-sponsored programs and activities, policies governing the use of facilities for programs, and policies governing the use of club facilities by non-members or organizations outside the club. This committee shall also be responsible for superintending the process by which the SPC Strategic Plan is kept current consistent with BPM Section 2.5.
- 3.6.5 *Evaluation and Compensation Committee.* This committee shall comprise the Chair the Chair of the Governance Committee, and a Board member selected by the GM. It shall carry out the process of evaluating the GM each year and for recommending his/her compensation for approval by the entire Board. It shall also carry out a formal semi-annual review of the GM's performance and provide the results of that review to the GM and the Board.
- 3.6.6 *Membership Committee.* This committee shall superintend the process for reviewing membership applications and recommending candidates to the Board for its approval in accordance with the bylaws. It shall also review the categories of membership and ensure that the profile of membership is consistent with assumptions in the Strategic Plan.
- 3.6.7 *Culture and Communications Committee.* This committee shall recommend policies relating to defining and maintaining the culture of the Club consistent with the values expressed in BPM Part 2. It shall supervise the content and distribution of the House Rules, which governs matters of behavior, dress, and decorum on club property. This committee shall also recommend policies relating to internal and external communications as well as public relations.
- 3.6.8 *Executive Committee.*⁵ This committee shall comprise the Chair, Vice Chair, and the Chairs of the Finance and Planning and Programs Committee. It shall have the authority to act for the Board on all matters except those listed below so long as the Executive Committee determines

⁵ The frequency of Board meetings at most clubs calls into question whether an Executive Committee is necessary. If a club decides (or is required in the bylaws) to have an Executive Committee, it is important that the Executive Committee does not become a mini-Board. The provisions in the sample policy (Section 3.6.8) help ensure that the Executive Committee acts for the Board only on specific issues and in a specific manner.





that it would be imprudent to wait for the next Board meeting to take such action. The Executive Committee is required to report to the Board within 10 days any action that it makes on behalf of the Board. The Executive Committee is not authorized to make decisions or to take actions with respect to the following:

- Financial assessments
- Hire or fire the GM
- Enter into major contracts or sue another entity
- Change a Board-approved budget
- Adopt or eliminate major programs
- Buy or sell property
- Change policies that have been designated as requiring the full Board to change

- 3.7 **Board Members' Role.** Board members act in the role as directors only during Board meetings and while acting on Board matters. At all other times, Board members are club members with no more authority than other club members, whether Board members are serving on a committee or serving as advisers to the GM or a staff member.
- 3.8 **Board Members' Code of Conduct.** The Board expects of itself and its members ethical and businesslike conduct. Board members are required to abide by the description of their duties as presented in the bylaws. Board members must offer uncompromising loyalty to the interests of the entire organization, superseding any conflicting loyalty such as that to family members, advocacy or interest groups, and other Boards or staffs of which they are members. Board members must avoid any conflict of interest with respect to their fiduciary responsibility. There should be no conduct of private business or personal services between any Board member and the organization except as procedurally controlled to assure openness. Each Board member is expected to complete and sign a Code of Ethics and Commitment to Serve Statement (see tab __ of the Board Reference Book). Board members are expected to keep in confidence the issues, discussions, and actions of the Board. As the spokesperson for the Board, the President shall determine whether and when Board information is shared with the Club members and the general public.



PART 4: BOARD – GM RELATIONSHIP⁶

4.1 Delegation to the General Manager as the Chief Operating Officer.

While the Board's job is to establish high-level policies, implementation of those policies and subsidiary policy development are delegated to the General Manager (GM), who is the Chief Operating Officer (COO).

4.1.1 All Board authority delegated to staff is delegated through the GM, so that all authority and accountability of staff—as far as the Board is concerned—is considered to be the authority and accountability of the GM.

4.1.2 The policies in BPM Section 5, Executive Parameters, define the acceptable boundaries within which the GM is expected to operate. The GM is authorized to establish further policies, make decisions, take actions, and develop activities as long as they are consistent with any reasonable interpretation of the Board's policies in this BPM.

4.1.3 The Board may change its policies during any meeting, thereby shifting the boundary between Board and GM domains. Consequently, the Board may change the latitude of choice given to the GM, but so long as they are within the policies that are in place, the Board and its members will respect and support the GM's choices. This does not prevent the Board from obtaining information in the delegated areas.

4.1.4 Not only is the GM expected to be responsive to the Board's request for data, but also he/she is expected to be responsive to data requests from Committees through their Chairs. Notwithstanding the foregoing, if, in the GM's judgment, a request made by a Board member or a Committee to the GM or the staff requires a material amount of staff time or funds or is disruptive, it may be declined by the GM.

4.2 **GM Job Description.** As the Board's single official link to the operating organization and consistent with the bylaws, the GM's performance will be considered to be synonymous with organizational performance as a whole. Consequently, the GM's job contributions can be stated as performance in two areas: (a) organizational accomplishment of the major organizational objectives in Section 2.6 of this BPM, and (b) organization operations within the boundaries of prudence and ethics established in Board policies.

4.3 **Communication and Counsel to the Board.** The GM shall keep the Board informed about matters essential to carrying out its policy duties. Accordingly, the GM shall:

⁶ See page 19 of comments on the purpose and contents of BPM Part 4.





- 4.3.1 Inform the Board of relevant trends, anticipated adverse media coverage, and material external and internal changes, and particularly changes in the assumptions upon which any Board policy has previously been established, always presenting information in as clear and concise a format as possible.
 - 4.3.2 Relate to the Board as a whole except when fulfilling reasonable individual requests for information or responding to officers or committees.
 - 4.3.3 Report immediately any actual or anticipated material noncompliance with a policy of the Board.
 - 4.3.4 Draw on the President, Executive Committee, or other Board members for counsel on sensitive issues, particularly those involving club member behavior, situations that could result in legal action against the club, or other matters where confidential treatment of the information is paramount.
- 4.4 **Monitoring Executive Performance.** The purpose of monitoring is to determine the degree to which the mission is being accomplished and Board policies are being fulfilled. Monitoring will be as automatic as possible, using a minimum of Board time, so that meetings can be used to affect the future rather than to review the past. A given policy will be monitored through reports described below. The GM shall help the Board determine what tracking data is available to measure progress in achieving the mission and goals and conforming to Board policies.
- 4.4.1 Annual Reports
 - 4.4.1.1 Year-end balance sheet and income statement
 - 4.4.1.2 Explanation of budget variances
 - 4.4.1.3 Membership summary
 - 4.4.1.4 Year-end club statistics
 - 4.4.2 Quarterly Reports
 - 4.4.2.1 Balance sheet
 - 4.4.2.2 Quarterly and YTD income statements
 - 4.4.2.3 Explanation of YTD budget variances
 - 4.4.2.4 Quarterly and YTD club statistics
 - 4.4.3 Monthly Reports
 - 4.4.3.1 GM dashboard report
 - 4.4.3.2 Committee summary reports
 - 4.4.3.3 Compliance reports
- 4.5 **Annual Performance Review.** Within 60 days after the end of the Annual Meeting of the members, the Board shall formally evaluate the GM based on





achievement of the current objectives listed in BPM Section 2.6 and any other specific goals that the Board and the GM have agreed upon in advance. Within 30 days after the Annual Meeting, the GM shall submit a written self-evaluation to each Board member. The Evaluation and Compensation Committee shall review the self-evaluation, invite comments from all Board members after they have reviewed the self-evaluation, prepare a draft evaluation based upon the comments of the Board members, and present it to the GM in a closed meeting of the Evaluation and Compensation Committee. After meeting with the GM, the committee shall finalize its evaluation and present it and its recommendation on the GM's compensation to the full Board for its approval.

Within 30 days after the end of six months following the Annual Meeting, the Evaluation and Compensation Committee shall interview Board members and other parties as necessary in order to give the GM specific feedback on his/her performance for the year to date. The specific feedback from the committee and any related correspondence shall be included in the GM's file.

Coincidental with the approval of the annual budget, the GM and the Board will agree on specific personal performance goals for the year ahead. These goals shall be (1) documented in a letter to the GM from the Chair, (2) documented in BPM Section 2.6, and (3) be the primary basis for determining the GM's annual performance as described in this section.

- 4.6 **Staff Compensation.** The GM is expected to hire, train, motivate, compensate, and terminate staff in a professional and caring fashion. Salaries and benefits will be set at a range to be agreed upon between the GM and the Board. The GM shall establish the compensation levels of all staff within the Board-approved range. The GM shall (a) develop and maintain an employee manual that is reviewed annually by competent legal counsel and (b) provide copies of this manual to the Board for information each year.
- 4.7 **Staff Treatment.** With respect to treatment of staff, the GM may not cause or allow conditions that are inhumane, unfair, or undignified. Accordingly, he/she may not:
- 4.7.1 Discriminate among employees on other than clearly job-related, individual performance or qualifications.
 - 4.7.2 Fail to take reasonable steps to protect staff from unsafe or unhealthy conditions.
 - 4.7.3 Withhold from staff a due-process, unbiased grievance procedure.
 - 4.7.4 Discriminate against any staff member for expressing an ethical dissent.





- 4.7.5 Prevent staff from grieving to the Board when (a) internal grievance procedures have been exhausted and (b) the employee alleges that Board policy has been violated to his or her detriment.
- 4.7.6 Fail to acquaint staff members with their rights under this policy.
- 4.8 **Board Reference Book.** In addition to reports the GM makes to the Board, the GM shall develop and maintain a Board Reference Book with all pertinent documents to which Board members might want to refer during Board and committee meetings (e.g., articles, bylaws, organization chart, recent minutes, committee roster, list of key volunteers/consultants, Board documents referred to in this manual, etc.).

PART 5: EXECUTIVE PARAMETERS⁷

- 5.1 **General Guidance.** The purpose of Part 5 is to detail those executive parameters or limitations that will guide the GM and the staff as they accomplish the purpose of SPC. These limitations are intended to free the GM and the staff to make timely decisions without undue Board directives. As a general statement of policy in this regard, the Board expects that the GM will do nothing that is illegal, unethical, or imprudent. In addition to this general statement of boundaries, the Board details its executive limitations in the sections that follow.
- 5.2 **Finance.** The GM must ensure that the financial integrity of the organization is maintained at all times; that proper care is exercised in the receiving, processing, and disbursing of funds; and that financial and non-financial assets are appropriately protected.
 - 5.2.1 *Budgeting.* The budget during any fiscal period shall not (a) deviate materially from the Board's goals and priorities listed in Section 2 of this BPM, (b) risk fiscal jeopardy, or (c) fail to show a generally acceptable level of foresight. Accordingly, the GM may not cause or allow budgeting that:
 - 5.2.1.1 Contains too little detail to (a) enable accurate projection of revenues and expenses, (b) separate capital items from operational items, (c) monitor cash flow and subsequent audit trails, and (d) disclose planning assumptions.
 - 5.2.1.2 Anticipates the expenditure in any fiscal year of more funds than are conservatively projected to be received in that year.

⁷ See page 20 of comments on the purpose and contents of BPM Part 5.





- 5.2.2 *Financial Controls.* The GM must exercise care in accounting for and protecting the financial assets of the organization. To this end, the GM is expected to incorporate generally accepted accounting principles and internal controls in the financial systems that are employed in the organization. In addition, the GM may not:
- 5.2.2.1 Receive, process, or disburse funds under controls insufficient to meet the Board-appointed auditor's standards.
 - 5.2.2.2 Approve an unbudgeted expenditure or commitment of greater than \$10,000 without the approval of the Board.
- 5.2.3 *Asset Protection.* The GM may not allow assets to be unprotected, inadequately maintained, or unnecessarily risked. Accordingly, the GM may not:
- 5.2.3.1 Fail to insure against material theft and casualty losses and against liability losses to Board members, the organization, or staff beyond the minimally acceptable prudent level.
 - 5.2.3.2 Unnecessarily expose the organization, its Board, or its staff to claims of liability.
 - 5.2.3.3 Make any major purchases or projects of over \$50,000 without sealed bids or some other demonstrably prudent method of acquisition of quality goods, or any purchase of without a written record of competitive prices (where available), or any purchase wherein normally prudent protection against conflict of interest has not been provided.
 - 5.2.3.4 Acquire, encumber, or dispose of real property without Board approval.
- 5.3 **Culture and Communications.** The SPC culture is its brand, which is shaped by the degree club members, the Board, and the staff honor the values expressed in BPM Section 2.3. The GM shall ensure that each member of the staff is thoroughly aware of the values and is held accountable for exhibiting them in carrying out his/her duties. The GM shall also work with the Board to develop policies that reinforce the club's values with a combination of efficiency and sensitivity.
- 5.3.1 *House Rules.* The House Rules are incorporated into this BPM by reference and are considered Board policies subject to the requirements for Board approval and on-going maintenance as described in BPM Part 1. The GM shall ensure that the staff is aware of the House Rules and is trained in how to help members and guests comply with the House Rules. The GM shall also establish and enforce a procedure for the staff to report repeated violations of House Rules by members or guests.





- 5.3.2 *Communications.* The Chair shall be the sole spokesperson for the Board on matters of Board policies. The Chair shall also be the sole spokesperson to news media or other external parties unless the Board has otherwise authorized.
- 5.4 **Planning and Programs.** The GM shall plan and carry out programs at the club that are consistent with the Organization Essentials in BPM Part 2. To assist him/her in this role, he/she may establish Operations Committees, which shall comprise club members and which shall serve as advisers to the GM and his/her staff. On an annual basis, the GM shall submit to the Board a list of Operations Committees along with their respective roles, the proposed committee chairs, and proposed committee members. Unless the Board formally objects to the list of committees, their roles, chairs, or their membership within 30 days of receipt, the GM may establish and populate the committees as proposed. Subsequently, the Board Chair may assign a Board member to serve on each Operations Committee.
- 5.4.1 *Operations Committees.* The GM must ensure that the following are included among the Operations Committees:
- 5.4.1.1 Golf Committee
 - 5.4.1.2 Green Committee
 - 5.4.1.3 House Committee
 - 5.4.1.4 Strategic Planning Committee
 - 5.4.1.5 Tennis Committee
 - 5.4.1.6 Swim and Fitness Committee
 - 5.4.1.7 Facilities Committee
- 5.4.2 *Club Events.* Unless specifically pre-authorized by the Program and Planning Committee of the Board, all club events must be planned and implemented to achieve at least a financial break even, calculated using marginal costs and revenues.



GLOBAL GOLF ADVISORS GUIDANCE FOR PRIVATE CLUBS

COMMENTS ON THE BOARD POLICIES MANUAL

PART 1

Part 1 is rarely more than two pages in length and serves mainly to communicate the purpose and format of the BPM as well as how it is employed and maintained by the Board. Some readers may see Part 1 as a *cover sheet* that accompanies the BPM only for the first time reader; and as such, needs to be included only as a transmittal document and therefore not considered as Board policy. But we believe that putting the Introduction and Administration piece up front in the BPM not only educates the first time reader, it also serves as a reminder to frequent users of the BPM of its purpose and the process by which it is maintained. Its administrative nature notwithstanding, how the Board will use and maintain the BPM is as much policy as, say, how it will evaluate the General Manager.

Although the BPM is a document that belongs to the full Board and can be changed only by a vote of the full Board, we recommend that portions of the BPM be allocated to individuals or committees as shown in BPM Section 1.6. We expect that clubs will have committee structures different from what is shown in this Sample BPM and therefore different committees listed in the middle column of the Table in Section 1.6. Otherwise, the policies in this Expanded Version tend to apply or be readily adopted to a variety of club board structures and cultures.

PART 2

The above template for Part 2 is short only because we have chosen to simplify the individual sections. Many clubs do not have vision statements, although we have inserted one in our sample. Some clubs have extensive mission statements, some have a list of values, while others may have a philosophy of service or descriptions of their club's culture. There is also a wide range among clubs in their statements of strategies and goals. For the most part, our template entries are placeholders for the sections. Here is where the Board sets the compass for the club. What is its strategic direction? Why does it exist? What are the outcomes that are expected? Which values should guide all decisions and activities? Many club Boards are heavily involved with strategic planning. Some Boards tend to defer primarily to the GM for strategic direction and



then measure the progress against it. But regardless of how active the Board is in the actual planning process, it must *own* the strategic direction and see to it that the GM stays on the appropriate setting.

Some readers may not perceive concepts like the mission, vision, and values of an organization as “policies” and therefore see them as out of place in a BPM. However, as the statement of where the club is going and how it will get there, Part 2 deserves the full attention of the Board and it is imperative that its contents are as much a directive from the Board (i.e., Board policy) as anything else in the BPM. Including the strategic goals in Part 2 (Section 2.5 of the template) allows the Board to put its stamp on the high-level direction of the club. Including the tactical goals in Part 2 (Section 2.6) is a good way to (1) tie them to the strategic goals and (2) keep them in front of the Board members and the GM.

We see these current goals as the primary basis for the GM’s evaluation; and as such, they warrant frequent exposure to the evaluator (the Board) and the “evaluatee” (GM). Some GMs, for example, will use the current goals as the outline for their presentation to the Board at every formal meeting. The GM is saying in effect, “Here are your expectations; here is how I am working to meet them; and here are the results to date.” Further, the situation at the club may have changed and the goals (and the BPM) should be adjusted accordingly. Keeping the BPM current as to the goals of the organization, and by implication the goals of the GM, is an excellent governance practice. It keeps the focus of the Board in line with the focus of the GM and allows the Board to monitor progress toward key goals on a current basis and not on the basis of past goals that have been superseded by events or the environment.

PART 3

This part of the BPM is fundamentally a statement of what the Board says about:

- how it will be structured,
- how it will operate, and
- what it expects of its officers and members.

Although a club’s bylaws will normally address the make-up of the Board – its size, the terms of its members, how they are elected, etc. – BPM Part 3 adds specificity and clarity to these descriptors. BPM Part 3 also includes language that expresses the style of the Board, the culture that is sought, and what is expected of each Board member. These statements speak to the governance philosophy that underlies how the Board will carry out its duties. Although they are rarely found in the bylaws, they are valuable





points of reference. These statements touch everything the Board does and basically establishes a benchmark of behavior for the Board as a unit and for its individual members.

Remember that all of the policies in the BPM must conform to the bylaws. The rules governing who can change the bylaws may differ from club to club. Although some clubs give their Boards that authority, the bylaws at most clubs can be amended only by a vote of the membership. Regardless of who has the authority to change the bylaws, we recommend that you keep them short and thereby leave flexibility to the Board. Typically club bylaws will go to considerable length to describe the types of club membership, the qualifications for each type, and the rules governing termination of membership. This degree of detail is usually appropriate because it describes the profile of membership and it influences the culture that the members seek for their club.

While there may be good reason to include several pages detailing the rules governing membership in the bylaws, it is not necessary for the bylaws to go into depth in describing the Board. Bylaws don't need to go beyond the size of the Board, the terms of office, the process by which Board members and officers are elected (Nominating Process), and possibly specific limitations as to the members' delegation of authority to the Board, e.g., limits on the size or frequency of assessments, limits on purchases, the extent of debt, or the length of contractual commitments. The majority of club bylaws list committees the Board shall form. However, a best practice is to simply give the Board the authority to establish what committees it feels are necessary to accomplish the mission of the club. This flexibility allows the Board to adjust its committee structure as situations arise without having to put it to a vote of the members.

While we recommend keeping the bylaws lean and restricted to those directives to which the members must speak, it is vitally important that the BPM go into detail on the Board's structure and processes. Omitting the detail from the bylaws and leaving it for the BPM has clear benefits, including:

- reduces the frequency of changes to the bylaws, which for most clubs involves a time-consuming vote of the membership,
- facilitates changes in policies to respond to current needs of the organization,
- allows the BPM to contain in one place all the information needed to understand the Board's structure and processes, and
- reduces redundancies or the chance of inconsistencies between the BPM and the bylaws.

If you have bylaws that presently contain detail that you don't believe is necessary in light of this discussion, we suggest that you leave them alone for the time being. Once



you have an operational BPM, you can always go back and amend the bylaws to reconcile the two documents. This usually means that your initial version of the BPM will have redundancies with the bylaws. For example, if your bylaws include some detail on the nominating process for Board members, you may choose to describe the complete process in the BPM as well. Later on, you may pull the detail out of the bylaws and incorporate it in the BPM alone. For purposes of the template, we have not included a section on the Nomination Process, nor have we described the Nominating Committee in the BPM template as we have assumed that it is covered in the bylaws.

The committees that are listed and described in the template are typical Board committees; i.e., committees that support Board-level functions. Most clubs have committees that support operational functions, e.g., Green, Food and Beverage, Tennis, Golf, Fitness, and the like. For the club covered by this expanded version of the BPM (Sample Country Club), we have labeled these operational-level committees as Operations Committees. Few clubs make this distinction between Board Committees and Operations Committees, and we realize that this is a concept that is foreign to most members of the club community. Committees such as Golf, Green, Tennis, House, and Fitness are critical to ensuring that members are influential in their respective areas. Indeed, the point in making the distinction is not in any way to reduce the influence of these Operations Committees, but rather to put them closer to the GM and his/her staff, i.e., closer to the resources who will respond to the committees.

In addition to the value of linking the Operations Committees directly with the GM, separating the Board Committees from Operations Committees helps the Board honor its commitment to be strategically focused and not involved in day-to-day or even week-to-week operations. Keeping all committees at the Board level invites the Board to hear from committees who are primarily concerned with club operations. For example, taking Board meeting time each month to hear a report from the various Operations Committees either extends Board meetings to excessive lengths or robs discussion time from more strategic topics. This does not mean that the Board should refrain from asking for special reports on issues that may require high-level decisions. For example, if the Green Committee is contemplating a major change in the turf-care cycle that would require a major expense, the Board would no doubt want to be informed first-hand by the committee before approving the change.

As of this writing, clubs are beginning to revise bylaws to distinguish between Board Committees and Operations Committees. But even if the bylaws do not make the distinction, we do not believe that the spirit or the letter of the bylaws is violated if the Board chooses to designate some committees as Board Committees and others as Operations Committees. Accordingly, we encourage Boards to look carefully at the level



of involvement that seems appropriate and to draw the line clearly and consistently in the form of policies in the BPM.

The Club Governance Model does not stand or fall on the designation of committees. If the Board chooses to have all committees as Board Committees, that is the Board's prerogative. What is essential to the Model is the clarity and consistency of Board policy with respect to the committees' descriptions, configurations, and roles. For example, in Section 3.1 of the template the Board of SPC says that it:

“will approach its task in a manner that focuses on strategic vision rather than on operational issues while encouraging diversity of perspective and observing a clear distinction of Board and staff roles in a proactive manner.”

If the SPC Board chooses not to designate some committees as Operations Committees, i.e., to have all committees report to the Board, then honoring the above policy will be more difficult. If the Board feels that it is necessary that it be involved in the affairs of operational committees (Operations Committees), then amend BPM Section 3.1 accordingly.

Hundreds of pages of articles, books, and advisory material have been devoted to the harm done by club Boards who micromanage their organization; but, for all the caution against micromanagement, there is little consensus on how to define it. One Board may draw the line at the location of tee boxes, another at the menu for Sunday brunch, and another at the ratio of men's tournaments to women's tournaments. The Model is concerned less with where a club Board draws the line for its involvement and more with whether it draws the line clearly for all to see. The concern about micromanaging is well founded and we share it. But if a Board chooses to accept the inefficiencies of being too involved in operations, then it should make that decision consciously, document the policies that articulate it, and proceed to honor those policies until they are changed.

PART 4

The most important relationship in club governance is between the Board and the General Manager (GM). As such, it deserves this separate part of the BPM to ensure that the roles and responsibilities of the GM in relationship to the Board are crystal clear. The Board is responsible for hiring the GM, supporting him/her throughout his/her tenure, and evaluating him/her fairly on a regular basis. Supporting the GM involves providing both adequate resources and sufficient authority. Just as the Board has a single voice when “speaking” (the BPM), so too it has a single agent (the GM) to act on its behalf. BPM Part 4 contains those policies that the Board believes will clarify its



partnership with the GM and provide guidance to the staff as a whole. The first three parts of the BPM lead naturally to this topic in that they establish the BPM as the Board's one voice (Part 1), set the strategic direction of the organization (Part 2), and describe the Board's structure and processes (Part 3). Now in BPM Part 4 we see the Board document its partner relationship with the GM.

In Section 4.1 of the template, we have designated the General Manager as the Chief Operating Officer (COO). Naming the GM the COO is not an essential feature of the Club Governance Model, although it clearly addresses the question of who controls the operations of the club. Some club bylaws either explicitly or implicitly designate the President as the CEO. However, this practice threatens the clarity of "who's in charge of what." Most Presidents do not operate as the CEO and we strongly recommend that clubs avoid any ambiguity. If the Board chooses to make the GM the COO, we recommend that it employ language such as in the template (Section 3.4) documenting that the Chair (President) is not the CEO. Of course, if the bylaws are specific in designating the President as the CEO, the Board will need to decide how to handle the situation. The most straightforward approach is to amend the bylaws, although Boards are usually reluctant to take such changes to the members. Our experience, however, is that the members are sympathetic to the arguments for the amendment and are not resistant to something that will mean a more-responsive governance process.

As we have stated earlier in this Guide, our template and comments flow from common practices within the Club Governance Model, but should not limit your own philosophy and insights from improving on the language to best fit your situation. For example, your Board may have a process for evaluating GM that is working well and you would therefore replace the "sample process" that we have in Section 4.5. Nor is there any requirement that the section designations in the sample BPM be reserved for the policies actually shown in the sample. Your GM evaluation policy, for example, could just as well be in Section 4.7 or any other section that fits with the way you structure your BPM.

PART 5

Part 5 contains those specific policies that the Board wants to apply to the various operating functions within the club. For a Board that is more "hands-on," this may be the longest of the BPM parts. For a Board that is more relaxed in its prescriptions, Part 5 may be only a few pages. The two and a half pages in our template is probably in the low range. Notice that in Section 5.3.1, we incorporate the House Rules by reference, meaning that the House Rules are Board policy. Even though the House Rules at clubs often include material that is operational in nature, how House Rules are set and





maintained does much to maintain the culture of a club. Accordingly, we see House Rules as falling under the Board purview.

We list three “functional” sections of Part 5 mainly as examples of the kind of specific instructions the Board might give the GM. We have no fixed view on the number of sections in this part. You can always separate those that seem to warrant it and consolidate others. For example, we have shown investment policies under Section 5.2 (Finance), but some clubs prefer to separate these functions. Smaller Boards may include their audit and compliance policies in the finance section (Section 5.2 in the template). Some Boards that have a particular concern about liability or related issues may use an entire section in Part 5 for Risk Management policies.

The number of section headings and the number of policies under each heading in Part 5 varies with the size and type of the organization, the size of the staff, and other factors such as the maturity of the organization and the clarity and coverage of the GM’s operating procedures.





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