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THE PERFECT BOARD FOR THE MODEL PRIVATE CLUB

By Richard Kopplin, KOPPLIN & KUEBLER, LLC.

In presenting the “Board Dynamics” program for over four hundred private clubs around the country I have often been asked how I would structure the “perfect board of directors” if I could wave the magic wand and create such an animal. How many people would serve on the board, how would they be nominated and how should the officers of the club be selected? Taking the best business practices from some of the “enlightened club boards” I have worked with has allowed me to create this utopian model of private club governance.

I know what you are thinking. Dick, there is no perfect model that will fit all clubs. Maybe not; but I am betting the following formula would work for most clubs; large, small, city, yacht or country. In fact I can’t think of too many clubs I have worked with, if any, that could not benefit from changing their current governance model to the one I am suggesting. Many club boards and general managers have been frustrated with a process that doesn’t seem to reflect their needs but often burdens them with inefficient and outmoded governance models. It’s time to change.

My model club board would have nine board members. The board would be big enough to offer representation from the membership but small enough to allow for meaningful discussion and action. With nine people on the board, there would also be enough members to chair each of the typical standing committees in the club. No more “board liaisons” to the committees, I would banish that practice. Every key committee in my model club will be chaired by a board member, no exceptions. If the committee doesn’t warrant a board member chairing it then it shouldn’t exist.

The number nine is also convenient because it allows for three new board members to be elected each year for three-year terms. Perfect symmetry. Some clubs have as few as seven members and that can be a problem not only for determining how the officers are elected but also in having a quorum if a few members happen to be out of town.

More than nine members results in cumbersome discussions, piles of paperwork and five-hour board meetings. We are not running General Motors; this is a private club and nine members allow for good representation from the membership with a manageable amount of discussion.

My perfect board would have three people nominated each year by the nominating committee for three available seats. No election. That’s not democratic you might say, that’s not fair, some might shout, that’s not allowed in the bylaws, others may proclaim. I don’t care. It’s my perfect board. I would respond to my critics with the following comments.

The days of popularity contests for board seats in private clubs should be over. The business of serving on a private club board today has become just that; it is now providing sound advice to a business. Our clubs have always been multi-million dollar businesses, it’s only in the past decade or so have we truly come to appreciate that fact.

The task of the nominating committee should not be to select popular or recognized members to run against each other but rather to select the expertise from members with a history of productive and dedicated service on club committees.

I know, from my thirty six years of experience of working in the private club world that the trend today is to get away from "elections" to an orderly nominating process which identifies the same number of candidates for the matching number of open board seats. Clubs that have made that transition have enjoyed a much more professional approach to governance of the club with board members whose talents can be drawn upon because of their credible business experiences and reputations.

"Oh, but our bylaws require a contested election for board seats, Dick, so we have to adhere to this process." No you don't. Change the bylaws. These are not the Ten Commandments; these are the club bylaws. They should serve the best interests of the club rather than shackle the board and management with an outmoded governance model. My observation has been that every club that clearly communicates to the membership the rationale for a sensible bylaws change almost always receives a clear mandate of approval.

By nominating members with a history of service to the club at the committee level the nominating committee will provide the board with some continuity in philosophy, which allows for stable governance and management. Most of the "single issue" candidates will be "filtered out" as their record of service for the club committee they have served on is reviewed. Additionally, clubs will avoid the embarrassing spectacle of good members losing a popularity contest and in all likelihood losing their interest of ever serving their club in the future.

My perfect board would appoint the nominating committee chairperson and he/she would in turn appoint the four other people on the nominating committee. The nominating chairperson would typically be the immediate past president of the club. Why the past president? Because he or she will have a fairly good knowledge of the participation of productive and clear thinking committee members through the years and who better to help guide the committee as they select the future direction of the club?

He/she would be free to select the other four members of the committee from any of the club members in good standing with the exception of current board members. A perspicacious nominating chairperson would select members for this important ad hoc committee from the various constituencies in the club. Members selected for the nominating committee would not be allowed to serve on the committee again for a minimum of five years.

My perfect club would allow for a slate of three candidates to be proposed at the annual meeting "from the floor" in accordance with the bylaws but it would never happen.

(Remember, it's my perfect club.) The three candidates proposed for the three open seats on the board would be warmly embraced by the shareholders at the annual meeting and will serve harmoniously for the next three years. All three board candidates will have served on a club committee for at least one year before they are eligible for service on the board.

Future officers on my perfect board would be elected in the following manner. The nine person board at their first official meeting following the annual meeting would elect a vice president from the second year group of board members. (The current vice president would automatically become president.) Freshman year board members are not eligible to be considered for vice president. Let me repeat; the future club president is selected by the nine-member board from the second year class of board members by his/her selection as the vice president for one year, becoming club president automatically in their third and final year on the board.

The secretary/treasurer position would be one and the same person and could be elected from the first, second or third year class of board members. He/she might serve a second year if elected from the second year class and is re-elected for a second term or even a third year if elected from the freshman class and re-elected each year. As a matter of fact, in my perfect club we would experience a number of secretary/treasurer's who would serve multiple years. That type of continuity would be very valuable in that position.

When the president finishes his year on the board he is not eligible for re-election since his successor has already been chosen. The vice president will accede to the role of president in his/her third year. However, the president will remain on the board as a non-voting ex officio member. He/she will be welcome at all board meetings for one year and would be encouraged to participate in any discussions as appropriate. They would not, however, have a vote. Their presence would allow for historical perspective on issues and also provide a sense of continuity in the actions of the board.

There you have it. A perfect model for the model club operation. At least that's how I would create the perfect board if I could wave the magic wand over your club.

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