

Building a Strong Board

By Karen D. Conlon, CCAM

CACM *Vision* Magazine, Spring 2005

Effective Boards govern—ineffective boards manage or at worst micro-manage the manager and other contractors on the property. What exactly is governance? Governance is about having a vision for a community and giving direction to those who are implementing board policies. But it is also about people, dealing with individual sensitivities, egos, diverse styles and inevitable conflict. It is inherently messy, and resistance is to be expected. Boards have many governance tools at their disposal such as leadership development, board evaluation, agenda development, communication and information and strategic planning. Certainly the relationship with the community manager is essential. Ultimately however, successful governance requires courage.

Having an open, ethical and curious board that works well together ensures better decisions, more satisfying board service and a stronger community. The challenge is how to build such a board and manage the constant change. Often change is challenged by years of tradition, rapid turnover of board members (annually or every 2 years) in elected positions, limited resources (money and time), and the culture of differing perspectives from members of the board. One of the first steps necessary is for the board to perform a self-assessment of their group performance.

What doesn't work—let's have some fun. If your Board has five (5) directors) here's what typically may happen. Having five different directors with potentially five different sets of objectives places the manager in a "no-win" situation. And the board obviously has to find common ground to blend five different personalities. Essentially there are five targets, but only one arrow. By hitting one, the other four are missed, leading to dissatisfaction or worse, conflict.

Being caught in this sort of cross-fire of multiple objectives and priorities, contributes to board and manager burn-out and inefficient service. This is a "lose-lose" proposition for everyone including the owners in the community. The worst case scenario is when directors take matters into their own hands, frustrated that their personal ideas are overlooked by the manager/board. This potentially could create liability for the board and the manager.

What to do? Managers and board members must be far more sensitive to the political landscape and should take a preemptive leadership role to protect their relationship with the community. We must recognize that it is no longer enough to "manage" properties. We now must manage people and processes first, properties second.

By having some sort of planning process with the board of directors and defining the board's objectives, it makes for a more cohesive and positive culture rather than a collection of individuals' objectives. If the board is unwilling or unable to define a single set of objectives that all of the directors can support, it is up to the manager to guide them to do so. The board then has the obligation of accepting the manager's recommendations by default, or offering an alternative. Either way, the manager's job is to simply start the dialogue.

What makes a great board? Exceptional boards demonstrate critical group traits such as a climate of trust and candor among board members and between the board and management. Exceptional boards have a willingness to share information with board members and the manager openly and on time. Exceptional boards create a culture in which board members and the manager feel free to challenge one another's assumptions and conclusions and which encourages lively discussions of strategic issues. Exceptional boards commit to a process of assessing their performance as a collective group as well as individual members. Exceptional boards are ones who are willing to honestly self assess their performance. These kinds of boards do not live in the Land of Oz. Their cultures are intentionally and meticulously shaped to reward them and the entire community for governing in this manner. The rewards can include a strong financial condition, effective maintenance for the sticks and the bricks, sustained or even higher real estate values and a positive governance model for their community.

Few sights are grander to everyone than a board and manager who are in touch with the board's culture. When it is understood that much of their success derives from the effectiveness of the board as a team and the norms of behavior that guide its work, the more they are willing to invest time in shaping their strategies.

Magazine Content ©2005 CACM. All rights reserved.

This commentary is not intended to provide legal or other advice but only for informational purposes. You should contact an attorney or other qualified professional if you have specific questions regarding your association's management needs.