

Core Values: Providing a Context for Strategic Planning

Integrity

Acting in line with
your beliefs

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By Bill Boothe

Strategic planning. Articles are written about it. Speakers tout its value and effectiveness. Seminars offer advice on its do's and don'ts. Throughout the private club industry, strategic planning is gaining wide acceptance as an effective way to envision a club's future and establish concrete plans to achieve that vision. In this article (the first in a series of three), we will review the use of strategic planning in private clubs and community associations and explore innovative methodologies for strategic success.

What's Driving the Club Industry's Recent Interest in Strategy?

History demonstrates that no matter the industry, strategic planning receives less attention in good economic times and more in bad. When the economy is humming along, organizations tend to do more seat-of-the-pants decision making. The prevailing belief is that things will continue on a positive path into the future, and not much thought is given to fundamentals such as core values, vision, mission and tactics. Bring on a tough economy, and the mindset quickly changes. Organizations shift their focus to core competencies, sound planning and consistent management decisions – because they have to. Strategic activity jumps noticeably just about the time the economy hits bottom, and it continues strongly through the turnaround and the first year or two of the recovery. Since it appears that we are at or near the bottom of the current economic recession, it's only natural that strategy would be on a lot of people's minds.

Over the years, the club industry has embraced two distinct types of strategic planning. The first and most common type might be termed "Capital Improvements Funding Strategy," which couples strategic planning with major capital improvement projects. In essence, strategic planning serves as a tool in building support for large capital expenditures that require member approval. For the purposes of this article, we are going to set aside this narrow "capital improvements" type of strategy and focus instead on the second and much broader "Operations" type.

The severity and duration of the current economic recession has encouraged an increasing number of club boards and managers to consider employing the operations version of strategic planning. This type of planning includes identifying a long-range vision for the organization, establishing a mission that includes a series of strategic goals, and formulating tactics (action plans) that are designed to satisfy the organization's strategic mission. Such an approach has proven valuable to countless organizations, large and small, in virtually all industries. Although there

are a number of different methodologies used in this type of planning, fundamentally the process is remarkably similar among them. And fundamentally, each of the various methodologies works about as well as the next to establish an organization's strategic goals and action plans.

However, corporations and public businesses aren't private clubs. What works in other industries doesn't always work for clubs. For instance, research has shown that strategic success in most business environments is significantly dependent upon an enterprise-wide adoption of something called *core values*. Let's explore the concept of core values, see how they are used to create a context for strategic planning in a variety of business settings and determine if they can be useful with private clubs.

Core Values Explained

Invariably, core values are addressed in some fashion by every strategic planning methodology. The core values concept was made famous by two university professors in a *Harvard Review* article they published in 1996, and later expanded upon in their influential book *Built to Last: Successful Habits of Visionary Companies* (HarperCollins Publishers, 1997). Their premise was simple: Visionary companies embrace a 'core ideology' that is adopted by all personnel, which guides all decision-making throughout the organization. The authors describe an almost cult-like devotion to these core values within highly successful companies, which produces an unusually high level of consistency in management decisions and an alignment of those decisions with the organization's long-range strategies. They defined core values as "what we believe in," "the principles we hold dear," and "the standards we will not compromise."

Of course, corporations can (and do) *impose* management ideologies upon employees – while clubs must be *responsive* to the ideologies already held by their members. To a great extent, corporations can demand employee adoption of core values while club management is driven – and constrained – by the pre-existing core values of the membership. So for clubs to use core values as a rallying point for long-range strategy, they must take a tact that is radically different from most other businesses.

Core Values in Private Clubs

Core values reflect the membership's commonly shared beliefs, principles and standards. To demonstrate the variety of core values that exist in private clubs and gated communities, we have recently encountered the following:

- Preserving the club's/community's unique character and lifestyle.
- Providing a variety of high-quality amenities and services.
- Maintaining current standards for landscaping, buildings, amenities and infrastructure.
- Maintaining honesty and integrity in everything we do.
- Assuring long-term fiscal responsibility.
- Balancing quality with affordability to maximize the relative value of our memberships.
- Providing safety and security for our club's/community's residents.
- Preserving the club's/community's natural beauty and environment.

Developing Strategies that Will Be Embraced Club-Wide

Core values such as those listed above should strongly influence strategy. In fact, core values can be used to *define the context* in which all planning and decision making activities will operate. Often, however, the concept of core values is only briefly

addressed at the beginning of the planning process – then tossed aside to focus on specific goals and issues. By ignoring core values, strategy moves into a sort of ideological vacuum where specific agendas of the vocal minority (member sub-groups and individuals who are not representative of the membership at large) may rule the day. The result can be a fundamentally flawed strategic plan that embraces a set of ideologies, goals and tactics that are out of sync with the broader membership.

To be successful in the long term, *strategy must embrace the commonly-held ideologies and values of the club's membership*. Not an easy task to accomplish. But fortunately, a proven methodology exists that can be deployed by clubs to establish core values as the guiding framework for strategic planning. That methodology includes the following elements:

1. Identifying the core values of the membership/community;
2. Attaining broad member endorsement of the core values;
3. Building core values into the planning methodology; and
4. Using core values to establish the planning context and guide the planning outcomes.

In our next article, we will address the specifics of how you can deploy this innovative core values methodology to align your club's strategic plan with the broadly-held ideologies of your membership. ■

About the author

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