

## Mendocino Governance Study – Phase 3 Recommendations

### Phase 3 Summary Recommendations

This Governance Study was designed to discover current Board and Stakeholder ideas, interests, issues, and concerns for the purpose of determining a strong Governance path forward in support of desired Tourism BID outcomes. The intensive Board interview process and subsequent stakeholder survey conducted during Phase 1 revealed a strong majority hope that simplifying the existing governance framework is key to the continuing success of this Tourism Marketing organization. Further, Board Members and Stakeholders offered compelling ideas for improving the overall governance “system” to effectively transform the entity to a mature and competent process. It was also evident that existing Board Members had invested enormous time, energy, and emotional commitment to building a Tourism organization supported by a governance process worthy of the annual \$1 million investment.

*Note: This is a concise but descriptive summary of the recommendations contained in the Phase 3 Governance Study Report and is designed as a handout for purposes of presenting the study at the July 2<sup>nd</sup> meeting of the three participating Boards (VMC, MCLA, MCPA). The embedded “watermark” denotes that this is a “Summary Only” from the full report.*

### Five Signature Changes

While many iterative and substantive process improvements are needed for the next phase of effective Mendocino Tourism Governance this report will emphasize five areas of “signature” focus organized under the simple “Mindset> Structure & Process > Culture” framework applied to the previous Phase 2 Report of Findings.

1. Strengthen Visit Mendocino County (VMC) as a fully realized Destination Marketing Organization (DMO) with one oversight Board (Structure)
2. Change significantly how you recruit, select, onboard, educate, and facilitate development and succession of Board Members (Mindset & Process)
3. Shift your governance focus from tactical/operational to strategic as reflected in all policy development, oversight functions, and meeting processes (Mindset/ Process)
4. Commit to foster a governance culture that will attract new board members and sustain healthy relationships (Culture)
5. Significantly improve overall “information governance” to the stakeholder community through a fully transparent continuing education and outreach process (Mindset and Culture)

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Each of these five signature areas for change and improvement begins with a question and is followed with a list of proposed actions designed to foster a competent and sustainable system of effective governance. Proposed details supporting these recommendations are included in the full Phase 3 report. Some of the proposed actions can be implemented within existing systems and structure. Others will necessarily prompt prospective changes to by laws, contracts, budgets, and perhaps even the BID ordinance. Where known and possible these implications are spelled out in an implementation plan (full report) without offering prescriptive language for the precise changes that may be required. These detailed adjustments are the future responsibility of the VMC Board consistent with the governance mandate for that entity.

### 1. One Oversight Board for the DMO

Key Framing Question: How to insure the Governance structure is streamlined and conducive to a focus on strategic outcomes (i.e. a windshield view)?

Governance is necessarily a “people” process and works best when the structure is simple, clear, and enables strong contributions. An overly prescriptive governance process laden with layers of by-laws and controls will maximize oversight and constraint at the expense of strategic focus and outcomes. The existing arrangement of three boards (VMC< MCLA< MCPA) with multiple layers of oversight and controls is not conducive to efficient or effective governance.

- a. Make the VMC Board primary for BID Governance purposes. The VMC Board in its current form provides 10 seats balanced between lodging stakeholders (5 from MCLA) and other tourism stakeholders (5 from MCPA). This is a suitable arrangement for preserving and protecting the interests of these important stakeholder groups.
- b. Funding should flow directly to VMC. Both the 1% BID lodging funding – currently administered by MCLA via contract with VMC - and .5% county match funding should flow directly to VMC as the county-wide and cross-sector Destination Marketing Organization (DMO).
- c. Selection of VMC Board members can reasonably continue to be guided by the respective policies of the support organizations – MCLA & MCPA – and should adhere to all governance guidelines and recommendations listed below including VMC vetting.
- d. There is no continuing need for the MCLA “Group of 7”. Fold any DMO specific functions managed by this group into the VMC Board or committee process.

### 2. Board Development and Succession

Key Framing Question: How to attract, develop, and provide effective succession for Board Members with a Mission-Centric mindset and commitment to a “Fiduciary of the whole” governance model?

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Governance Study Board participants frequently cited the problem of attracting qualified people to serve on boards. This is partly a function of a relatively small population base to draw from and somewhat exacerbated by relative isolation of some Mendocino County communities.

A common perception is that Board members must come from the ranks of specific stakeholders groups with specific expertise in marketing or lodging management or similar. However, for purposes of building a competent DMO Tourism Governance Board the criteria for attracting and selecting Board members can and should focus more broadly on individuals with demonstrated success in business or leadership roles, willingness to commit the time, and serve the mission of the DMO.

The developmental task of the VMC Board and VMC organization is to focus on providing appropriate training and education to enable current and new Board Members to succeed and contribute effectively. The current Board orientation checklist of procedural duties is not sufficient for these purposes.

- a. Provide effective initial and ongoing education for Board Members in the form of targeted Board Development. For VMC this should occur during onboarding of new board members and continuously over the life of board member participation.
- b. At minimum the onboarding process should be framed around member fiduciary duties, mission-centric board leadership, consensus decision-making, strategic planning, tourism marketing, budgets, DMO operations, ethics, and group norms of acceptable conduct.
  - a. The real opportunity in board development is to foster strong strategic leadership for advancing Mendocino Tourism goals.
- c. MCLA and MCPA Boards are encouraged to follow this recommendation as well. In particular, MCLA and MCPA should focus appointment of their respective seats on the VMC Board to individuals who exhibit the highest standards of commitment to the DMO mission along with interpersonal characteristics that contribute to VMC Board cohesion.
- d. Board seats must be subject to term limits to preserve Board cohesion. This was one point on which most stakeholders interviewed for this study readily agreed. Generally term limits work best in staggered two or three year cycles.
  - a. The existing system of “electing” board members contributes to current governance problems by focusing selection on representation of specific geographic or sector constituencies. This encourages Board members to become “political” operatives rather than collective fiduciaries.
- e. VMC must have a clear vetting and approval process for new Board members (e.g. a loyalty oath as part of the onboarding and board development process). VMC must also have a clear policy for the process of removal of Board Members when necessary along with protocols for addressing grievances.

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### 3. Strategic Governance Focus

Key Framing Question: How to insure the system of governance is focused on strengthening the capacity, capability, and resources of the DMO to achieve county wide economic Tourism benefits for stakeholders?

- a. Develop and agree on Governance Guiding Principles. This is strongly encouraged and a sample set can be found elsewhere in this report. Guiding Principles help a group with diverse interests orient to a common set of operating and navigating principles. Adoption of true “consensus decision-making” is one clear example.
- b. Establish Decision Protocols to help guide and inform Consensus-Decision Making during governance proceedings. This is especially important when considering significant budget expenditures, service contracts, and other resource investments. Example protocols applicable to this Mendocino DMO include: Will it (the expense) help us achieve our mission? Does it advance the interests of all stakeholders? Is there a faster, better, and/or cheaper alternative?
- c. Charter all VMC Board Committees. The simple charter approach should provide purpose, goals, participation guidelines, decision-making framework, boundaries, and reporting requirements. The existing VMC committees could be re-organized to reflect the primary functions of the DMO including Marketing, Governance, Personnel, and Fiscal/Budget. Sub-committees addressing media, festivals, and website should be subordinate to the Marketing Committee. In this approach the current Governance and Marketing Committee (GMC) would not need to continue as a separate entity but would fold into the newly chartered Marketing and Governance Committees respectively.
- d. Implement a CEO/Board relations framework addressing selection, development, succession, and performance evaluation criteria for the CEO. Hiring, guiding, supporting, and evaluating the CEO is one of the primary functions of the VMC Board. The performance evaluation process should be heavily weighted to reflect strategic marketing accomplishments consistent with the approved strategic plan. The Board has an additional duty to insure the CEO is receiving training, guidance, resources, and support that will contribute to his/her success on behalf of the DMO.

### 4. Healthy Governance Culture

Key Framing Question: How to build Board cohesion based upon mutual trust and healthy relationships that attract new board members and offer a satisfying experience for all?

- a. Establish “Group Process Agreements” (norms of conduct) for the VMC Board. This recommendation also applies to the MCLA and MCPA Boards. These agreements should specify behaviors expected of all Board members during Board communications, meeting deliberations, and problem solving. The agreements should apply to both full Board and committee work.

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- b. Secure ethics training and develop protocols to avoid conflicts of interest and mitigate “conflicts of politics”. The protocols should also define an approach to conflict resolution which preserves mutual trust and Board cohesion.
- c. Mutual trust can be developed through the meeting interaction process by improving agenda management, allocating speaking time fairly and proportionally, and debriefing important agreements or decisions. Debriefing should focus not simply on dialogue outcomes but also on the relative effectiveness of the process that produced the outcomes.
- d. VMC Board interaction with staff through operational oversight should focus on providing policies and parameters that enable staff to perform at their highest level of capability. This means moving away from “investigative oversight” practices. For example, establishing clear policies on per diem expenditures for travel and related expenses sets clear expectations for staff and reduces substantially the need for “audits” beyond what is reported through the Budget/Income Statement process and audited annually.

### 5. Information Governance

Key Framing Question: How to insure that stakeholders have full and timely access to information, education, and engagement with the work of the Mendocino DMO?

- a. Provide full transparency for VMC activities with at least quarterly reporting to include budgets, expense reports, planning documents, CEO reports, and similar DMO outputs.
- b. Provide timely and frequent continuing education and outreach to stakeholders from all tourism sectors in Mendocino County regarding the strategic initiatives of the DMO.
- c. Board culture is easily eroded when Board Members fail the test of “ambassadorship” on Board decisions, policies, practices, or even interpersonal relationships. The Ambassador protocol should be included in the group process agreements outlined in 4a above and communicated to stakeholders consistently as well.
- d. Conduct an annual planning retreat with the VMC, MCLA, and MCPA Boards that is open to the public. The retreat should provide information on prior year results and planned initiatives while inviting active engagement from the stakeholder community.