



## The More Things Change, the More They Stay the Same

### Description

By [Lloyd Sherman](#), December 3, 2020

One of the benefits of not being on the board anymore is that I can return to my role as a Property Owner Advocate once again. What does that mean to you? Well, it means that I can point out perspectives without being overridden by a majority vote of the board and where I am bound by the oath to support the majority.

My decision to become active again has not come easy, as a part of me says that as an ex-board member and Chair, I had my chance. And while many may agree with that perspective, the reality is I believe I can do more from out here than I could from within. So, be critical of me if you feel it necessary, but I will not be silenced at pointing out the obvious. Following yesterday's Discussion Session, I cannot stay silent.

I first want to address a couple of issues that were part of the agenda of the Discussion Session of December 2, 2020:

- **Elections (Items 4 & 5)** – I realize that these are discussion sessions, but why was so much time spent on trying to decide who should contact those who won board seats? The very fact that for years we have been attempting to get staff out of the election process should have been the overriding discussion. These are board positions! Why would you even think staff should have any part of notifications or on who should be receiving the vote tallies. The fact that these discussions were even occurring is yet another indication the board leans towards abdicating responsibility back to staff.
- **Assessments (Items 6 & 7)** – Part of this discussion included outlining what the requirements are for putting a vote before the property owners. Who was this discussion directed to? Property owners or the board? The requirements are clearly laid out in the Declarations, so why the need to discuss? That then moved into a discussion about "the process" that needed to be followed to "earn" the support of the property owners. What I heard was that we needed to determine what this number is. We already pretty much know that. Does it need to be validated? Of course, it does, but is this where we start? NO, it is not. You start by developing a comprehensive revenue

plan while conducting deep-dives into all operations and amenities to determine why they are losing money. The budgeting process this year had very little discussion about alternative revenue sources except for raising or reinstituting fee structures. Some work has been done to ensure operations are cognizant of expenses, but that is no substitute for deep dives into operations which has been met with nothing but resistance. This should be a board directed activity.

- **Committees (Not on agenda)** – Once again, the committee structure and activity were taken up. This was done earlier in the year and yet the same board member keeps bringing it back up as a problem. What is the problem? I have no idea! Committees are board committees and as such should be doing the work to prepare recommendations and advice to the board. It was stated the board doesn't know what the committees are doing! Really? Why not? Most if not all Charters call for the committees to report quarterly to the board. Why is the board not requiring it? Doesn't each committee have a board representative? Of course, they do. Silly question! Why are those board members not keeping the board informed? Then let's discuss the little matter of minutes. All committees have minutes. The board is supposed to read those minutes before they vote and accept them each month.

So now, let's get back to "The Process." The Process, strategy, goals, and objectives are all the responsibility of The Board! How can you effectively develop a process or strategy when you don't know all the ins and outs of the operations or amenities? Short answer; you can't! You also can't expect one person (in this case a new GM) to have all those answers. He is new to the Village and can only know what the same senior managers who were in place prior to his arrival are telling him. See any problem with that? I sure do! When consulting, I could take nothing at face value and had to perform a deep-dive into every area that had been identified as a potential problem. We seem to have a philosophy here that let's do it the same way we have done it in the past and we will get a different result. Wrong! BTW – the only way you will get assurance is by effective utilization of your committees. They are comprised of primarily property owners who fund these operations. They serve on these committees in the hopes of understanding why things are being done and effecting changes where needed. Without effective use of committees, almost nothing will be accomplished and you can't rely on board members to commit the time it will take to do it themselves. That is just reality. So, in the words that many of us have heard in the past; lead, follow, or get the hell out of my way! One of the problems we currently have is that when board members attempt to do this they are interfering in operations.

So, in the interest of deep-dives, let's discuss a few of the things I was trying to pursue before I left the board:

- **Marketing/Discovery Pkgs** – First let me clarify that I support the Discovery Pkg program and the people involved in this process. What I don't believe is that the program is as effective as it could be and requires a deep-dive. But along that line, let me tell you what I discovered in the short time I had to work on this project. The first thing to understand about marketing is that for every marketing dollar spent, you should expect a minimum of a \$3.00 ROI (return on investment). So. let's assume this function was costing us approximately \$300,000 per year. Determining this is difficult as the previous administration kept moving things around from year to year to confuse the issue, but this number is close and most likely understated. Utilizing the minimum ROI this function should have returned \$2,700,000 in its three years of operation. How much revenue did this function contribute over these three years? Exactly \$65,120.00 and I have

the proof to back these numbers up through October of 2020. As of this date, we had 235 Discovery Pkgs booked with 28 of those actually buying a property. Unfortunately, most of the conversions were one-in, one-out and generated no new revenue. This was submitted to the board and I will guarantee you nothing is being done with it.

- **Golf** – Although raised several times over the past couple of years, we still don't have an answer on the number one amenity drain: Golf! Where has the golf committee been and what are they doing to fix this amenity. What actions has the board taken to ensure this is a high priority? Pretty much crickets. So, our current per round revenue is \$28.81. Up \$1.59 over 2019 with the addition of a \$2.50 round surcharge? How and why? When I play a round of golf, I pay an average of \$41. Why the disconnect between what should be our lowest rate (member rate) and what we are actually receiving? If we could figure out a way to get the average revenue per round to \$36.46 per round, we would be breaking even. That is still less than the average member rate. This doesn't seem like a huge hill to climb but you have to have the will to take it on. I think we know the answer to this, but we can't get an answer to this simple question:
  - POA employee rate discount at 50%?
  - Super Senior discount at 50%?
  - Annuals?
  - Free golf? To who and why?
- **Restaurants** – What can I say about this? This isn't our number one issue in the Village but the new GM seems to think it is. The board was willing to give him some time to prove it to them and he committed to reducing the subsidy by ½ by the end of 2021. Time will tell, but for my appetite, we are spending way too much time on this function and not enough on fixing the bigger ticket items. I was astounded and pretty much in shock when the new GM sent an announcement to the board indicating that he was immediately going to be extending to ALL POA employees the benefit of eating at any POA owned facility for 50% off. His announcement said he would be implementing this. I'm sorry, but that is wrong on so many levels. First, why do the property owners have to subsidize this function further as a benefit to employees? Maybe we aren't paying our employees properly. If that is the case, fix it. Why would you suggest setting up yet another classification that might well end in less revenue and isn't that a board decision? So that leads me into my next area that needs a deep dive.
- **Employee Subsidization** – For years I have heard we have an excellent employee benefits program. But when the above situation occurred, it made me start asking the question as to exactly what the employees get in terms of subsidization of amenities. I was told (and I never verified this) that they receive a 50% discount on all amenities. If so, are we tracking that, and what is that costing the property owners each and every year, and is that a program that should be continued when we are talking assessment increases? Well, I have the same question about any discounts to anyone for any reason. These discounts are leading to a situation where we know we need an assessment increase but should we be even considering this before we analyze and correct any of those that should be fixed?

I think that is enough although I could go on. So, "The Process" is exhaustive and will require an all-out effort and every committee we have should be charged to help in that process. I was accused of moving too fast and that I needed to slow down and back off. Sorry, I'm not put together that way. I see something that isn't right, I want it fixed. I don't want the can kicked down the road any further. Without a sense of urgency, very little gets done and I have grave concerns that that sense of urgency and fire in the belly does not exist. Diana had it and I have it and look where that got us. It is up to the property

owners to demand these issues get resolved. Not by the next board, but by this one. We have moved back into a period where people are going along to get along and that is not the job of any board; especially one that is telling you they want more of your money!

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