

# best practices

R E P O R T # 3

## Strategic Planning

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# best practices

*Community Associations Institute (CAI) and CAI Research Foundation are dedicated to conducting research and acting as a clearinghouse for information on innovations and best practices in community association creation and management. As part of the newly developed Best Practices reports, operations related to two function areas of community associations—governance, resident involvement and conflict resolution, and reserve studies/management—were presented during CAI's 50th National Conference in May 2001. The second series of Best Practice reports focusing on the areas of strategic planning, financial operations, and community harmony & spirit, debuted in October 2001 at CAI's Community Leadership Forum.*

## **What Are Best Practices?**

The development of function-specific best practices in the community association industry has been a goal of CAI and CAI Research Foundation for several years. The Research Foundation is currently developing best practices in select topic areas using a variety of sources, including, but not limited to, past winners of the National Community Association of the Year Award (NCAYA), recommendations from industry experts, various industry-related publications and, once developed, recommendations from those communities scoring highly on the Community Performance Index. The subject areas for the initial best practices were selected through a survey of CAI and CAI Research Foundation national leaders.

The anticipated outcomes of the Best Practices project include:

- documented criteria for function-specific best practices,
- case studies of community associations that have demonstrated successes in specific areas, and
- the development of a showcase on community excellence.

The benefits of benchmarking and best practices include: improving quality; setting high performance targets; helping to overcome the disbelief that stretched goals are possible; strengthening cost positions; developing more innovative approaches to operating and managing practices; accelerating culture change by making an organization look outward rather than focusing inward; and, bringing accountability to the organization because it is an ongoing process for measuring performance and ensuring improvement relative to the leaders in the field.

Accordingly, this project represents an ongoing exploration of best practices used in community associations. The first series of best practices will set the bar, which applied research will then continue to raise.

## SECTION ONE

# The Basics of Strategic Planning

### **Strategic Planning Definition and Philosophy**

Strategic planning is more than ensuring your association will remain financially sound and be able to maintain its reserves—it's projecting where your association expects to be in five, ten, or fifteen years—and how your association will get there. It is a systematic planning process involving a number of steps that identify the current status of the association, including its mission, vision for the future, operating values, needs (strengths, weaknesses, opportunities, and threats), goals, prioritized actions and strategies, action plans, and monitoring plans.

Strategic planning is the cornerstone of every common-interest community. Without strategic planning, the community will never know where it is going—much less know if it ever got there. An important concept of strategic planning is an understanding that in order for the community to flourish, everyone needs to work to ensure the team's goals are met. Team members include all association homeowners, the board of directors, professional management—whether onsite or through a management company—and various service professionals such as accountants and reserve professionals. This team needs to work as a collective body to be successful. Part of the team concept is the establishment of roles for the team players. Teams usually perform poorly if everyone or no one is trying to be the quarterback.

## SECTION TWO

# Strategic Planning Models

Strategic planning is a relatively new genre of planning, adapted from primarily two sources. Business schools have equipped leaders with institutional planning processes, which were developed from decision making and production control. Community planning schools have prepared planning staffs with models of social planning and physical land-use planning. The business model is more often tailored for a hierarchical organization with top-down control, although this has softened in the dot-com era. The community-planning model is more grass roots, bottom-up, consensus building and is better suited for non-profit organizations and local governments. The former is market share and profit oriented, and the latter is empowerment and constituent needs oriented. In between, there is a range of blended approaches.

### *Model 1: Non-Profit Organizations (NPOs)*

Brian W. Barry details strategic planning for NPOs in the pamphlet and workbook *Strategic Planning Workbook for Nonprofit Organizations*. The workbook is oriented to organizations such as soup kitchens, nascent neighborhood groups, and other human service groups. It outlines the strategic planning process, but is tailored to a small organiza-

tion with a narrow focus. It also assumes that all of the stakeholders are represented, that they speak with authority, and that the constituencies they represent are fairly homogeneous. In order to be applied to community associations, this model must be modified to accommodate multiple missions in more complex organizations, which offer many services to very heterogeneous constituencies. However, it lacks attention on soliciting feedback and developing consensus.

NPO Strategic Planning includes:

- Recruiting stakeholders, power brokers, and leadership.
- Reviewing the organization's history and current situation.
- Reviewing and revising (or developing) the organization's mission statement.
- Identifying the organization's opportunities and threats.
- Identifying organizational strengths and weaknesses.
- Identifying the most critical issues arising from any of the organization's opportunities, threats, strengths, and weaknesses.
- Setting goals to remove weaknesses, blunt threats, and seizing opportunities.
- Brainstorming, evaluating, and selecting strategies to empower leaders.
- Critiquing and reviewing the plan.
- Revising goals, and re-implementing goals, as appropriate.

#### *Model 2: Applied Strategic Planning*

The Applied Strategic Planning approach is described in the pamphlet *Applied Strategic Planning, An Introduction* by Leonard D. Goodstein, Timothy M. Nolan, and William J. Pfeiffer. Business and military executives tend to favor this model. It assumes a top-down hierarchy with a plans and operations department, that is responsible for running the models and recruiting and involving appropriate and key personnel. It also presumes the existence of a fair degree of quantifiable data and business modeling decision making where one finds targets and executes programs. This method might be well suited for solving problems where constituents have an identifiable problem and are unified in the opinion that better service is needed. The process also incorporates scanning the environment, brainstorming solutions, establishing a future orientation, and looking at the behavior of competitors and new products on the horizon.

Applied Strategic Planning includes:

- Identifying consultants and key internal players.
- Garnering CEO support, identifying stakeholders, and setting planning goals.
- Scanning organizational values, philosophy, and culture.
- (Re)defining the organization's mission statement.
- Identifying new futures and new venture opportunities.
- Auditing threats, opportunities, strengths, and weaknesses.

- Identifying critical gaps between where the organization is and its future.
- Selecting strategies to expand or retrench as a means to close performance gaps.
- Implementing the strategies to acquire or divest.
- Monitoring actions, updating conditions, and restarting the cycle.

**Model 3: ICMA Strategic Development**

This model is the least relevant to community planning as it focuses very narrowly on the special issue of economic development. It makes a strong case for inventorying existing capacities and capabilities. It also contains several good elements that would stimulate association planning groups' thinking on consensus building. ICMA Strategic Development is described in *Economic Development: A Strategic Approach for Local Governments*, a 68-page leaders guide and student workbook for an International City/County Management Association (ICMA) course on local economic development.

ICMA Strategic Development includes:

- Augmenting existing planning structure with stakeholders.
- Conducting an environmental scan of community conditions.
- Identifying and evaluating the community resources.
- Identifying and rating different community business activities.
- Identifying and rating different community development agencies and programs.
- Conducting an inventory of congruent and divergent values and visions in the community.
- Imagining and describing multiple visions of different community economic sectors.
- Developing visions into goals and establishing objectives to reach the goals.
- Describing who, what, when, how, and where resources are needed.
- Monitoring, reporting, updating, and reallocating efforts as targets are hit.
- Restarting the process again by recruiting a new group and conducting scans.

**benefits of the long-range plan**

*(from "A Roadmap to the Future, The Importance of Long-Range Planning" by Bernard Steiner, Common Ground, January/February 1986.)*

- Stimulates thinking to make better use of the association's resources.
- Assigns responsibility and schedules work.
- Coordinates and unifies efforts.
- Facilitates control and evaluation of the association's activities (accountability).
- Creates awareness of obstacles to overcome.
- Identifies opportunities.
- Avoids the trap of linear thinking.
- Facilitates progressive advancement of the association's goals.

### **Applying Strategies in Community Associations**

In 1999, the Radisson Community, located in Baldwinsville, New York, and comprised of more than 2,100 residential units, developed a strategic plan which was derived from the NPO workbook, material used in the City of Syracuse by the former mayor, and the research and planning experiences of the community's executive director, a planner by previous training. Parts of Applied Strategic Planning and ICMA Strategic Development were also used to guide discussion and give structure to the process.

More specifically, Radisson's strategic plan involved the following steps:

- Recruiting core leadership and augmenting with representatives from different groups.
- Educating, motivating, and empowering the group.
- Setting planning objectives, and expanding involvement.
- Understanding the state of the association and how and why it came to be.
- Imagining and understanding multiple visions of the future.
- Identifying current and likely changes and opportunities.
- Identifying things that the community does well and reinforcing its hallmarks and core values.
- Describing a path to the visions of the future using strengths and opportunities.
- Bundling strategies into groups around organizational strengths and leaders.
- Describing the plan to all association members and soliciting comments on multiple strategies.
- Restating the popularized plan, seeking broad-based consensus for it, and soliciting more feedback and involvement.
- Assigning plan parts within the organization, and soliciting operating plans, budgets, and schedules.
- Prioritizing goals—allocating and planning resource utilization.
- Monitoring accomplishments and soliciting and reaffirming consensus on remaining items.
- Restarting the vision making process with a new group of interested members—starting over.

### **Strategic Planning in Your Community**

If your association is not equipped to evaluate the aforementioned models and develop a strategic plan, the next section contains a simple breakdown of strategic planning and what you can do to set and reach goals for your community.

## SECTION THREE

# Components of Strategic Planning

Strategic planning's three main components are **plan development**, **plan execution**, and **plan review**. Many of the functional areas within these components are similar in that all three require a team concept that is based on: ensuring the member's roles are defined, educating team members about the process, and using quality communication when interacting.

### **Plan Development**

Plan development is the first component of strategic planning. During this stage, the following steps should be completed.

1. **Assess the association's history and significant accomplishments.** Develop a history of the association. List important milestones that brought the association to where it is today. In order to help visualize how the association has changed over the years, include items where impact occurred in the association's operations, such as: hiring additional staff, upgrade computer hardware/software, changing processes significantly, raising dues, building additional facilities, rebuilding/renovating existing facilities, etc., by dates and quantities/dollars, as appropriate.
2. **Assess the association's current status.** Determine the association's current status by looking at such things as the state of the facilities, infrastructure of the operations, the financial statements, the demographics of the population, and so forth.
3. **Evaluate the association's current governance structure.** Review the operations to determine how responsibilities are assigned, defining communications and authorities. Examine policies, procedures, and desk guides available to determine the chain of command within the association's staff, within the board, and for oversight and communications between the staff or property management company and the board of directors. Critical is the point of contact for the staff or management company and the board, to preclude misunderstandings, duplications of effort, things falling through the cracks, etc.
  - a. Determine the board's responsibilities versus that of the staff or management company's responsibilities. An example of a delineation of responsibilities between the staff or management company and the board is covered in Policy Governance, which simply stated, assigns the board's function as that of policy making, the "what is" of the subject/issue, while the staff's or management company's function is that of carrying out the policies, the "how to" of the subject/issue. See *Best Practices Report #2: Governance, Resident Involvement & Conflict Resolution* for a detailed description of Policy Governance.
4. **Develop mission and vision statements.** The vision statement is the image or state to which the association aspires. It emphasizes the dream of where the association will be at a specific time. The mission statement is the organization's purpose stated in a memorable phrase. In short, an association's mission statement describes the

### sample mission statement

To provide services to our community and to our member property owners as defined by the KICA Board in response to member preferences. Of particular emphasis are efforts to build a stronger Sense of Community, efforts to resist crowding, and efforts to maintain our environment. This will be done in a manner that provides for the preservation of values, for the maintenance of common facilities and services, and for a vehicle for the administration and enforcement of covenants and restrictions.

—From *Kiawah Island Community Association's Long Range Plan Report, August 14, 2000*

business it's in. It should be geared toward fulfilling the association's purpose and what it is intended to do with some specifics contained in the governing documents. Mission and vision statements should not be a list of goals.

5. **Determine operating values.** Also called guiding principles, these values state the association's intentions and expectations. They are used to judge the association's policies and actions, as well as individual conduct. Associations should include values such as: the importance of customers and customer service; commitment to quality and innovation; importance of honesty; integrity and ethical behavior; corporate citizenship; respect for the employee and duty the association has to its employees; and importance of safety and protecting the environment, etc.
6. **Perform a needs assessment.** Determine the needs of the association by analyzing the present state of the community, addressing any critical issues, and identifying the association's strengths, weaknesses, opportunities, and threats.
  - a. **Determination of key result areas.** Define five to ten areas in which the association must be successful in order to accomplish its mission, based on customer expectations.
    - i. **Determine customer expectations.** Determine the customer [members, suppliers, and employees] expectations of the association as stakeholders. Group the expectations into five to ten key results areas.
7. **Determine critical issues.** List the critical issues faced by the association that must be addressed for the association to achieve its mission and vision, based on an assessment of its strengths, weaknesses, opportunities, and threats.
  - a. **Assessment of strengths, weaknesses, opportunities, and threats (SWOT)**
    - i. **Strengths.** List the organizational attributes that promote the association's ability to meet its mission and vision.
    - ii. **Weaknesses.** List those organizational attributes that hamper the association's ability to meet its mission and vision. Some examples include inadequate technology or use of technology, lack core competency training, poor service, and so forth.
    - iii. **Opportunities.** List those factors, internal and external, that would enable the association to meet its mission and vision. Some examples include technological advances in needed areas, consolidating functions, etc.

## sample vision statement

The Vision of the Kiawah Island Community Association is that it will take the lead in:

- providing a sense of community and enriched quality of life for its members,
- encouraging members to be good stewards in meeting their responsibilities to each other, to the greater community that surrounds us and to the preservation of the natural qualities that enrich our island existence,
- offering every opportunity for its members to enjoy personal growth while respecting their heritage as a community and as individuals,
- ensuring that wellness, both in the maintenance of our good health and in the fun and joy experienced in life on Kiawah, is protected and nourished,
- contributing positively to members' investment in Kiawah, particularly in preserving property values, and
- above all, guaranteeing that pursuit of excellence in all the Association does is its guiding principle.

—From *Kiawah Island Community Association's Long Range Plan Report, August 14, 2000*

- iv. **Threats.** List those factors, internal or external, that would hamper the association from meeting its mission and vision. Some examples include high rate of foreclosures, drawn out worker strike, change in developer focus, etc.
8. **Define the roles of key players.** Who will be the key people responsible for each aspect of the strategic plan? Answer questions such as: What level of control will the board have? Is the manager going to be a proactive leader or an administrator? Are the homeowners going to be active as committee members or are they going to be less involved? Role definition is extremely important so that efforts are not duplicated—or neglected overall. One way to establish a team and define specific roles is to adopt a model similar to a city council and city manager form of government. The city council (board of directors) sets policies, votes on contracts and bids, and is the on-site eyes and ears (oversight) of the community. The city manager (management) should be the professionally educated, proactive, paid leader who manages the day-to-day operations, brings issues and solution options to the table, and then implements the board's decisions. The citizens (homeowners) should attend meetings, serve on committees, and elect competent individuals to the board of directors. This concept of team roles goes much deeper than this discussion allows, especially in the areas of compliance, budgeting, and homeowner interaction.
9. **Educate and communicate the plan.** Without education and communication, team members can neither perform their roles nor effectively interact with each other. Make sure that every player has the necessary documents and basic knowledge to perform effectively. Further ensure that each of the players communicate with each other—provide updates as necessary and always ask for others' input. Better to catch a potential problem earlier rather than later. In the event that there is a change in management, association boards should also be sure to communicate their strategic plans to the new manager, and revise it, if necessary. Also, if the

### characteristics of a useful strategic plan

*(from Professional Practices in Association Management, John B. Cox, CAE, Editor, American Society of Association Executives, 1997)*

A useful strategic plan exhibits many characteristics. Specifically, it should be:

1. **A set of priorities.** Setting priorities allows for the plan to be adjusted according to changing needs or resources.
2. **Achievable, measurable, and time sensitive.** Remember, it's better to do a few things well than many things poorly. The plan should contain goals that are measurable and have deadlines.
3. **Flexible and responsive to changing conditions.** The plan is a road map that may contain unforeseen detours such as unexpected crises, new opportunities, or changes in resources.
4. **Short and simple.** Plans that are more like a book will sit on a shelf. Keep it focused on the most important things to accomplish.
5. **A unit, not a menu.** A useful plan is not a wish book. Everything in the plan needs to be accomplished.
6. **The means to an end, not an end in itself.** The plan is the process by which it reaches its destination; it is not the destination.
7. **Based on a three- to five-year period.** The strategic plan should be a living document that has a one-year drop off and a new year added so that it always covers the same time period.

Strategic Plan calls for specific management participation, make sure it is spelled out in the management contract.

10. **Listen and take notes.** During the strategic planning process it is important for all parties to actively listen and take notes. Many type-A personalities, who may be involved with the association at any level, will want to solve the community's issues quickly and efficiently. If they do this without listening to the board of directors, homeowners, and vendors, they may be executing a plan, but not a quality strategic plan.
11. **Develop and prioritize long-range goals.** Develop long-range goals to address the critical issues identified through the needs assessment; then prioritize those goals.
12. **Develop short-term goals and action plans.** Establish short-term goals and specific action plans along with scheduled completion dates.
13. **Monitor the progress.** Establish a monitoring process to assess the progress made on both short-term and long-range goals.

### Plan Execution

**Plan execution** is the second phase of strategic planning. In this step, an association puts its plan into action through the allocation of resources. This step has three components:

1. **Programs.** Association programs serve as blueprints for converting objectives into realities.
2. **Procedures.** Procedures are the specific sequence of tasks required to complete the programs.

## sample agenda for a strategic planning session

*(from Community First! Bill Overton, PCAM, Editor, published by Community Associations Press, 1999)*

- Introduction and review of the process.
- History of the association and its significant milestones.
- Overview of the community today.
- Review of current governance structure.
- Development of association mission and vision statements.
- Challenges and threats to the association.
- Opportunities for improvement.
- Classification and prioritization.
- Implementation: timeline and responsibility assignments.
- Summary and conclusion.

3. **Budgets.** An association should prepare budgets to fund programs. Instead, many develop programs based on their budgets. Simply put, an association should be strategy-driven, not budget-driven.

If the plan development phase was put together well, then the plan execution phase is much easier. Many of the previously discussed items such as teamwork, roles, communication, and education are important and apply to the plan execution phase. Hold periodic meetings to review progress on short-term goals and plans. Without periodic meetings and reviews, the community will not move forward and achieve its goals. Lastly, adaptability is crucial to the plan execution phase since all plans will have flaws. If the team members are not adaptable, there may be simple issues that will not be resolved in a reasonable manner and the community will suffer.

### **Plan Review**

**Plan review** is required constantly to improve the plan and ensure its execution. Part of the plan review occurs naturally when there's board turnover, a new homeowner, or changes in the law. In addition, plan review needs to be scheduled to ensure the plan is meeting the community's goals. This can be achieved through surveys, management review conferences, or discussions at meetings. If the community fails to update the plan, the plan will eventually fail the community. Industry experts suggest that associations and their managers review their strategic plans annually and completely overhaul their strategic plans every three to five years.

### **Use of a Consultant**

An outside consultant or professional facilitator brings impartiality, pointed questions, and the facilitation skills needed to balance differences of opinion. Associations should be aware that consultants will take different approaches to strategic planning as no one, right way exists. While hiring a consultant can be expensive, he or she will greatly accelerate the association's learning curve and help to ensure that the strategic planning

**pitfalls to be avoided in the long-range planning process**

*(from "A Roadmap to the Future, The Importance of Long-Range Planning" by Bernard Steiner, Common Ground, January/February 1986.)*

- Becoming so engrossed in current problems that insufficient time is spent on long-range planning, and the process becomes discredited.
- Failing to assume the necessary involvement in the planning process by other association committees.
- Failing to use plans as standards for measuring performance.
- Consistently rejecting the formal planning mechanism by making intuitive decisions which conflict with the formal long-range plan.
- Failing to develop association goals suitable as a basis for formulating long-range plans.

process will complete a full cycle. If budgetary restraints do not allow for such assistance, associations may want to consider using a consultant for the initial sessions, where an objective assessment of the association's current position is necessary.

## Case Studies of Strategic Planning

# case study #1

### Village at Craig Ranch Homeowners Association

<b>Size:</b>	206 single family homes
<b>Age:</b>	Six (6) years
<b>Location:</b>	North Las Vegas, Nevada
<b>Board Size:</b>	Three (3)
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The Village at Craig Ranch Homeowners Association (VCR) is a common-interest community that transitioned from developer control in 1998. The association has a five-acre park with a gazebo and children's play equipment, an RV parking area, two tennis courts, two sets of vehicle and pedestrian gates, perimeter landscaping, private streets, and an overflow parking area.

By the fall of 1998, the board recognized that the community had some serious problems. The association had less than \$5,000 in its reserves, the gates had not worked for more than two years, the community did not have standing committees, and there were several major construction defects in the common areas and the homes. Delinquencies totaled more than \$20,000, the reserve study wasn't current, and the management company and the board had an adversarial relationship. More over, there were five people elected to the board, but the governing documents only allowed three. The only way to rescue the association was to develop, execute, and review a strategic plan.

First, the association hired a new management company. During the search and interview process, the board honestly portrayed the association's condition and stressed that the association needed help. Upon hiring a new management company, the board and its manager scheduled several meetings to fully discuss the community's issues and develop a plan to remedy the problems. During these meetings, the central theme was team development, and the roles and responsibilities of each of the individual players were established.

Next, the board and manager listened to the homeowners' needs and ideas. The board scheduled two meetings during which 90 percent of the agenda was dedicated to homeowner input. The board and management also used these meetings to begin the homeowner education process. After that, the board and manager set out to prioritize the association's issues and needs. The association consulted with various experts—including attorneys, gate maintenance vendors, accountants, and the association's developer—to help with this process. Based on this feedback, management developed a draft plan and presented it to the board, which subsequently approved it. The report concluded that it would take two to three years to resolve the community's significant issues and stabilize the association. The plan was presented to homeowners both during the next meeting and in a mailing that included a request for input. The most significant concern was the lengthy timeframe for reaching stability, but once the attorneys explained the construction defect process, the homeowners understood the issue.

With everyone focused on the plan, the team began the execution phase. Management sent a request for nominations to elect a legitimate, three-person board. The board was elected and ratified the previous board's decisions. The board established a Welcoming/Social Committee, a Rules Development Committee, and an Architectural

Review Committee. Homeowners volunteered to serve on these committees. The Social/Welcoming Committee plans three major social events each year, coordinates with management, formally welcomes all new homeowners, and serves refreshments at all board meetings. The Rules Development Committee assembled a four-page set of rules and regulations by taking the everyday rules from the governing documents and adding some other common-sense-based rules. Compliance issues have dropped significantly.

An assessment collection policy was established and reviewed by an attorney, as was a plan for those homeowners who were significantly delinquent. In the first year, delinquencies were reduced by almost \$10,000. After 18 months, the common-area construction defect litigation was resolved. The developer paid for a comprehensive independent reserve study and appropriately funded the association’s reserves. In addition to appropriate funding, the developer fixed the gate issues, sealed the streets and RV area, striped the RV area, and provided funds for other required maintenance.

Throughout the plan’s execution, the board, homeowners, management company, and other vendors reviewed and updated the plan many times. Through this review process the team avoided many costly errors. During the review process, new plans were developed and executed. The largest of these is the establishment of an ad hoc committee to convert one of the tennis courts over to an all-purpose sports court primarily for children. Additionally, parking enforcement procedures were established, which reduced resident street parking from 75 cars to less than five per night. The review process continues as there is an annual survey mailed out to all homeowners. The board and management formally review the team’s performance twice a year.

Currently, the association is functioning extremely well. Reserves are 100 percent funded, common area maintenance is ahead of schedule, committees are established and working, and assessments have remained level. The association members are much happier as they have seen their community flourish. Not everything is perfect in the association but the board and management continue to communicate and educate the team—and work toward its goals. With strategic planning, the Village at Craig Ranch Homeowners Association knows not only where it is, but also where it is going.

## case study #2

### Desert Shores Community Association

<b>Size:</b>	3100-unit mixed-use master-planned community
<b>Age:</b>	Thirteen (13) years
<b>Location:</b>	Las Vegas, Nevada
<b>Board size:</b>	Five (5)
<b>Contact:</b>	Donna Kitchen
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Started in 1988, Desert Shores was the second master-planned community built in Las Vegas. The master developer designed the overall concept and closely supervised construction by twenty-two participating builders. Amenities include a 1500-square foot clubhouse, and a 200,000-gallon swimming pool designed to look like a tropical lagoon, surrounded by palm trees and a sand beach. Desert Shores’ best-known amenities are its four man-made lakes, which cover sixty surface acres, are fully stocked with fish, and are designed for small electric powered and pedal boats. The lakes are surrounded by more

than thirty acres of landscaped common area, designed with heavy concentrations of trees, palms, shrubbery and turf grass.

From its inception, Desert Shores benefited from the effort of the master developer to involve and train volunteer homeowners on the board of directors and various advisory committees. When the developer transitioned the community to homeowner control, a full reserve study update was completed, proving the reserve fund to be adequately funded. Having experienced such a smooth transition, the Desert Shores board of directors adopted the reserve study as their master plan for operations for the next few years. The association sailed through its first seven years, maintaining the common area according to original standards, supporting operational costs and continuing to fund the reserves—all without an increase in assessments.

In 1997, as landscape maintenance and replacement costs continued to rise and that budget item, combined with the rising cost of water, became a major portion of the operating budget, it was apparent that action needed to be taken. The board decided the situation needed re-evaluation and some strategic planning. The first step toward strategic planning had already been taken—the problem had been identified. The board needed to find a way to maintain the ambiance of their community and still keep budgeted and reserve funding at adequate levels. The second step was to assemble a team to evaluate the problem.

Members of the board volunteered to serve on an ad hoc committee, along with other homeowners with volunteer experience on committees in the community and members of the management staff. They reviewed the latest update of the reserve study and reviewed the association's current financial status with the accounting director and the contracted CPA. They met with landscape experts and their current landscape contractor to discuss possible changes in materials and maintenance. They also took advantage of the local water district's policy and requested a water audit of the common grounds by their expert.

In meetings that included the board, committee members, management, and the landscape contractor, the results of the financial analysis and water audit were reviewed. The review showed that, with long range planning, the current irrigation system and landscape design could be modified to be more water efficient, with conversion to better equipment and drought-tolerant xeriscape landscape design. The conversion could be accomplished using a combination of budgeting operations and reserve funds, without having to raise assessments or issue a special assessment. The board decided to implement this plan on a test area where problems with maintenance and vandalism had escalated costs.

During the process, a series of articles about the rising costs of maintaining the turf landscape were published in the community newsletter and several informative mailings were sent out to the residents. Owners were kept well informed of the progress and invited to review the results for themselves. While there were a few complaints from those who preferred green pastures to the rock and desert plants that made up the xeriscape plans, the conversion was an overall success with the residents.

Now, four years after the plan was put into place, nearly one-third of the turf grass areas have been converted to xeriscaping. The community submitted the plan to the local water district and has received nearly \$15,000 in credits. This is barely ten percent of the total cost to date, but was an unexpected bonus over the water and maintenance savings. The last step of any strategic plan is evaluation and there is little doubt that this ongoing plan has been a resounding success. It has even fallen in line with the City of Las Vegas water conservation campaign and inspired many homeowners to convert their landscape after viewing how lush and beautiful even drought tolerant plants can be. The

board and management are continuing to work with the landscape contractor to map out areas for conversion to this new plan.

Recently, after nearly twelve years, Desert Shores is experiencing problems with maintenance, damage, and replacement of mature trees throughout the community. Many of the desert tolerant pine trees have reached heights of thirty to forty feet and several have fallen in the high winds that are common in this area. In addition, these trees have become difficult to trim and are creating a nuisance as they shed onto the homeowners' property. This issue will be studied and a new strategic plan will be developed and implemented over the next five years. The same five-step method of identifying the problem(s), establishing a plan, implementing the plan, communicating to the homeowners, and evaluating the results will be used for the next strategic plan.

## case study #3

### **Pelican Cove Condominium Association, Inc.**

- Size:** 731 condominium units
- Age:** Twenty-six (26) years
- Location:** Sarasota, Florida
- Board Size:** Nine (9)
- Contact:** Robert Malan, General Manger
- E-mail:** pelicancove@home.com

In July 1989, the Pelican Cove Condominium Association board of directors formed a Planning Committee to discuss the concerns of owners and develop strategies to address these concerns. At that point, there was a general feeling that time had become an enemy of the association. The buildings and grounds were being neglected—roofs, stairs, pools, and trees were all in dire need of attention. Board committees were ineffective due to lack of direction and the absence of financial scrutiny was apparent.

Following a year of weekly meetings, the Planning Committee published to the membership an eighteen-page document titled *One-Year and Five-Year Plans*. As a result of this thorough review, new management was hired, a seven-year special assessment for roof replacement was levied, and the community was forced to examine the future needs of Pelican Cove. The Planning Committee continues to publish a long-range plan each year as a reminder that past accomplishments do not guarantee future success. Unit owner surveys allow for necessary resident feedback on how the association is meeting their individual needs. The survey results are compiled, examined by the committee and often become the basis of the annual plan.

In recent years, all of the association's large capital projects have appeared as major topics in the plan—roof replacement, water conservation, and harbor dredging to name a few. Most recently, the idea of building a new clubhouse on the property first appeared as a topic in the 1996 plan. This one article was enough to plant the seed in many minds that this type of building was needed in order to support the activities of this bustling community. The resulting facility was completed in November 2000—on time and on budget—as the result of good planning.

One of the most significant issues currently facing Pelican Cove involves electronic communications. Several pages of the 2001 long-range plan were dedicated to informing residents as to how this topic pertains to them as individuals. With a multi-

year cable contract set to expire in December 2002, the association must seek alternative approaches such as satellite providers. Would the costs be less? Would the reception be better? Would more expanded programming be available? Would the interior wiring need to be replaced? These are just a few of the questions the Planning Committee is currently asking.

This committee and its annual plan and survey have become mainstays of the community. While actively concentrating on key concerns facing the community, the committee seeks to provide answers necessary in order to preserve, protect, and improve Pelican Cove.

## case study #4

### Crystal Lakes Road and Recreation Association

<b>Size:</b>	1,669 properties, 1,478 members, 5,000 acres
<b>Age:</b>	Thirty-three (33) years
<b>Location:</b>	Larimer County, Colorado
<b>Board Size:</b>	Seven (7)
<b>Contact:</b>	Richard G. Rosecrans, Manager
<b>E-mail:</b>	clroad1@mindspring.com

During fiscal year 2000–2001 the association’s board of directors asked the Planning Committee to initiate a project with the following goals:

1. Establish the association’s present position in reference to its governing documents as well as the future goals of, and the threats to, the association as a result of needs and desires resulting from the requirements established by those documents.
2. Develop a realistic and concise mission statement.
3. Develop a realistic and concise vision statement.
4. Develop realistic short and long term goals; which, when accomplished, would further the mission and vision as stated.
5. Analyze present and future staffing needs based upon specific present and future functions that need to be accomplished.

After several months of initial study and information collection by the Planning Committee, the board concluded that the assistance of a professional consulting firm would be necessary to complete this project. The board hired a consulting firm to assist with the completion of the project, which lasted for more than eight months. During this time, each board member spent approximately 50 hours of meeting and study time on the project. The final product of this study was the association’s business plan and staff position plans, which were mailed to each association member in May 2001. The plans received a very positive response from the membership.

To date, the business plan has already resulted in several positive results.

1. Staff efficiency has improved by virtue of each staff member having a better understanding of their personal goals within the organization and the specific goal of the association.
2. An additional staff member has been added effective June 1, 2001 with initial positive results.
3. All staff members have received evaluations based upon their position plans and association goals.

4. Many of the short-term goals, as stated in the plan, have been accomplished and progress toward accomplishment of long-term goals is going well.
5. The plan has focused the board and the staff toward greater community support for the betterment of all concerned.

The total project expense, including copying and mailing, was approximately \$10,000. The association learned a valuable lesson during the development of this plan: when you are required to professionally analyze your operation, to state your present situation and your future goals in writing, your sense of direction and spirit of accomplishment are greatly enhanced. The association's board deserves great credit for its commitment to develop this business plan and should be rewarded for its efforts. The association is dedicated to annual review and update of the plan in order to sustain the momentum which has been created. Membership input to these updates is paramount in the board's desires.

## case study #5

### Siena Community Association, Inc.

<b>Size:</b>	380 (as of July 2001), 1927 upon build-out
<b>Age:</b>	One-and-a-half (1½) years
<b>Location:</b>	Las Vegas, Nevada
<b>Board size:</b>	Three (3) declarant representatives
<b>Contact:</b>	John J. Holden, CPA, CMCA®, Manager
<b>E-mail:</b>	jholden@sunriseco.com

Only a year-and-a-half old, Siena is a guard-gated, master-planned, age-qualified community consisting primarily of single-family detached homes. There are plans for approximately 100 attached townhome-style structures. Amenities include a 16,000-square-foot health and fitness center, a temporary 10,000-square-foot social center, common-area landscaping, and an entry fountain. In 2003, the builder will construct a 40,000-square-foot permanent community center. The association offers many activities for its residents including bocce clubs, water aerobics, ceramics and computer classes, social and holiday dances, mixers, and excursions.

The purpose of Siena's strategic planning is to provide the association with stable management and financial structure to successfully and efficiently transition from developer control. The major goals include: avoiding special assessments, avoiding large assessment increases after developer transition, and avoiding homeowner lawsuits. These goals contribute to the existence of a comfortable and stress-free community association living experience for residents.

To achieve these goals, the association will have an interim reserve study and a reserve study when construction is complete to ensure that the association's reserves are fully funded at the time of transition. State laws require these items, but it is the association's intent to incorporate homeowners into the process and to provide them with updates. In addition, some homeowners will sit on a transition team and be charged with the responsibility of studying the association's management operations and make subsequent recommendations.

One advantage of strategic planning in this instance is that homeowners have a voice in association management. It is also an organized way to collect homeowner input and initiates an objective, fact-based method by which the association collects this input.

## case study #6

### Tellico Village

<b>Size:</b>	2,100 single-family homes and townhouses
<b>Age:</b>	Fifteen (15) years
<b>Location:</b>	Loudon, Tennessee
<b>Board size:</b>	Seven (7)
<b>Contact:</b>	Don Miller
<b>E-mail:</b>	TVdrMiller@aol.com

Tellico Village is a recreational community with 4,300 residents, 135 staff members, and an annual budget of approximately ten million dollars. The association has three golf courses, a recreation center, a yacht club restaurant with about 400 docks, water and sewer systems, roughly 100 miles of private roads, and a volunteer fire department. There are eight volunteer property owner committees that provide advice on plans and operations to the association's management and board.

The association annually sets goals and objectives and prepares a five-year plan. However, management and board members recently concluded that the association needed to do more extensive long-range planning. The planning was particularly important because it is not a mature, static community. Instead, it will continue to grow and change for the next ten to twenty years. Accordingly, the association developed a 20-year plan called *Vision 2020*.

#### **Vision 2020—Intent and Outcomes**

*Vision 2020*'s goal is to define what kind of community the association will be in the future. It outlines long-term needs, issues, and opportunities so that the association can develop strategies to effectively deal with them. *Vision 2020* has helped the association ensure that short-term decisions and strategies are consistent with long-term goals. Further, it has been a vehicle for discussion and debate on the long-term direction of the Village.

The plan includes detailed financial projections on a year-by-year basis to ensure that the plan is financially viable. The financial projections include: revenue, operating expenses, capital expenditures, cash flows, reserve balances, and staffing levels. The outcomes of *Vision 2020* were 27 specific recommended action steps covering areas such as demographics, association infrastructure, association amenities, management/organization, communications, and finances. *Vision 2020* outcomes were summarized in a seven-page report and mailed to all property owners.

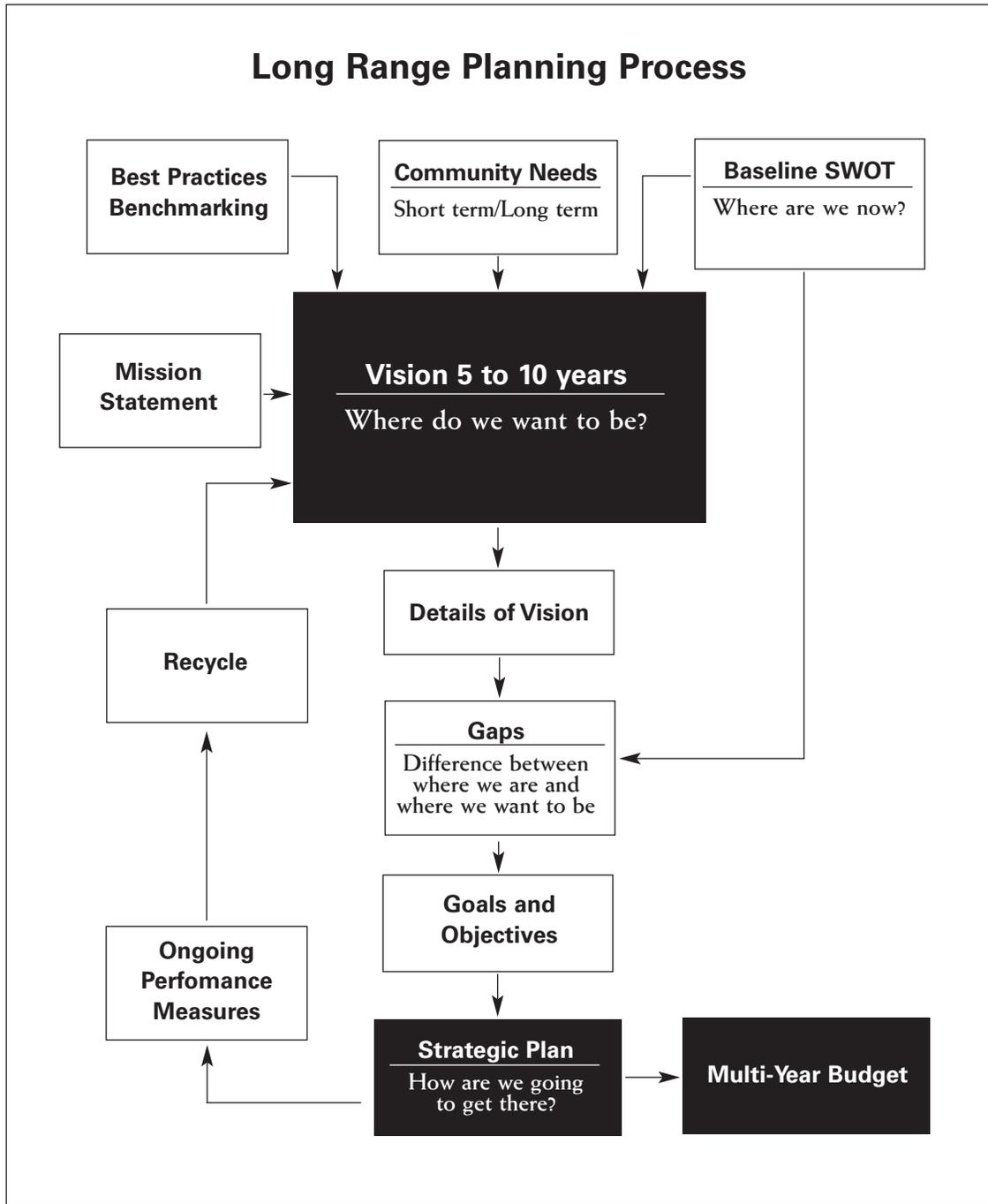
#### **Vision 2020—The Process**

The association first asked each department and committee to develop mission, vision, and strategy statements. The Long-Range Planning Committee (LRPC) then synthesized these statements and composed overall mission, vision, and strategy statements for the association. Each department was then given broad guidelines (forecasted demographics, underlying philosophy, etc.) and asked to develop year-by-year plans for the next 20 years. These plans included major operating programs, capital projects, some financial information, and major concerns. The LRPC then consolidated the individual plans, developed financial projections, compiled the final report, and mailed it to all property owners.

Nearly ten meetings were held with department heads, committee members, the board of directors, and resident property owners to review and gather input on the plan

results. Non-residents provided input by e-mail and letters. Management and board tried to respond to all the input via an article in the local newspaper, which went to all property owners, as well as by letters. *Vision 2020* is a living document and will be updated every few years. Overall, the association feels *Vision 2020* has provided a lot of useful information, which will help the association make good decisions today that are consistent with the long-term needs of the village.

APPENDIX A



Adapted from Cascades Community Association, Cascades, VA, 2001

**Additional Resources**

**Best Practices Reports** (*available at [www.cairf.org](http://www.cairf.org)*)

*Community Harmony & Spirit*

*Financial Operations*

*Governance, Resident Involvement & Conflict Resolution*

*Reserve Studies/Management*

**Books Available From CAI\***

*Assessment Collection: Legal Remedies*, Item #5567

*Collecting Assessments: An Operational Guide*, Item # 5516

*Common Interest Realty Associations Audit and Accounting Guide*, Item #R3141

*Property Taxes and Homeowner Associations*, Item #5389

*The Role of the Association Treasurer*, Item #5427

*Tips for Protecting Your Association Finances*, Item #7000

**Other Books**

*Applied Strategic Planning: How to Develop a Plan That Really Works* by Leonard Goodstein, Timothy Nolan (Contributor), J. William Pfeiffer; McGraw-Hill Professional Publishing; ISBN: 0070240205.

*The Board Member's Guide to Strategic Planning: A Practical Approach to Strengthening Nonprofit Organizations (Jossey-Bass Nonprofit Sector Series)* by Fisher Howe, Alan Shrader (Editor); Jossey-Bass; ISBN: 0787908258.

*Choosing the Future, The Power of Strategic Thinking* by Stuart Wells; Butterworth-Heinemann (Trd); ISBN: 0750698764.

*Creating and Implementing Your Strategic Plan: A Workbook for Public and Nonprofit Organizations (Jossey-Bass Public Administration Series)* by John M. Bryson, Farnum K. Alston; Jossey-Bass; ISBN: 0787901423.

*High Impact Tools and Activities for Strategic Planning: Creative Techniques for Facilitating Your Organization's Planning Process* by Rod Napier, Patrick Sanaghan, Clint Sidle, Patrick Saraghan, McGraw-Hill Professional Publishing; ISBN: 0079137261.

*Strategic Planning: What Every Manager Must Know* by George Albert Steiner; Free Press; ISBN: 0684832453.

*Team-Based Strategic Planning: A Complete Guide to Structuring, Facilitating and Implementing the Process* by C. Davis Fogg; AMACOM; ISBN: 0814451276.

## **Additional Resources (continued)**

### **Web Sites**

American Society of Association Executives—[www.asaenet.org](http://www.asaenet.org)

Community Associations Institute—[www.caionline.org](http://www.caionline.org)

Community Associations Institute Research Foundation—[www.cairf.org](http://www.cairf.org)

Georgia Center for Nonprofits—[www.nonprofitgeorgia.org](http://www.nonprofitgeorgia.org)

National Center For Nonprofit Boards—[www.ncnb.org](http://www.ncnb.org)

### **CAI's Homeowner Education Track**

Please contact your local CAI chapter for class dates, times, and locations. For a complete list of CAI chapters and contact information, visit CAI's Web site at [www.caionline.org](http://www.caionline.org) or call 703-548-8600.

*\*All item numbers are taken from the 2002 Community Associations Press Bookstore. For more information, please call CAI Central at 703-548-8600 or visit CAI's Web site at [www.caionline.org](http://www.caionline.org).*

## **About Community Associations Institute Research Foundation**

Community Associations Institute (CAI) Research Foundation is a national, non-profit 501(c)3 organization founded by CAI in 1975. The Foundation is the driving force for common interest community research, development, and scholarship. Both CAI and CAI Research Foundation are the only organizations recording the history of, and identifying trends in residential community association living. There are more than 231,000 community associations across the country, reflecting the growth of community-based solutions to modern housing problems.

CAI Research Foundation serves as the catalyst for positive change in the community association industry by:

- Illuminating future trends and opportunities;
- Supporting and conducting research;
- Mobilizing resources.

Operating under the belief that community associations reflect a deep commitment to grassroots democracy, the Foundation has fostered the growth of associations by providing educational and research support through CAI's chapters. The Foundation is committed to providing quality research and publications for promoting academic interest in these phenomena.

For more information about Community Associations Institute Research Foundation, please call (703) 548-8600 or visit our Web site at [www.cairf.org](http://www.cairf.org).

## **About Community Associations Institute (CAI)**

Community Associations Institute (CAI) is a national, nonprofit 501(c)(6) association created in 1973 to provide education and resources to America's 231,000 residential condominiums, cooperatives, and homeowner associations, and related professionals and service providers. The Institute is dedicated to fostering vibrant, responsive, competent community associations that promote harmony, community, and responsible leadership.

As a multidisciplinary alliance, CAI serves all stakeholders in community associations. CAI members include condominium and homeowner associations, cooperatives, and association-governed planned communities of all sizes and architectural types; individual homeowners; community association managers and management firms; public officials; and lawyers, accountants, engineers, reserve specialists, builder/developers, and other providers of professional services and products for community associations. CAI has nearly 17,000 members in its chapters throughout the U.S. and in several foreign countries. The national office is in Alexandria, Virginia.

### **How does CAI serve its members?**

- CAI advances excellence through seminars, workshops, conferences, and education programs, some of which lead to professional designations.
- CAI publishes the largest collection of resources available on community associations, including books, guides, *Common Ground* magazine, and specialized newsletters on community association finance, law, and management.
- CAI advocates community association interests before legislatures, regulatory bodies, and the courts.
- CAI conducts research and acts as a clearinghouse of information on innovations and best practices in community association creation and management.
- CAI provides networking and referral opportunities through both the national office and local CAI chapters, CAI-sponsored insurance programs for directors and officers, a 401(k) retirement plan, and discounts on products and services.

### **How can I get more information on CAI or on community associations?**

For membership or other information, call the national office at (703) 548-8600 (M–F, 9–5:30 ET) or visit CAI's Web site at [www.caionline.org](http://www.caionline.org).



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