



JOHN G. FORNARO
PUBLISHER, BOARDROOM
PRESIDENT & CEO, APCD

Boards Can Be More Effective! *And Here's How It Can Be Done!*

THE PRIVATE CLUB INDUSTRY CONTINUES IN TRANSITION...CHANGES BROUGHT ON BY THE WORLD'S ECONOMIC CLIMATE, CHANGES BROUGHT ON BY A SIGNIFICANTLY CHANGING DEMOGRAPHIC, PUBLIC FACILITIES, AND THE CHANGING REQUIREMENTS OF MEMBERS.

Yes, these various factors certainly sway back and forth affecting the existence of our private clubs today.

For example, a whole generation of golfers has grown up not having or needing a private club to play golf, because high-end public facilities have filled the void. That's had a huge impact on many private clubs.

In recent years, Baby Boomers – 45 to 65 – have been the lifeblood of private clubs, and the average private club member is between 52 to 54 years of age, with the exception of some clubs in Florida and Arizona where the influence of older retired members is greater.

However, the average member age is considerably lower than 10 years ago, and that's continues to change as many

"I suspect a little of both," explained Tarun Kapoor, managing director, Kapoor and Kapoor Hospitality, and dean of education, the BoardRoom Institute.

"When times are good and the club is cash flowing, dysfunctional governance is not noticed. It takes tough times to recognize its impact," he added.

"The club business is changing and has been changing for more a long time," commented Frank Gore of Gore Golf. "Clubs have been slow to respond to these changes. Tougher economic times have caused more stress on clubs but the problems were there before the downturn. They are just magnified during tough times. Many clubs have convinced themselves that once the economy improves they will be fine. That is not true. Clubs must retool, reinvent and remain relevant for today's consumers."

Frank Vain, president, the McMahon Group of St. Louis, reiterates these points, explaining that problems club face are not all necessarily economically driven.

■ While the future of the economy is unclear, implementing a strategic plan that includes a clear vision of what your members want your club to be in the future is an absolute necessity. Your club's future isn't a situation of happenstance. This vision must be credible and backed by facts, because the correct vision is so powerful an idea that it jump-starts the future for your club by calling forth the energies, talents and resources to make it happen. ■

more clubs become family-centric with the women in the family making the buying decisions.

While this evolving picture of tomorrow's membership raises new opportunities, many clubs still face serious challenges. So are clubs in trouble because of the tough times, or is it self-induced.

"The club business has been shrinking for 20 years. While the economy is a current problem, the failure to maintain relevance has been going on for two decades.

"The lack of time, how we raise children, the role of women in society and at clubs, the way we work and dress,

SEE BOARDROOM BASICS - PAGE 106

the kinds of food we like and the types of rooms we want to eat them in...these are the big changes that are taking place.

"Our statistics show that 50 percent of the private clubs in the country had fewer members in 2007 - before the fall - than they had in 2000. That was not an economically driven event," he maintained.

Despite these points one factor doesn't change and that's the club's need for strong governance - the requirement to have an effective and efficient volunteer board of directors working in collaboration with the paid management.

Given these requirements where should clubs start? Having a clear vision of where and what the club and its members want to be remains a good starting point.

"The club's vision is critical during these economic times," Gore recommended. "When the economy is great and membership demand is high that allows the club to collect larger joining or initiation fees.

"Dues raises, price increases and minimums can be included. All of these revenue opportunities can cover up inefficiencies, mistakes and expensive changes of direction.

"When a club does not know why it exists or who it competes with, there is a tendency to put forth a whole grab bag of solutions when under the pressure of a down economy."

This 'grab bag of solutions' includes "modifications to the membership plan, price reductions, different dues levels among recent joiners and long standing members and other tactical maneuvers.

"If you know your long term path is sound and you've run a tight ship, then you can stay the course and wait for better times," he insisted.

Jerry McCoy, president, Clubwise, LLC suggests that although strategic planning has been a growing practice with many clubs, the plan itself is often not enough to drive all clubs decisions.

"If the club has a good strategic plan that's a living document and it stays at the forefront, then the club will always know what direction it is going. The plan needs a planned management system with directed initiatives, timelines and assigned responsibilities.

"The strategic plan should be a key agenda item at all board meetings. Too often it's missing and never discussed. Boards should be thinking strategically and not operational-

■ Today, top clubs are doing very well and entry-level properties are not doing so badly either. The ones getting crushed are the mid-market clubs without a clear vision and value proposition. Strategy transcends economic cycles. It is enduring because it is informed by internal and external facts and data. You may slow things down or speed them up in response to economic times, but if you are on the right track, you won't be derailed by slowdowns. ~ Frank Vain ■

"Clubs during tough times cannot afford to waste money. Clear direction saves money. Clubs must respond very quickly to market conditions but these short-term solutions cannot destroy or negatively affect the longer-term vision," Gore added.

"Today, top clubs are doing very well and entry-level properties are not doing so badly either," explained Vain. "The ones getting crushed are the mid-market clubs without a clear vision and value proposition.

"Strategy transcends economic cycles. It is enduring because it is informed by internal and external facts and data. You may slow things down or speed them up in response to economic times, but if you are on the right track, you won't be derailed by slowdowns.

ly. Obviously those organizations that are wandering through tough times with no plan will not end up as well as those clubs who have planned effectively," McCoy opined.

Are there then certain key items upon which boards most focus today to maintain their operating ability? Yes, our experts maintain, though opinions vary.

"Boards must have clarity of vision and commitment to the vision is much more important in difficult economic times," Kapoor outlined. "This serves as a parameter for the board and increases the ability of the board to expend limited resources on what is important to the club.

"Boards must effectively manage the club's cash flow. It's vitally important," Kapoor added. "Boards must ensure member retention, continuously communicating with the mem-

bership, keeping members informed, and servicing member wants needs and desires by continuously assessing them.

“And the board should practice collaborative governance with the management, whereby the volunteer board establishes the club’s policies and the paid managers operate the club on a day to day basis based on the board’s policies.”

Part of that clarity of vision obviously comes from a club’s strategic plan...and that’s a major focus for Frank Vain.

“Develop a strategic plan and make sure you know your market place and membership. Then carve out an individualized strategy that is right for your club,” Vain injected.

And along with the strategic plan, Vain recommends, “hiring the best management talent you can afford.

“A private club is an operationally complex entity where leadership must invest the time and resources to understand the members and then customize the services and culture to fit these expectations.

“It is also a demanding personnel environment. Their training, compensation and other factors need to be properly structured and rigorously managed. This is a job for professionals.”

Tied in with this of course, is the important matter of retaining and recruiting members, which means membership development.

“Get the right people involved in membership and organize it as a department overseen by members and led by a professional membership director,” Vain added.

And the focus should also be on value. “You need to create programs that bring people together so they regularly interact with other members and use the club. Members have different levels of passion for activities the club offers, but they all crave meeting other people.” In a nutshell, the raise d’être for the private club.

Frank Gore reminds there are a few other factors that require focus. Key performance indicators are a necessity, because “the board must have accurate data on the key areas of the club.

“Decisions based on incorrect data or the board’s intuition or anecdotal member responses will be the wrong decisions,” Gore insisted.

“The board needs the facts to make proper short-term solution decisions. And strong department heads are critical in tough times. Clubs must do more with less so every department needs a strong leader. The good news is during tough times there are many strong people with experience looking for work,” he added.

Gore also suggested boards must have “speedy decision-making. Clubs must respond to the market. They cannot debate things for months and months and the board must trust its management team and allow them to do their job.

“The team must be allowed to execute the plan without constant interference. If the board doesn’t trust the team then replace them (the management team)!” Gore proclaimed.

“In today’s environment the board must be a positive voice. This is a time to be encouragers. Set a positive tone. Praise the staff, inspire the members,” he enthused. “Provide hope and supportive leadership. This is not a time to bicker, complain or cause strife. Now is the time to be united.”

Some of these positive aspects begin with “nominating the right people to serve on the board,” Jerry McCoy added, and “the board really needs to understand its constituency. Since the product of the private club is member satisfaction based on value, which is a very fuzzy thing, then the only way you really know what the level of satisfaction is, is to ask.

“Boards needs to develop benchmark satisfaction ratings with every facility and service they provide, through a comprehensive membership survey,” he commented.

And perhaps the underlying theme or pathway to an effective board lies with the information and education the board of directors receives.

“It’s absolutely critical,” Vain insists. “We often hear how a club is unique, but in reality the club has characteristics.

SEE PUBLISHER’S PERSPECTIVE - PAGE 108

DO YOU NEED A GOLF COURSE SUPERINTENDENT?

**Our professional connections
with over 70 years experience can
recruit a superintendent with the
education and skills to maintain your
course in ideal condition.**

CONTACT US



699 Westchester, Saginaw, MI 48603

or Call: (989) 797-0677

www.egsinc.net

Otherwise, the same trends and issues are playing out at clubs all across the country.

“Board members will of course, be up on the trends in their professional career, but not so much on what is happening in lifestyles or at clubs. They need to be exposed to these ideas. Otherwise, they are most likely going to be hearing from fellow members about how its okay to leave things as they are, or that we don't do it that way here.”

Ah...the status quo!

“The club industry and club boards need to face the facts,” Vain insisted. “American society is aging and the next generation of potential members is much smaller in number and much less inclined toward club membership. That doesn't mean it's the death of the private club, but it does demand a new model for most. We often see a real change in attitude among directors when they start to see the big picture.”

Kapoor suggests education is ‘invaluable. The club's protocols should institutionalize the volunteer leadership education year in and year out.

“Management must collect and distribute timely information on member needs and wants, usage of club services, financial analysis of services/products etc. and the board must be trained and expected to govern based on facts,” he explained.

“While good governance may not change the effects of a poor economy, it clearly ensures the club is optimizing its decision-making, keeps the members in the loop and usually results in higher member morale,” Kapoor concluded.

Clearly boards need to avoid knee-jerk responses that put a club in jeopardy.

“If you have a good car and are driving down a road that gets bumpy, you simply slow down and ride it out. If your car has been poorly maintained and you hit these same bumps, the wheels might come off,” Vain offered

“The benefit of having a well-structured strategy is that it makes the economy an external threat which you have to monitor, but it isn't the sole factor in the club's success or failure.

“Right now is a time of tremendous opportunity for well-organized and funded clubs to act,” Vain suggested.

“I think many readers would be surprised to learn how well many clubs are doing. They are adding facilities and programs, they are spending money to get better, and they're attracting talent and recruiting members from weakened competitors.

“There is a not-so-quiet consolidation going on and the winners are the clubs with broad reach, great pro-

grams and solid financial structures. They are intentional in what they do and clearly branded in their marketplace.”

The leadership of the board chair, the diversity of the board, and nomination of strong candidates can all have an effect upon the efficient, effective club operation.

“The solution is to have a sound foundation built on tested practices,” McCoy said, “and the board as an entity should never allow one individual or even a group move the club away from those principles.”

McCoy suggests selecting the right people for the board, and then instituting board member orientation “ to insure each new person is set up for success...”

“One of the great things about successful clubs is tradition, and one of the worst things about a private club is tradition,” maintains Frank Gore. “The club needs a vision of where it wants to be in the future. The vision should not change from year to year, board to board or chair to chair.

“The traditional board set-up causes each board to want to put their group or individual stamp on the club's operations or concept. The club never gets traction on the plan as the vision changes almost every year. It is time to either rethink the traditional make-up and rotation of the board, or their role in the clubs plan and its execution. Do these attributes translate into tangible measures for a successful club?” Gore queried.

Vain suggests the key issue isn't so much the regular turnover of the board and other traits common to non-profit boards. “The critical issue is: What do they do when they are there?

“Successful clubs have in place what we call a ‘planning culture.’ Decisions are made through careful analysis and over time. The board is focused on high-level strategic issues and management creates and executes an operating plan informed by the club's strategic aims.

“Like all democratic organizations, the volunteer system is somewhat messy, but that has its advantages and disadvantages. Keeping the risk side of this down is the key – get a smaller board to maintain focus. Select talent and skills through a rigorous and thoughtful process, not an election. Give new directors a solid orientation. Spend time creating a plan for the future and hold people accountable for completing their part of it.

“The common complaint from board members is that management is not doing its job and from managers we hear that the board is micromanaging. Neither entity sets out to fail, but they are doomed to do so if there is no separation of duties and strategy and operations are just a ‘jump-ball,” Vain concluded.

PUBLISHER'S FINAL THOUGHTS

How do you make your board more effective? In addition to collaboration between the board and management, there are common tactics associated with growth that you can develop in order to thrive today.

While the future of the economy is unclear, implementing a strategic plan that includes a clear vision of what your members want your club to be in the future is an absolute necessity. Your club's future isn't a situation of happenstance.

This vision must be credible and backed by facts, because the correct vision is so powerful an idea that it jumpstarts the future for your club by calling forth the energies, talents and resources to make it happen.

Create a communication plan to address recession-related issues. Conduct contingency planning and establish key performance indicators so that you can measure outcomes.

Measured outcomes mean your management and staff do not confuse activities with results. Decisions can be based on accurate information, not hearsay or anecdotal statements.

The right vision creates your club's own opportunities, enhancing the real possibilities for innovation and change, and this starts with your board of directors.

I strongly suggest every club, once a year, have a one or two-day vision retreat, where all your senior managers, board of directors, specific past board members and possible future board members or committee members get together to discuss what they want their club to be.

Not only does this retreat become an orientation for board members and future board members, but also it begins to allow a longer view of the future, based on the club's strategic plan.

This retreat is extremely important. Just hoping your club will turn out the way you want it to be isn't realistic.

Thorough planning dealing with the factual data increases the odds that you club will reach its goals. You must replace emotion with facts.

This retreat also starts with providing your board members with the facts and information they need to make sound decision. Without facts and information, emotional decisions are usually the result, leading to more chaos.

The board needs information on the current state of our industry including:

- Emerging issues
- Future trends and club statistics
- Membership and retention ideas
- Initiation fees
- Rethinking golf course maintenance
- How to stop micromanaging

- Changing demographics and
- Collaborative governance, and the role of the board of directors.

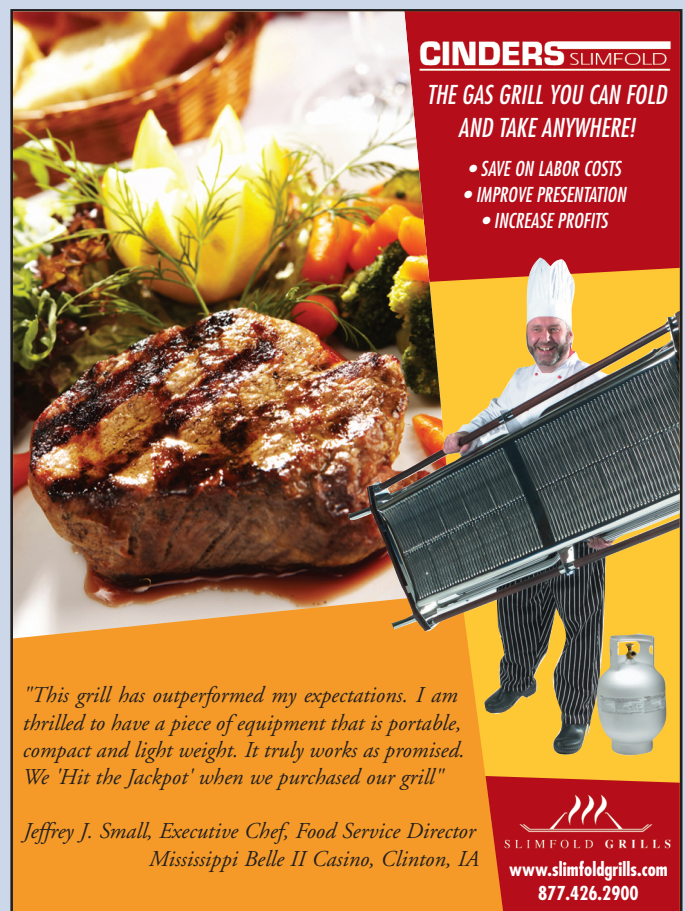
These are just a few of the topics that need be covered so your board and management can make decisions based on the facts and not emotion. This extra effort and investment by your club will result in a shared understanding of your club's challenges, needs, issues and opportunities.

The board will gain a sense of unity and each member will have a better understanding of their roles and responsibilities, and a mutual respect for the other directors and management.

Few directors fully understand the challenges that their club and their management face and this vision retreat can be a foundation for more effective teamwork in the years ahead. At least that's the way I see it! **BR**

John G. Fornaro, publisher

If you have comments on this article or suggestions for other topics, please contact John Fornaro at (949) 376-8889, ext. 4 or 105 or via email: johnf@apcd.com



CINDERS SLIMFOLD
THE GAS GRILL YOU CAN FOLD
AND TAKE ANYWHERE!

- SAVE ON LABOR COSTS
- IMPROVE PRESENTATION
- INCREASE PROFITS

"This grill has outperformed my expectations. I am thrilled to have a piece of equipment that is portable, compact and light weight. It truly works as promised. We 'Hit the Jackpot' when we purchased our grill"

Jeffrey J. Small, Executive Chef, Food Service Director
Mississippi Belle II Casino, Clinton, IA

SLIMFOLD GRILLS
www.slimfoldgrills.com
877.426.2900