

Club Director

FALL 2018

PERSPECTIVES FOR LEADING PRIVATE CLUBS

PUBLISHED BY THE NATIONAL CLUB ASSOCIATION

Successful Club Renovation SHOWCASE



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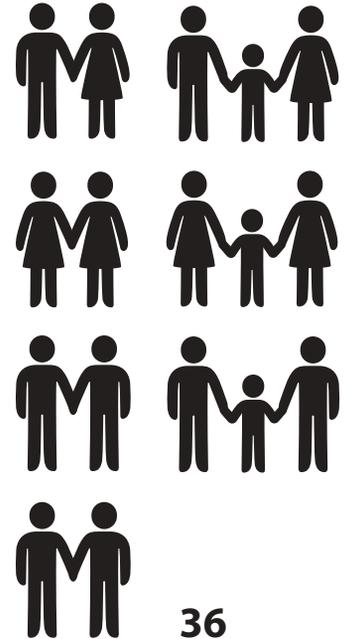
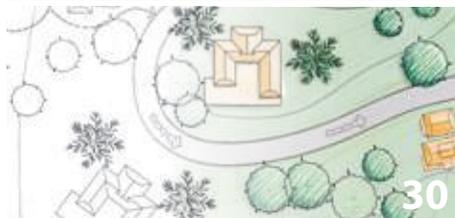
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Cover image: Covered cafe seating overlooking the lap pool at Harbour Ridge Yacht and Country Club in Palm City, Fla.

Club Director (ISSN 1050-8600) is published quarterly by the National Club Association, 1201 15th Street NW, Washington, DC 20005, 202-822-9822. Periodicals postage paid at Washington, DC, and additional mailing offices. POSTMASTER: Send address changes to Club Director, 1201 15th Street NW, Suite 450, Washington, DC 20005.

Club Director is distributed to qualifying members and officials within NCA member clubs and to NCA associate members. Additional subscriptions (\$20 annually, single copies \$5 each) are available to NCA members only.

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LEADING

Renovate to Engage

IN THIS ISSUE of *Club Director*, we look at successful club and golf course renovation projects that attract and delight members. Over the past decade some clubs implemented capital projects to update amenities and facilities; however, with a much stronger economy, clubs are investing in new renovations in order to provide value and to compete with the many options available to members. And, though the intent of these projects can get lost in their intricate architecture, cutting-edge designs and functional layouts, clubs today are investing in renovations to give their members reasons to engage.

According to Club Benchmarking, while the industry has considerable catching up to do, clubs that focus on capital planning and investment are reaping the benefits. Their research shows that the clubs that have invested consistently over the last 10 years are experiencing a corresponding increase in members' equity over time, whereas clubs that have restricted their capital investments are seeing the opposite effect. For more on this see Experts' Corner "Capital Investment Trends" on page 50.

Taking a cue from our members, the National Club Association (NCA) is implementing new ways that we can provide additional member value and engagement opportunities—a renovating of our own—to benefit the industry in "award-winning" and "eloquent" ways.

NCA has joined join McMahon Group and *Club & Resort Business* magazine as a co-sponsor of the Excellence in Club Management® Awards. These first-in-class awards are one of the highest honors in the private club industry and we could not be more thrilled to lend our support. NCA will further support the awards and its winners by scheduling a panel presentation every year at our National Club Conference to highlight the managers' and clubs' successes. Private clubs are encouraged to nominate their managers by Oct. 31, 2018 (see the opposite page for more information).

We are also pleased that *Eloquence* magazine has joined NCA as an Executive Partner. This unique partnership has unveiled NCA's first-ever lifestyle magazine, *Eloquence*, that will strengthen the influence and culture of private clubs. *Eloquence* will be available to all NCA member clubs with the opportunity to be distributed to their individual memberships. It will feature stories about NCA-affiliated private clubs and content related to the private club lifestyle, including topics such as tennis, yachting, golf, food and beverage, culture, arts and philanthropy.

Just as you want your members engaged, we want you to engage with NCA by submitting a nomination for the awards, attending the National Club Conference and having your club featured in *Eloquence*. Through these and other renovations throughout the industry, yours and our members alike can get more joy, use and value from their membership.



Henry Wallmeyer
President & CEO

Member Buy-In

Effective Communication is Essential for a Master Plan and Construction

ONE OF MANY THINGS I have learned during the master planning process and construction is that effective and timely communication to the membership is vital. Many of my peers have embarked on a facility master plan and we know it can be a challenging process for our board, our members and our team. The most important elements to creating buy-in and gaining consensus from our membership is communicating and educating them with the details of the project and keeping them informed of the progress as the construction is underway.

At Southern Hills Country Club (SHCC), the 2017–2019 facility improvement plan effectiveness hinged on educating the membership on: 1) the scope of the plan, 2) the funding of the plan, 3) why the improvements are important, and 4) how they will enhance the member experience.

Town hall meetings have proven to be a successful communication tool. McMahon Group assisted us in the development of our facility master plan. In a joint effort, Frank Vain with McMahon Group and our club president conducted five presentations to the membership about our facility improvement plan. In regard to the golf course restoration project, Golf Course Architect Gil Hanse conducted four presentations explaining the hole-by-hole changes and his philosophy on tree removal. Video recordings of both presentations were posted on our private club website, along with elevations and renderings of the full master plan.

After the presentations, member focus groups and a membership survey gathered input and feedback and provided

Developing a detailed communication plan prior to, and during construction, is an essential tool to ensure your membership and your employees are well informed.

valuable insight on the likelihood that the membership would approve the plan. The membership comment section of the survey supplied valuable information and identified common themes. In preparation for the vote, we shared the survey results with the membership, along with the changes to the plan that were a result of the member survey.

Once work begins, the concepts presented to the membership sometimes change based upon the work that follows. In our case, we had planned for a bag storage building to be built into a hillside, half of which would be underground. During the design process, we discovered that we could bury the entire 15,000-square-foot building under a golf parking lot, effectively creating a one-story parking garage to house 126 carts and 1,600 golf bags. This created an open vista of the golf course we have not appreciated since the building was built in 1967. We sent members detailed print and electronic brochures that illustrated the finalized design of all the buildings and improvements.

Communications Planning

Developing a detailed communication plan prior to, and during construction, is an essential tool to ensure your membership and your employees are well informed. The importance of a communication plan sometimes is overlooked or underestimated during the creation and implementation of a master plan. While those involved in the planning effort may be well aware of what is going on, those outside the executive team are often uninformed and uninvolved. Effective communication ensures that all club members are aware of the plan, its importance, and how they might be impacted. There are many opportunities to provide updates, important notices, and progress reports via email and push notifications. Use the club website to post live video feeds, drone camera footage that gives members a birds' eye view of all the projects, and time lapse photos. We also offer members "hard hat" tours and monthly construction updates "happy hours" that have been beneficial.

More than three decades of experience has taught me that effective communication and transparency are the keys to any successful renovation plan. Keeping your members aware and informed during all phases of the improvement process will create buy-in, excitement and ensure a successful project. [CB](#)



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A Blue Wave on November 6?

5 House Races to Watch on Election Night

The problem for Republicans is that 27 of those toss-up seats are in their hands and Democrats are far more enthusiastic about heading to the polls than rank and file Republicans.

FOR THE LAST few months, political pundits have been predicting that Republicans in the House of Representatives will lose their majority. While it is true that the party in control of the White House traditionally loses seats in the House, this election will be anything but traditional.

The last time the majority in the House of Representatives changed hands was following the 2010 midterm elections, which happened to be the first midterm election following President Obama's ascension to the White House. Most political observers agree that this result came about because of voter displeasure with the president's legislative agenda and the state of the economy.

In 2018, there are certainly those who are displeased with the President Trump's legislative agenda, but much of what he has done is exactly what he said he would do. As for the economy, most indicators suggest it is surging.

So, how does a blue wave come crashing down on the Republican majority in the House?

By the Numbers

The way congressional districts are configured the incumbent is almost always assured of re-election.

Most political handicappers believe that Democrats are guaranteed to keep 181 solid seats and will likely hold on to 21 more. Therefore, the minority party should have 202 seats securely in its column even before any votes are counted. As for Republicans, they seem certain to maintain at least 153 solid seats, and keep 51 more seats. As such, they should enter November 6 with 204 seats

on their side of the ledger. That leaves 29 true toss-ups races.

Those 29 races will determine which party reaches 218 seats and the majority. The problem for Republicans is that 27 of those toss-up seats are in their hands and Democrats are far more enthusiastic about heading to the polls than rank and file Republicans. That means 2018 might look a lot like 2010, and five races will likely tell the tale.

Five Races to Watch on Election Night



1) Kentucky 6—Rep. Andy Barr (R) vs. Amy McGrath (D)

In 2016, Donald Trump won this district by 15 points, and Rep. Barr won his third term by 22 points. This should be the least likely race to change hands out of the 29 toss-ups on the map. That being said, current polling indicates Rep. Barr is having trouble pulling away from his opponent.

The district contains Lexington and Frankfort, so it has a large makeup of city and suburb constituents—many of whom have become unsettled with some of the activities in Washington. That fact has put traditionally Republican districts in this toss-up category—like this one. In addition to that factor, there is Rep. Barr's opponent herself.

Amy McGrath is a U.S. Naval Academy graduate and a retired Marine Corps fighter pilot who flew 89 combat missions in Afghanistan and Iraq. Following her combat experience, she served on Capitol Hill and in the Pentagon in various capacities for the Marine Corps. Before



her retirement, she returned to the Naval Academy as an instructor.

The Commonwealth of Kentucky usually provides its election results very quickly. As such, this race will give us a very good indication of just what color wave might be coming soon after the polls close.



2) Colorado 6—Rep. Mike Coffman (R) vs. Jason Crow (D)

In 2016, Hillary Clinton won this district by 9 percentage points, but Rep. Mike Coffman won his race by 9 points, too.

Coffman's opponent, Jason Crow, is a former Army Airborne and Ranger officer who served in Iraq and Afghanistan. In addition, he was a featured speaker at the 2012 Democratic National Convention as well as an adviser to president Obama's 2012 campaign.

Rep. Coffman has been a longtime public servant in the district and has had tough races in the past. In 2016, he beat the former Colorado State Senate Minority Leader. However, he will not be able to look for help from the president or vice president in his district because such a visit could do more harm than good.

If the Democrats are to have any chance of taking back the House, they must win this race.



3) Illinois 6—Rep. Peter Roskam (R) vs. Sean Casten (D)

In 2016, Hillary Clinton won this western Chicago district by 7 points. Seeing an opportunity, Sean Casten, a molecular biologist, biochemical engineer and founder of several clean-energy producing businesses, threw his hat in the ring. Though he has no political experience, he has raised significant funds and has made this one of the toughest races in the 2018 cycle.

Rep. Roskam won re-election in 2016 by 19 points. The district's voters are comfortable with him—even though many

supported the Democratic nominee for president. Rep. Roskam is a friend of NCA and we have supported him this year and in years past. However, there is no doubt he is in for a fight—Vice President Pence has already made a trip to the district to help bolster his chances.

It is widely expected that this race will be one of the most competitive in the country and will ultimately determine which party reaches the magic 218 number.



4) New Jersey 7—Rep. Leonard Lance (R) vs. Tom Malinowski (D)

In 2016, Hillary Clinton won the district by 1 point. Also, this district has high property taxes and many here will be hurt by the new federal tax law that limits their ability to deduct property tax liability from their federal taxes.

This district also includes the “Summer White House” in Bedminster, N.J., and many are not happy with the traffic issues caused by the president's frequent visits, let alone his policies. All of this means the environment was ripe to bring this Republican district into the toss-up column.

Tom Malinowski fled communist Poland as a child and went on to serve as a National Security Council advisor to President Clinton and as an Assistant Secretary of State in the Obama Administration. He has the money and the ability to bring the local tax issue and general feelings against the president to bear on this race.

In 2016, Rep. Lance won re-election by 11 points, which should give him some comfort going into 2018. He has represented the area for 10 years and is very well liked. With many NCA member clubs in his district, Rep. Lance has been a friend of the private club industry and we will work to support him. However, he will have his toughest battle yet.

If the blue wave does come, look for this seat to be one of the first to fall.



5) Texas 32—Rep. Pete Sessions (R) vs. Colin Allred (D)

Like Rep. Barr's district, this Dallas area district should be the last place Democrats hope to flip a seat, but in 2016 Hillary Clinton won here by two points. As a result, Colin Allred, a former NFL player and Special Assistant at the U.S. Department of Housing and Urban Development in the Obama Administration, jumped into the race.

Rep. Sessions is an 11-term incumbent who did not have a Democratic opponent in 2016. He won his 2016 race by a margin of 52 points over lesser party candidates. While that would seem to indicate this is a safe Republican seat, recent polling suggest that Rep. Sessions cannot get much separation from his opponent and Pence has now added a trip to the district to help.

Though there are other seats that have a better chance of flipping, if this seat changes hands then it will likely mean the blue wave has arrived.

What Could Happen in November

The five races outlined above (and the 22 other Republican-held toss-up districts) really shouldn't be toss-ups at all—incumbents have a natural advantage and they win a staggering percentage of re-election campaigns. Of course, with Republican voter enthusiasm down and Democratic energy up, the solid red nature of these districts is now in jeopardy.

If excitement and interest in this midterm election do not improve for the majority party, low turnout will cause some of these seats to flip. Should that happen, a blue wave could leave many House Republicans looking for higher ground on November 6. [CD](#)



Brad Steele is NCA's vice president of government relations & general counsel. He can be reached at steele@nationalclub.org.

Board Orientation

3 Steps to Ensuring a Smooth Transition

THOROUGH AND THOUGHTFUL

board orientation ensures the effectiveness of private club boards in transition. Club leaders often struggle to sustain key strategic initiatives due to the lack of continuity from one board to the next. Board orientation is an important step to ensure the continuity and consistency of board leadership and action.

How can new board members be brought up to speed quickly and efficiently? Here are three important steps.

1. Deep Background Understanding

Several mission-critical steps are required to provide incoming board members with an accurate and consistent understanding of the club's governance methods. Each requires that newly elected board members read and review:

- The club bylaws—This is the guiding document which gives the board its authority to act on behalf of the club's members.
- The board policy manual (BPM)—The BPM describes how the board will execute its duties.
- The club strategic plan—The current strategic plan shows what key goals and objectives being pursued by the club while providing adequate supporting information to develop an understanding of the club's future.
- The club business plan—Developed by management, this document shows the tactical solutions being implemented for executing the club's strategy.

Designating an established (sitting) board member as a mentor for each new board member is a tactic that is growing among top clubs which want to ensure seamless transition from board

to board. Most clubs gravitate to the benefits of evolutionary—rather than revolutionary—change.

2. Sharing of Tribal Wisdom

Sebastian Junger renewed thinking around the alluring value of “belonging” to small groups in his 2016 book entitled “Tribe: On Homecoming and Belonging.” The value of sharing collective values—tribal wisdom—is important to empowering new board members.

Tactics proving effective in passing along tribal knowledge are:

- Host a gathering of past presidents of the club to answer questions for rising board members. This enables the free exchange of information and background understanding for why the club uses—and doesn't use—certain methods.
- Engage an independent facilitator for a board orientation retreat which enables sitting board members to discuss current issues while being observed by incoming board members.
- Review recent member surveys to enable new board members to understand issues and the quantitative support—or lack of—for current issues of the day.
- Pairing exiting board members with incoming board members to discuss issues, viewpoints, and pressures current to the job of servant leader.

3. Current Issues Education

New board members are often unaware of the club's past and are attuned only to issues that seem current and pressing to them and their friends. This lack of broader knowledge and understanding leads to factionalism and divides clubs—sometimes irreparably.

In addition to the board orientation tactic suggested above, clubs find benefit in the following tactics:

- Conduct a board orientation meeting hosted by the incoming board members. Usually there are three new board members, so this step enables the new board members to state their viewpoints and support the views with data-points that may have been overlooked or minimized previously.
- Describe the board's self-evaluation process to enable incoming board members to fully understand the score-keeping and accountability requirements that are in place. Using the BPM is the proper starting point for such education.
- Arrange a joint review of current conditions with the club's auditor and legal counsel for the purposes of answering newcomers' questions and bringing emphasis to current and developing issues before the board.

Successfully onboarding new servant leaders is an extremely important responsibility. Many clubs rely upon the club manager simply organizing a board book filled with club documents that go unexplained and sometimes unread. The capability and wisdom of the next board defines the future of the club; it is important that club leaders give serious thought to the methods of transition from one board to the next. **CD**



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What is Neuromarketing?

In general, neuromarketing is the science of human decision. It includes behavioral research and behavior-based strategies. With the use of functional MRI brain scans, eye tracking, facial coding and heart rate monitors, this technology is used to gather information in response to words, images and scenarios.

Simply, trained people hook up the brain and the body and watch it light up and track responses. The data presents insights in changes or patterns. Then, marketers like me, strategically apply the findings and understandings to produce preferred outcomes. It's like a secret sauce.

Why does this matter?

Research shows your members, prospects and staff are bombarded with more than 3,000 commercial messages per day—pulling, teasing, directing. Without a smart approach, it's hard to be heard because you're getting lost in the noise. You need to find a better way to influence behavior.

How can you influence behavior?

Knowing how people make decisions will arm you with extra fire power to make your efforts and that of your team worthwhile. It starts with a basic understanding of how the brain works.

We have three brains: neocortex, limbic and reptilian.

Neocortex is the part that thinks. It's our rational self. It supports active decision making and is slow but smart. It lives in the past, present and future. It's somewhat controllable.

Limbic is the part that feels. It's our emotional self. It processes emotions, feelings and intuition.

Reptilian is the part that decides. It's our instinctual self. It's always on—ready for danger. It lives in the present. It doesn't have to think. It's unconscious, taking care of our organs like breathing. It takes input from the other two parts but controls the final decision making process.

According to neuroscience studies and research, decisions are made with our reptilian brain. Eighty-five percent of decisions are made with our subconscious but the numbers show we market and sell to the other 15 percent.

Here's the opportunity: Flip the focus, speak to the subconscious (reptilian brain) and watch behavior change.

The power of words and messaging

You can start with simple changes with event flyers. I mostly see the who, what, where and when but neglect the why. Re-

member, the "why" engages behavior. If it's movie night add copy like, "Guilt-free night for mom and dad," or "Give mom the night off when you bring your kids to the club for movie night," or "It's easy to do date night when your kids are happy." Tap into subliminal reasons and benefits to nudge behavior.

Use stories to stimulate the subconscious

Scientists know when we hear a story, our brains are equipped to feel and experience the details of the story. So, when you tell me about how your golf members celebrate the 19th hole with an ice-cold Heineken around an air-conditioned European, handcrafted wood bar swapping bunker stories, my brain actually lights up and my motor and vision neurons activate. I'm able to put myself in the story.

Instead of just telling prospects you have an outdoor pool, mention how kids cool off in the deep end with crazy diving board jumps while moms relax with Bartender Jim's famous icy pina colodas.

Roger Dooley, neuromarketing guru, advises when using stories to "include action, motion, dialogue and other aspects that will activate different parts of the brain."

Keep it simple

The goal isn't to be wordy. Don't give so much information it's overwhelming. There's a sweet spot of just the right amount because [drum roll please] our brains want to be lazy!

continued on page 12 ►

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Herein lies the main ingredient to this secret sauce: Our brains do not want to work hard. There is so much automatic “stuff” happening in our brain just to keep us alive (heart beats, gut digests food, muscles and joints work to keep us upright, and on and on). Therefore, when you’re communicating to your members, prospects and staff, keep it simple. The simpler and more predictable in regard to messaging and imagery, the easier for the brain to digest and make a decision!

Just add faces

Faces are familiar—the brain doesn’t have to work hard to know it’s a person. If you want to grab attention, use faces. Even better, make it a baby face. Data gathered by researcher Morten Kringelbach proved our brains are wired to rapidly light up when we see an infant’s face.

You can even influence where the viewer looks on the page. As Dooley simply guides, “. . . be sure the face is looking at what you want the view to see—your headline, a product image or whatever is key. Viewers will examine the face, and then subconsciously be drawn to what the eyes appear to be looking at.”

Small changes can produce big changes

Clubs are planning and encouraging members to participate every day. No-shows can be expensive and frustrating. Take advantage of what social scientist Anthony Greenwald discovered: Chang-

ing “Please call if you have to cancel” to “Will you please call if you have to cancel?” affected the no-show rate. It dropped by 30 percent to 10 percent.

This works because the research shows there is a correlation between commitment and consistency. This means we are motivated to do what we promised especially if we made a commitment that is “active, requires effort on our part, and is made public to others.”

Buying and spending can hurt

Brain science shows buying lights up the brain’s pain center. Studies show that simple changes like getting rid of the dollar sign can influence behavior. One Cornell study tested restaurant display pricing:

- Numerical with dollar sign: \$13.00
- Numerical without dollar or decimal: 13
- Spelled out: *thirteen*

They discovered patrons spent significantly more than the other two groups with the simple numerical. So, if you’re promoting an event, menu pricing, etc., ditch the dollar sign and reduce the pain.

However, keep the dollar sign if you’re showing a savings. If your member is saving \$50 by bundling a package, let that dollar sign stand proud next to that 50 number. Since it’s a savings, the brain lights up in a good way.

Social proof is a powerful weapon

So, you’re in a new city and you want to get some food. You drive by one restau-

rant and it has six cars in the parking lot. The other restaurant has 25. Which one will you go to? We automatically assume the restaurant with 25 cars is better. Why? The answer lies in a fundamental principle behavioral scientists call social proof. Cialdini explains, “People’s behavior is largely shaped by the behavior of others around them, especially those with whom they strongly identify.” When we see others take action, we will too. We don’t have to think about it. There is less risk and more motivation. (Remember, the brain wants to be lazy.)

This is great news for club people! Let prospects know there is a wait list and they’ll want it more. Let members know last year’s outing sold out and they’ll think it’s a must attend. Show pictures of large groups having fun at your events and they’ll want to be there to make memories.

From knowing which ear you should speak into in order to increase sales to the 10 words that generate customer trust, join the others that use brain science tips and tricks to produce better results and make their jobs easier. (See what I did there?)

The neuromarketing techniques have wide spread application. 

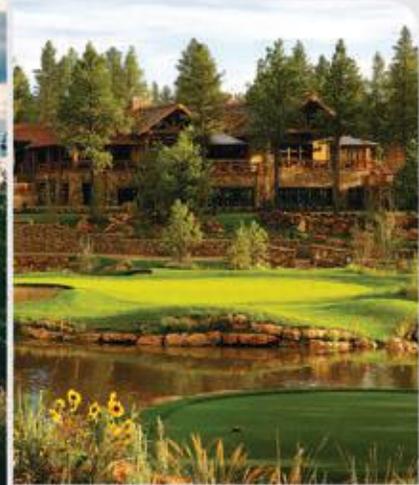
Laura Leszczynski is the VP of Marketing at Strategic Club Solutions, where her team incorporates a toolbox of mental triggers to engage behavior for clubs in the U.S. She can be reached at laura@strategicclubsolutions.com. Go to strategicclubsolutions.com to find out which ear and what 10 words.

Statement of Ownership, Management and Circulation

(Required annually by the U.S. postal regulations) Title of publication: Club Director. Publication number: 1050-8600. Date of filing: September 12, 2018. Frequency of issue: quarterly. Number of issues published annually: 4. Annual subscription price: \$20. Complete mailing address of known office of publication: 1201 15th St. NW, #450, Washington, DC 20005. Full names and complete mailing address of publisher and editor: Publisher—National Club Association, 1201 15th St. NW, #450, Washington, DC 20005; Editor—Cindy Vizza, 1201 15th St. NW, #450, Washington, DC 20005. Owner: National Club Association, 1201 15th St. NW, #450, Washington, DC 20005. Known bondholders, mortgagees and other security holders owning or holding 1 percent or more of total amount of bond, mortgages or other securities: None. Extent and nature of circulation/average number of copies each issue during preceding 12 months: Total number of copies—4,450. Paid and/or requested circulation: (1) Paid/requested outside-county mail subscriptions stated on Form 3526—10; (2) Paid in-country subscriptions stated on Form 3526—4,133; (3) Sales through dealers and carriers, street vendors, counter sales and other non-USPS paid distribution—0; (4) Other classes mailed through the USPS—15. Free distribution by mail and outside the mail (samples, complimentary and other free): 200. Total distribution: 4,333. Copies not distributed: 127. Total: 4,460. Percent paid and/or requested circulation—95.4%. Extent and nature of circulation/actual number of copies of single issue published nearest to filing date: Total number of copies—4,250. Paid and/or requested circulation: (1) Paid/requested outside-county mail subscriptions stated on Form 3526—10; (2) Paid in-country subscriptions stated on Form 3526—3,939; (3) Sales through dealers and carriers, street vendors, counter sales and other non-USPS paid distribution—0; (4) Other classes mailed through the USPS—10. Free distribution by mail and outside the mail (samples, complimentary and other free): 200. Total distribution: 4,139. Copies not distributed: 121. Total: 4,151. Percent paid and/or requested circulation—95.2%



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If You Build It, They Will Come . . . If You Help Them

8 Strategies to Get Your Members Using the Club Website and Mobile App

THE STARTER'S VOICE crackled through the radio attached to my belt. "Mr. and Mrs. Anderson on push carts to the first tee please," he requested and then added, "Bag #345, #567 and #430 on power carts to the top of the hill." I wasn't sure if I had heard everything correctly but, from the depths of the bag storage room, I replied the same way I would for the next two months with a simple, "Coming up."

In the summer of 2016, with an unquenchable thirst for golf, I took a second job at one of Toronto's most prestigious private golf clubs. After eight years of working in marketing roles I was looking forward to getting back on my feet, getting my hands dirty cleaning clubs, and fetching golf bags in the back shop. It was also going to be a great chance to see how clubs were taking advantage of new technology and software I had seen come to market. Smartphones and tablets didn't even exist the last time I was behind a pro shop counter.

Unlike golf clubs that I had worked at during my college days, this Toronto-based club had a "no tee times" policy. Members would arrive at the first tee and tell the starter they wanted to play that day. The starter would add them to the list and radio the member's bag number to staff in the back shop. When the first tee was busy, the bag storage area got a bit chaotic. The veterans on staff knew most of the members' names and bag numbers but for a newbie like me, there was a lot of radio requests to the starter asking him to repeat the member's name or number or both.

It wasn't air traffic control but the back shop could get stressful and I thought that there had to be a better way.

Could the power of technology to make this process a little easier? The season ended, and my summer stint led to getting hired by Jonas Club Software to consult with clients on improving their websites. Unfortunately, I never got the chance to share my vision of a technology-driven bag storage process.

In my new role I worked with club managers on how to improve their websites and better utilize the online tools available to them. It became clear that the back shop wasn't the only club area that was struggling to modernize. Even at clubs that were keeping up with the rapidly changing tech world, members—and even staff in some cases—were slow to adopt and use new online tools like online bookings and mobile apps. Every once in a while, I would find a club with members on board for booking tee times, dining reservations and courts—all online. Staff expressed how beneficial this was, freeing up the time they had previously spent answering phone calls.

After consulting with more than 130 clubs, it was clear that getting members engaged online was challenging but a high priority. I learned as much as possible from the clubs that were seeing uptake and shared that information with other clients. The following is a summary of the ideas and best practices that can help your members adopt the technology tools that your club provides.

Get Members Booking Online **Provide a website tour** **during orientation**

A new member orientation is a perfect time to show off the club website.

Together, you can set up the member's online username and password, log into the site and even make an online booking. It is usually better to let the member take control of the computer and help if they get stuck. Setting the precedent at the beginning will result in a much higher probability that it sticks.

Open online bookings in advance

If your club accepts in person or phone tee time, court or dining bookings in advance, allow members to book earlier online. Eventually you can reduce in-person and telephone bookings to 24 hours in advance.

Host a monthly lunch and learn

There are many online tools that your members would probably like to learn more about. Each month you could combine learning about online bookings and how to use apps like FaceTime, Twitter, Instagram or Pinterest. This could be a great opportunity to get some of the younger members or early tech adopters to volunteer and act as teaching assistants.

Stop accepting phone bookings

This may sound severe and unpopular with members. A private club in Winnipeg, Canada implemented the policy and within a year, after some early grumbling, members accepted that if they want to book a tee time, they have to use the website. It became the new normal. If you have buy-in from the club's leaders and use some of the strategies above, it is possible to go online only.

Get Members to Use Your Mobile App

Identify early adopters and use them as advocates

Pilot your app with small groups of members before launching it to the full membership. Communications teams can select their pilot group in a variety of ways, but it's often easiest to work with members who have existing ambassador roles like the board of directors, or men's and women's league captains, as they are likely to be advocates. Kids and young adults are also early adopters and will be able to show their parents how easy it is to use the app.

Hold a launch party

This is not only a chance to show off the new mobile app, but also teach everyone that attends how to install it, set up a us-

ername and password and how to allow push notifications.

Provide clear instructions

When promoting the new app through an email marketing campaign or a club newsletter, be sure to include simple installation instructions and a dedicated contact person at the club to help members needing assistance.

Instant giveaways

Send members push notifications containing a code word. The first person to mention the code word to a host/server at your club's dining venue, receives a free appetizer, dessert or glass of wine with their meal. Golf pros could send out a push notification for special limited time offers in the pro shop. Incentivize the use of the app by leveraging the "fear of missing out."

Technology can be a huge help if it is used as it was intended. Different demographics will have various comfort levels and expectations when you introduce new software to your club so keeping everyone happy can be a balancing act. If you take a proactive approach and try to implement some of the strategies above, you can get your membership to embrace the benefits and convenience of technology. Once that happens, maybe you can ask the back-shop staff if they have any great ideas about how to improve the bag storage process. [CD](#)



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Renovations and new capital projects can mean growing your footprint, adding unique upgrades and shifting strategies to attract and engage members. With proper planning the process can produce fantastic facilities, the likes of which are showcased on the following pages.

Club Director invited several key architecture and design companies to share their thoughts on trends, award-winning projects and compelling facilities at clubs. Their inspiring designs and member-centric ideas are sure to spark some new visions for your club and master plan projects.

Successful Club Renovation

SHOWCASE

CREATING A NEW,
BUT ALWAYS
THERE FEELING

By Kevin Lichten and Joan Craig

How can a successful and storied club add a basic amenity that had been missing for 120 years of its existence? The Woman's Athletic Club of Chicago on one of Chicago's major avenues had a long and distinguished history by virtue not only of its membership and handsome landmark building but by the richness of its amenities and activities. Built in 1929 as the first women's athletic club in the country, the club's offerings ranged from lectures and concerts to triathlon training and spin classes, from wine tasting sessions to balls, but it had no bar.

Our challenge was to create a members-only bar and lounge that looked like it had always been there, matching the elegant blend of Art Deco and Beaux Arts architecture designed by the club's original renowned architect Philip Maher. The general manager and chief operating officer, Fred Fletcher, asked that this room be a Chicago destination: a new and major draw, driving new membership

and becoming the center where all would gather for cocktails and company, at the end of a long day and into the evening.

Despite the club's large space—more than 105,000 square feet—almost every nook and cranny of the building was over-programmed and over-used. Our first goal was to identify available space in the right location to attract members. The logical choice was an area traditionally thought of as untouchable, the central section of a beautiful and beloved library. The proximity to the main entrance and dramatic staircase and high quotient of charm trumped sentimental attachment. At the very least, we promised to maintain all the original and treasured character.

The area consisted of two rooms: the faded library reading room and a vestibule populated only by a few benches. In terms of architectural scope, our project involved restoring the detailed pine paneling and oak flooring; replacing the monumental windows with new



Photography by Werner Straube, photos courtesy of Lichten Craig Architecture + Interiors.



Before: The Woman's Athletic Club of Chicago library reading room and vestibule.



After: The newly renovated spaces at the Woman's Athletic Club.

handcrafted steel windows that matched the original; and boosting gloomy light levels and illuminating the Sir Peter Lely portrait of an English lady, which had long occupied the space over a hand-carved pine mantel. In order to provide efficient food and beverage service to the space and to increase banquet seating capacity we relocated an unused door, the only major architectural change.

The original furniture, carpets, lighting and art were replaced, except for a few restored pieces. The cherished but well-worn room would evolve into a comfortable, warm and inviting lounge able to attract existing and hopefully new members of every generation. Silver martini shakers, crystal glasses and craft cocktails brought new life to the books and magazines.

Most of the furniture was custom designed by Lichten Craig, complemented by a few pieces by Dessin Fournir and Victoria & Son; a custom rug from Doris Leslie Blau; and lanterns commissioned from Charles Edwards. The fabrics are in a warm palette of golds, creams, blacks and chestnuts—from Dedar, Toyine Sellars, Le Crin, Fortuny and Jim Thompson. The tables in the library and neighboring bar were created by Terry Moore of the New Hampshire Furniture Masters, a guild of artisans dedicated to "making furniture of unsurpassed quality." We were initially taken by their reputation and motto, "our standards—impossibly high," and later by the extraordinary tables crafted for the club.

Adjacent to the library, in what had been an overlooked vestibule, an even more dramatic transformation was planned. Drawing from the building's era, we collaborated with Anne Harris Studio to develop a mural to wrap the room. We've long admired the work

of the furniture and interiors of the French designer, Armand-Albert Rateau. Using his screens as a point of departure, Anne Harris created a stunning black and gold painting, alluding to themes rooted in the club's many traditions. The black paint has a velvety quality while the gold is metallic, lending the impression that the gold figures are emerging from the darkness, a modern twist on the richness of the décor of the original building. Beneath the focal wall of the mural, Lichten Craig designed a quilted leather banquette, which faces a new walnut bar and credenza detailed to recall the architectural nuances of the library.

Initial drawings were used to obtain cost estimates from several general contractors. Along with sketches prepared by our office, the budget was presented to the board for approval. Following the preparation of detailed architectural drawings, construction started during the slow summer months of 2016. Expedited scheduling allowed the new facility to open six months later. Anne Harris's mural was prepared off-site in her studio and installed in a few days. Final touch up took place days before the opening.

Today where novels and newspapers were quietly read, the clinking of ice on glass and the laughter of members socializing has brought an old space into new use. It's our great pleasure to pop in the club after a long day at work to enjoy a Manhattan and see the room buzzing.

Kevin Lichten of Lichten Architects and **Joan Craig** of Craig & Company Architecture and Interiors can be reached at lichten@lichtenarchitects.com and craig@craigandco.com.

TOP 10 MUST-HAVES IN PRIVATE CLUB FACILITIES PLANNING

By Rick Snellinger

Private clubs must compete for their members' *time* above all else. If a private club can offer its members an engaging experience for all ages that complements their busy lifestyle, the club will soon become a desired destination for *all* members of the family.

While board members and club leaders are often well-versed with the concept of ROI (return on investment), many struggle when applying this concept to potential facilities improvements in their club. Why? Because private clubs are not traditional for-profit businesses and can't be evaluated in the same manner. Instead, we encourage clubs to consider the ROE—return on *experience*.

The value a club brings to its members directly affects two key strategic drivers: (1) member retention and (2) member recruitment. By increasing the relevancy of a private club within a member's lifestyle, you increase the value of their membership. Here, are our top 10 "Must-Haves" in facilities planning to increase the ROE—and the overall value—of your club experience.

1] REBALANCING DINING SPACES

Many clubs are rebalancing the existing square footage of their dining spaces to create appropriate separation of spaces with tasteful, updated décor. Today, members desire dedicated bar/lounge areas where they can socialize with friends, as well as family-oriented spaces where parents and children feel comfortable. Members are also looking for intimate upscale dining spaces with fewer seats rather than the large formal dining rooms of decades past.

By renovating dining spaces within the existing building footprint, clubs can revitalize their F&B experience while evading the cost of building new venues or servicing additional square footage. St. Clair Country Club in Pittsburgh experienced a 40 percent increase in utilization in the first six months after Chambers reconfigured their dining spaces and quickly developed a flourishing wine program as a result of the new member wine locker displays incorporated throughout.



Photography courtesy of Chambers.

2] BARS BECOMING THE EPICENTER OF CLUBS

Members crave an exciting and spontaneous bar atmosphere. Today, members are less likely to make a reservation and prefer to casually "drop by" the club to socialize with fellow members. Providing an inviting horseshoe-shaped, "cross-talk" bar encourages such interaction—whether they enjoy a before-dinner cocktail, order a quick and casual meal, or meet to watch "the big game," members quickly see the bar as a destination unto itself.

At Baton Rouge Country Club in Baton Rouge, La., Chambers converted a centralized dance floor into a circular bar that is now the focal point of a vibrant casual dining room that members of all ages enjoy. In the last three years since implementation, member dining F&B sales have increased 31 percent and the club's stockholding membership has reached capacity.

3] ENHANCING F&B OFFERINGS

Members desire unique dining settings like those they experience in their local cities and neighborhoods. Elevate your dining offerings by incorporating an open kitchen concept or creating a wine cellar for private events and tastings. Offer healthy menus that change regularly and incorporate ingredients grown at the club so members enjoy these amenities at the club rather than going to the new farm-to-table restaurant in town.

4] INDOOR/OUTDOOR LIVING AREAS

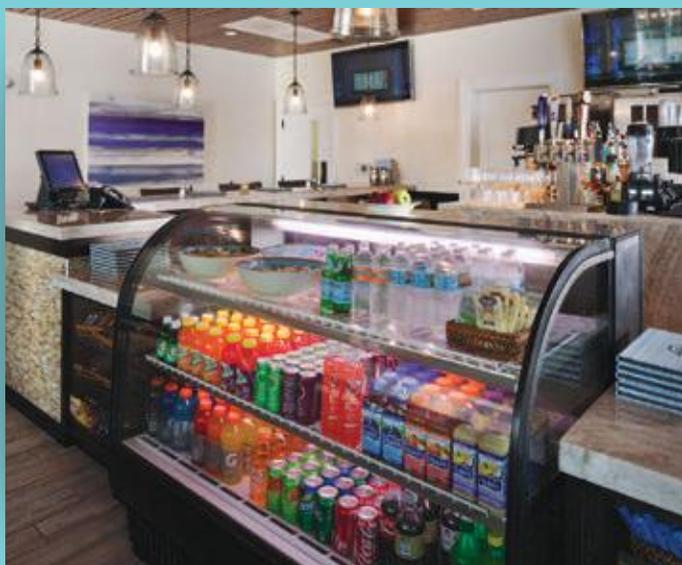
Members wish to take advantage of the club's outdoor setting by socializing in spaces that capture the club's beautiful views and provide furniture groupings and fire pits. To minimize the distance from the kitchen, outdoor terraces and patios often include outdoor cooking stations as well. If members can't be outside, they look for spaces where they can have as much connectivity with the outdoors as possible.



5] YOUTH ACTIVITIES

Progressive clubs are providing family-friendly amenities designed for today's youth. This gives the club's youngest members a place to call their own, providing areas where they feel comfortable while fostering a deeper connection with club life and making lifelong memories. Young children and teens have different interests that should be reflected in the programs and décor of these spaces, which are often located in close proximity to casual dining spaces for ease of access for families.

The design of Wilmington, N.C.-based Cape Fear Country Club's Family Activity Center included two designated areas for their youth—a dedicated child care space (complete with a quiet nursery room) and a durable youth room for teens and tweens with table games, seating areas and video games.



7] CYBER LIBRARY

Thirty to 40 percent of today's members work remotely. Since clubs strive to be a member's home-away-from-home, they should also provide members with the same at-home comfort and connectivity. The design of these spaces should go beyond the typical business center concept, and instead resemble the airport lounge concept with soft seating, light refreshments and wireless access.

The new Executive Business Lounge at the Duquesne Club in Pittsburgh is a perfect example—complete with a coffee station, communal area, and individual computer carrels. The Union League Club of Chicago's recent first-floor renovation incorporates casual seating and a café bar that transforms into a cocktail lounge in the evening—offering members that desired “third place” outside of work and home to connect.

6] SWIMMING POOLS AND ADULT CABANAS

A club's swimming pool area is now the number two most desired amenity by prospective members (second to golf). Members look for resort-style pool designs, inviting pool deck spaces, ample shaded areas and additional spaces for socialization, such as an adult cabana bar. These types of spaces, in addition to offering expanded pool snack bar menus or offering unique programs are also important to providing an enhanced swimming experience beyond the traditional rectangular pool.



8] EXPANDED WELLNESS, FITNESS AND GROUP EXERCISE

The number one capital improvement in private clubs is the development or expansion of fitness and wellness facilities. All generations desire a healthy lifestyle, so private clubs are providing exclusive spaces for members to engage in total-body health and wellness. In addition to traditional strength training and cardio, group exercise classes are increasingly important to provide a variety of unique programming catered to various skill levels and age segments.

Since opening in the spring of 2016, Cape Fear Country Club's new fitness and wellness facilities have ushered increased utilization from members and a heightened enthusiasm from members of all ages. The ultra-casual dining space alone has yielded a 60 percent increase in summer F&B sales compared to the previous pool snack bar and also serves as a new casual dining option for members in the off season.



9] YEAR-ROUND UTILIZATION

Clubs often search for ways members can utilize the club during the “off-season” or in inclement weather. Some clubs incorporate elements like golf simulators or Golf Learning Centers, which can become social destinations to encourage beginners and non-golfers to play just for fun. Many clubs are also developing organized indoor club activities—or “intraclubs”—for increased socialization, including wine clubs, lecture series, and even dart leagues, just to name a few.

10] AESTHETIC UPGRADES

The typical life span for interior décor is 10–12 years. After this period of time, spaces begin to look either tired or outdated. Clubs should maintain a system of periodic updates and develop a plan for systematic enhancements to their interiors in order to keep facilities looking fresh and current.

Rick Snellinger is president and CEO of Chambers. He can be reached at rsnellinger@chambersusa.com.

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HOW RENOVATIONS CAN HELP YOUR BOTTOM LINE

By Brian D. Idle

While expensive initially, capital projects and renovations can give a significant boost to your club's bottom line in the long run. Peacock + Lewis Architects and Planners has a strong history of creating amenities that not only give members more memorable experiences and reasons to come back, but give clubs increased revenue.

Below are a few examples of how major renovations increased membership and engagement to generate more revenue.

Woodfield's Children's Facility

When the membership of Woodfield Country Club in Boca Raton, Fla., voted to build a stand-alone children's clubhouse, making them the only club in Florida to do so, they expected that the investment was made to promote more children's events. Instead, many parents now drop off their children for babysitting and children's activities and stay on property to enjoy happy hours, adult-centered special events, dinner or spa and fitness sessions. They have also seen an increase in members inviting guests with children to take advantage of the services and partake of the events. And, they have seen an increase in babysitting services. All these activities equate to more money being spent at the club as well as more inquiries for property sales.

For their efforts Woodfield Country Club won first place for "Amenities of the Year," by *Golf Inc.* magazine.

The Lifestyle Center at Harbour Ridge Yacht & Country Club

While it is difficult for Palm City, Fla.'s Harbour Ridge Yacht & Country Club to measure specific growth in membership, the club is experiencing one of their top three to four best-selling years in their club history and believe that the new Lifestyle Center is the amenity driving new prospects, who rave about the new facility. The consensus from club members is that the new wellness amenities have greatly enhanced their community lifestyle.

By elevating their fitness and spa programs to the high standards of the other club facilities, the general manager believes that the club is in a better position to now compete with other South Florida clubs.



All photography by Caronchi Photography unless otherwise noted. Photos courtesy of Peacock + Lewis.

Photography by Miami In Focus.

The Beach Club's Aquatics Complex

The Beach Club in Palm Beach, Fla., has enjoyed improved member satisfaction and increased revenues on property as a result of adding a new aquatics complex—and was awarded “Honorable Mention” by *Golf Inc.*'s “Amenities of the Year” awards.

Members satisfaction is high and the complex is regarded as the club's most valuable asset. Those members who had previously objected to the change from “Old Palm Beach” traditional facilities to a first-class amenity have changed their minds, indicating that the aquatics complex more-than-exceeds their expectations while maintaining the classic Palm Beach trademark feel. Both new members and long-standing members are proud to show off their club as it is an extension of their home for entertaining.

The new facility helped boost fee pricing and increased engagement opportunities. In 2016 the initiation fees to join the club were increased \$15,000 in anticipation of the opening of the pool in 2017. Additional alfresco evenings have been introduced to offer more club dining options. Several events previously held inside the clubhouse have moved to the outdoors, increasing attendance and F&B revenue. Overall, the renovation has elevated the club's status as one of the best in Palm Beach.



Sanctuary Golf Club's Wellness Center

The Sanctuary Club in Sanibel Island, Fla., is a destination golf club community in a coastal barrier island preserve of Southwest Florida where members enjoy an active and healthy lifestyle. The new fitness center compliments this desire for a healthy lifestyle by offering full fitness programming and spa services.

The club has had one of their best years in attracting membership since the 2017 amenity was added. Additionally, member satisfaction increased significantly, scoring 4.89 (on a scale of 1 to 5) in 2017 compared to 3.74 in 2016 and 3.55 in 2015.

The wellness director has reported that there was an increase in member usage from less than 20 percent of members using the old facility to 70 percent of the members now using the new facility for workouts, massage therapy, fitness classes and swimming. This equates to more than a 250 percent increase in member usage.

Members are so pleased with the new addition, they agreed to membership price increases. The Social Membership increased from \$20,000 to \$25,000 in 2017 and the club's Equity Membership increased from \$110,000 to \$120,000 in 2018. Dues have also increased from \$400 to \$500 per member phased-in over two-years. Further, there is a three-year wait-list for Social/Sport Membership.

Brian Idle is president of Peacock + Lewis in Naples, Fla. He can be reached at 561-626-9704 or brian@peacockandlewis.com.

THE DINING COMPLEX

By Peter Cafaro

Clubhouse trends discussions are “trending” lately. Not a single gathering of club professionals occurs without some discussion on what is hot and what is not in private clubs. Of all the trending subjects, the most important is the need to continually attract and engage members. Everything else is a strategy or tactic to accomplish the goal of a full and happy membership.

There are many amenities and/or services that engage current and attract prospective members to a club. The social and dining experience is regularly considered among the most important, and the conversation about the need for “casual” dining is one that occurs in every boardroom and renovation discussion. But what is *casual* dining?

When thinking about member dining, words like “sophisticated,” “upscale,” “destination,” “experience” and “approachable” are common terms. Now think “restaurant.” Members want to have a vibrant social experience with their friends at their club much like they would expect to have at their favorite restaurant. That is what member dining must be.

Today’s main member dining space is constantly on their radar as a “go-to” for both family and adult experiences. It reflects the culture of the club and its members’ social tendencies. It is always available as the members’ social center with members never

having to stop to check if their favorite place is being used for an event. It is fun, vibrant and powerful and includes varied seating environments—tables, booths and banquets—lending to the restaurant feel. It is more than a room, it is a *complex*.

Every club has a clearly defined member gathering spot. If one does not immediately jump to mind then it must be created through location, feel and menu. Today’s clubhouse dining complex is open for the enjoyment of members and their guests whenever the club is open. The important elements of a successful club dining complex as listed below, must exist in harmony in a single space.

A well thought out dining complex welcomes all members—bar patrons, adults and families—to share a common experience at their club. The space is artfully designed so as to afford each group their own appropriate area while making all feel part of the community. The space is separated into natural sub-divisions allowing all members a feeling of security, comfort and inclusion no matter which area they choose to populate on a given evening. Of course, appropriate dress must be considered and proactively determined as it is critical to the success of the operation and to its enjoyment by members.

Today’s club member dining experience, the dining complex, consists of four equally important elements:

THE BAR: Just like any urban or suburban restaurant, the bar is key. It is the place where members meet, members eat, and members just hang out to watch tv and socialize. It’s the place where everybody knows your name. It is socially and literally the center of it all and, unlike clubs of the past, is the most critical element to a successful social club environment.



ADULT DINING: Clubs have moved decidedly in the direction of family centricity and will likely continue to do so. However, there are times in every club member's life that they want—or need—an adult experience. Their club's member dining space should continue to be their automatic choice. The adult dining space is a continuation of the bar incorporating some of its energy and excitement (and yes, a little of the noise). It is styled to reflect the club's culture, history and demographics making use of a variety of materials and creative lighting and furniture that combines flexible and fixed seating accommodations.



FAMILY DINING: Our families want to feel included and accepted when dining at their club. Parents do not want the pressure of worrying if the little ones are bothersome or a bit too active, so families need a space of their own. That space is not a separate room but rather an integral part of the complex. Naturally, further from the bar is better but families need to feel that they remain part of the club community even when they are with the kids. The use of booths which “trap” the young ones is important as is the presence of entertainment. Televisions, a pizza station or similar interactive experience will engage the children and keep them coming back.

OUTDOORS: Everyone wants to be outside—to dine, to drink, to lounge around a fire pit—it all happens outdoors. The fourth element of the complex is outdoor dining. Like the others, outdoor dining is connected to the overall bar/dining experience. If the bar can't be opened to the outside, a second bar makes sense. This is not paper plate pool dining but rather upscale al fresco dining featuring specialty cocktails and creative menu offerings.



These four elements ideally are combined into a single dynamic space that can be apportioned flexibly, affording each user group their own comfort zone while they enjoy the company of their fellow members. It is the dining complex that drives your members to adore what their club has to offer on a very regular basis. It's not formal but it is not casual either. It is “just right” and always available. [CD](#)



Peter Cafaro is senior vice president at Studio JBD. He can be reached at 401-721-0977 or pcafaro@JBDandJGA.com.



Photo courtesy of The Reserve, Palm Desert, Calif.



TRENDS

in Golf Renovations

By Michael Jenkins

THINGS WEAR OUT—That's just the way it is.
Whether it is the roof, the swimming pool or the golf course irrigation system, club assets have a limited life span.



In today's competitive environment, forward-thinking clubs are planning for future capital improvements and replacement. In its recent 2018 Golf Industry Report, the National Golf Foundation estimated that renovation, not new construction, is the largest source of U.S. golf course development activity, with approximately 1,100 course renovations over the past decade representing a total estimated investment of at least \$3.25 billion! And that doesn't even factor in "minor" rehabilitation and replacement projects being done every year at virtually every club!

This evolving trend of budgeting and implementing club improvements has been aided and abetted by a now long-running and thriving post-recession economy which has given clubs the resources and confidence to make capital improvements. In many cases those projects had been deferred—either because of lack of funding or fear of what the future held for private clubs . . . and golf in general. Astute, strategic-thinking club boards are increasingly aware that continuing to delay necessary capital replacement and enhancements can only exacerbate the inevitable downward spiral that inevitably happens when a club fails to reinvest in itself.

While it is fairly evident that repairs need to be made when the paint peels, the HVAC system fails or the roof leaks, it is not so easy for club members to understand that the golf course itself faces similar ageing and decay. When the greens run true, the fairways are green and the playing experience is enjoyable, course upgrades don't always take the highest priority. The reality, however, is that the components of the golf course, many of which are underground, do wear out or become obsolete over time.

The American Society of Golf Course Architects has done considerable research to determine the "useful life" of the various golf course components. They assert that delaying replacement of key items can lead to greater expense in the future, as well as a drop in conditioning and player enjoyment. To assist club owners and boards, the Society has published guidelines as to the expected life cycle of course components, ranging from greens and bunkers all the way to irrigation systems, cart paths and drainage systems.

Recognizing that every course is unique and that repair and maintenance practices weigh into the ultimate useful life, every club should be planning for future capital repairs and replacement. The best clubs are commissioning replacement reserve studies to map out future capital replacement costs so they can segregate and save funds for future capital needs. It is inevitably a case of electing to "pay me now or pay me later."

Not to be overlooked is the other driving reason for investing in the club, whether it be the clubhouse, the social amenities or the golf course itself. Today's current and aspiring club members are measuring your product against the competition. If a club isn't continually striving to improve, both facilities and programming, it will be left behind in a hurry. The golf course is the centerpiece of most clubs. The best clubs don't just replace golf course assets, they strive to make their courses better!

Landscapes Unlimited is engaged by many clubs to plan and implement course renovation projects, some of which are replacement related and some are "enhancements." Following are some prevalent trends in golf renovation:

- **Bunker Modifications**—Bunkers are among the costliest golf course features in terms of routine maintenance. New technology in bunker liners, drainage systems and sand types not only make bunkers easier to maintain, but also improve their look and playability.
- **Irrigation System Upgrades**—New technology now available in irrigation components allows the golf course superintendent to not only conserve water, but to irrigate much more efficiently resulting in improved course conditions and aesthetics.
- **Regrassing**—New hybrid strains of grasses can be more disease resistant along with more tolerant of drought conditions. In many cases, changing out the grass type improves playability and can facilitate a reduction in the use of chemicals, herbicides and pesticides.
- **Turf Reduction**—Reducing the acreage of maintained turf on a golf course can be accomplished by returning "out of play"



Photos courtesy of The Breakers Ocean Course, Palm Beach, Fla.



the drainage system and subsoil are replaced to a complete greens complex re-design. There is a wide range of renovation options depending on whether the club and the golf course architect are just trying to improve green drainage or whether they are after a whole new look.

Clubs renovate for a variety of reasons and the appetite for renovation will vary from club to club, but every club needs to budget and plan for asset reinvestment. It's just the way it is. **CD**

Michael Jenkins is president of Landscapes Golf Group, a division of Landscapes Unlimited, a club owner, operator and renovation specialist. He can be reached at mike@landscapesunlimited.com or visit landscapesunlimited.com.

areas to a native vegetation look or by utilizing other types of ground cover such as decomposed granite, wood chips or mulch. This type of modification can result in lower maintenance cost and potentially a whole new look to the course.

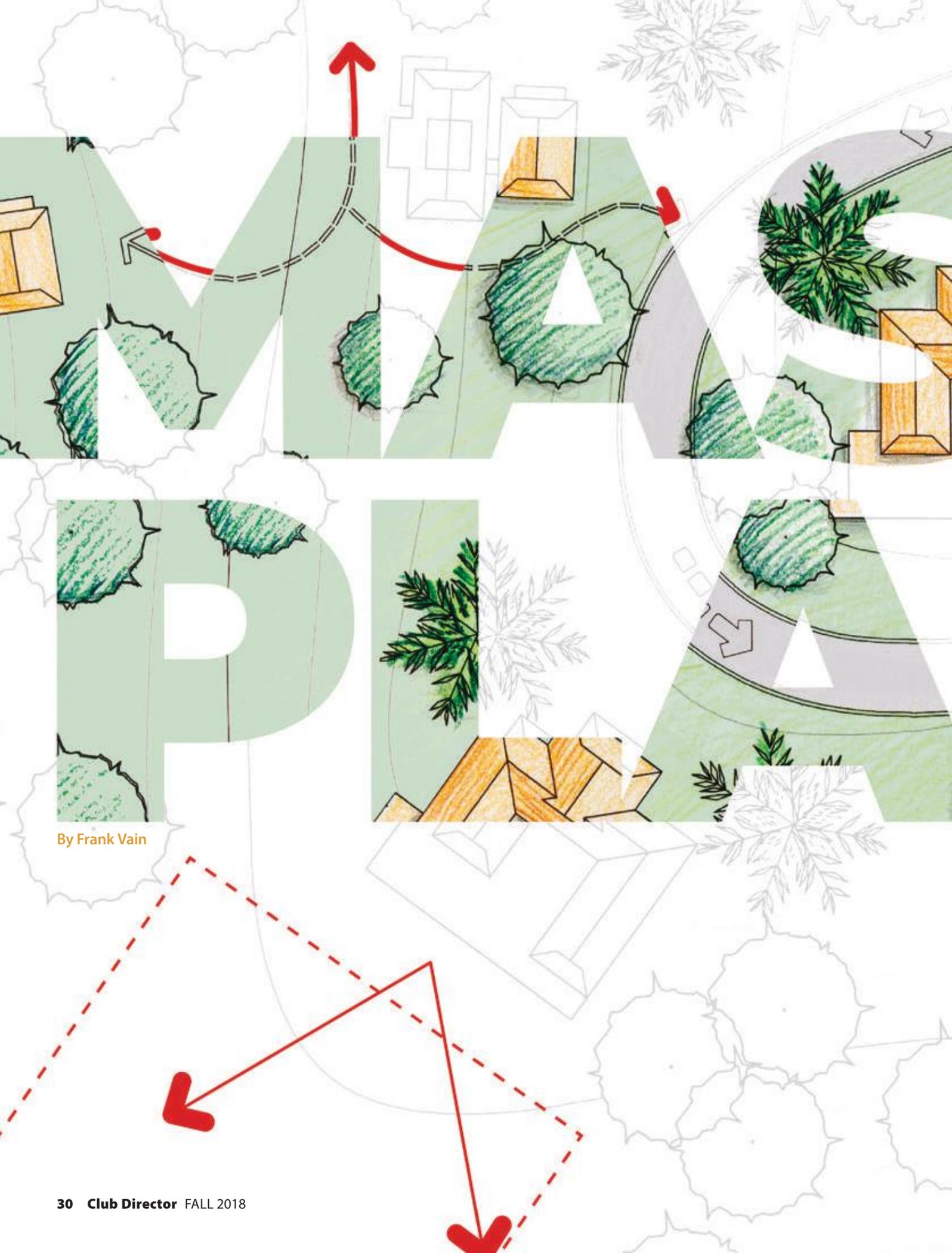
- **Greens Modifications**—Improving the look and playability of a putting green can range the gamut from a “core-out” where

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By Frank Vain



to Update Master Your Opportunities

A core principle of club membership has long been exclusive access to premier facilities. These days, when perceived value is a distinguishing characteristic for clubs and activity preferences are changing dramatically, it is arguable that a club's physical facilities are more important to their success than ever before. Given this changing landscape, developing a master plan is one of the most important steps club leaders can take to position their club for success and growth.

When clubs were once only looking to become a fresher version of their historic selves, it was acceptable to work through projects here and there across the campus. There is a critical difference between narrowly targeted improvement projects and master plans, however. The former looks only to improve an asset in its present form or place, while a master plan probes deeper questions of shifting values and the relative importance of new or different activities. It is the pathway to transformative investments that positions the club for the long run.

No matter the type—city, country, yacht or other—the club of the future will be a multi-faceted collection of social spaces and recreational activities. It will offer a diverse set of features and benefits where innovative leaders can initiate programs that increase member engagement. These facilities must work in unison to deliver the proper member experience as well as avoid competition within the offering or require an inordinate amount of labor.

The master planning process starts with a solid understanding of the club's mission and vision. This central agreement on the experience the club must offer is typically the responsibility of the board and provides the direction the planners require to develop an effective plan. Survey work was likely part of the initial visioning process, but if not, then a targeted facilities survey should be administered by the Planning Committee. This team will also need to study the external environment, including the changing nature of the membership experience and the benefits clubs are deriving by adding facilities for families, exercise and fun and games.

Master plans are also more important these days because clubs are trying to do so much with their facilities. This makes for a more diverse set of users and activity patterns. It is increasingly common for a club to offer active athletics like fitness, tennis and pickleball and expansive pool complexes and a diverse set of social and dining venues. These investments are adding value to the member experience, so members and their families can use the club more frequently and in different ways. This makes it more important than ever to clarify spatial relationships and establish circulation patterns that promote harmony between the different user groups. To properly accommodate these growing demands, it is important to think through how your facilities will balance adult and family use, casual to formal dress and new active athletics and traditional sports.

Continually Expanding the Circle of Involvement

Developing and receiving member approval to invest their money to improve the club's facilities is the result of a thoughtful process that engages the broader membership. Clubs often miss the point here, first viewing this as solely an architectural exercise. While the facility solution is obviously important, it is only one aspect of a multi-layered process that includes strategy, financial

planning, communications and marketing, and yes, basic politics. Club leaders must approach planning as a holistic process or they will fail to strike the right vision and receive member endorsement to move ahead with the vital first phase.

Your planning program should be led by a committee that includes a mix of club leaders and at-large members from different age and interest groups. They will steer the process and interact with your planners to complete the initial research, link the plan to the club's strategy, establish goals and program requirements and, ultimately, produce a preliminary plan. Beyond this obvious requirement, it is critical that the entire membership can participate in the review and finalization stages. Plans handed down from the top are typically rejected by members because they feel imposed rather than organic. For a plan to address the membership's top priorities and receive broad support, it is essential all members are given the opportunity to attend meetings, view video presentations, read project booklets and other information on the plan section of the club's website and, most important of all, be invited to participate in a formal feedback loop before preliminary ideas go final. This feedback should cover the key aspects of the proposal, including the priority of the projects and the financial plan. A broad member

continued on page 34 ▶

Keys to Preparing and Approving a Master Plan

- 📌 **PROCESS IS KEY:** Master planning is much more than an architectural exercise. The board must embrace a planning process that allows them to lead the club in the proper direction while also listening to the membership to avoid overreaching or trying to impose solutions that are out of character. Strategic thinking, trends analysis, competitive analysis, financial planning and communications and marketing are essential elements of a successful plan. You need to bring all these tools to bear.
- 📌 **KNOW YOUR VISION:** The master plan must be designed toward your club's well-researched and articulated vision. Each club has its own culture and a unique set of internal and external dynamics. Your plan must be in harmony with these characteristics, so it will be effective and welcomed by your members.
- 📌 **DO YOUR HOMEWORK:** Ask members what they want from the club and how they feel about the current facilities before designing your plan. Your plan must solve perceived weaknesses of the existing facilities to be accepted by the membership.
- 📌 **HAVE A GREAT COMMITTEE:** Get the right people involved, especially a dynamic chairman who can win the confidence of the membership and make them comfortable with change.
- 📌 **EFFECTIVE COMMUNICATIONS:** The discussion of capital projects stirs up emotions from excitement to fear among the membership. It is critical the leadership goes into this process with a well-developed communications plan that builds member confidence, while being empathetic to concerns about money and change. It is essential to show how the proposal is driven towards a strategy, not simple beautification. A good practice is to never show a plan without talking about its expected cost and how it would be funded.
- 📌 **COLLECT AND RESPOND TO FEEDBACK:** Clubs are community assets and your process must invite member feedback. It is likely members will want changes to the committee's initial ideas. Once you've articulated your rationale and recommendations, be open to member criticism and suggestions so you can hone your solution and priorities and move to implementation.
- 📌 **SECURE APPROVAL:** Once you've completed all the steps to know you have the right plan and member support, close the deal with a voting campaign that produces high turnout. Building projects are challenging. Unity at the start will see you through whatever bumps in the road pop-up along the way.

The Benefits of Master Planning

- + **BRAINSTORMING BEFORE ACTING:** By exploring a variety of options before settling on a preferred solution, the Planning Committee is much more likely to uncover options they would not find through narrowly focused project planning. A master plan produces facilities that are transformative versus slightly better versions of what the club has always had.
- + **FUNCTIONALITY:** Master plans connect the dots across the physical plant. They identify solutions for the member-facing amenities as well as the back-of-house areas and infrastructure critical to safety, comfort, efficiency and performance.
- + **CONTINUITY:** A long-term roadmap will assure that the projects that make up the first phase fit with later phases. Clubs are notorious for the one-off project that then requires redoing in the future because of the lack of long term phasing plans. Master plans ensure current challenges are fully resolved and position the club to evolve in an orderly and cost-effective manner.
- + **MOMENTUM:** One of the most important aspects of master planning is to select initial projects that have the most impact on member satisfaction and new member attraction. A powerful first phase will generate resources to fund later phases and get everyone excited for future work.
- + **MEMBERSHIP MARKETING:** An approved master plan illustrates for potential new members where the club is headed and the types of experiences it will be able to offer in the future. New members are interested in the long-term vision of the club and they are much more likely to join one where the pathway is mapped out.

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Projects That Make an Impact

Design for your culture and market, but be mindful of where the industry is going:

- ✦ **MODERN SOCIAL SPACES:** Everybody eats—members, spouses, children, relatives, guests and clients. Having the types of bar and dining spaces that reflect societal tastes is imperative to driving member engagement. The decision to eat at the club is a choice between what it offers and what can be found in the local market. The winning ticket is to have a welcoming bar (the replacement for the former club living room), a warm, inviting grill room portioned for adults and families, all leading out to a great patio, deck or verandah. Check out The Marketplace at Boca West Country Club to see a truly innovative application of changing trends.
- ✦ **INFRASTRUCTURE IMPROVEMENTS, ESPECIALLY KITCHENS:** While often dismissed as being of little interest to members, improving the kitchen is often one of their top priorities. Dining is the club's most important activity when all members and spouses are considered, so members understand they need a great engine room to make it all happen. There is no point in spending a lot of money on the front of the house if you can't produce the food and deliver the product in a timely manner.
- ✦ **GET OUTSIDE:** Access to outdoor spaces in season is every member's top priority. If it's a county club, members want to eat outside overlooking the course. If you are in the city, figure out a way to get on your rooftop. At yacht clubs, you'll want to maximize the views of the water, of course.
- ✦ **POOLS:** With the average new joiner now a 40-year old couple with two children, swimming pools are in the sweet spot for new member attraction. At or near the pool complex, you'll want a poolside cabana bar to serve as a source of gathering for all members, not just the pool users. If you are in the market for new young members, this is the gateway amenity.
- ✦ **HEALTH AND WELLNESS:** Fitness facilities are a required amenity for most clubs. Increasingly, the basic fitness center of the past is evolving to become a full-service fitness and wellness club. This means that in addition to the cardio and weight areas, there should be spaces for stretching and classes, like yoga, aerobics, spinning and other group activities.
- ✦ **CHILDREN'S ACTIVITY ROOMS:** Young families are fired up about clubs, especially ones that cater to everyone in the household. They are anxious to use the club in multiple ways, but not always together. The club of the future will have a great children's activity room, so mom and dad can enjoy the club when the little ones are also on-site. When the kids are asking their parents, "can we go to the club" because they can play with their friends, you've won.
- ✦ **REMOTE WORK SPACES:** Often maligned as slackers, Millennials and other young members work a lot. They just don't do it in an office from 9 to 5. To be useful to as many members as possible, clubs will increasingly offer remote work spaces, so member use can blend seamlessly with the changing work day. It's a third-place thing.
- ✦ **GOLF PERFORMANCE CENTERS:** Golf will increasingly move off the course and into training and simulator spaces that provide the teaching and equipment important to low handicappers and the fun and games enjoyed by the one and two-hour golfers. The new center at Medinah Country Club is at the forefront of this change.
- ✦ **PAY HOMAGE TO YOUR HISTORY:** Clubs don't have revolutions, they evolve. While adapting to the desires of the next generation, don't forget the past. Long-time members and new ones alike appreciate their club's history and enjoy seeing displays about the past. Make a history hall a key part of your upgrades.

review will not only assure the wisdom of the membership is baked into your final proposal, it will also generate the goodwill toward the recommendations that is critical to approval.

Bright Prospects Ahead

It is an exciting time for clubs. For the first time since the 1980s, the number of people moving into the prime joining years will increase each year for the next decade. Clubs have historically performed well when these age waves occur. Additionally, the credit markets are awash in capital looking for sound investments. Clubs with strong balance sheets and cash flow have greater access to

capital and the ability to structure favorable long-term deals that can change their approach to facility reinvestment and enhancement. A master plan is a critical tool for maximizing this potential and creates the physical plant clubs need to satisfy the members they have and attract the next generation. **CD**



Frank Vain is president of McMahon Group, Inc., a premier full-service, private club consulting firm serving more than 2,000 private clubs around the world. He serves as NCA Chairman. He can be reached at fvain@mcmahongroup.com.



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SIGNIFI OTHERS

By Robyn Nordin Stowell

As recently as a decade ago, many clubs defined “family” as a mom, a dad and their children. A club member was entitled to extend use privileges to his “family.”

Today, data shows that families come in all shapes and sizes: single parents, blended families, significant others who live together or don’t live together, registered domestic partners. The list goes on. In 1980, the majority of U.S. children lived with two parents in their first marriage. Today, there is not a single dominate family form, according to research.

So, how should clubs evolve in light of this? Club Benchmarking data shows that a small majority of clubs (in their vast databank) extend privileges (not ownership or membership) to a member’s significant other. Of clubs responding, more than a quarter have no formal significant other policies.

If your club has not fully evolved its documents and processes into a specific definition of “family” that works for your club, then you should consider applicable state laws and your current club documents to determine what options are available, how you need to update your documents, and how you need to update your operations. This article provides an overview of all of those issues and makes some suggestions the club could consider going forward.

State Laws

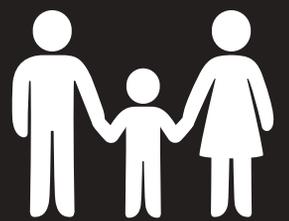
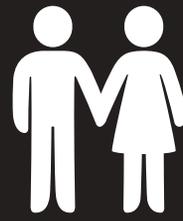
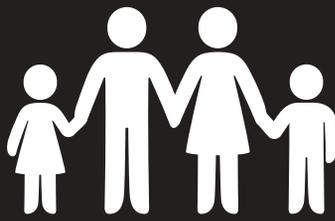
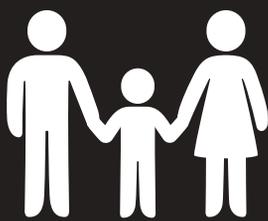
The club should first consider what state laws are applicable to its circumstances. For example, California and Hawaii have “regis-

tered domestic partner” types of laws that require businesses to treat couples who have registered together as domestic partners (as opposed to becoming legally married) equally to how they treat married couples. Some state laws have been subsequently impacted by the Supreme Court Decision in *Obergefell v. Hodges*, which in 2015 held that the 14th Amendment requires states to license marriage between same sex couples and to recognize same sex marriages from other states. Therefore, it is important to understand the applicable laws in your state so that you address significant others and registered domestic partners in a way that does not violate state or federal law.

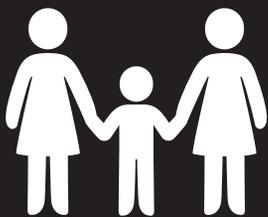
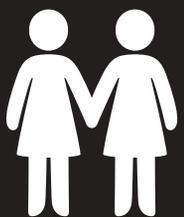
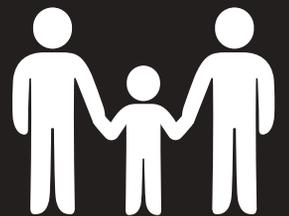
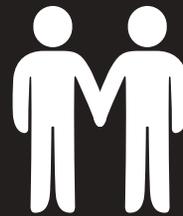
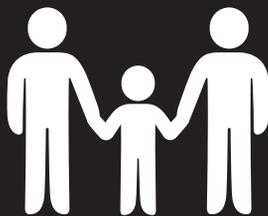
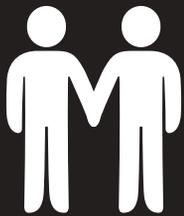
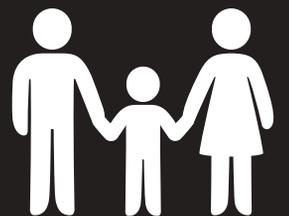
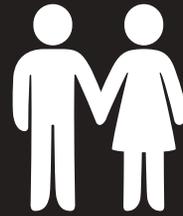
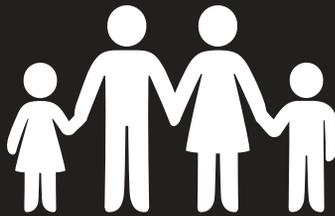
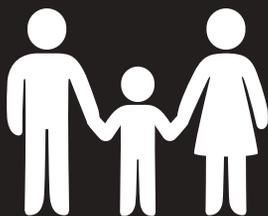
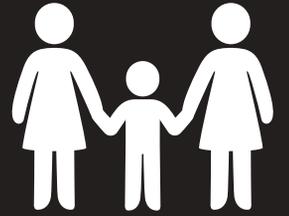
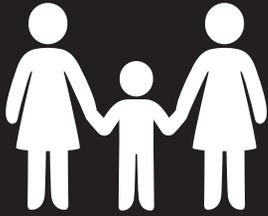
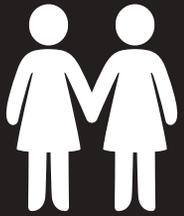
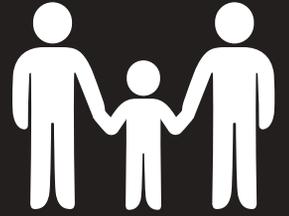
In addition, if your club is actually a property owners association, or is tied to a property owners association, or has “mandatory membership” within a community, there may be issues related to who holds title to the home or home lot in the community that impact the options available and requirements that impact the club. Be sure that any changes to policies or documents are consistent with the property association documents and/or the mandatory membership documents.

Club Documents

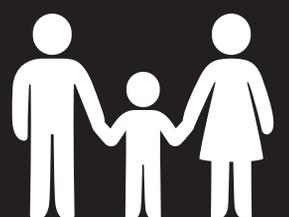
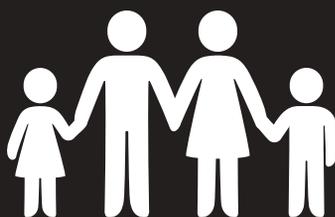
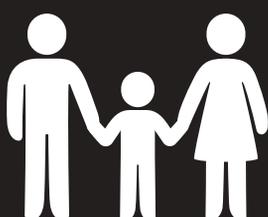
As in all cases, it is very important for a club to follow its documents or change its documents. In the area of significant others, one issue I see regularly is that the club changes its operations without changing its documents. For example, a club’s documents may define the “member” as a single individual and say that only the member may serve. The club then decides to allow “spouses” to serve on the board

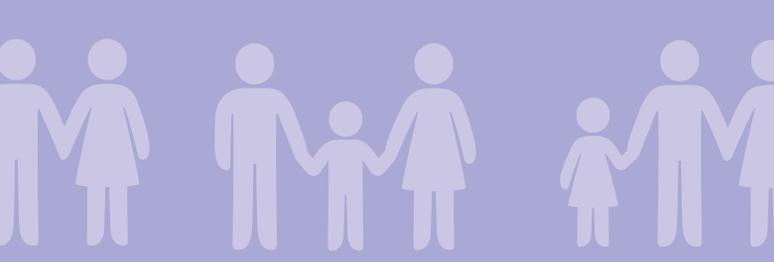


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Developing Policies for Significant Others? Here are the Questions to Ask

Where applicable, consider what your club's current documents say and what you would like them to say.

- 1 Is the club member owned, company owned, or a property owners' association, and do we have "mandatory membership" for homeowners within our community? Are we aware of the laws that impact us based on the foregoing answers?
- 2 Are there local laws regarding "registered domestic partners" that we need to consider?
- 3 To whom do we issue a membership / who is the member (individual, two spouses, family)?
- 4 If the member is an individual, to whom do we extend use privileges (spouse, immediate family, significant other)? What is our definition of "family?"
- 5 Do we allow "spouses" to serve on the board or on committees?
- 6 For a member to add a significant other to their membership, what must they prove: They live together? They share title to a home lot in the community?
- 7 How often can a member change their significant other?
- 8 Does the "significant other" have all of a "spouse's" privileges or only "use privileges"?
- 9 Does the significant other sign documentation confirming that the member or club can terminate the significant other's use privileges at any time, that the significant other has no right to the member's refund after resignation, etc.?
- 10 In a divorce, do we only recognize the "member" or will we allow a court divorce decree to tell the club which spouse is now the "member"?
- 11 Under what circumstances may the former spouse become a member?
- 12 **MOST IMPORTANT QUESTION:** Do our operations and practices align with the club's documents on all these issues?

or on committees and then expands those privileges to significant others. The club has gone way beyond what its documents allow. Similarly, a club may extend use privileges to "the member's spouse" but be silent on every other form of "family."

It is important for the club to understand what its documents currently allow and require, so that the club is in compliance with those documents, and then the club should determine what it would like its policy to be. Once it has a clear plan, the club can modify all documents to be consistent with that intended policy.

Determine the Club's Policy

First, the club should consider what it wants its policy to be generally. For example, a club might say "We are a club that provides facilities for our members and their family. To us a family means _____." The club should then ensure that the definition of "family" complies with laws as discussed above. You could say there is one individual who is the member, and his legal spouse or registered domestic partner will have use privileges as his "family." You might allow as a "family" two unmarried adults living together as a family unit (and their children) but not allow those two if they do not live as a family or not allow three unmarried adults who collectively live as a "couple" to be a family. You could not permit two opposite sex partners but decline two same sex partners. So, you have some latitude to decide what type of club you are, but you need to be careful about where you draw certain lines.

Finally, the club needs a process to evaluate and document the elements of a "family." For example, for a member who is unmarried to add a "significant other" onto their membership, what elements needs to be present? Must they live together? Must they share title to a home lot in the community? Would you allow a single member to designate any other unmarried individual as their "significant other," so long as they cannot change that significant other more regularly than every two years? Is it enough if the member represents that they are in a "personal couple relationship" with the other individual, regardless of whether they live together? If you allow any unmarried member to add another unmarried person to their membership, you might find that the second adult is actually a friend who lives down the road and between the two adults they have dozens of kids and grandkids.

It is important here that the evaluation and required factors not be made on a case by case basis. That can open the club to claims of discrimination. This is a gating issue for the club, so it should think carefully at this step.

Next, the club should determine what privileges it wants to extend to the significant other. Do you generally want the "significant other" to be treated as a "spouse" so that whatever the spouse may do (use the club, serve on committees, etc.) the significant other may do? If you adopt such a broad definition, are you also intending that the member could transfer their membership

to the significant other as they possibly could to the spouse under your documents? What about transfer on death? Possibly you are only extending “use privileges” and not the other privileges a spouse may have. You should think carefully through exactly what privileges are being extended.

Special Circumstances

As you determine the overall policies, consider what happens when relationships end. Statistically, this will happen! For significant others, the documentation should clearly state the limited privileges afforded to a significant other and clearly explain what rights they do *not* have.

What about divorcing members? Will you allow a court divorce decree to tell the club which spouse is now the “member” or is the club set up so that one is the member and one is the spouse, so the membership can only be awarded to the “member spouse”? Do you have any rules or policies that address the post-divorce? May the former spouse become a member? In an amicable divorce, would you allow the former spouse to continue to use the club with the children (even as the children’s guest

and how do you handle ex-spouses who are not amicable? This is a bit beyond the “significant other” issue, but divorcing members often will add a significant other in the future—it might help to have the ex-spouse situation under control.

Appropriate Paperwork

Finally, the club should adopt appropriate paper work. The significant other and the member should sign documentation that clarifies all the privileges and responsibilities. For example, the member is responsible for all of the significant other’s charges, including for their guests. The member can terminate the significant other’s use privileges at any time. The significant other has no right to the member’s refund after resignation. If you document the situation clearly, you will not be drawn into the pseudo-divorce (with no judge to make a binding order) if the relationship ends. **CD**

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Do You Have the Right People on “Board?”

Linking Problem Areas to Board Composition

A board’s success is evaluated by its performance, but having the right people serving as directors is critical to achieving a board’s goals. The following uses information from BoardSource’s *Leading with Intent: 2017 National Index of Nonprofit Board Practices* study to shed more light on board recruitment and improvement strategies.

Rating the Board

Board chief executives were asked to rate their directors’ performance in several key areas.

Strength

A-

The board’s understanding of mission

Weaknesses

C+

Community-building and outreach

C

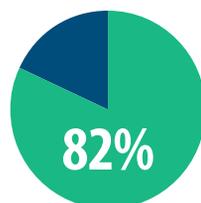
Fundraising

C

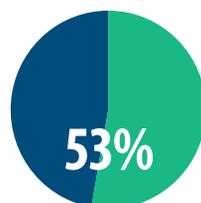
Increasing Board diversity

What are the current areas of priority in board recruitment?

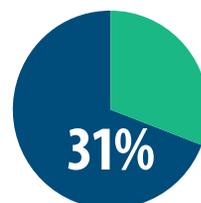
Executives Said



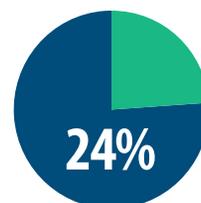
Passion for Mission



Community Connections



Fundraising



Demographics

Deeper Dive: Diversity

While board chief executives say that expanding racial and ethnic diversity is important, board diversity has remained relatively unchanged for nearly 25 years.

2017:

84%

of boards reported as Caucasian.

Since 1994:

No more than

18%

of boards consisted of minorities.

Understanding Mission

Board executives said the three most important areas boards should address to improve its performance are:

Fundraising: 67%

Board Diversity: 65%

Outreach & Ambassadorship: 43%

Put Words Into Action



Boards perform more effectively in areas for which they recruit. **PASSION FOR MISSION** ranks high when recruiting new board members as well as when rating board performance. However, areas like **FUNDRAISING, COMMUNITY-BUILDING** and **DIVERSITY** rank lower in both performance and recruitment.



To close this gap, **BOARDS SHOULD IDENTIFY AREAS TO IMPROVE** their performance early in the recruitment process, **ASKING DIRECTORS TO IDENTIFY CANDIDATES** who fit the board’s mission and improve weak performance areas.

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FINANCE



James J. Hankowski CPA

How are capital improvements being financed?

THERE IS NO QUESTION, clubs continue to spend money on capital projects at record rates. Country clubs are spending almost 36 percent more than they were eight years ago, but that was also a result of clubs curbing spending after The Great Recession of 2008. Today, clubs are paying for these improvements by borrowing more. Easy enough, however we all know that members ultimately are paying for it one way or another: The old saying, “pay me now or pay me later.”

There are two reasons clubs are borrowing more to pay for improvements. The first is that money is cheap, and members would prefer to pay over time as opposed to paying a large, one-time, upfront assessment. The second is that initiation fees, which were a large source of capital for clubs, are down more than 20 percent. Since this source of revenue typically funded half of capital expenditures, it's not hard to figure out that the difference had to come from somewhere. Hence, clubs are borrowing more from third parties in the form of bank debt.

According to our 2018 edition of “Club Operating & Management Data,” the average bank debt in a country club was \$3.75 million and 87.5 percent of country clubs have bank debt. This compares to \$2.7 million ten years prior with 74 percent of clubs having debt. This begs the question: How much debt is too much? There is not a simple answer to this question, however, let's examine the possibilities.

Let's assume the average debt of \$3.75 million at a 4 percent interest rate over a 15-year period. Under these terms the monthly debt payment (principal and

Country clubs are spending almost 36 percent more than they were eight years ago . . .

interest) would be approximately \$28,000. If the average club has 250 equivalent members that would require a monthly debt repayment assessment (fee, for those who don't like the term assessment) of approximately \$112. Annualized that comes out to \$1,344 per equivalent member. The question then is, can your member afford an additional \$1,344 on top of the dues they already pay? I do caution my clients not to extend the borrowing period for more than 15 years—with a best case at 10 years. The reason for this is that over a period of 10 years, most clubs will have a major capital project and having a loan that extends more than 10 years would cause financial strain. The bottom line is that clubs in areas that have a resource of prospective members that are paying initiation fees are doing significantly better than clubs in areas that do not have the resource of new members.

James J. Hankowski CPA is a partner of Condon O'Meara McGinty & Donnelly LLP. The firm specializes in the auditing and accounting for more than 325 private clubs in 16 states. He can be reached at jhankowski@comdcpa.com or visit comdcpa.com.

STRATEGY

When a club needs major clubhouse improvements, should a club renovate or build new?

CLUBS SOONER OR LATER will have to deal with this issue . . . to pour “good” money into an old building or to replace it. Today, many clubs with dated facilities reaching 60- to 70-years-old are faced with this decision as the infrastructure alone in those buildings is moving beyond its useful life, not to mention the function and flow could be inefficient. One of the biggest issues is that the cost to update the older clubhouses for today’s members (let alone be code compliant, safe for everyone, and more energy efficient) can easily approach the cost of building a new clubhouse.

There are four factors that can help decide this issue when planning major improvements: the architectural quality of the building, the condition of infrastructure systems, cost and financing factors and how much support you can obtain from the membership. They are all interrelated.

First, consider the architectural quality of the clubhouse. Is there enough character in the building that it is worth saving and restoring? If the existing architectural quality is marginal, then the issue of cost comes into play. The best rule of thumb on deciding the “renovation or new” issue is, when the cost to renovate approaches or exceeds 70 percent of the cost to construct a new clubhouse, the new clubhouse has to be given serious consideration. Obviously overall cost resulting in an assessment is critical for deciding the clubhouse improvement approach.

A critical factor is assessing the question about renovation is to understand the condition of the building’s infrastructure. If the systems are deficient or just old, the cost to update these systems can eat into your budget.

Another aspect that may not get enough consideration is the financing available for funding each option. A new clubhouse should provide a building with a longer life expectancy—at least 80 years, allowing a longer amortization period to pay off a loan, typically around 25 years. On the other hand, a renovation, especially for an older building, would have a much shorter life expectancy, requiring continual facility upgrades on a 15-year cycle. In general, a renovation will not have financing loans over 15 years. Another important consideration is the cost per member can be similar as you calculate payments for a new clubhouse versus a renovation.

Finally, it cannot be stressed enough that this decision must start with the membership. Understanding how members feel about the club overall, their views on the existing facilities and where they want to take it in the future begins with a comprehensive membership survey. Involving the membership helps to lay the foundation for making the right decision and will affect the club’s future for years to come. Once you have a clear understanding of which direction to follow, be sure to communicate it clearly to the members and educate them on the



Bill McMahon, Jr.



decisions that have been made. Keeping them involved in this process will be the key to its success.

Bill McMahon, Jr. is Vice President of McMahon Group, a full-service private club consulting firm that has served over 2,000 private clubs around the world. He can be reached at bmcmahon@mcmahongroup.com or visit mcmahongroup.com.

BUDGETING



Derek Johnston

To stay successful and keep their clubs financially fit, club directors do well to expand the club's knowledge platform and develop tools that make them more effective directors.

When building the club budget, where should a strategic board focus?

"QUI VIVE?" would be the call shouted by an alert sentry during the Middle Ages . . . and one must get the answer right for his life depended upon it. The sentry was asking "Long live who?" And the correct answer was, "Long live the king!" For directors who are alert and prepared for the challenges of leading their club safely to success, it is similarly important to know the correct answers to mission-critical questions.

Club directors should know to align the annual budget to the club's strategic goals. Strategic intelligence is a must-have for club directors. To ensure that each director is alert, Global Golf Advisors (GGA) coaches five key points of focus:

1. Validate that key performance targets supporting that strategy;
2. Analyze three to five years of history, not just the most recent prior year;
3. Take a structured approach to assembling and trending critical business intelligence;
4. Use zero-based budgeting and make sure all responsible managers have visibility into the overall budget; and
5. Maintain and update a forward-looking financial model based on budget adjustments.

Club directors are volunteers whose time and focus are limited. What budgeting tactics are most effective? First, rely upon management to build the

foundation for a trustworthy budget. Then, take a 360-degree view of the data and trends impacting your club's current and future performance.

GGA strategic intelligence diagnostic approach aligns five keys for successful budgeting:

1. Strategic goals and objectives;
2. Competitive positioning and demographic trends (market data);
3. Membership satisfaction and preferences (membership data);
4. Historic performance and perceived member impact (operational and financial data); and
5. Comparable club performance and trends.

To stay successful and keep their clubs financially fit, club directors do well to expand the club's knowledge platform and develop tools that make them more effective directors.

GGA encourages directors to rely upon their business acumen. Knowing the right answer, where to find it, and how to use the answer is what makes club leadership so demanding. Sometimes it is wise to be on the *qui vive*.

Derek Johnston is a partner at Global Golf Advisors, an international consulting firm that provides specialized advisory and support services to more than 2,700 clients worldwide from offices in Toronto, Phoenix and Dublin (IR). He can be reached at djohnston@globalgolfadvisors.com or visit globalgolfadvisors.com.

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EXPERTS' CORNER

MEMBERSHIP



Rob DeMore

Is tribalism strengthening the private club industry?

THE TERM "TRIBALISM" has received a proliferation of media coverage, all noting the trend's recent influence on technology, politics, special interests, socio economics, and more. At its most basic level, tribalism describes the innate human desire to belong to a group of people who think and feel the same as you. Although critical to the process of evolution, its rich social structure took a backseat to the shared ideals of a new America. The private club became a hybrid of sorts, designed to appeal to common interests and deliver a shared experience in exchange for mass coalescence.

Today, sweeping demographic change in the American landscape has put tribalism back in the driver's seat. New, nontraditional and multi-cultural norms focused on individuality and close interpersonal relationships are being established, and the modern consumer wants customized experiences on demand. As a society, we rarely watch television together anymore, we're following the whim of our taste buds and dining out more than we're eating in, and we're more inclined to point and click for our needs and wants rather than stroll a shopping mall with one another.

So, what does it all mean for the private club industry?

Ours is a strange and beautiful world in so many ways. We often build a home (clubhouse) that features a kitchen, dining room (restaurant), family room (bar), bathrooms (locker rooms), and formal living rooms that are reserved for special occasions and guests (banquet and con-

ference space). We complement this with an expensive backyard (golf course) and add in the latest toys (pool, tennis courts, fitness centers, and more). We then invite as many neighbors as we need (or want) to come over to our house and play, asking that they treat each other kindly and requiring that they consume a certain amount of food, dress as they are told, and pay for the privilege of use no matter how much it costs—as long as it doesn't cost too much. The neighbors (members) rotate in and out of the role as head of household (club presidents), and too often the neighbors (members) undervalue the good faith efforts of the other rotating volunteers (boards and committees) because their subjective interests or freedoms are not uniformly met.

The record level of capital reinvestment in our industry is a healthy sign that private clubs from coast to coast are meeting the challenges head on, but the clubs that become stronger as a result will be those who fully understand the distinct preferences represented in the tribe they serve. Only then will they be able to inspire and attract a more evolved membership base that can only be coalesced through a shared desire to enrich their own lives as individuals. The industry is poised to reinvent itself, invigorated by the both the threats and opportunities tribalism has fueled. What a ride this should be.

Rob DeMore is president of Troon Privé. He can be reached at rdemore@troon.com or visit troon.com and troonprive.com.

The industry is poised to reinvent itself, invigorated by the both the threats and opportunities tribalism has fueled.

How can employment agreements be a win-win for both the club and manager?

THE NATURE of employment agreements and their terms have been changing for many years now. Not too long ago it was commonplace for a club to create a formal contract with a manager to run its club. Contracts can be expensive and time consuming for an attorney to prepare, which both parties are typically anxious to avoid. The much simpler form of an employment agreement has become the new norm. A number of factors will dictate how complex the agreement should be, however, a formal, written understanding of the terms of the manager's employment should always be memorialized in a written document for the benefit of both the club and the manager. The employment agreement typically delineates the employee's roles and responsibilities; term of employment and process for renewals; compensation, benefits and perquisites; terms for dismissal (with or without cause), severance, confidentiality, and means of remediating any related disputes. These are all important issues for both the club and employee that should not be left to the best intentions or recollections by either the club or employee. Times change, boards change, and the manager's agreement changes—unfortunately so do memories!

Don't leave home without it! A manager who is leaving a good and stable position and has a family to provide for, or who knows the prospective club has some internal political or financial conflict, has reason to be concerned about job security, at least initially. Managers will want—and it is not unreasonable to expect of the club—assurance of a reasonable length of time to adapt to the new club and prove your capa-

bilities while spanning tumultuous times. Many boards do not want to sign long-term agreements that bind future boards, but a written guarantee of employment for a certain term that limits dismissal for other than cause, under these circumstances, is a reasonable request. To perform your best, you need to be free of this stress, which benefits both you and the club.

Who's watching the fox? Managing one's own rights and privileges is a manager's greatest responsibility. For this reason, it is essential that there is a very clear understanding among the key stakeholders, precisely what the manager is held accountable for and entitled to. Stakeholders and expectations will change so it is paramount that the manager's primary roles, responsibilities, compensation and entitlements are clearly spelled out and updated regularly. This becomes even more important when the manager's agreement includes housing, dining, clothing, travel, vehicles, family privileges or any other special privilege beyond those generally available to other club employees. If a club offers housing and/or family privileges to a new manager, it is imperative that the president makes that clear in his initial written welcoming of the manager and his/her family to the membership. The board and senior staff need to be made aware of these privileges from the onset of the relationship.

Keep it simple! We are finding that many businesses and clubs are moving away from perks such as club vehicles and expense accounts for comparative dining, dry cleaning, travel and the like. If necessary to remain competitive, they are simply



Robert C. James CCM, CCE, CHE

increasing the base compensation. Recent tax regulations have put stricter regulations on the taxability of many of these benefits which make them less attractive to the manager and adds complexity to the agreement and to proper accounting by the club.

The Win-Win! For a mutually agreeable relationship, both sides need to be cognizant of the other's needs and motivations. Ironing out a mutually acceptable agreement—in writing—should be a collaborative process and the capstone of the negotiations process; launching the relationship. The needs of the organization and manager evolve over time, necessitating that the written agreement be reviewed and updated. This is important if only to regularly remind the club leaders and manager to what they have agreed.

Robert C. James CCM, CCE, CHE, is Vice President, DENEHY Club Thinking Partners, a full-service executive search and management consulting firm serving the private club and boutique resort industries at more than 300 clubs and resorts on more than 700 projects. Bob can be reached at bob@denehyctp.com or 203-319-8228. Learn more at www.denehyctp.com.

EXPERTS' CORNER

WAGE AND HOUR



Mark Brenneman, PGA

How do California labor laws affect the rest of the United States?

APPLICABLE MINIMUM WAGE is defined as the highest of federal, state or local rate. The current federal minimum wage is \$7.25 an hour but in the city of San Francisco, the present minimum hourly wage is \$15 while across the Bay in Emeryville, Calif., the minimum hourly wage is even higher at \$15.69. In Southern California, the city of Los Angeles isn't too far behind with a minimum wage of \$13.25 an hour increasing to \$14.25 in July 2019, and then again to \$15 in July 2020.

While every state has their own laws, California is out front on this issue and the state has been a pretty accurate forecaster of coming national trends. In fact, not only is California leading the charge of increased hourly wages but the state's Supreme Court decided California was also going to go in a new direction when considering the larger and long-debated question of employees versus independent contractors. Specifically, in its May 28, 2018 *Dynamex* ruling, the court held that all workers will be considered employees by the state until the employer can prove otherwise thereby reversing a national trend toward an independent-contractor driven economy. With this single decision, some estimate California will see an additional \$7 billion in income tax revenue on an annual basis.

Thus, in considering California now, it is not so unlikely a similar outcome will unfold across the country in years to come. For every employer, the complexities of this new ruling will need to be addressed. For example, in California an employer must provide an off-duty, 30-minute meal period for employees

While every state has their own laws, California is out front on this issue and the state has been a pretty accurate forecaster of coming national trends.

who work more than five hours. However, if the total work period per day of the employee is no more than six hours, the meal period may be waived by mutual consent of the employer and employee.

There are many other questions to answer regarding rest breaks, scheduling, overtime, etc., and while it is always wise to document, acknowledge, review and update written policies, it equally as judicious to consider outsourcing as an option.

Mark Brenneman, PGA, is the chief business development officer for CADDIEMASTER, the premier provider of caddie management and training services with more than 50 partnerships in 22 states and four countries. He can be reached at mbrenneman@caddiemaster.net or 702-807-3448. For more information, visit caddiemaster.com.





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EXPERTS' CORNER

PERFORMANCE INDICATORS



Ray Cronin

What is the trend for capital investment in private clubs over the last 10 years?

OUR DATA REVEALS a “Tale of Three Cities” happening in the club industry, and we are deeply concerned about what appears to be a growing divergence. According to our research, one-third of clubs is prospering and growing, one-third is “going sideways” and one-third is falling further behind every year. The metric we use to measure prosperity and growth is the compounded annual growth rate (CAGR) in net worth over time, aka Members’ Equity or Unrestricted Net Assets.

The Club Benchmarking research team has analyzed net worth over time (2006 thru 2018) for more than 300 clubs. Thirty-five percent of those clubs have seen their net worth decline in absolute terms (worth less today than in 2006). Currently, the median CAGR for this group of clubs is 2.1 percent, which is below the inflation rate for construction during that same period. Only 37 percent have CAGR at or above 3.5 percent—Club Benchmarking’s recommended target. For contrast, the upper quartile representing the healthiest clubs, has a growth rate of 5% or more.

The Best of Times and The Worst of Times

In our club industry version of Dickens’s classic tale, the difference between the “haves and have nots” comes down to mindset. The prosperous clubs are focused on programming and investing to deliver a compelling member experience. They reap the benefits of that focus through increased capital contributions from their existing members and from new members paying healthy, consistently increasing initiation fees. Our data

In our club industry version of Dickens’s classic tale, the difference between the “haves and have nots” comes down to mindset.

proves clubs that have invested consistently over the last 10 years are experiencing a corresponding, quantifiable increase in members equity (net worth) over time, whereas clubs that have restricted their capital investments are seeing the opposite effect.

For those declining clubs, the focus is on operational results, cutting costs and restricting investment rather than on the member experience and the health of the balance sheet. Reversing the downward spiral will require leaders of those clubs to commit to changing the behaviors that are driving their decline. We offer a complimentary Net Worth Over Time analysis and report for clubs interested in taking the first step. Email mmorin@clubbenchmarking.com for more information. 

Ray Cronin is Club Benchmarking’s founder and chief innovator. He can be reached at rcronin@clubbenchmarking.com.

COMMUNITY BUILDING

How Can Clubs Serve as the Neighborhood Main Street?

BACK IN THE DAY, the main street of any town or city was the center of community life, offering food, entertainment and retail destinations. Today, true main streets are rare and represent a nostalgic era of times gone by when communities gathered to dine, see movies, shop and socialize—exactly what today’s private club can provide.

People want to connect, whether it is on an actual main street or not doesn’t really matter. Geographically, most clubs already are located in the center of a community. At ClubCorp, our focus is to create lifestyle clubs, with amenities and programming that help members connect at every level—with their families, friends, health and community thereby providing more tangible and intangible value to membership.

- Many early country clubs in the U.S. were formed to provide an outlet for member recreation that included golf, tennis and even fox hunting, horse-back riding and ice skating. Today, members still look to their clubs for recreational and fitness opportunities—running five miles on the treadmill, taking a cycling class or working with a personal trainer. Beyond workout equipment and classes, clubs can offer nutritionists, fitness festivals and competitions that promote health, fitness and wellness and engage and connect members.
- Clubs may not be the retail center of the community, yet in addition to fully-stocked tennis and golf pro shops, clubs can support local businesses

through craft sales, business forums, sponsorship opportunities, local wine and beer tastings or local food trucks during special events. Not only does collaborating with local businesses enhance the value of membership, but it promotes goodwill between the community and the club.

- Give your members a variety of dining options—from a “neighborhood” bar and grill where members can relax and watch the latest sporting events to a contemporary dining space featuring trendy cuisine for your foodie members. Don’t underestimate the contributions a high quality chef can bring to your club—creativity, quality and a following.
- When planning your calendars, think of every member of the family and utilize every area of the club. Craft beer tastings, comedy shows, food festivals, and watch parties for everyone and everything from football and basketball games, golf tournaments to Hollywood ceremonies are great for the adults. Whereas the entire family will use the club during such events as trivia nights, ice cream socials, Oktoberfest, Fourth of July and Veterans’ Day parades and 5K runs.

With a little planning and old-fashioned ingenuity, you can make your club the contemporary main street of your community and watch the members stroll in.

Tom Bennison is senior vice president of business development at ClubCorp, the largest owner and operator of private golf and country clubs. He can be reached at tom.bennison@clubcorp.com or visit clubcorp.com.



Tom Bennison



Capital Health by the Numbers

Symptoms of Good and Bad Financial Performance

Declining CAGR

30%

OF ALL CLUBS

Compounded Annual Growth Rate is shrinking.

CAGR Below Inflation

50%

OF ALL CLUBS

Compounded Annual Growth Rate is growing at a rate less than inflation.

Net Available Capital Ratio

	25th percentile	Median	75th percentile
2017	7%	12%	18%
2011	3%	9%	17%

Net Available Capital (NAC) Ratio is the money clubs have available for investment or debt reduction measured as a percentage of total operating revenue. It reflects a club's power to generate capital and thus its ability to build and deliver member value over time. At a minimum, clubs should have a NAC Ratio of 12-15 percent.

2.14%
Industry Median
2006-2018

Compounded Annual Growth Rate (CAGR)

CAGR quantifies increase or decrease in the club's net worth, aka member equity. Currently, only one-third of clubs are achieving the recommended minimum rate of 3.5 percent.

52%
Industry Median

Depreciation

Assets of the median club are 52 percent depreciated

48%
Industry Median

Net PPE to Gross PPE Ratio

Net to Gross Property, Plant & Equipment (PPE) Ratio describes the percentage of a club's total physical assets which are fully depreciated. Clubs with Net to Gross PPE Ratios below 40 percent are likely to have physical assets that are significantly worn and depleted.

Source: Club Benchmarking
clubbenchmarking.com



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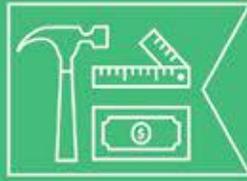


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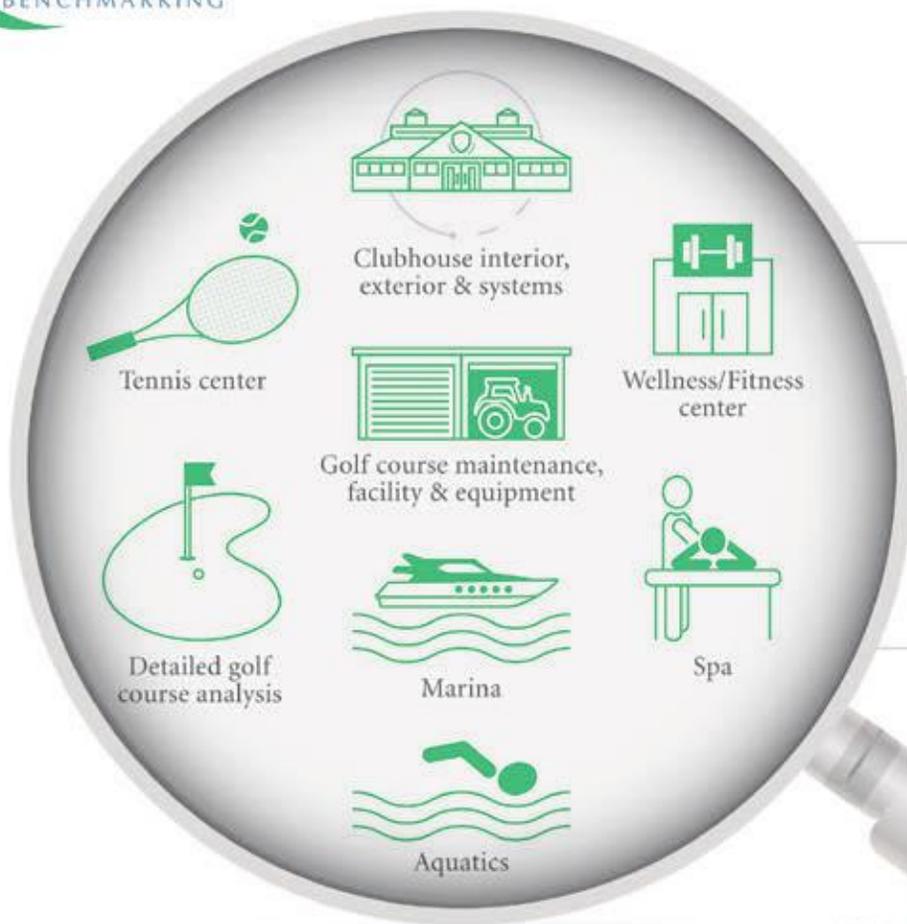


Capital Reserve Study

POWERED BY
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Make Informed, Decisions About Investments in Your Club's Future.

A Capital Reserve Study (CRS) is an independent analysis to assess, inventory and document all capital assets of your club.



The CRS Serves as a Critical Input to Long-Term Financial Planning:

- Identify Capital Funding Gaps
- Equip Board & Committees to Make Fact-Based, Proactive Decisions
- Meet Fiduciary Duty to Inventory, Preserve & Grow Club Assets
- Instill Member Confidence in Financial Plans & Projections

Contact us at crs@clubbenchmarking.com or 617-830-2570

