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STRATEGIC PLANNING

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A Road Map to Club Survival and Success

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A strategic plan tells a club where it's going and defines how it's going to get there. The lack of a strategic plan may not be as dangerous as not having fire insurance, but it's certainly playing with fire.



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Does your club have a strategic plan?

Most club executives, course owners and operators would probably say they do. But do they really? If a strong strategic plan is in place, ownership and management are very clear about three things:

Strategic planning is simply the process of defining long-term goals and identifying the resources needed to achieve those goals.

- **The club's competitive position in its market.** Some club leaders misjudge their market position because there is no reliable data that refute or confirms their ambitions. As such, the club is priced improperly against its value proposition.
- **Members' priorities.** What tops members' wish lists and what are they willing to pay to ensure the club continues to meet their expectations?
- **Projected revenues.** How does the club plan to add members and finance needed capital improvements for the next five years?

Clubs that don't have a clear understanding of these three foundational elements most likely don't have an adequate strategic plan guiding their future direction. They're also putting their business in a vulnerable position. The lack of a strategic plan is not as dangerous as not having fire insurance, but not having one is certainly playing with fire.

What is strategic planning?

In ancient Greek, the word *strathgia* meant the art of generalship, of devising and carrying out a military campaign. The English word that derived from it, strategy, has been commandeered from the military lexicon and fully embraced by the business world. We suggest that there is no more important but misunderstood term in today's club vocabulary. So, first, a definition: Strategic planning is simply the process of defining long-term goals and identifying the resources needed to achieve those goals.



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A strategic plan is the document that results from a strategic planning process and defines the following:

- The club's vision or purpose for being in existence.
- Where the club wants to be in five years in terms of its membership and financial position.
- How it intends to get there through a set of prioritized actions.

But what is simply stated is often much more complex in its development. For example, a strategic plan would anticipate and address questions such as the following:

- *Is the club operating with a current capital expense plan and budget?*
- *Is a new clubhouse or a clubhouse renovation planned?*
- *What are the club's membership goals?*
- *How do revenue forecasts compare to projected expenses?*
- *How does the club plan to deal with agronomic issues that will affect course conditions and its ability to increase dues?*
- *Is the club taking steps to be environmentally sustainable?*
- *What happens when unforeseen circumstances create financial instability?*
- *Does the club have a current crisis communications plan?*

But some clubs operate without the guidance and discipline of a strategic plan. What's more, some are mistaken about what a strategic plan is—and isn't.

Maybe the biggest misconception is equating a budget with a strategic plan. At the end of the year, some club leaders move their budget numbers a point or two in one direction or the other, often based on nothing more than a gut feeling, and then consider their strategic planning process complete.

This is only one of several mistakes that often creep into the strategic planning process. Writing in the *Harvard Business Review*, Ed Barrows, a lecturer at Babson College and a



respected management consultant, identifies what he considers the [four “fatal flaws” of strategic planning](#):

- Skipping or underestimating the importance of rigorous analysis.
- Believing strategy can be created overnight.
- Failing to connect strategy to execution, and
- Not revisiting the plan on a regular basis

The good news is that every club executive can learn how to avoid falling into the traps that derail the strategic planning process and prevent the plan from meeting the needs of the club.

Why a strategic plan is important.

There are five key elements of an effective strategic plan. Each defines a specific phase of the strategic planning process and collectively they help clubs avoid the “fatal flaws” of strategic planning.

On the subject of change, esteemed management consultant Peter Drucker once said: *“It is not necessary to change. Survival is not mandatory.”* We feel just as strongly about strategic planning, which often calls for changes in the ways a club thinks and operates. It’s only important if you want to give your facility its best chance to succeed.

In today’s fragile economy and club environment, the greatest threat to survival is financial instability. This is a condition that is brought on by any number of factors and circumstances. In communities where a single business or industry dominates, if a major bank goes under or an automobile manufacturer cuts back production and its workforce, the trickle-down effect will be felt all the way to the country club. Or, if a group of influential members decide that the clubhouse needs a \$250,000 renovation and ramrods approval of a capital expense that revenues cannot match, the club might suddenly find itself on shaky financial footing.

Unfortunately, we see examples of these scenarios—some unforeseen and unavoidable, others self-inflicted—on a regular basis. For clubs that find themselves in these situations, a carefully developed strategic plan will help them survive; it may have even helped them avoid financial calamity in the first place.



Five elements of strategic planning.

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1. Market analysis.

Start by comparing the club’s vision and mission statements to market reality. Is the club correctly positioned in its market? Does that position align with its vision and mission? Or has the market shifted (a common occurrence in recent years) to such an extent that the mission and/or vision needs to be revised?

2. Financial analysis.

Compares the club’s financial performance to documented and well-researched best practices to gain a thorough understanding of the business and how well it is performing.

3. Board retreat and focus group meetings.

Solicits opinions on club direction, needs and priorities from an ad hoc group of board members. The board retreat is followed by focus group meetings with a randomly selected cross section of club members based on gender, age and length of membership. Input from these sessions provides the basis for the questions that make up the member survey.

4. Member survey.

A strategic plan focuses on the most important issues facing an organization. The member survey should do the same thing. We consider the member survey the cornerstone of the strategic planning process because it helps uncover members’ expectations, how they define value and their tolerance for fees and dues increases. It tells the board what the majority of members want from their club and distinguishes the opinion of the silent majority from that of the vocal minority.



5. Board presentation.

Once we have compiled and analyzed results of the member survey, we develop a recommended course of action that we present to the board. These action steps might include such things as re-starting and re-targeting the membership marketing process and program, refining the scope of services at the club and aligning club programs and pricing to the priorities of the member audiences that are being served. The board's approval of the recommended course of action gives the green light to begin development of the five-year strategic plan.

In total, the steps described above generally require three to four months to complete. The process is facilitated by open and clear channels of communication between those developing the plan and those providing input. It is exacerbated by the lack of the same thing.

While the completed plan should not be put on a shelf to gather dust, neither should it be incessantly tinkered with as management changes or as the winds shift.

The plan charts a course for the club to be best in class in the market segment it wants to own. Best in class should be the goal of every club, regardless of market segment. Clubs that are not best in class gravitate toward the middle of the market, where the majority of clubs reside. The middle of any market today (aka, average) is a confusing, costly and ultimately debilitating place to compete. It's where clubs go to die.

Respecting the sanctity of the plan.

Other than its major benefit, which we have previously suggested as nothing less than survival in tumultuous times, the overriding value of a strategic plan is its role as a directional beacon. For club ownership, management and those providing governance, the plan prescribes "true north," and all major decisions should be tested against the strategies, tactical elements, priorities and timelines laid out in the plan.

As such, there is a certain sanctity about the strategic plan. While the completed plan should not be put on a shelf to gather dust, neither should it be incessantly tinkered with as management changes or as the winds shift. There is a reason



the planning process takes as long as it does. It's because opinions are conscientiously gathered and a course of action is carefully plotted. To blow up a strategic plan in reaction to anything less than a significant change in economic or market conditions is ill advised and dilutes a significant investment in time and resources.

Who should develop the strategic plan?

We are often asked by prospective clients, *"Couldn't we do this ourselves?"* The answer is a qualified yes. Yes, most club management is fully capable of developing a strategic plan. But it's not advisable to do so. Admittedly, this is a highly self-serving opinion. But it's one we unabashedly espouse after spending years watching clubs struggle through the process on their own, trying to find the three to four months of dedicated time it requires, trying to be honest with themselves about the strengths and weaknesses of their facility and trying to remove any and all vestiges of bias from their recommendations.

In a fragile economy and club environment, a strategic plan gives a club its best chance to grow and achieve best-in-class status.

As an independent third party, Global Golf Advisors has no vested interest in where the planning process leads except to ensure that the strategic plan defines long-term success. Our principals and consultants have the experience, professional training and the operational and financial knowledge to make sure we focus on the priorities that serve the best interests of the club.

Summary

A strategic plan helps a club understand its competitive position, members' priorities and financial position. It defines vision, aspirations and the steps the club needs to take to reach its goals. The plan is the result of a disciplined process that carefully considers market and financial conditions and members' expectations. In a fragile economy and club environment, a strategic plan gives a club its best chance to grow and achieve best-in-class status.



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About Global Golf Advisors

Global Golf Advisors is an international consulting practice that helps golf business owners, private clubs, public course operators, financial institutions and real estate developers understand and implement proven solutions for their most complex problems. Global Golf Advisors takes a 360-degree view of management and operational issues before developing a strategic plan that establishes benchmarks for success and identifies potential outcomes of recommended actions. Established in 1992 (known at that time as the KPMG Golf Practice), Global Golf Advisors has consulted on more than 2,000 golf-related projects worldwide. For more information, please visit www.globalgolfadvisors.com or call 888-432-9294.

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