

Gauging the Impact of National Trends on Private Clubs

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What's influencing the private club world? Ask a General Manager. A recent survey of 150 of North America's elite, top-performing club leaders did exactly that. Some of the country's most resourceful managers weighed in on social and economic trends currently having the greatest impact on clubs.

"Lead from the front."

Anyone who has attended a leadership seminar or participated in a management program will have heard this timeworn adage. There is a litany of industry data illustrating the need for effective leadership to be cultivated 'on the frontlines' or 'in the trenches'. The irony of such counsel is not lost on those who are *actually* in the trenches.

In 2010, Michael Leemhuis was the CEO at the storied Congressional Country Club.



He and his staff had undertaken a strategic planning project to chart and maintain a plan that would inform decisions at all levels to keep the Club on track with its current and long-term goals and objectives.

Integral to the Congressional plan was determining which national trends were having the greatest impact on private clubs. Trend data

was leveraged from governmental and professional sources but, while useful, Leemhuis wanted to hear directly from his colleagues who were experiencing the effects of the trends firsthand and who *had* to respond to them – he wanted to hear 'from the front'.

Leemhuis first asked a small advisory group of General Managers to identify trends they saw as most relevant to the club industry. He then asked nearly 50 General Managers to provide feedback on the impact these trends had on their respective clubs and to identify tactical actions they had taken to respond to them.

The outcome of this exercise was a set of credible data that proved invaluable in the planning process at Congressional. It was published in CMAA Magazine that year.

Fast-forward to 2013. Data generated by Leemhuis' planning project was so

useful for club leaders and their organizations that many approached him seeking an update on national club trends. Again the list was re-evaluated and refined to include the most current trends and measure changes in those from previous years. However this time a larger group of GMs were asked to participate in the exercise. Respondents nearly doubled, 95 GMs participated and enabled greater data collection and more penetrating insight than the 2010 effort.

Jump forward again. The year is 2016. The survey effort continues to expand and serve the industry's club leaders. Michael Leemhuis and Fred Laughlin enlisted the guidance of Global Golf Advisors to assist in the facilitation and execution of the research component for a 2016 update on changes to key trends and other rapidly developing trends that will have a significant impact on private clubs. The response rate continued to climb, with approximately 150 GMs sharing their insight, expertise, and concerns.

Bigger than ever

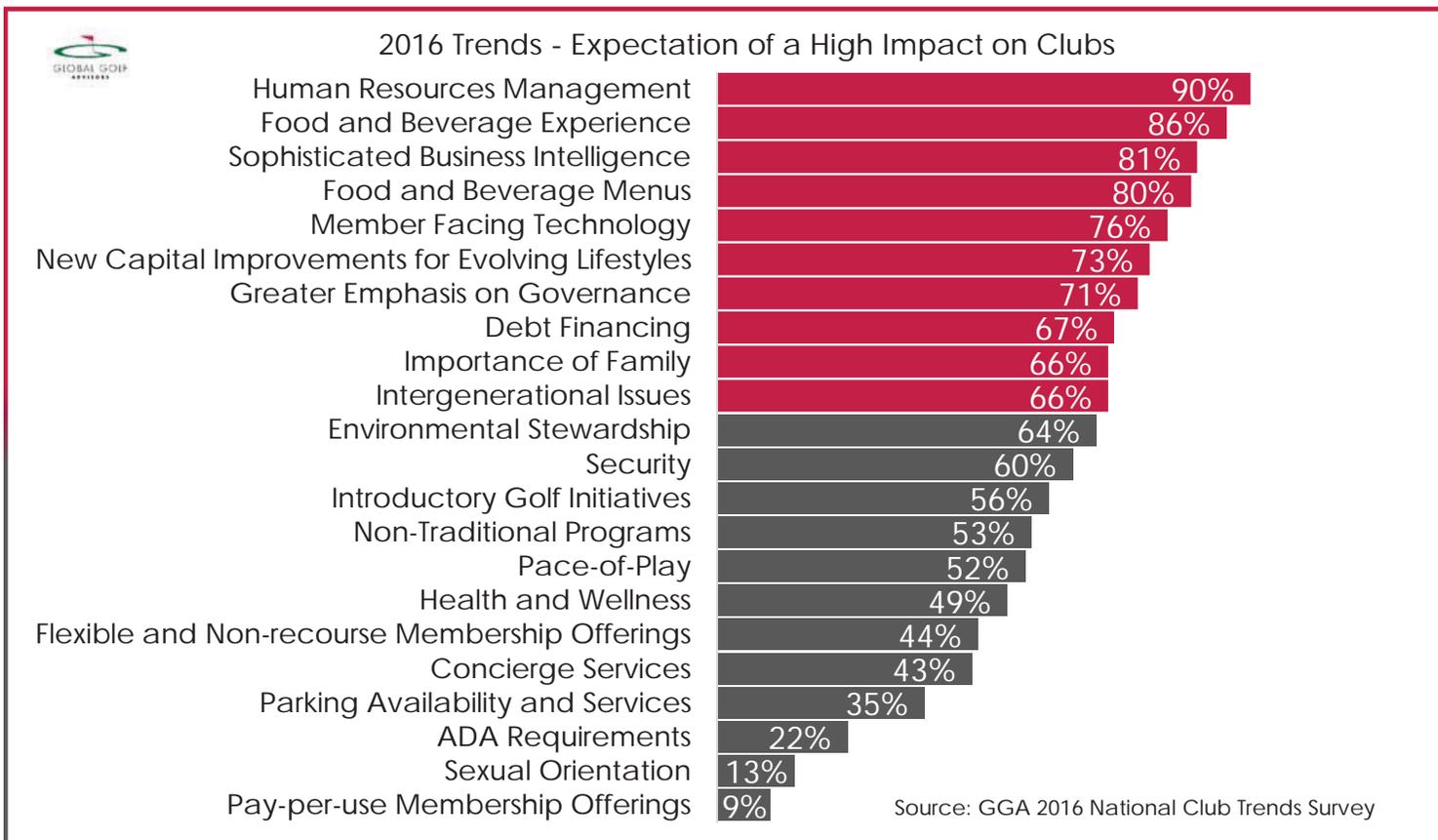
The latest update on industry data is the most auspicious of the National Club Trends initiative first strategized by Leemhuis and executed by Laughlin.

2016 research analyzed the largest number of trends (22 in total) from the largest group of participating managers (150 in total). In six years respondents have tripled while trends have doubled. Although the number of both have substantially increased since 2010, survey data is qualitative in nature.

Its greatest value comes from the fact that these GMs are sharing real experiences, not speculation. They are spending real dollars in response to these trends, which is clear testimony to their actual impact on the clubs.

To lead from the front is to learn from the front; to shift from a reactive management approach to a proactive leadership role. Survey data indicates that the nation's top-performing club leaders are well-informed and dynamically responding to trends that are adjusting the skyline of the private club industry.

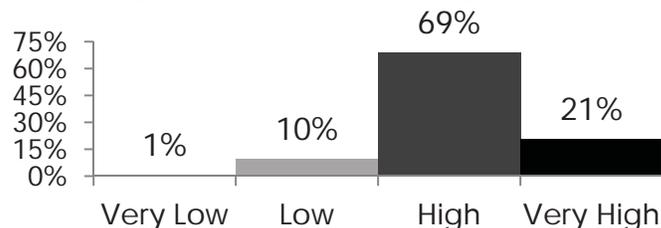




Why does it matter?

The chart above summarizes the percentage of club managers rating trend impact as ‘High’ or ‘Very High’. In short, these are the trends that are having the most significant impact on private clubs today. This is a frontline report from those closest to their impact; club leaders who experience these changes each day and are charged with adjusting operations accordingly.

Degree of Impact - HR Management



What does it mean?

While each trend was evaluated and analyzed individually, on a stand-alone basis, it is evident that the private club landscape is challenged to manage human resources; greatly influenced by changing food and beverage expectations; strategizing ways to adapt traditional club experiences to mirror changing membership demographics; and are reliant upon credible metrics to inform data-driven decision-making.

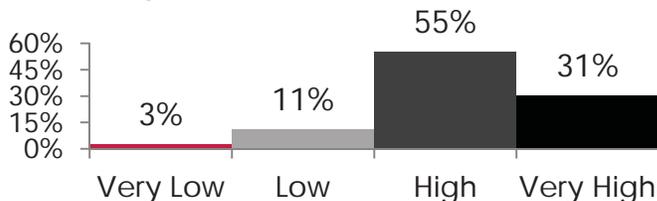
Food and Beverage Experience

Socialization tied to dining and drinking is very important to nine in ten club managers. Food and Beverage facilities are being enhanced to accommodate all demographics with support for more casual dining. Change is characterized by personalization and variety: high-end and sophisticated dining atmospheres, casual and convenient bistros/lounges, and ‘Starbucks’ style shops as well as other alternative dining options such as fire pits, patios, and carry-out meals.

Human Resource Management

A shortage of capable, trained and accessible personnel is evident now. Clubs continue to refine their management of human resources, adjusting to changes in health care, overtime regulations, legal obligations, recruitment processes, and internal hiring professionals.

Degree of Impact - F&B Experience



There is increased demand for numerous, multifaceted club dining outlets with a focus on casual dining. Members' desire increased optionality for outlets, menus, and styles of service. Variation, fast-service, and operational efficiency are key.

Adapting Traditional Club Experiences to Mirror Changing Member Demographics

Intergenerational issues, the necessity to recruit younger members, a shift toward more family-friendly club models – needs such as these are old news to private club leaders. However, there is pragmatic value to the philosophical distinction between knowing *that* something is the case versus knowing *why* something is the case.

Knowing *that* the club must adapt its experiences to more effectively appeal to changing demographics is nothing new. However, knowing *why* demographics suddenly no longer fit squarely into a traditional club experience is entirely different.

Participating GMs are well aware of this notion; they rated changes to the F&B Experience, F&B Menus, Member-Facing Technology, and New Capital Improvements for Evolving Lifestyles well within the top 10 most impactful trends.

Deeper analysis of survey data on these trends indicated that changes being made in these areas are very much non-traditional, with many reporting that they have 'overhauled' their dining operation or have begun allocating greater financial or human resources to departments which historically required very little.

Nevertheless, even in knowing *that* something is the case and *why* it is the case clubs, can still fall short of the mark. Knowing what needs to be done and why it needs to be done doesn't get it done – there needs to be a *how*.

As an example, 150 GMs rated trends related to strategies of adapting traditional club experiences very highly. They know *that* club experiences need to be adapted (to attract new members) and they know *why* they need to adapt (food and beverage services, club technology, and capital improvements not aligned with changing member demographics).

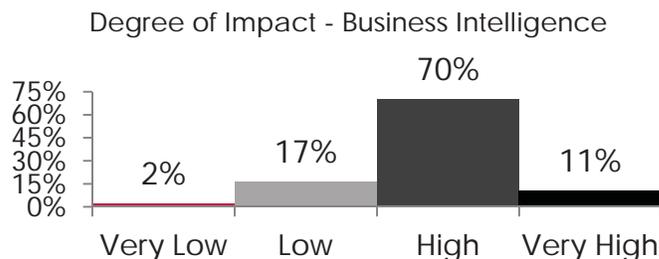
The methods of *how* clubs adapt will certainly vary by club. However, it's worth calling to attention that only 9% of participating managers regard Pay-per-use Membership Offerings as impactful, and less than half (44%) feel the same way about Flexible and Non-recourse Membership Offerings.

GGA recently surveyed over 1,000 Millennials: core golfers, evenly distributed across the United States that have been playing golf since their pre-teen years. More than half of this group (51%) indicated that the most appealing membership offering to them is 'flexible membership options with lower annual dues and pay-per-use golf'.

Despite the best laid plans (what) and most noble intentions (why), clubs lacking a capacity for sophisticated business intelligence (how) can fail to capitalize on unique opportunities.

Sophisticated Business Intelligence

There is increasing adoption of more sophisticated business intelligence for decision-making. This includes the tracking and analysis of financial and operational performance trends, market pricing trends and positioning, member satisfaction and net promoter score, comparable club benchmarking, and targeted market segmentation.



Club Boards/Management have an increasing need for quantitative, interfaced data to afford informed decision-making about the club. Here again, survey results are not particularly surprising; informed decision-making is the *'sine qua non'* for any successful business or organization.

However, a closer look at responses to this trend reveals that the challenges clubs are facing are more nuanced than a simple lack of information. Club Managers reported feeling pressure due to performance comparisons to benchmarks and competitors in all areas, especially as they relate to dues, fees, compensation, benefits, pricing, and staff levels. Other leaders struggle to meet their Board's demand for data which has led to an increase in staff hours to track, monitor, analyze, and produce data. Some GMs have found traditional sources of data to be insufficient in providing the data their Board wants.

Top-performers track specific internal and external market KPIs and act upon them to sustain market position. Many clubs – which lack the comfort of capital or staff resources to execute their own intelligence program – make do with frequent, concise surveys that monitor member satisfaction. Some have even tied staff bonus incentives to member satisfaction ratings.

More recently many clubs have turned to subscription-based services such as GGA's Strategic Intelligence platform or Club Benchmarking.

Conclusion

General Managers are asked to respond to the immediate needs of their members; but they are also expected to position their clubs to respond to the needs of future members. By keeping an eye on the real impact of trends, they can anticipate those future needs and make the necessary capital investments and programmatic changes required. There is power in knowledge.



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