GLOBAL GOLF ADVISORS

EUROPEAN CLUB TRENDS & BEST PRACTICES

GLOBAL GOLF ADVISORS

CMAE 2017 EUROPEAN CONFERENCE // MARBELLA, SPAIN // 27TH NOVEMBER 2017

CLUB MANAGERS ASSOCIATION OF EUROPE

Presenters

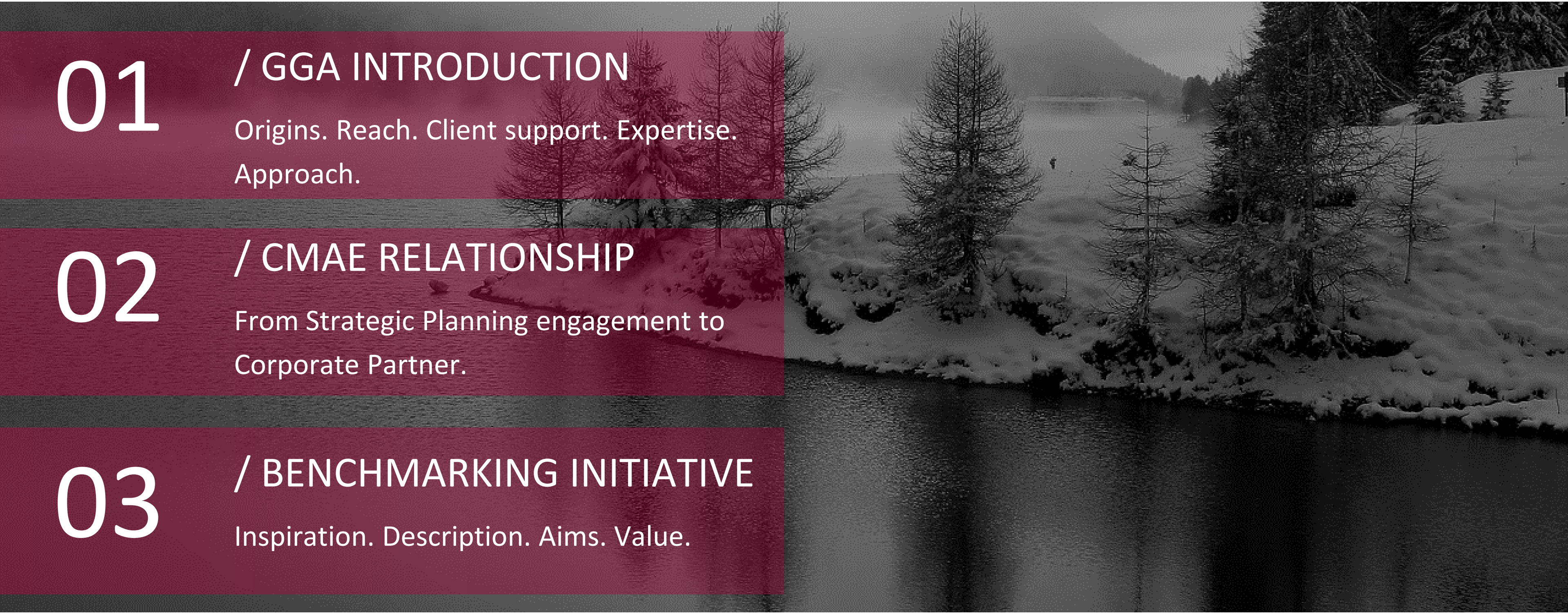
Rob Hill / PARTNER

Manages GGA EMEA office in Dublin.
Directs GGA's Institute for Best Practice.
Previously: Whitbread Plc, Marriott Hotels,
Managing Director at Merrion Golf Management.

Bennett DeLozier / MANAGER

Manages GGA satellite office in San Francisco.
Executes GGA's Data Collection capabilities.
Specialties: Marketing, Communications, Internal Market Analysis, and Membership Satisfaction.

Presentation Map



01 / GGA INTRODUCTION

Origins. Reach. Client support. Expertise. Approach.

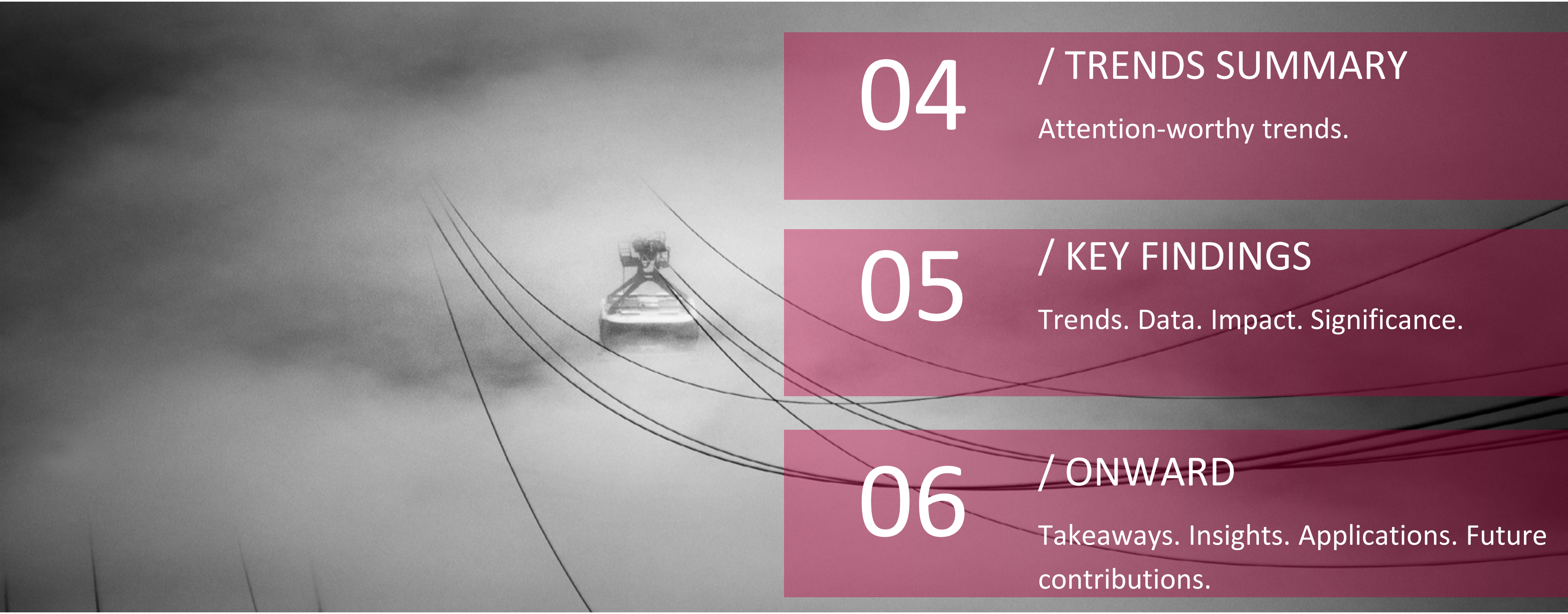
02 / CMAE RELATIONSHIP

From Strategic Planning engagement to Corporate Partner.

03 / BENCHMARKING INITIATIVE

Inspiration. Description. Aims. Value.

Presentation Map



04 / TRENDS SUMMARY

Attention-worthy trends.

05 / KEY FINDINGS

Trends. Data. Impact. Significance.

06 / ONWARD

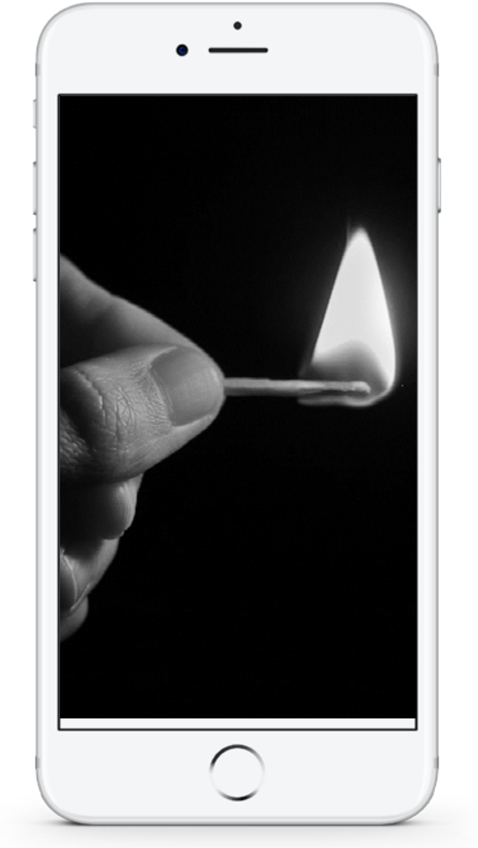
Takeaways. Insights. Applications. Future contributions.

Conversations & Resources

Resource Library
globalgolfadvisors.com/cmaeconference

Twitter
@GlobalGolfAdvis

Conversation
#CMAEconference



GlobalGolfAdvisors.com/CMAEconference

GGA INTRODUCTION

About

“Effective leadership is putting first things first. Effective management is discipline, carrying it out.”

// Stephen Covey
Author, educator, businessman, speaker

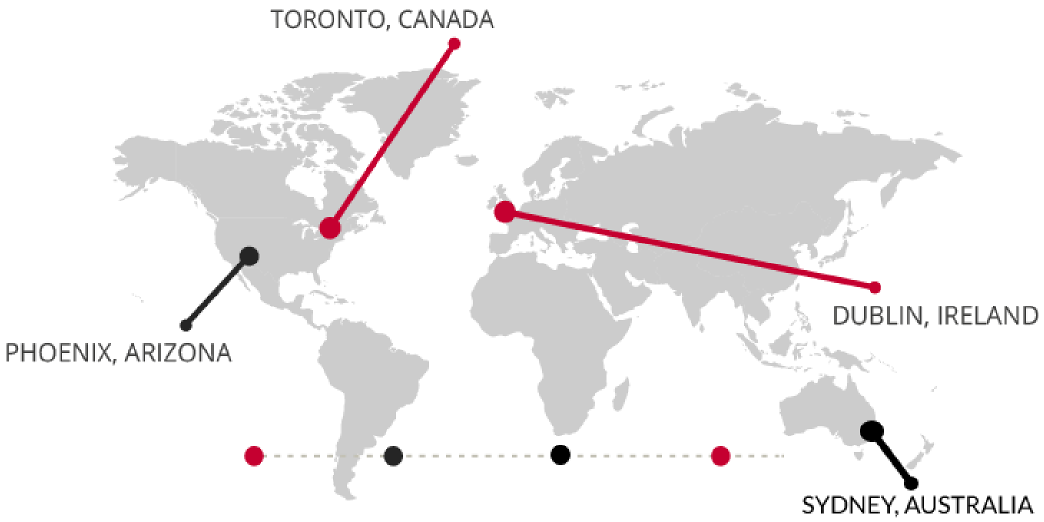
GGA is a highly specialised consulting firm focused on golf, private club, real estate, and resort businesses.

Origins

Established in 1992 as KPMG Golf Industry Practice

Conduct strategic planning for clubs of all shapes/sizes around the world

Reach



Serving 2,900+ clients worldwide

Leading golf industry insight from 4 global offices

Client Support

WE DO INSIGHT

WE DO STRATEGY

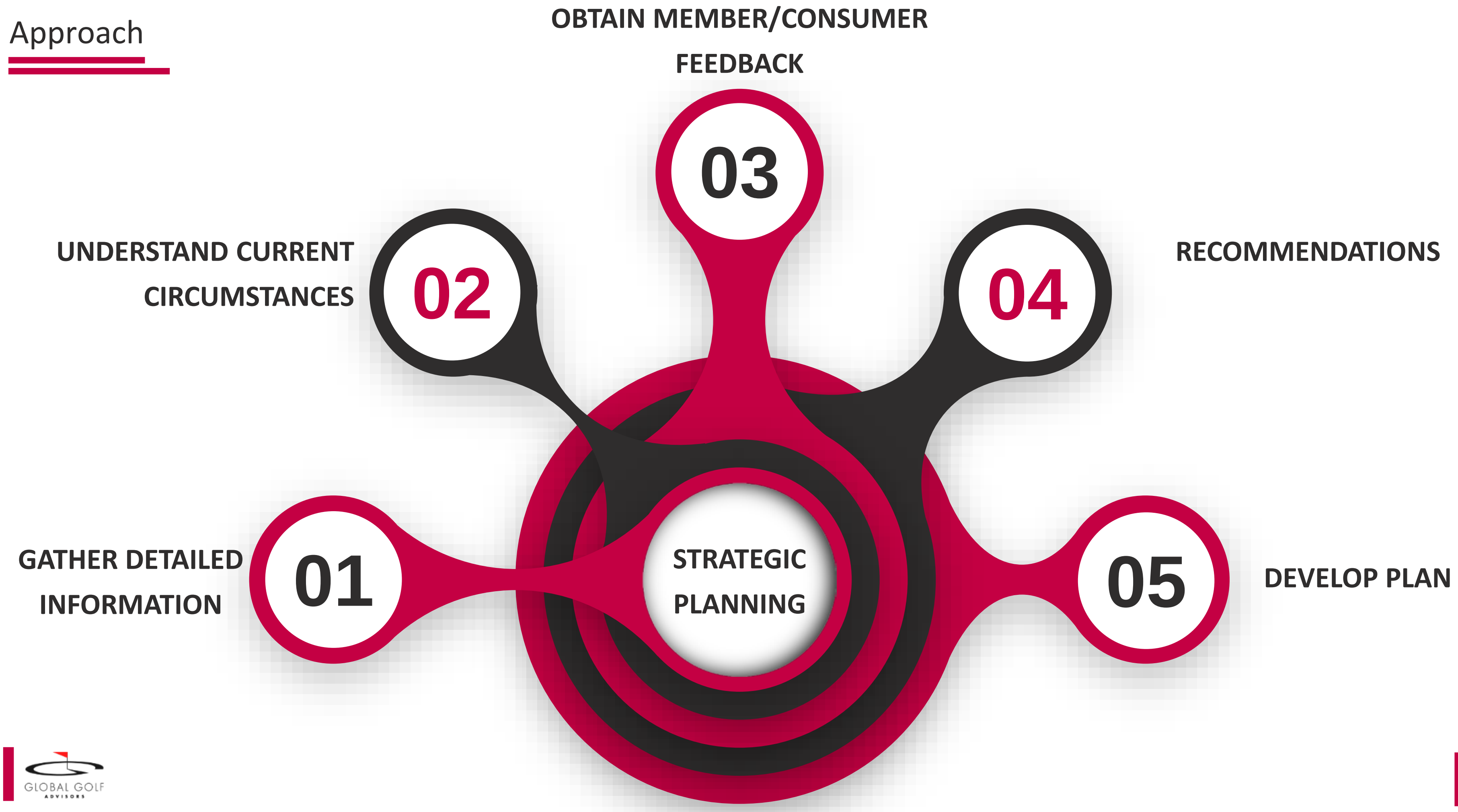
WE DO SUCCESS

GGA researches and shares best practices amongst the world's top performing golf clubs with a view to improving the performance in an array of management disciplines.

Expertise

- APPRAISAL
- ASSET MANAGEMENT
- BENCHMARKING
- BUSINESS PLANNING
- CLUB MEMBERSHIP
- FINANCE
- GOVERNANCE
- MARKETING & COMMUNICATIONS
- OPERATIONS
- SEARCH
- TECHNOLOGY
- TRANSACTION ADVISORY

Approach


OBTAIN MEMBER/CONSUMER FEEDBACK
03
UNDERSTAND CURRENT CIRCUMSTANCES
02
04
RECOMMENDATIONS
STRATEGIC PLANNING
GATHER DETAILED INFORMATION
01
05
DEVELOP PLAN

RELATIONSHIP WITH CMAE

GGA & CMAE

CMAE STRATEGIC PLAN

GGA engaged to co-create a long-range Strategic Plan for the Association.

CORPORATE PARTNERSHIP 2015

GGA becomes corporate sponsor to lend strategic guidance, advisory support.

PROFESSIONAL DEVELOPMENT

Helping to meet demand for consolidated educational and professional development.

BENCHMARKING INITIATIVE

Inspiration

Strategy relies upon intelligence.

In Europe, a historic lack of available data to inform strategic thinking.

CMAE and GGA believe that informed and intelligent planning increases likelihood of success.

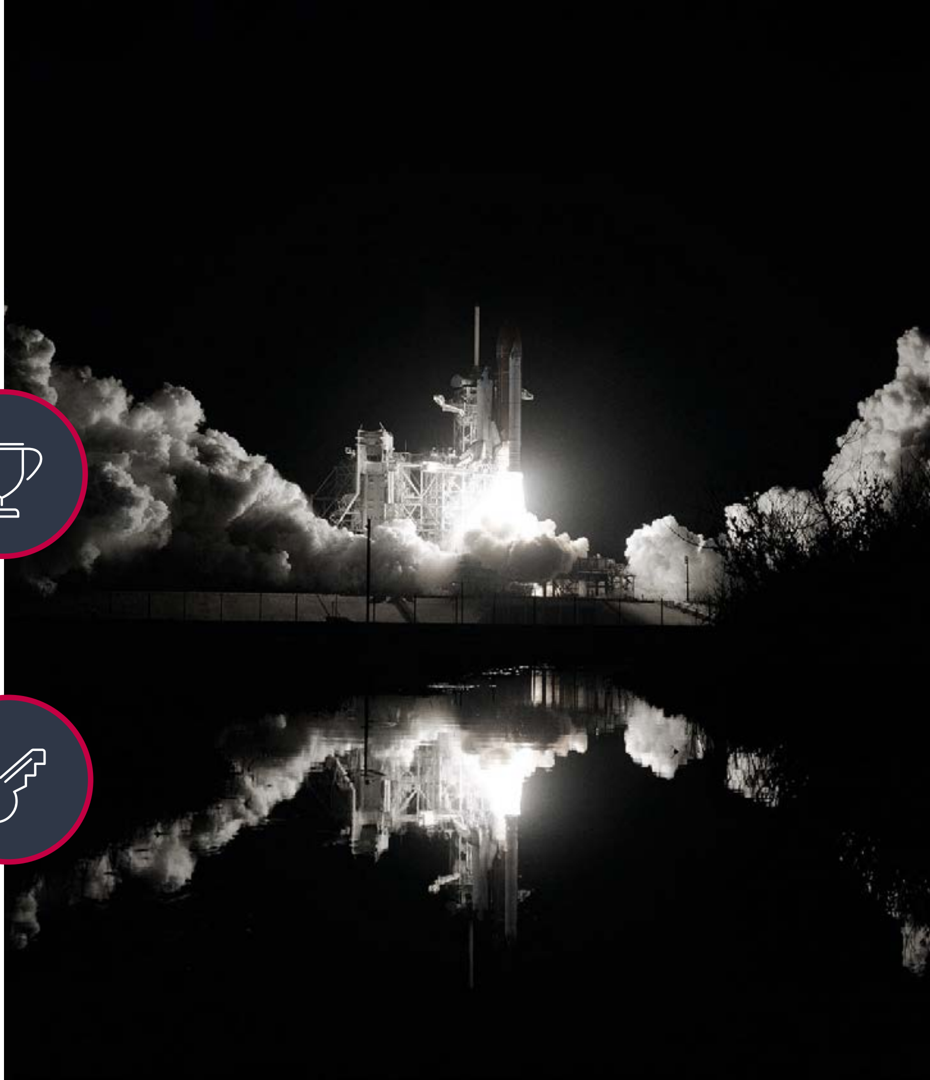
GLOBAL GOLF ADVISORS

Visualisation

Intelligence visualises the future.

Managers face significant and increasing pressure from members and owners to make the right decisions for their club's future.

Managers require reliable insight and guidance to do so.



GLOBAL GOLF ADVISORS

European Club and Golf Benchmarking Study

<u>CMAE OBJECTIVE</u>: Promote best practices in club management throughout Europe, Middle East, North Africa. This commitment inspired the most comprehensive club benchmarking initiative ever undertaken in Europe.

European Club and Golf Benchmarking Study

GLOBAL GOLF ADVISORS

GGA OBJECTIVE: Generate comprehensive and reliable performance metrics that will lead to a better-informed European Club Industry, and provide club managers with a vital decision-making tool.

Aims & Value

Support Managers
Support club managers and a more informed industry.

Track Changes
Track trends over time and monitor changes.

Forecast Trends
Identify trends which will impact clubs throughout Europe in the years ahead.

Identify Success
Identify successful strategies and tactics.

Inform Strategy
Inform strategic and business planning.

Define Roadmap
Identify what success looks like and how to get there.

SCOPE

Scope

Immense Volume

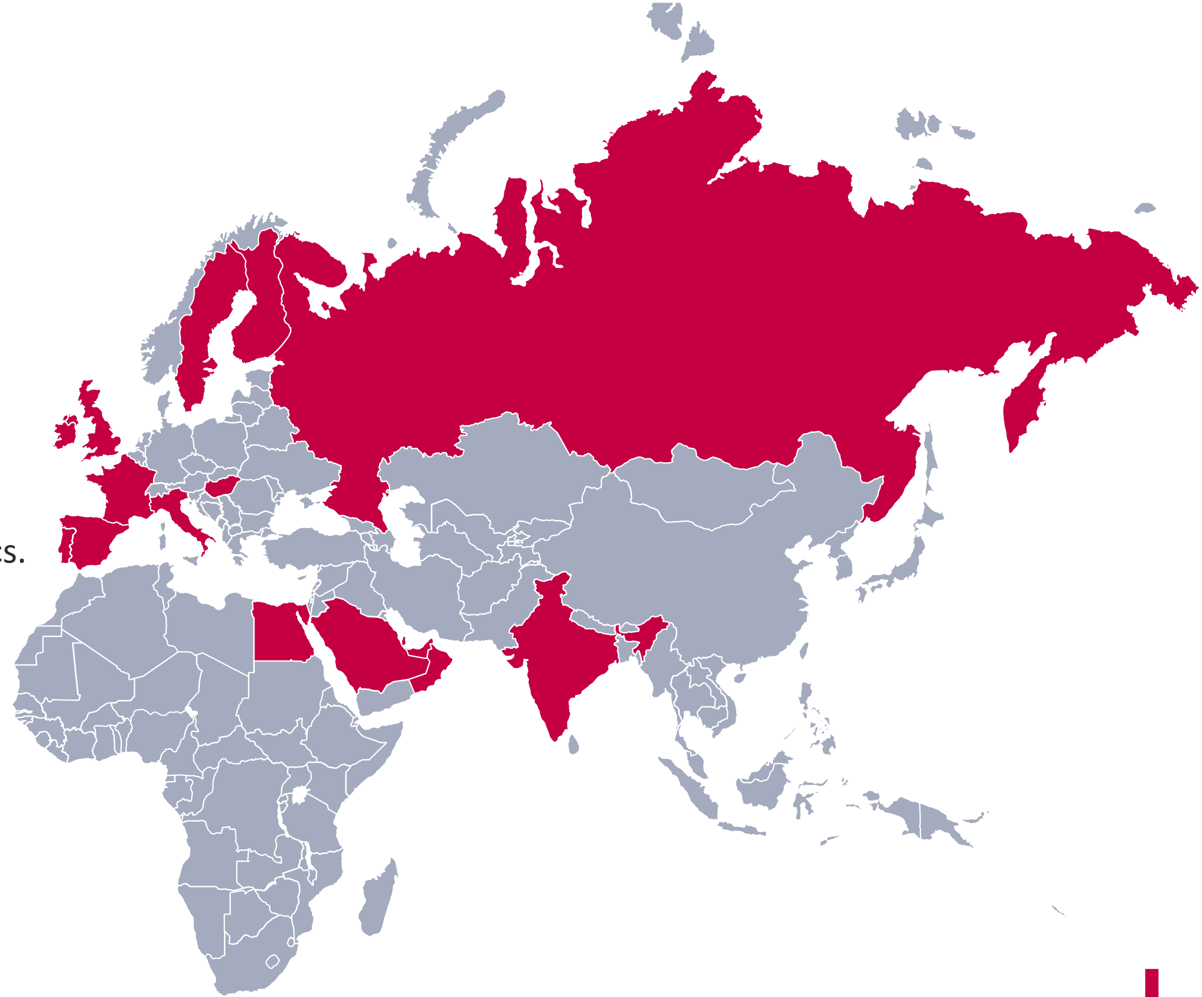
Diversity. Variety. Range.

Substantial Detail

Topics. Trends. Questions. Metrics.

Vast Array

Regions. Club types. Statures.



TRENDS SUMMARY

Trends Considered

Respondent Profile

Capital

Membership

Finances

Staffing

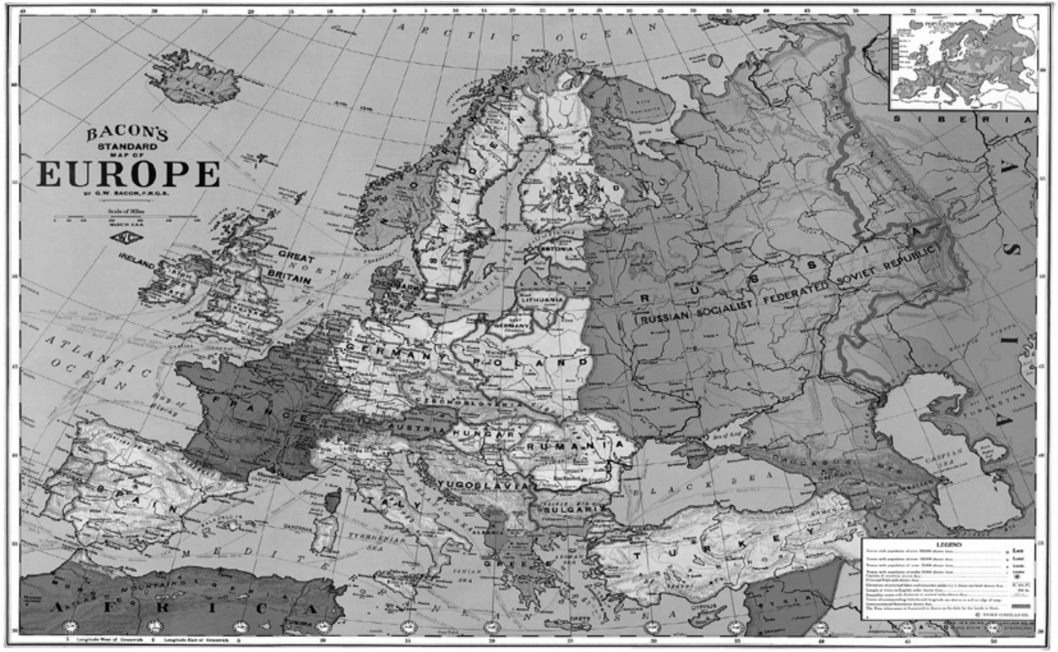
Golf Facilities

Governance

RESPONDENT PROFILE

Significant diversity among respondents, not evenly distributed or represented. Survey reach mirrors combined reach of GGA and CMAE with a heavy focus on UK, Western and Southern Europe, with several 'lone outlier' countries.

Respondent Profile



126
MANAGERS

~18
CLUB TYPES

19
COUNTRIES

9
CURRENCIES

~8
REGIONS

MEMBERSHIP

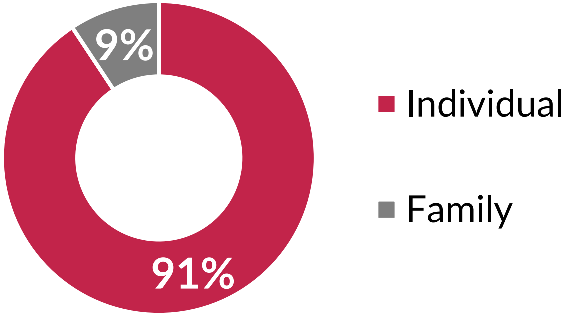
Indecision. Many managers sense that a change is needed to move away from ‘traditional’ membership structures defined by take-it-or-leave-it type offerings which leave up-front money on the table.

However, many are uncertain what the membership changes are or should be, most aren’t doing anything new and the ones who do have seen it be effective.

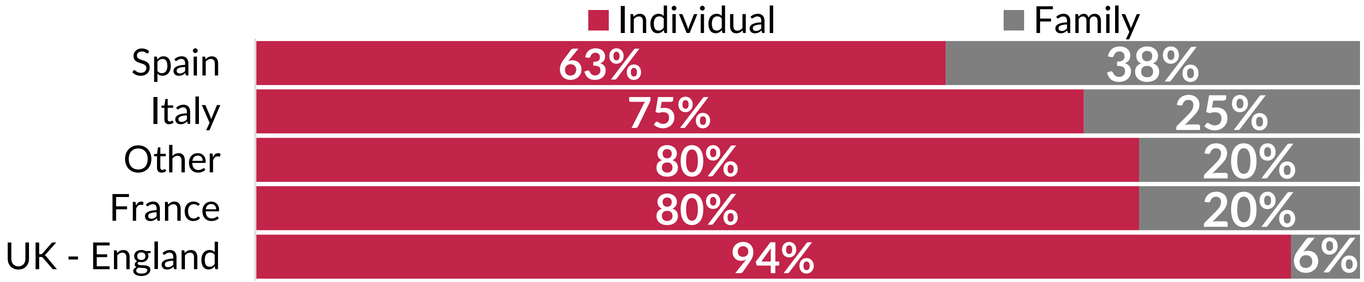
More confidence to lead change is needed for new membership upswing to materialize.

Extension of Membership Privileges

At more than nine out of ten European clubs membership privileges are localised to the individual.

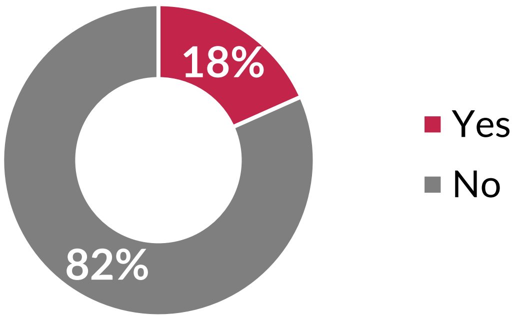


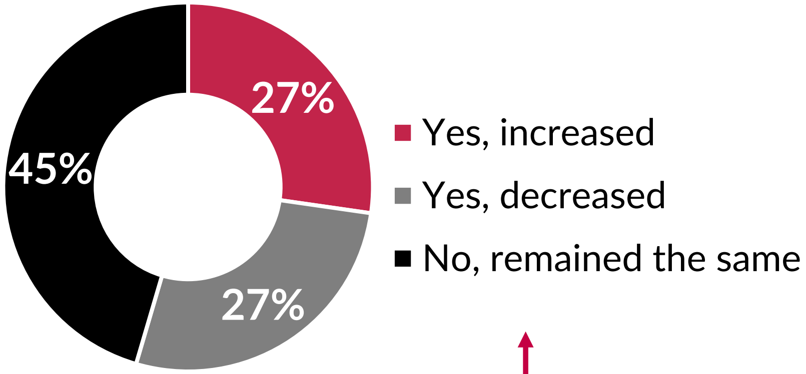
Only 9% of clubs extend membership privileges to the immediate family, a practice more common in southern Europe and the Middle East.



Cost to Join – Equity Share

Less than one-fifth (18%) of clubs require new, full-privilege members to purchase an equity share.

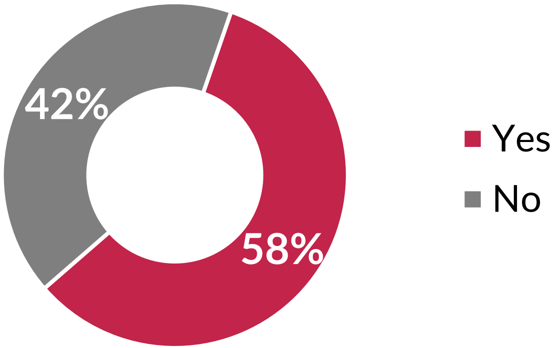


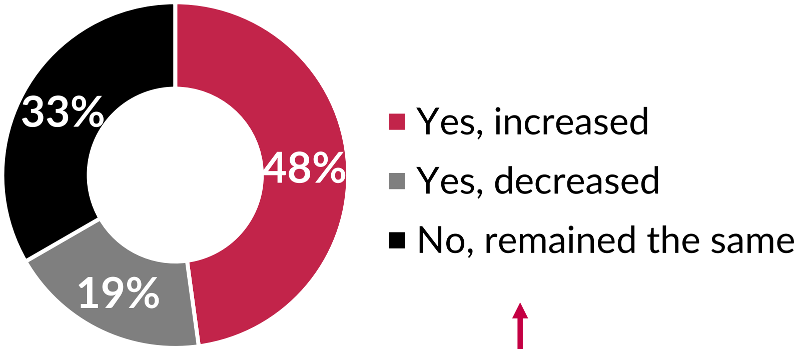


Change in Equity Share Cost - Last 5 Years

Cost to Join – Joining Fee

Six out of ten (58%) clubs require new, full-privilege members to pay a non-refundable joining fee.

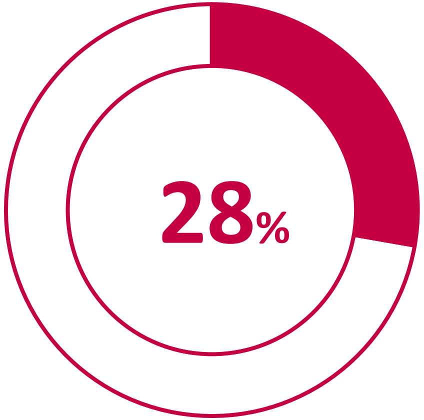




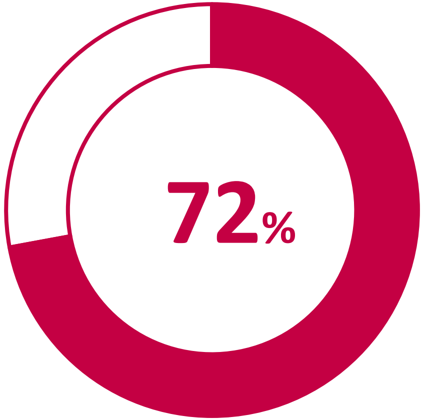
Change in Joining Fee Cost - Last 5 Years

Cost to Join – Joining Fee

Of clubs without a non-refundable joining fee requirement for new members (42% of overall respondents):



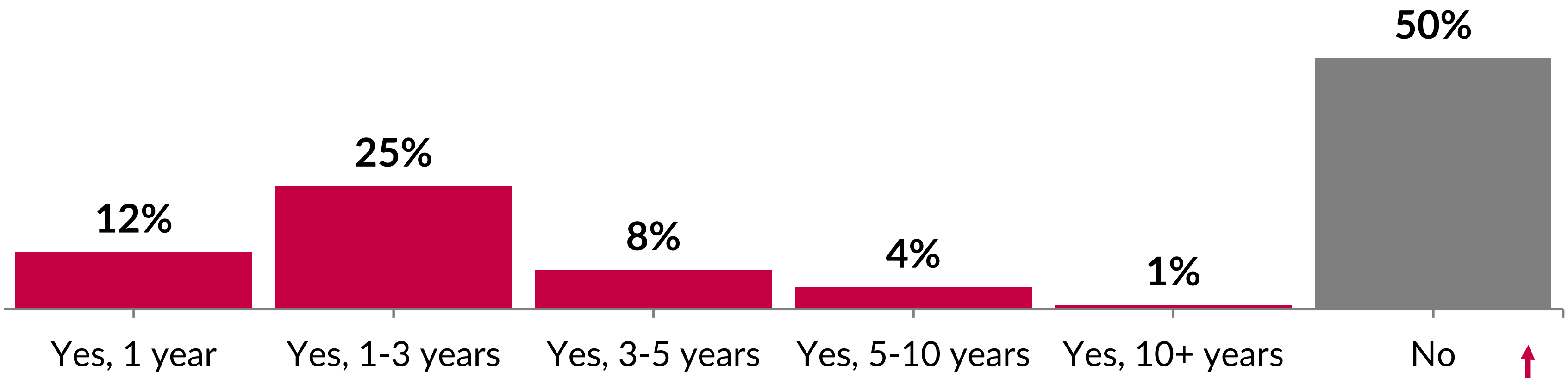
Had one but removed it within last 5 years



Neither have one now, nor had one in last 5 years

Cost to Join – Payment Options

Clubs evenly divided on how join costs/shares are paid: lump sum vs. payment over several years



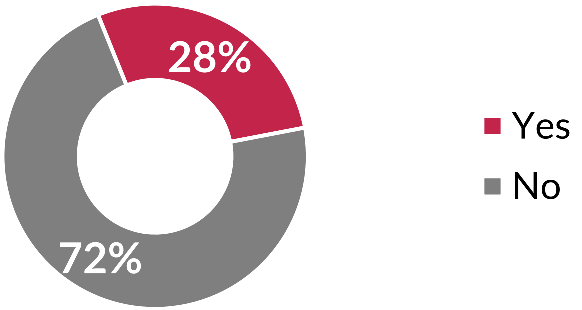
Extended payment options for joining costs typically allowed for **2.7 years** on average.

Half do not offer any payment options

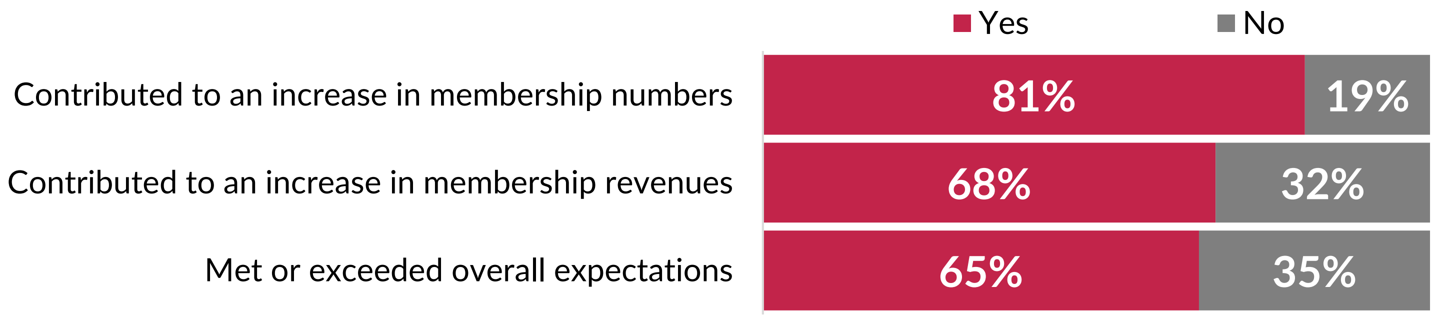
GLOBAL GOLF ADVISORS

Flexible Membership Offerings

72% do NOT currently provide a 'Pay-Per-Use' or 'Flexible' membership category



Most clubs (65%+) with such a category have found it effective in supporting membership growth

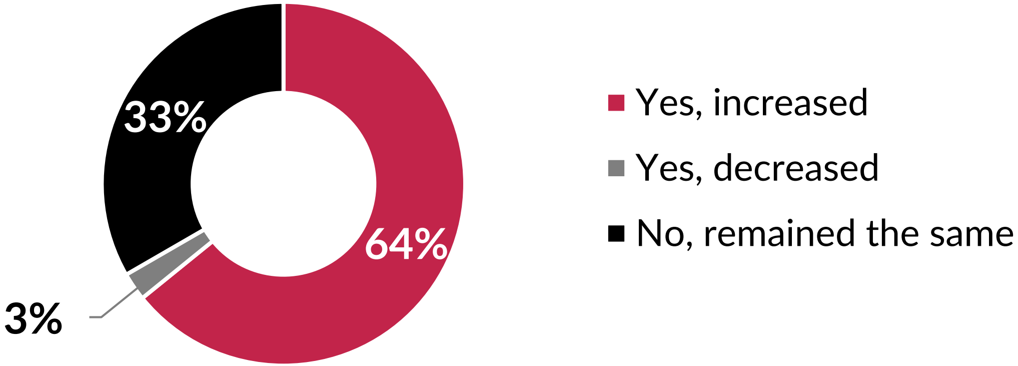


Cost to Belong – Annual Subscription/Dues

Overall cost to belong, primarily focusing on Annual Subscription/Dues cost has continued to rise in recent years – nearly two-thirds (64%) reporting YOY increases within the last 2 years alone while one-third (33%) reported cost stability.

Only 3% of respondents reported cost decreases in the same 2 year period.

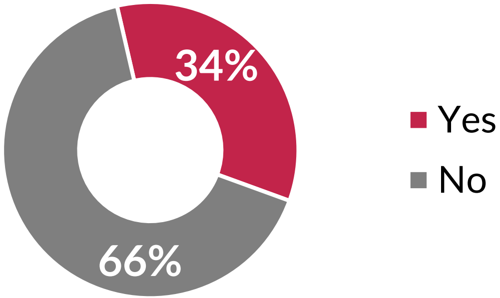
Change in Annual Subscription/Dues Cost – Last 2 Years



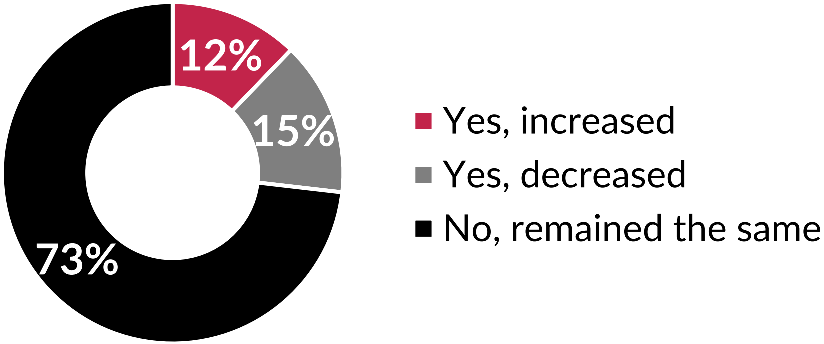
GLOBAL GOLF ADVISORS

Cost to Belong – F&B Levy

One in three clubs require new, full-privilege members to pay a F&B levy.

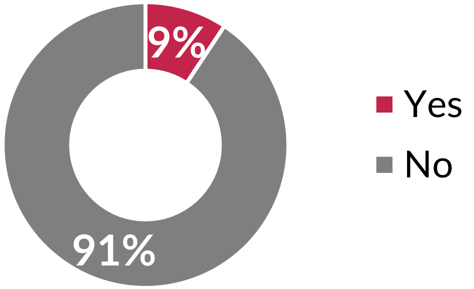


Change in Food & Beverage Levy Cost – Last 5 Years

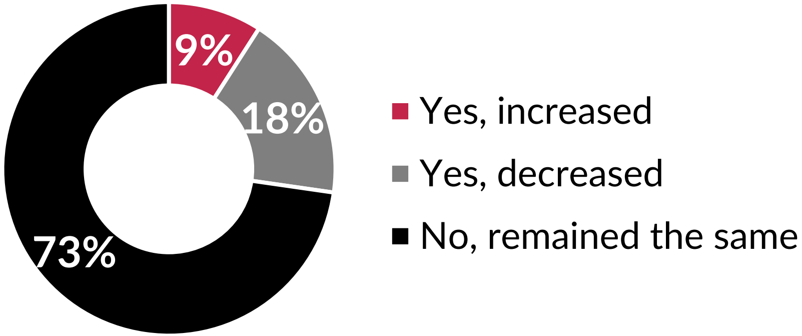


Cost to Belong – Capital Levy

Only 9% require new, full-privilege members to pay a capital levy/contribution

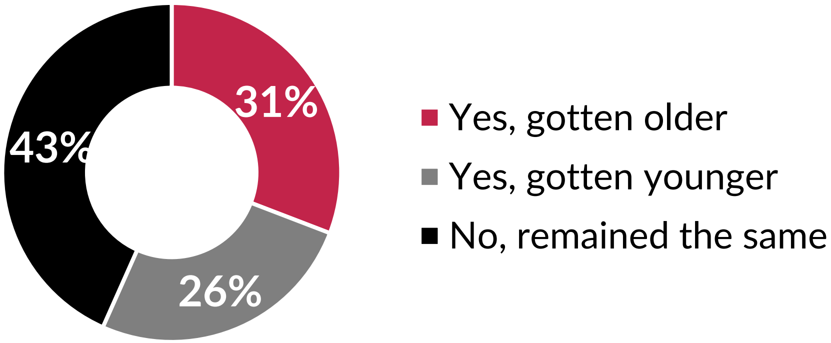


Change in Capital Levy/Contribution Cost – Last 5 Years



Changing Member Demographics – Age Profile

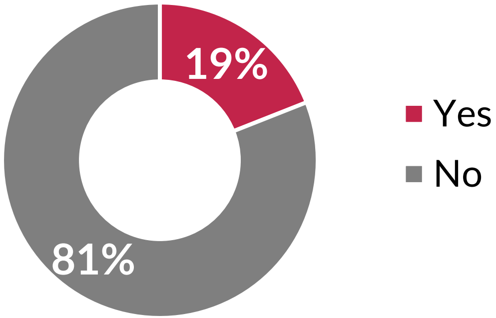
More than half (57%) of clubs have experienced a change in the age profile of their membership base in the last 5 years.



Clubs experiencing age profile changes are more likely to see members ageing than growing younger.

It is noteworthy that the largest concentration of respondents (43%) reported an unchanged age profile.

Only one in five clubs had a waitlist in 2016.

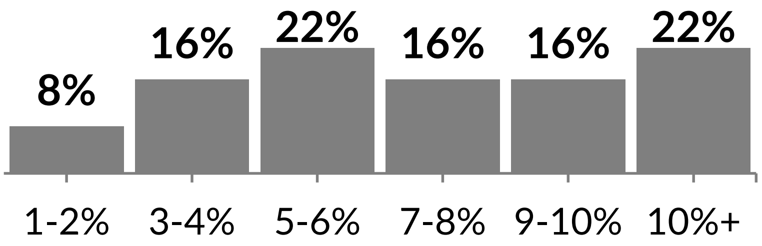


GLOBAL GOLF ADVISORS

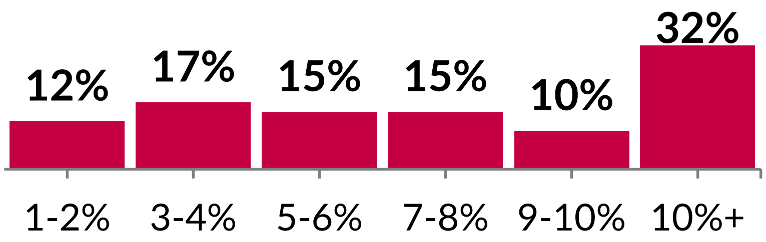
Changing Member Demographics – Membership Size

69% have sustained (35%) or increased their total number of members (34%) in the last 5 years.

Membership Decline (% of membership)



Membership Increase (% of membership)



-7.1% average decline

+7.3% average increase

Sustainable Membership Strategy

Key Factors Influencing a Sustainable Membership Strategy

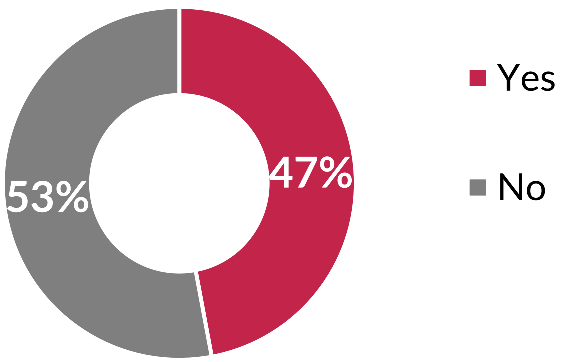
	Factor	Average Rating (5=Highly Influential)
1	**Quality:** improvement in quality of amenities	4.26
2	**Personalisation:** provide more tailored and personalised service	3.79
3	**Connectivity:** further enhance club's platform for connecting its membership	3.75
4	**Technology:** embrace modern technologies to complement modern lifestyles	3.75
5	**Family:** expand appeal to families	3.74
6	**Brand/Image Realignment:** addressing market misconceptions	3.57
7	**Variety:** expand amenities to offer greater variety and reason to engage	3.47
8	**Flexibility:** provide more flexible, tailored, accommodating membership offerings	3.26
9	**Security:** provide greater commitment to security	2.77

STAFFING

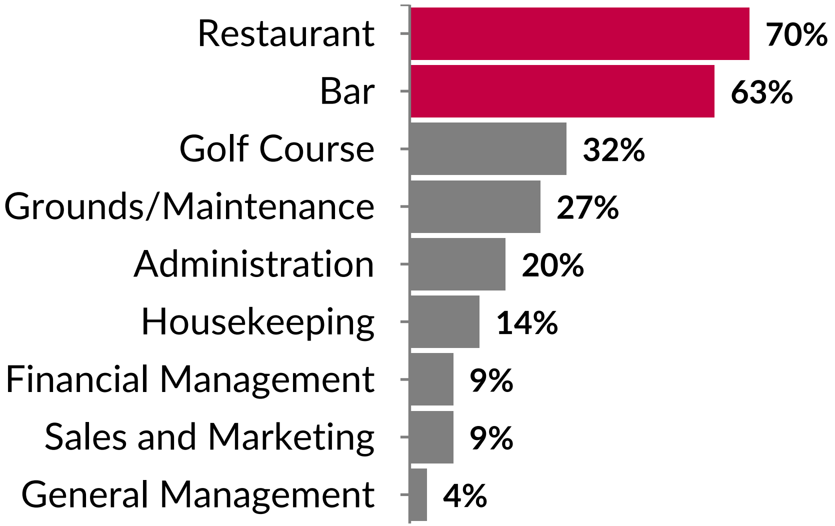
Half are challenged to source suitable staff in last 5 years, predominantly for Food and Beverage and Facility Maintenance. Primary reason for club managers is limited supply which has increased both demand and expectation of competitive remuneration

Recruiting Staff

47% have had difficulty sourcing suitable staff over the past 5 years



Dining/F&B Departments have experienced the greatest difficulty to recruit new staff

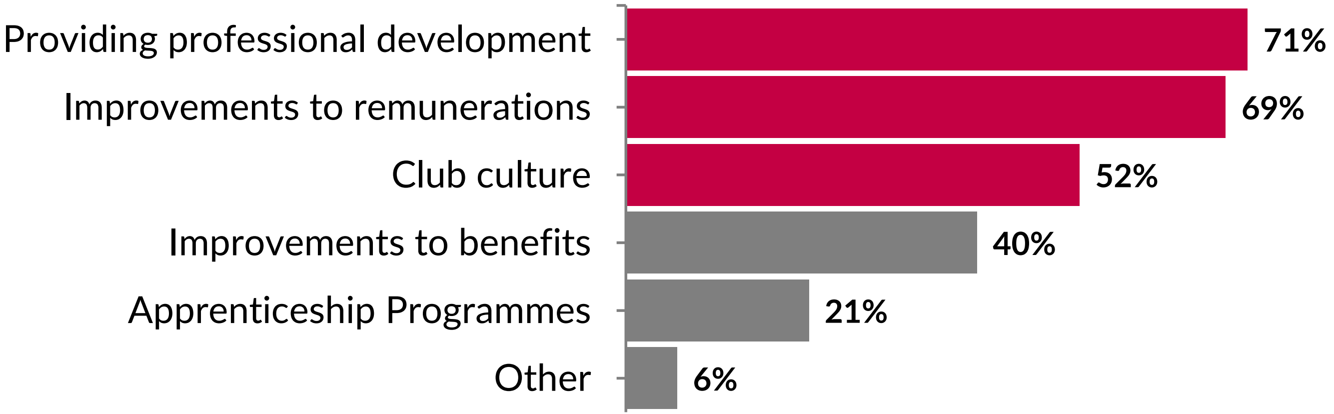


Recruiting Staff

Factors Most-Influencing Difficulty to Source Staff

Retaining Staff

Critical Factors to Retain Existing Staff



Training

Compensation

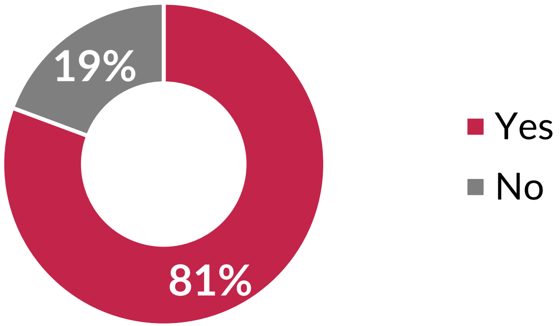
Work Environment

GOVERNANCE

Governance structure is generally consistent with global findings and not an issue. Number of committees slightly smaller, which may lead BoD to lean toward more tactical focus. Unusually high reports of Strategic Plan usage indicates that definitions of what a Strategic Plan is vary significantly among sample.

Strategic Plan Utilisation

Four in five clubs are currently employing their Strategic Plan.

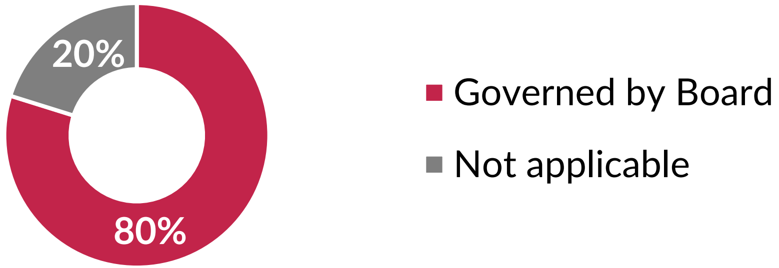


Most Expansive Planners:

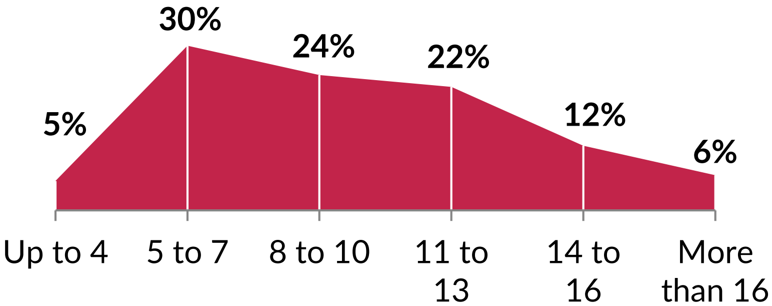
1. United Kingdom (particularly England, N.Ireland)
2. Middle East (particularly UAE)
3. Western Europe

Size of the Board

Eight in ten clubs governed by a Board of Directors



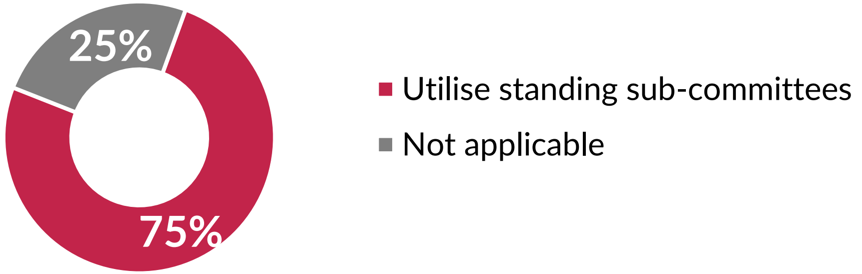
Board Size Distribution



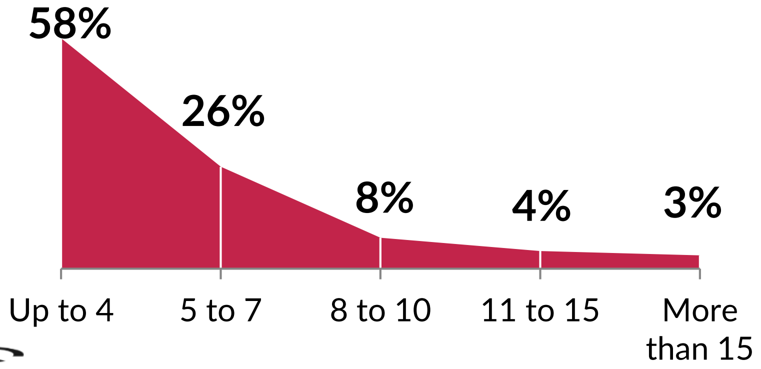
Average Board Size

Standing Sub-Committees

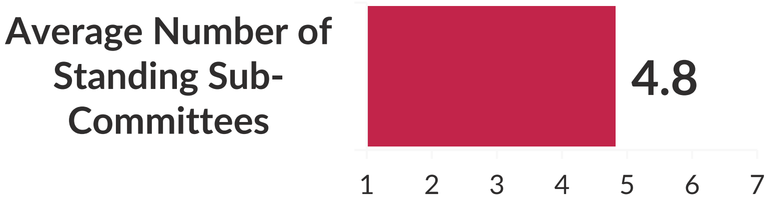
Three-quarters of clubs support governance with standing Sub-Committees



Sub-Committee Size Distribution Chart



Average Sub-Committee Size

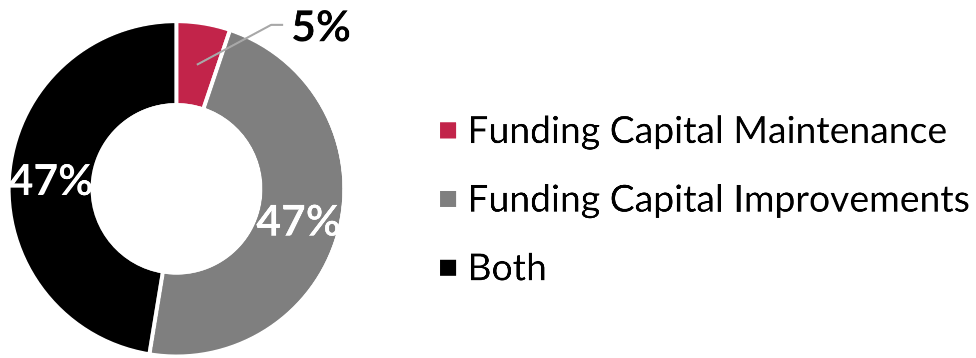


CAPITAL

Effective management of capital resources for recurring maintenance costs, on par with global benchmarks. Challenged to fund new CapEx, improvements, development, etc. Long-range financing plans likely not as diligent as capital maintenance planning.

Greatest Capital-Related Challenge

Capital Funding Challenges Chart

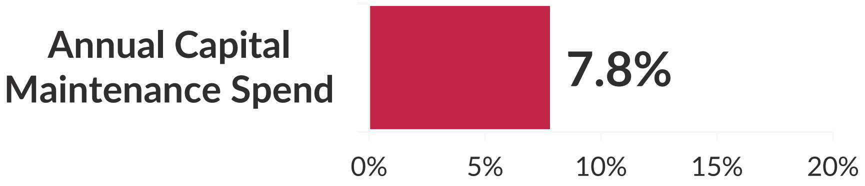


Dual allocation required to fund both will, of course, will always be tougher from a quantitative standpoint.

Funding capital maintenance rightfully prioritized, capital improvement funding harder, likely lacking the same planning for new CapEx as for maintenance.

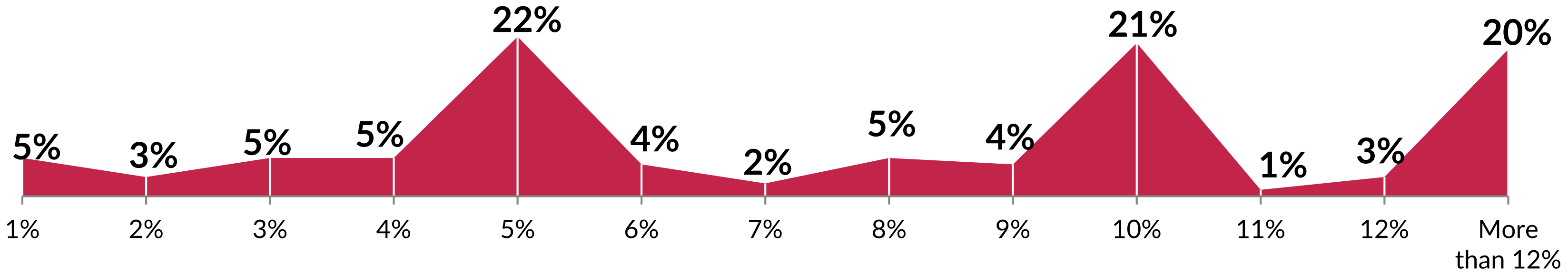
Capital Maintenance Spend

Annual Capital Maintenance Spend % Scale



Specifically for capital repair/replacement, not new improvements.

Annual Capital Maintenance Spend Distribution Chart



Right on par with **benchmark of 6% to 9%** of gross revenue.

Benchmark has been creeping closer to 7% recently.

TAKEAWAYS & APPLICATIONS

Strategising Success

PLAN FOR SUCCESS

Plan your work. Work your plan.

Anticipate difficulties to attract the best staff and to accommodate ageing members with evolving member attitudes.

Face governance weaknesses and lack of capital surplus candidly and head-on.

Data-Driven Decision-Making

LET DATA DRIVE DECISIONS & PLANS

Often the best plans need confidence.

Let reliable intelligence, best practices, and thorough knowledge of your clientele guide the development of your plan. Next, rely on experience and passion to complement the data embedded within the plan.

Strength in Numbers

SHARE DATA FOR STRENGTH

Clubs are starving for leadership.

If you want to change your for the better, you can. Be strategic about change by leveraging informational resources. Members will follow informed leaders.