



Implementing Effective Strategy: Impacts of Contemporary Challenges

CMAA World Conference and Club Business Expo

March, 2024



Today's Agenda

8:00 – 8:30 am	————	Strategic Planning
8:30 – 9:20 am	————	Capacity & Demand
9:20 – 9:30 am	————	BREAK
9:30 – 10:20 am	————	Generational Differences
10:20 – 10:30 am	————	BREAK
10:30 – 11:20 am	————	Successful Capital Expenditures
11:20 – 11:40 am	————	Trends Influencing Club Strategy
11:40 – 12:00 pm	————	Continuing the Conversation



Your GGA Guides

The Moderators



Michael Gregory
Partner &
Managing Director



Dr. Eric Brey, Ph.D.
Director



Henry DeLozier
Partner

The Presenters



Ben Hopkinson
Director



Liz McDowell
Director



Linda Dillenbeck
Director



Your GGA Guides

Subject Matter Experts



Stephen Johnston
Founding Partner



Michael Leemhuis
Partner



Colin Burns
Director



Dr. Eric Hutchison, Ph.D.
Director



Kelly Simons
Director



Matt Clarfield
Manager



About our Firm



GGA began as a specialist Golf Industry Practice at international accounting & consulting firm KPMG.



The practice was separated from KPMG, creating GGA Partners (GGA), a firm serving world-class private clubs, golf courses, resorts and residential communities.

The firm joined



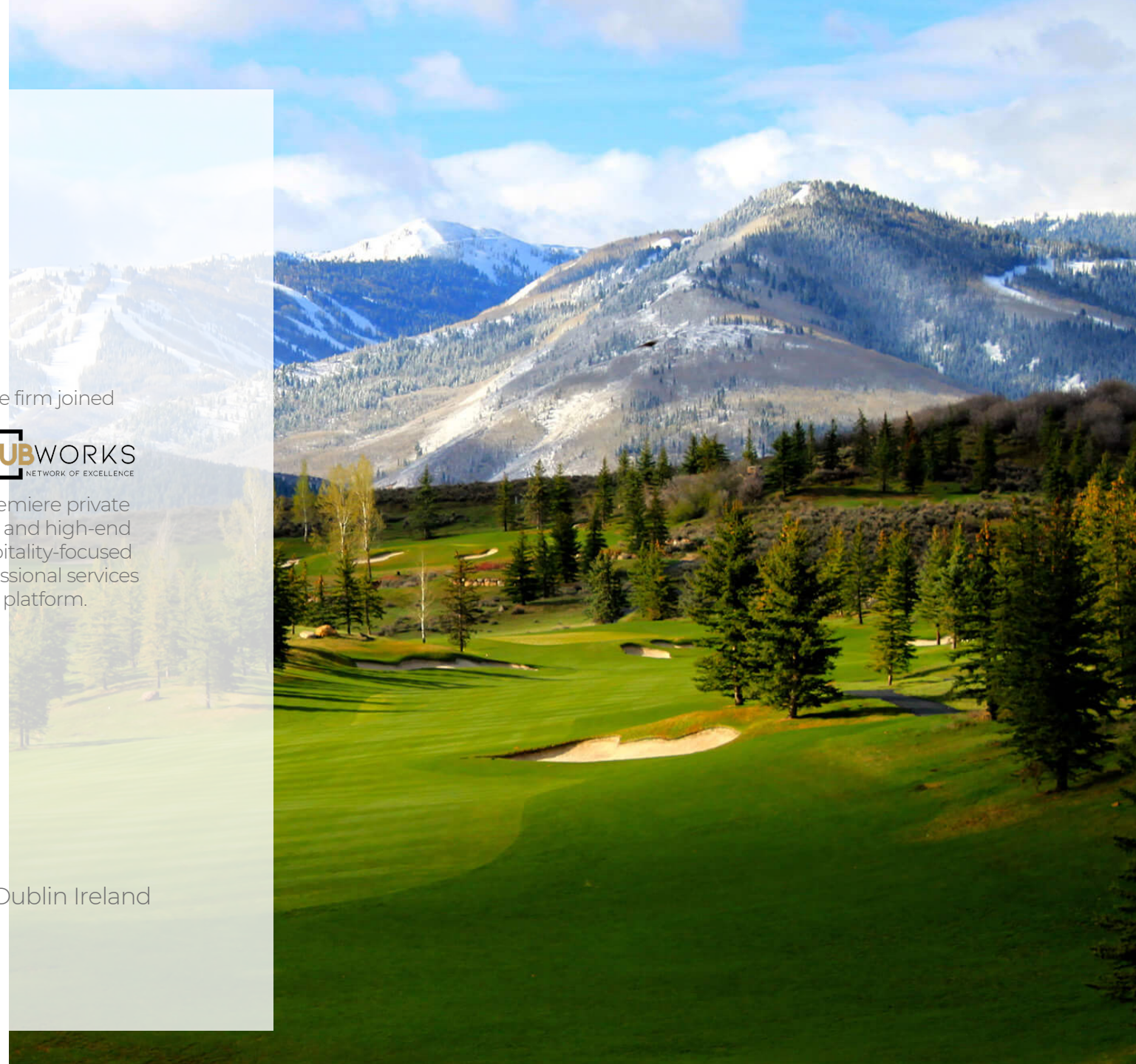
a premiere private club and high-end hospitality-focused professional services platform.

Areas of expertise

Executive Search & People Services
Strategic & Operations Consulting
Transaction Advisory

3,500+ clients

across offices in Toronto, West Palm Beach, Phoenix and Dublin Ireland



Capabilities



Executive Search &
People Services



Strategy &
Operations



Transaction
Advisory

Research & Analytics



Data-Supported Club Strategy





Strategic Plan

A Strategic Plan defines:

1. The club's vision for the future.
2. Organizational goals of what the club wants to achieve.
3. Plan of action on how the club will meet those goals.





NOT a Strategic Plan

A Strategic Plan includes, but is not:

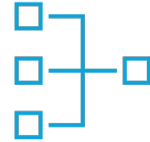
1. A facilities master plan or long-range capital plan.
2. A comprehensive budget.
3. Strategic statements about vision, mission, and core values.
4. A member survey.

Informing Strategy



Member Understanding

- Focus Groups
- Member Survey
- Member Analysis



Operational Review

- Financials
- Operational Efficiency
- Governance
- Capital



External Environment

- Market Analysis
- Competitive Review
- Brand Assessment
- Trends Discussion

Strategic Plan



Member Understanding



Focus Groups

Focus groups explore:

- Motivations
- Current experience
- Club perception
- Strategic direction



Member Survey

- Confirms strategic priorities and sets sights on the future.
- Capture member feedback regarding operations, programming, vision, capital asset planning, and funding.
- Determine needs, desires, and willingness to pay for future projects.
- Informs business plan assumptions to inform and support an effective strategy.



Member Insights





Internal Member Analysis

- Strategic planning must begin with the individuals who are members of the Club.
- Better understand membership history, including historical membership categories, sales, resignations, and trends.
- Analysis to ensure a clear understanding of the Club's current and historical draw areas, along with other key characteristics of the membership, including tenure, demographics, and specific utilization statistics (if available).
- Analyzes all available data for member use and spending patterns to highlight key gaps to be addressed now and in the future
- Understand how pricing, utilization, and engagement can be maximized for efficiency.





Henry DeLozier
Partner

Henry joined GGA in 2008 after nine years at America's largest homebuilding company.

Given his background in residential real estate development and lifestyle strategy, he serves GGA clients worldwide to identify and refine strategic options and accelerate tactical solutions and financial returns. During his tenure at Pulte Homes, the company became the largest developer of golf communities and golf courses in the USA, having invested more than \$500 million in developing golf assets and building 27 new golf courses within 10 states. In addition, Henry was responsible for the financial performance of more than 30 Pulte golf courses, the replacement value of which exceeded \$300 million with annual revenues greater than \$90 million.

At GGA, he guides managers, directors, and leaders in matters impacting private clubs across the globe; he is frequently called in matters of strategic thinking, governance, and capital planning.



Operational Review



Governance

- In private clubs, 'culture' is governance.
- Review all governance methods to compare with industry best practices.
- Tracking current activities to best practice standards.
- Review also involves a board self-assessment.



Capital and Finance Review

- Capital review examines new capital needs along with repair and replacement requirements.
- Ties to the internal membership analysis regarding entrance fees, pricing, annual dues, and cost structures.
- Source and use of funds analysis.



Operational Review



Operational Review

- Benchmark and compare to comparable clubs to understand differences.
- Identify opportunities for improvement and set a baseline operating structure from which to project future operating costs.
- Employee-related costs are important for analysis, along with all other expense line items.



Financial Modelling

- The financial forecasting model enables multiple-year forecasting and scenario analysis.
- Acts as the key financial decision-making platform for the Club moving forward.
- Update it on an annual basis to support the budgeting process and strategic and tactical decision-making.





Stephen Johnston
Founding-Partner

Stephen is the founder of GGA, a CPA, CA and formerly a KPMG Audit Partner. Stephen specializes in all aspects of the private club business. He was a founding member and president of Beacon Hall Golf Club in Aurora and the lead on some of the most prominent club transactions over the past thirty years. He has developed numerous strategic plans, membership plans, feasibility studies, and business plans for member-owned and privately-owned clubs across North America.



External Environment



External Market Analysis

- What attracts people to the Club?
- Identify and evaluate potential opportunities and adjustments (vision, membership, operations, and facilities).
- Pinpoint the potential impact of adjustments on the long-term success and sustainability of the Club.
- Understand local demographic trends in areas surrounding the club.



Branding & Communications Review

- Understand if the Club is consistently and clearly communicating points of market differentiation.
- Ensure a comprehensive understanding of key messaging, channels, and materials.
- Inform brand planning and recommendations to align the Club's value proposition with messaging and delivery methods.





Matt Clarfield
Manager

Matt joined GGA Partners to provide support across all of GGA's service offerings, including strategic planning, operational review, transactional advisory, and market research.

Matt has extensive experience leveraging data insights to advise private clubs, major corporations, governments, and non-profits on key strategic issues. Matt is an avid golfer and golf course architecture hobbyist.





The Marshes Country Club

The Marshes Country Club



Key Club Details



The Marshes Country Club is a year-round suburban club comprised of 600 members. MCC is in a stable, four-season, mid-tier city with a growing population and has successfully focused on the needs of its primary assets – golf and dining.

Amenity Profile



Golf Facilities

- 18-hole championship course
- Outdoor practice facility (Putting & Chipping green)
- Lessons facility
- Golf Simulators



Racquet Facilities

- 4 outdoor courts
- 2 indoor courts
- 2 pickleball courts



Fitness/Pool Facilities

- Moderately sized pool
- Small gym
- New weightlifting & cardio equipment
- New Locker Room



Dining Facilities

- Bogeys (Casual Bar)
- Annika's (Semi-casual family)
- Halfway House
- Pool Self-Serve (Summer only)



Club Introduction - Golf



- 18-hole championship golf course hosting regional amateur and collegiate championships
- Immaculate course with a master plan for future renovations
- Outdoor practice area with chipping space, practice green, and lessons from professional staff
- Seasonal golf access for members, with year-round access to golf simulators
- Support amenities such as on-course restrooms and starter house are functional but not at course quality
- Halfway house partially open (bathrooms only) due to storm damage
- Bogey's (casual bar) serving food and beverages at the turn
- Men's league on two nights, ladies' league on Wednesday afternoons, family golf on Wednesday nights



Club Introduction - Racquets



- Racquet facilities: 4 outdoor tennis courts, 2 indoor tennis courts, 2 pickleball courts
- Tennis lessons are offered in summer; courts are lightly used in winter due to seasonality
- Racquet Hut has not been updated in 20+ years, and minimal services offered
- Tennis members often use fitness facilities for changing and socializing in the Clubhouse



Club Introduction - Fitness



- Small gym with new weightlifting and cardio equipment (e.g., stationary bikes, treadmills, and elliptical machines)
- Contract personal training available
- Fitness classes are offered in a flexible gym space from 6 am to 10 am
- Newly remodeled locker room shared with pool, sauna used sparingly



Club Introduction - Pool



- Pool in good shape but dated, suitable for lap swimming in the morning and family swimming in the afternoon
- Includes one diving board and pool deck for lounge chairs
- Small self-service food and beverage outlet open in summer afternoons/evenings
- Wednesday Night pool night coincides with family night on the golf course
- Changing room and bathrooms provided, newly updated but small compared to industry standards
- Some members use golf locker room as children and families primarily use the pool facilities



Club Introduction - Clubhouse



- 2-story clubhouse, 45,000 square feet
- **Bogey's:** bar/full-service casual restaurant open five days a week, adult-only lounge (over 13), retains traditional mixed grill ambiance
- **Annika's:** traditional, semi-casual dining space open Wednesday to Saturday for dinner, allows families (jeans allowed)
- Space for member-only weddings up to 350 people, ample kitchen space, five private meeting rooms for rent
- \$75 monthly minimum for food and beverage spend
- Recently updated full-service men's and women's locker rooms
- The Club has a waitlist of 30 potential members and raised its initiation fees and dues in the last three years by an average of 10% and 7%, respectively



Contemporary Issues



Capacity & Demand



Growing sentiment among members that the Club is “full”



Generational Differences



Age-based divide regarding the direction of the Club



Capital Expenditures



Differing opinions on capital priorities for the Club



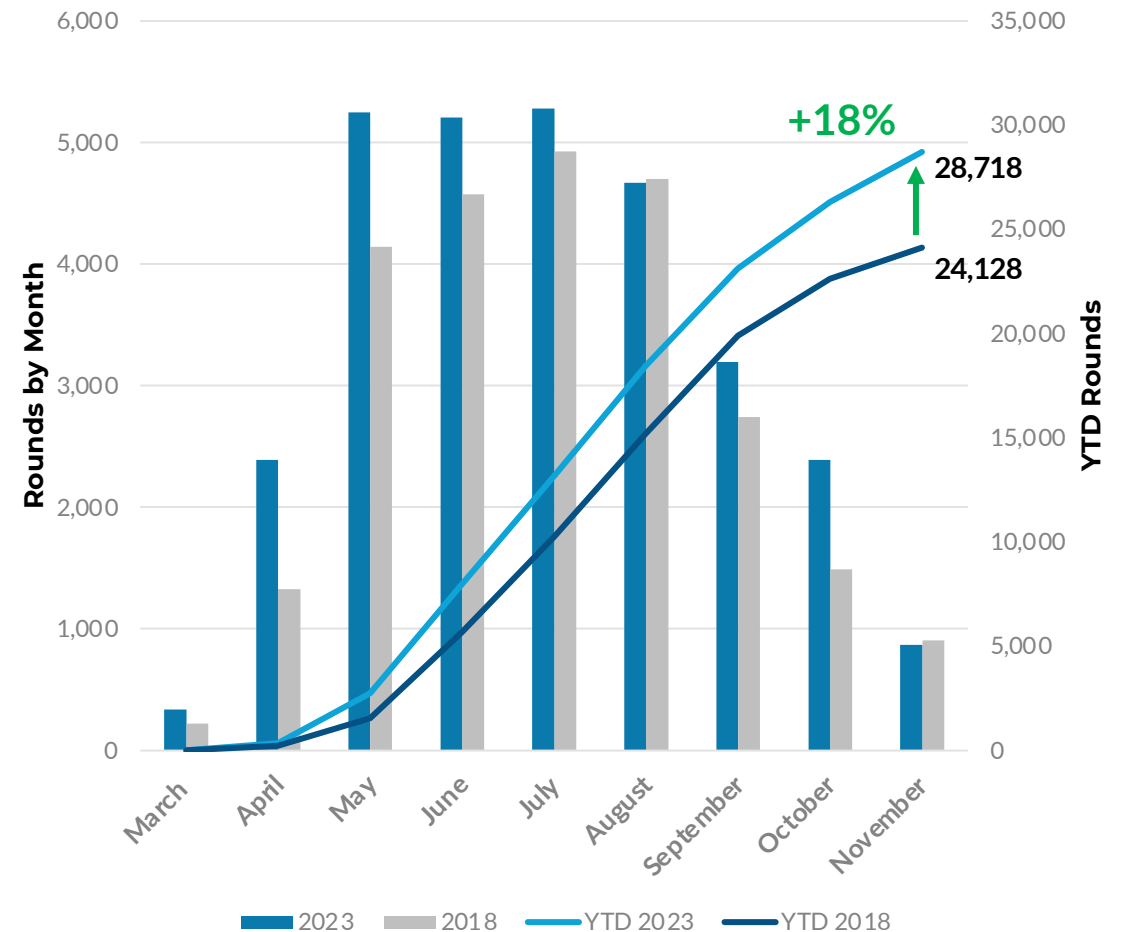
Capacity & Demand



Capacity & Demand

- High demand for golf-related facilities, frustration over inability to access tee times
- Racquet facilities with underutilized tennis courts, demand for additional pickleball courts
- Pool heavily used in summer despite being dated, difficulty finding seating during busy periods
- Usage of all club facilities spiked in 2020 due to COVID-19, with some stabilization since then
- Members using the club in increasing and varied ways compared to pre-COVID patterns
- Lowest satisfaction levels in recent survey related to access for weekend morning tee times and golf tournament events
- Satisfaction with weekend afternoons and midweek play in line with benchmarked levels
- Growing member sentiment of the club feeling "full" and urge for consideration of adjustment to playing cap

Rounds by Month – 2018 vs. 2023



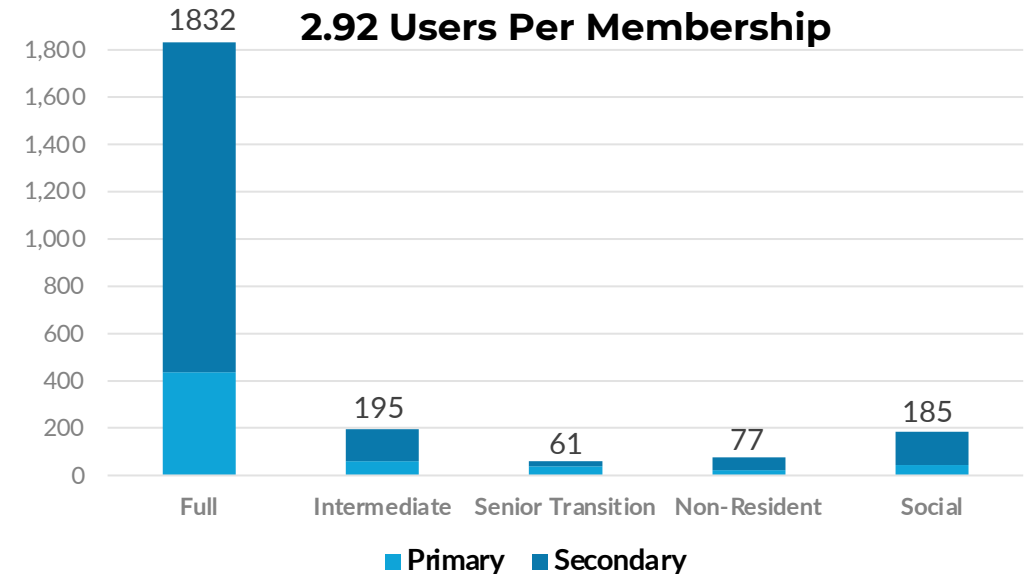
Capacity & Demand

- Family membership grants access to facilities for spouse and children under 21
- Club bylaws define membership categories, limit total primary memberships to 600
- New members start with Full Golf membership but can transfer to other categories upon eligibility and payment of Entrance Fee

Membership categories include:

- **Full Golf:** Unrestricted access to all club amenities
- **Intermediate Golf:** Unrestricted access with 30% discount on annual dues for members aged 21-39
- **Senior Transition Golf:** Unrestricted access with 25% discount on annual dues for members with age & tenure totaling 90+ years
- **Non-Resident Golf:** Unrestricted access with 80% discount on annual dues for members living more than 80 miles from the club
- **Social:** Access to non-golf amenities with 60% discount on annual dues

Primary vs. Secondary Members



Category	Primary	Secondary	Total
Full Golf	436	1396	1832
Intermediate Golf	60	135	195
Senior Transition Golf	38	23	61
Non-Resident Golf	22	55	77
Social	44	141	185
TOTAL	600	1750	2350



Scenario 1: Access & Utilization

With general member sentiment that the Club feels “full,” the Board identifies a need to understand the available capacity of Club amenities better and determine how the members utilize them. This will help inform the Club’s strategy concerning membership size.

Assume that tee time usage data is available from the Club’s tee-time booking system, which identifies all used tee times and lists the Members who booked the tee time.



Question 1: What key inputs and assumptions would you consider in completing this exercise?



Question 2: What strategy would you employ to manage the Club’s membership size and restrictions moving forward?





Scenario 2: Membership Optimization

Based on recent attrition and application rates, management anticipates that the waitlist of 30 may continue to increase on a status quo basis. The Board would like to take advantage of the opportunities provided by the waitlist and has identified a need better to understand the value of its non-golf membership offerings.

While the racquets facilities are generally only lightly used, there is growing sentiment amongst the members that the courts feel crowded at certain periods. The Club does not use any formal system for court reservations. Similarly, no reservations are required for the pool and it is difficult to track exactly when it is used, but management has noted an increase in complaints about lounge chair availability during peak times, most notably weekend mornings and midweek afternoon to evenings.



Question 1: What key inputs and assumptions would you consider in completing this exercise?



Question 2: What recommendations would you make to the Club as it contemplates the future of its non-golf facilities and services?

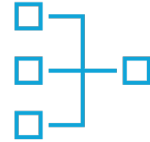


Strategic Planning Considerations



Member Understanding

- Member churn analysis
- Amenity-specific pulse surveys
- Statistical analysis of all users (tenure, demographics, usage)



Operational Review

- Governance documents (bylaws, policies, & procedures)
- Utilization data
- Financial analysis (operating & capital)



External Environment

- Evaluation of Club identity, culture & brand
- External market dynamics
- Competitive analysis
- Demographic projections

Strategic Plan



Implementing Effective Strategy – Access & Utilization

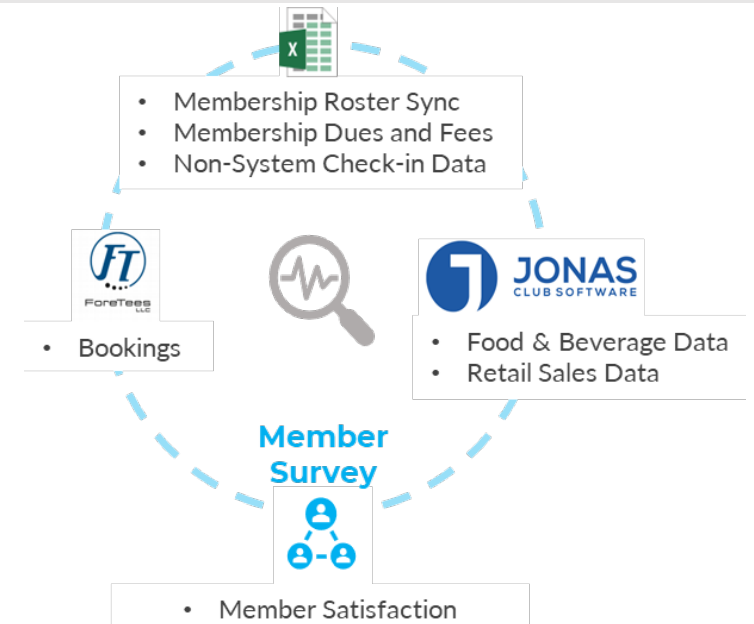
Ensure Appropriate Top-Level Capacity:

- Optimize balance between revenue generation and preservation of the member experience, in line with the Club's purpose and brand.
- While increasing capacity can lead to higher dues revenue and reduced waitlists, it's crucial to uphold the quality of service.

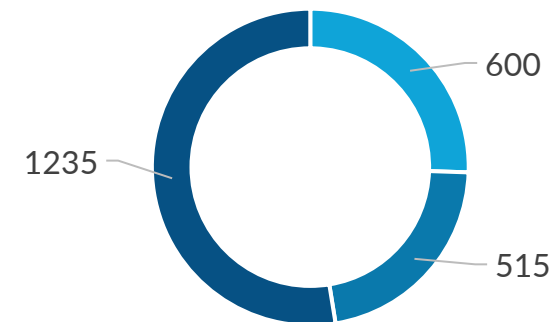
Align Membership Restrictions with Oversight Processes

- Where possible, adjust management of membership access, restrictions, privileges, etc. from bylaw to policy to allow for flexibility as circumstances change over time.
- Enhance tools for measurement and monitoring of capacity and utilization across entire amenity profile

Sources of Data



Primary Members vs. Users



■ Primary

■ Spouses

■ Dependents



Implementing Effective Strategy – Access & Utilization

Fig. 1 – Booking Slots by Reservation Type Category and Half-Hour

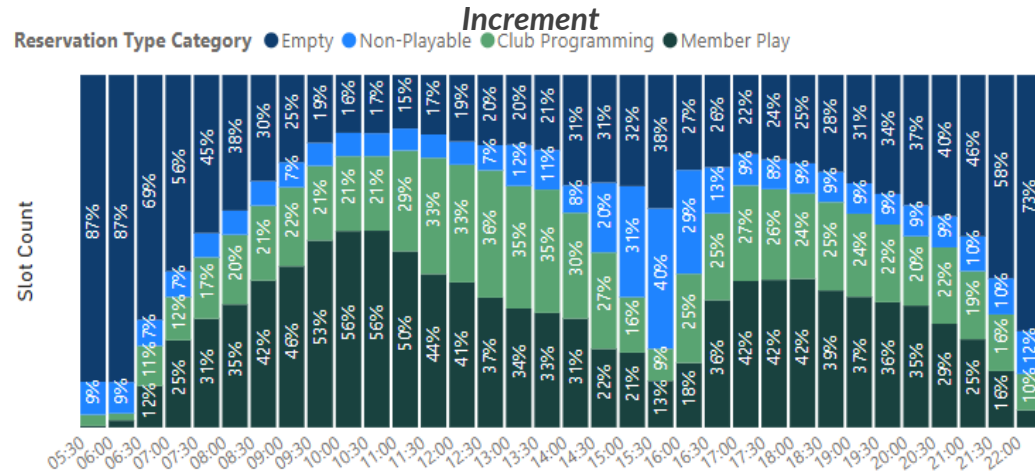


Fig. 3 – Booking Slots by Reservation Type Category and DoW

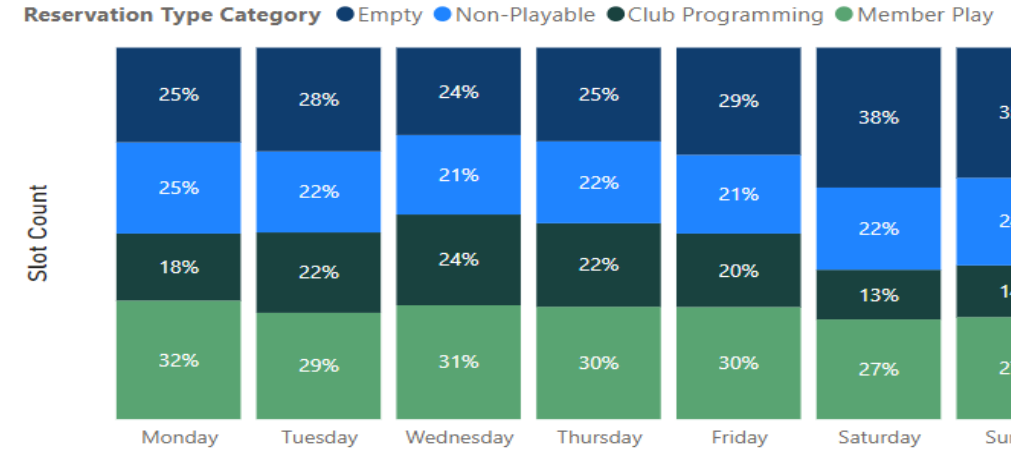


Fig. 2 – Empty vs. Filled Booking Slots by Half-Hour Increment

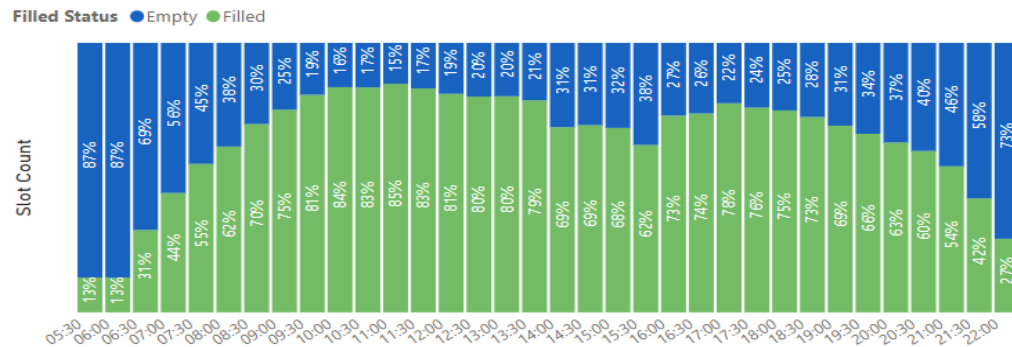
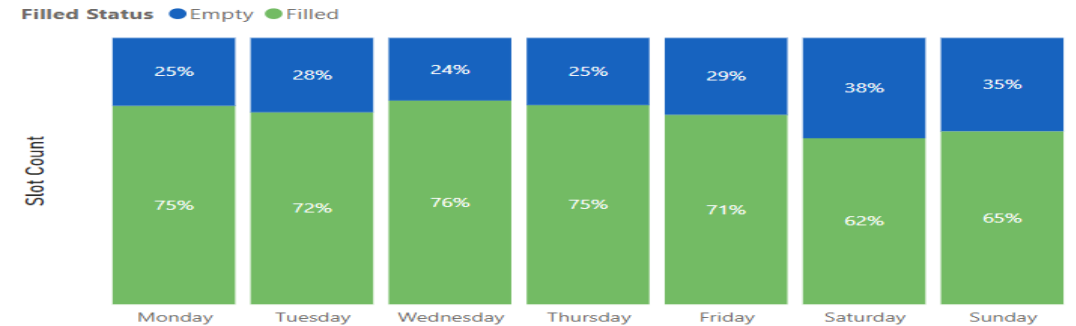


Fig. 4 – Empty vs. Filled Booking Slots by DoW



Implementing Effective Strategy – Membership Optimization

Implement Operational Improvements:

- Utilize strategies such as demand smoothing, effective communication, and optimized booking systems to enhance operational efficiency.
- This includes scheduling programming during low-demand periods, establishing fair reservation policies, and promoting group activities to maximize capacity utilization.

Ensure Fair Contribution from Non-Members:

- Evaluate the pricing structure for non-members, including guests and pay-per-use users, to cover not only operational costs but also capital spending and general administrative expenses.
- Consider whether guests should be subsidized by the membership or the hosting member.

Value Over 5-Years

Full Member
On Waitlist:

\$4,000

Year	Admission Fee	Annual Dues	Capital Dues
1	\$4,000	-	-
2	-	-	-
3	-	-	-
4	-	-	-
5	-	-	-
Total	\$4,000	-	-

Full Member
In Club:

\$56,500

Year	Admission Fee	Annual Dues	Capital Dues
1	\$4,000	\$10,000	\$500
2	-	\$10,000	\$500
3	-	\$10,000	\$500
4	-	\$10,000	\$500
5	-	\$10,000	\$500
Total	\$4,000	\$50,000	\$2,500

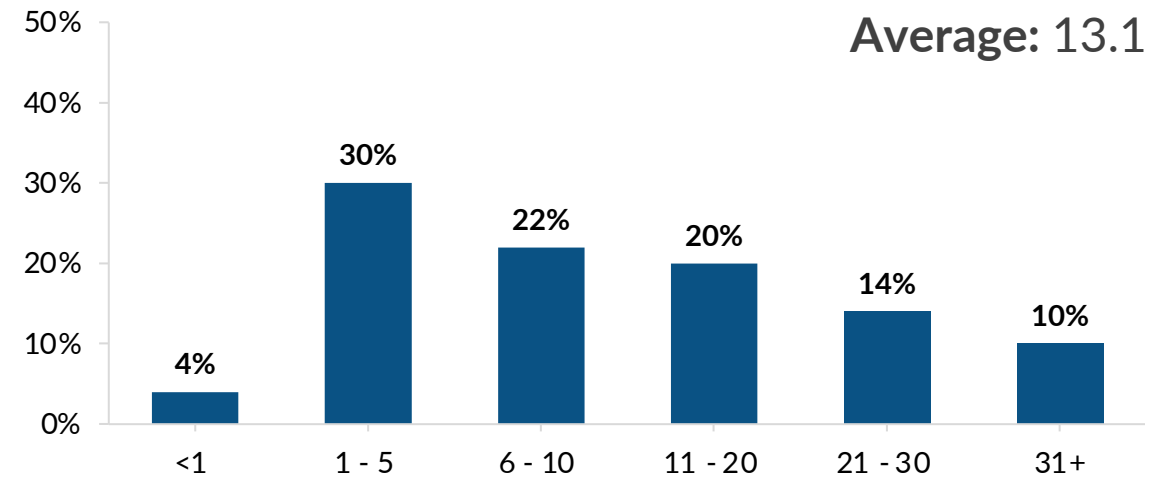
Generational Differences



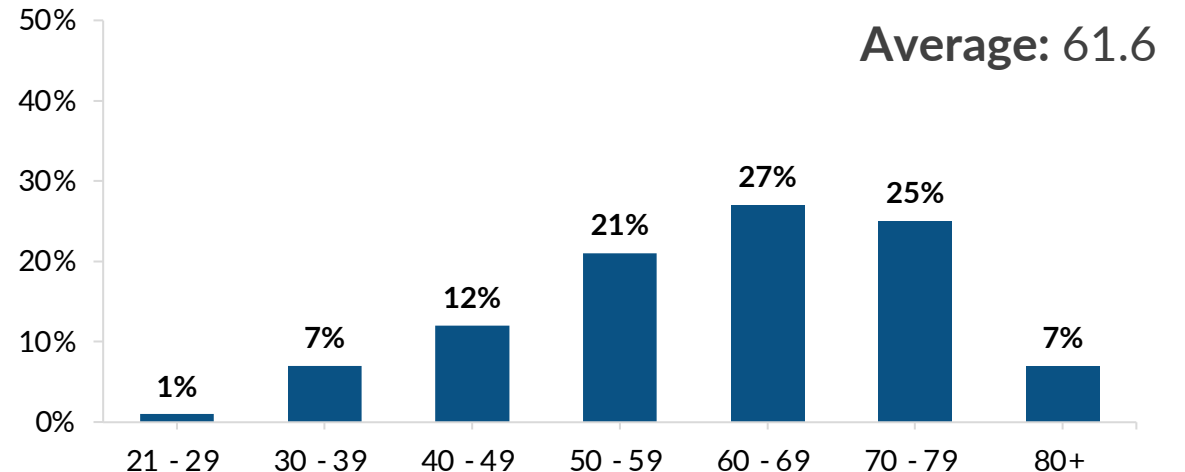
Generational Differences

- Strong membership with waiting list including both male and female applicants
 - Average age of waitlist: 49
- 20% of membership joined in last three years, mostly young families
- Emerging divide between longer-tenured members and newer members with distinctive needs and differing views on club's future
- Five-year era post-'08 recession the Club waived entrance fees, members that joined during that period represent 15% of current members

Primary Member Tenure (Years)



Primary Member Age (Years)



Generational Differences

- Older, more tenured members are more active in golf but spend less on F&B and participate less in other amenities/programs
- 'Senior transition' membership available to members with Age + Tenure totaling 90 or more years - 25% discount on dues with full access and voting privileges
 - Membership in this category has grown from 20 to 38 members over five years
- Perception among younger/newer members of preferential treatment for certain golfing groups, such as consistent tee time blocks every week

Primary Member Tenure (Years)

Tenure Category	Count	Ancillary Spend / Membership	Avg. Rounds Per Membership
<1	24	\$5,755	35
1 - 5	180	\$4,869	41
6 - 10	132	\$4,755	43
11 - 20	120	\$4,404	48
21 - 30	84	\$2,431	58
31+	60	\$1,341	70
TOTAL	600	\$4,092	47.88

Primary Member Age (Years)

Age Category	Count	Ancillary Spend / Membership	Avg. Rounds Per Membership
21 - 29	6	\$3,052	31
30 - 39	42	\$4,111	33
40 - 49	72	\$4,763	37
50 - 59	126	\$5,214	41
60 - 69	162	\$4,519	53
70 - 79	150	\$3,171	59
80+	42	\$1,347	45
TOTAL	600	\$4,092	47.88





Scenario 1: Membership Projections

With the membership starting to skew younger in recent years, the Board identifies a need to better understand a projection of membership age demographics over the next ten years at the Club. This will help to inform the Club's strategy and offering of new facilities, services and programs.

Assume now that projections indicate that in 10 years the 'Senior Transition' member category will grow from 38 to 70 members, and the Intermediate membership category (U40) will be waitlisted.



Question 1: What key inputs and assumptions would you consider in completing this exercise?



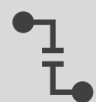
← **Question 2:** Would you consider any adjustments to membership category access and restrictions as a result?
→





Scenario 2: Social Needs

Since the significant generational turnover since the pandemic, the Club has struggled to be ‘everything for everyone.’ For example, the newer generation of members is requesting new forms of social activity, greater menu variety, dress code, technology policy changes, and new communication forms and tactics. The Club has not made any significant changes to address these topics in the past 10 years.



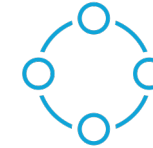
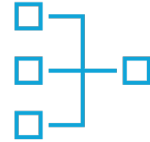
Question 1: What tactics would you consider to bridge the generational differences at the Club and create a more unified membership **specific to recreational and social programs?**



Question 2: What tactics would you consider to bridge the generational differences at the Club and create a more unified membership specific to **technology communication, and policies?**



Strategic Planning Considerations



Member Understanding

- Member Satisfaction – Measured and segmented
- Pulse Feedback
- Review and projection of membership demographics, usage and spend
- Member lifecycle analysis
- Member personas

Operational Review

- Financial impact of senior transition category
- Changing demographics impact on utilization and ancillary spend/revenue
- Detailed P&L understanding of social events

External Environment

- Demographic projections
- Competitive Analysis
- 'PEST' analysis
- 'SWOT' analysis
- Residency patterns – tied to existing member residency patterns

Strategic Plan



Implementing Effective Strategy – Generational Differences

- Adjustment to senior transition category – voting privileges, entrance criteria and access restrictions
- Multi-generational membership incentives
- Pay-per-use social programming options
- Modernizing communication, technologies and policies
- Extending the member onboarding program
- Defining a clear vision and communicating that to the members – “Cannot be everything for everyone”



Capital Expenditures



Capital Expenditures



- Given the need for a new halfway house and pool upgrades, among other facility renovations, the Club must determine what other priorities should be considered as part of their master facility plan.
- Opportunities for improvement: more family-oriented amenities, remodel of Mixed Grille, better employee facilities
- Decline in satisfaction noted in 2023-member survey, particularly among newest members desiring more non-golf amenities
- Desire among members to be a premier private club in the area, but there is a hesitance, particularly among more tenured members, to fund investments needed
- Capital improvement budget funded by initiation fees and monthly capital fee, not enough for new amenities or major improvements
- Club debt-free and historically debt-averse
- Some members still paying off last assessment from 5 years ago, unwilling to approve additional assessments until existing debt is retired



Scenario 1: Plan Communication

As competitive clubs have completed renovations or added new amenities, member satisfaction at the Marshes Club has declined among younger members, while older members think the Club is just fine.

There is general consensus among all members that the Club must keep the golf course in excellent condition as it is the greatest asset.

In the last survey the upgrades most desired included more casual/family dining, a children's play area, more social events, upgrades to the pool area and better facilities for female members.

The Club also has several large capital expenditures in the next 5 years including significant renovations to the pool and halfway house that may require an assessment.



Scenario 1: Plan Communication



Question 1: How should the Club develop a plan to meet member desires combined with required capital in the next 5 years?



Question 2: What communications tactics should be used to educate members and determine the level of investment they will support for capital improvements?



Scenario 2: Member Education

Over the next 5 years, the Club will need to incur significant capital expenditures to replace the clubhouse air/heating system, the golf course irrigation system and kitchen equipment. Funds have been accumulated in the reserve fund, but will be inadequate to cover the costs of these projects.

Additionally, the Club's inadequate employee facilities have led to negative reviews and fewer responses to job ads. To attract and retain quality staff, club leaders see the need to invest in upgrading employee workspaces and facilities.

The Board is aware that an assessment to fund these required investments will not meet member expectations of providing the additional amenities they desire, which include more casual dining, more social events, upgraded locker rooms and a children's area.



Scenario 2: Member Education



Question 1: What tactics should the Board use to educate members about the upcoming required improvements?



Question: How can the Board prioritize improvements required versus those desired in a manner that will be acceptable to members?

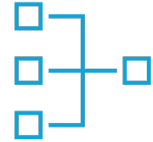


Strategic Planning Considerations



Member Understanding

- Member sentiment
- Completed member surveys



Operational Review

- Sample of previous communications
- Historical review of the Club



External Environment

- Brand analysis
- Environmental review

Strategic Plan



Implementing Effective Strategy – Successful Capital Expenditures

- Prioritize capital projects in a thoughtful and fiscally responsible manner based on how best to address needs versus desires.
- Make your plan member-guided. The ability to clearly state that the plan is based on what the majority of members desire is important to eliminate the perception that it is based on what a few board members want.
- Implement a funding plan that offers options such as pay in full, phased payments and the option to finance the cost over a period of time.
- Communicate a reiterative, redundant message in across multiple channels. Whenever possible, use a third-party to disseminate the information, for example, the architect presents the plan, not the Board.
- Provide members the opportunity to understand and get comfortable with the fact that change is coming. Give them the opportunity to express their opinions, either for or against any plan. Share all member input with all members.



Trends Influencing Strategy



Trends Affecting Strategy

01 Staff Retention

02 Capital Funding

03 Regeneration of People and Facilities



Trends Affecting Strategy

01 Staff Retention

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Trends Affecting Strategy

01 Staff Retention

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Trusted advisors to the golf, private club and leisure industries.

GGA Partners™ is an international consulting firm and trusted advisor to many of the world's most successful golf courses, private clubs, resorts and residential communities. We are dedicated to helping owners, asset managers, club and community leaders, investors and real estate developers tackle challenges, achieve objectives and maximize asset performance.

Established in 1992 as the KPMG Golf Industry Practice, our global team of experienced professionals leverage in-depth business intelligence and proprietary global data to deliver impactful strategic solutions and lasting success.

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