

The Private Club Advisor™

A PUBLICATION FOR THE DIRECTORS, OFFICERS, OWNERS, AND MANAGERS OF PRIVATE CLUBS

• THE CLUB OF THE FUTURE •

October 2020

The pandemic has tested private club membership to its core. Built on the essence of gatherings, events and social activities, the spring of 2020 challenged preconceptions of what club membership can look like. It also taught the club industry that it needed to become more nimble. Many adapted by bringing the club to its members through virtual connections, food and beverage to go, drive in movies and essential item pantries. By pivoting, clubs increased the value of membership by creating a community that extended beyond just its physical boundaries.

Gabe Aluisy, president of The Private Club Agency, believes COVID-19 created a unique opportunity for clubs to enhance their membership offerings. “The clubs who embraced change and adapted are the ones that are arguably in a better position today than they were in February,” Aluisy said. “Many have seen a jump in membership because they are now seen as a safe haven in the community, offering more robust programming and providing services most needed by members today.” Many clubs are helping serve their local communities (hospitals, food banks, local charities, etc.) which positions them in a more positive light as well.

“Over the past few months, the majority of clubs I’ve connected with around the world have seen very little attrition. That’s a testament to the fact that their members saw themselves as stakeholders and clubs were able to successfully pivot their business model,” Aluisy explained.

The club of the future likely has different membership options than clubs of early 2020 had. “I predict that in the very near future we will begin to see Virtual Membership as a membership category,” Aluisy said. “It might include virtual card rooms, happy hours, events, cooking classes and entertainment brought to members wherever they are. Pandemic or not, many members travel frequently and the ability to connect and be part of a community without the need to physically walk through doors will be a welcomed amenity,” he concluded.

• FORECASTING THE UNKNOWN •

With the majority of club events canceled due to COVID-19 and months of reduced or non-existent revenue from operations, it’s not surprising that 2020 budgets have taken a hit. The impact can be seen most clearly in two areas: A decline in non dues revenue and an increase in expenses related to sanitation efforts and social distancing supplies. This leaves club executives wondering, “How do we deal with the remainder of 2020 and how do we attempt to budget for the unknown in 2021?”

Ray Cronin of Club Benchmarking suggests clubs focus their attention on driving forward with purpose. “It seems logical that non dues revenue from banquets and outside tournaments is unlikely to return to pre-virus levels through the remainder of 2020. You have two choices: 1) let the budget drive your strategy or 2) develop a strategy to drive the club forward and budget to implement the strategy,” he said during a recent webinar for the National Club Association. “Every club should have a tangible, constantly evolving vision and continuous forward momentum toward the vision,” Cronin advised. “That has to be the foundation of your budget.”

Cronin said since the 2008-2009 recession, clubs that have not directed resources and attention to enhancing the member experience have gradually become dependent on margin from banquets and outside tournaments to make up for lost dues revenue associated with a declining membership. “That approach is unlikely to succeed in the long-term,” Cronin warned. “The current crisis presents an opportunity for clubs to focus on the member experience and recognize the important difference between dues revenue which is 100 percent margin and non dues revenue which is very low margin.”

“There is no substitute for members who think as owners, committed to a common vision and desire for services and amenities,” he said. “Use the virus crisis to shift your 2021 budgeting process to a more member-centric view of the world. While a quarter of the industry has a waiting list, the other 75% of clubs must push to determine how to get member counts back to where they were 20 years ago. That requires a focus on the member experience.”

• BUILDING TRUST •

Building a culture of trust at a private club is essential. Relationships, loyalty, change, support and productivity all require trust. “If you don’t have trust, bad stuff happens,” Gregg Patterson, retired general manager and founder of club consulting firm Tribal Magic, said to an audience of club managers earlier this year.

Patterson believes to build trust you must first tell people what you are going to do, why you are going to do it, how you are going to do it and when you are going to do it. Tell them about the change while you are doing it. After you’ve done it, you must also tell them it is accomplished.

Your team will trust you if you say you are going to do it and you do it, he said. “There are 100 opportunities each day to violate the trust covenant you have with people,” Patterson stated. His list of trust no-no’s include:

- Not communicating effectively or often enough.
- Not providing ample explanation when people hear what they fear most.
- Providing data without explanation. Show how you want them to interpret the data.

The reaction to a trust violation will always be greater than the violation itself, according to Patterson. He urges executives to stay focused after earning trust. “When you become comfortable, confident, cynical or lazy, you are tempted to push the trust envelope a little too far. That’s when you can lose trust really quickly,” he warned.

• A SENSITIVE SUBJECT •

It’s an age old problem. Every club tends to have a handful of golfers who ignore the rules and pad their handicaps in order to score better in club tournaments. It’s a tricky problem to handle. The World Handicap System states that every club should have a Handicap Committee to perform peer reviews of fellow members and regulate handicap adjustments as necessary, but it is nearly impossible to do. Politics, confrontations and bad feelings combined with lack of evidence or data to back up the claims tend to discourage committee members from actually adjusting handicaps. This leads to disgruntled members in tournaments, repeat winners, lower tournament participation and a declining golf culture at the club.

There may finally be a solution to this delicate issue. A longtime club member, former club president, scratch golfer and sports data analyst was approached by his club to come up with a solution for this recurring problem at the club and so many others. After ten months of studying data, George Thurner was able to build an algorithm that reads a golfer’s score and tournament history and takes in 45 different points of data to identify idiosyncrasies.

Thurner’s software, called Cap Patrol, calculates scores and results entered at the club and in the World Handicap System scores going back 20 years. Members don’t have to do anything differently and Handicap Committees simply receive the results with anonymous players flagged where suggested adjustments should be made. “The data doesn’t lie,” Thurner explained. “The committee can click on the player and see all the data, the details and why the adjustment needs to be made.”

Cap Patrol electronically monitors all players anonymously and solely based on data. It also shadows players and syncs with tee sheet software to show golfers who played together that day. Each player receives a notification when a golfer in his or her group turns in his/her score and can verify the score or indicate the score is incorrect. This

creates a peer review process as well. “The software tracks how many times you played and how many scores you turned in. The peer review element adds to the validity of the scores being reported,” Thurner said.

“I know firsthand how sensitive this subject is. Because committees don’t have the tools or data, it’s very difficult to know whether to adjust players or just deal with the inconsistencies and the problems they create,” he said. By relying strictly on data, the guesswork is removed from the situation. It proves that the club takes the issue seriously, as it enhances the golf culture at the club, improves attendance of events, creates a fair playing field for all players and ensures a more diverse group of finishers. That’s why Thurner worked so diligently to create a solution to this industry-wide issue.

Cap Patrol also features an app for members of clubs who subscribe to the software that includes index history, round history, missing scores and friends’ indexes. Visit www.cappatrol.com for more information.

• RETURNING TO NORMAL DOESN’T INCLUDE LOWERING EXPECTATIONS •

Considering the sacrifices members have made in their personal and business lives while coping with COVID-19 there might be a temptation for club leaders to go easy on them in certain aspects of club life, such as adherence to club rules and financial obligations.

For months members have been advised, if not ordered, to take certain health precautions, as well as make significant financial sacrifices. It would be natural to assume more lenient expectations from their club. Representatives of The McMahon Group, a club consulting firm, warned against relaxing requirements to the detriment of the club. “It will be a privilege to operate this year so don’t let rules violators ruin it for everyone else,” McMahon president Frank Vain said. “Communicate expectations to members and constantly remind them of the need to comply with your safety protocols. Enforce all rules all the time.”

Denzil Palmer, a club consultant with McMahon, said clubs should stand firm on dues. “Fixed costs since the beginning of the fiscal year and increased costs associated with reengineering their clubs’ openings will more than likely not translate into a reduction in overall costs.”

• VINDICATION FOR GOLF? •

Could the game of golf once again become a favored amenity for those responsible for bringing in new club members? The game has been maligned in recent years by some club advisers who felt that because golf was perceived as being time-consuming, expensive and exclusive, clubs should become more multifaceted in their marketing efforts.

COVID-19 may have been a game-changer, as journalist Jon Last noted in an article on the National Club Association website, www.nationalclub.org. Golf has successfully positioned itself as one of the few viable options for outdoor recreation during closures and quarantines,” Last wrote. “Both anecdotally and empirically, we see the full tee sheets amid encouraging reports of increased play from existing golfers and renewed trial from lapsed and never before players.”

Marketing opportunities may abound, even if clubs have to wait until spring as golf interest wanes going into winter. This is especially the case if your members have friends and business associates among those lapsed and never before players.

• ADVANCED SAFETY AND SECURITY MEASURES •

Since March, real estate and membership at secluded clubs have seen a boom as more people move from the city to enjoy trails, rivers, golf, boating, fishing, equestrian centers and other outdoor activities. A recent article in *Club and Resort Business* magazine cited numerous clubs that had nearly double potential buyers from last year to

this year, an increase in membership interest or faster buying processes (people buying homes at clubs in 30-60 days when previously it had taken an average of two or three years). One club had more members join during COVID-19 than all of last year.

The rationale for this increased interest is that people feel safer and more secure at private clubs than at similar amenities (pools, restaurants, fitness centers, etc.) that are open to the general public. But clubs must ensure they are consistently providing a safe and secure environment in order to maintain credibility and keep members' trust. It's the reason many clubs are taking employee temperatures upon arrival at work. It's also why some clubs are conducting temperature checks as members enter the premises and why some are not allowing guests during the pandemic.

Will COVID-19 push clubs to adopt new alternatives to protect the safety and security of members and staff? Will more clubs seek ways to control access points to the clubhouse? Rathan Kumar, founder and CEO of Mobicom, a media and commerce company, believes implementing advanced technology to enhance and protect secure environments of clubs will be the new industry norm. His company provides contactless temperature screening equipment that also includes facial recognition capabilities.

The Mobicom equipment allows members, guests and employees to be scanned via no-touch infrared thermometers to identify increased body temperatures and at the same time, have faces scanned to ensure that each person entering the building is cleared to be there. This specialized branch of Artificial Intelligence provides a heightened security and the ability for club staff to provide a safer environment, thus enhancing the member experience. Could the implementation of products of this kind be the beginning of a new trend in the industry?

• A SPECIAL SHOUT OUT •

A big Thank You to the National Club Association for featuring the **PCA** as its Preferred Vendor of the Week in September!

Enjoy the fall,

Jackie Carpenter, CCM
Editor

Eldon Miller
Editor-at-Large

TIDBITS & TAKEAWAYS

Asking members to help spruce up the club may be a good way to get them reinvolved as clubs work through COVID-19. Tasks like painting, minor repairs, even golf course seeding and sodding under supervision are likely options.

While some may not consider volunteer work by members as appropriate, it can save money, even prevent assessments or dues increases. Volunteer work is a good way to bring members together even though it may be with masks and proper social distancing.

RESOURCES

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