

Strategic Planning and Membership Development for Private Clubs

GOLF ASSOCIATION OF PHILADELPHIA
Presidents Council

Waynesborough Country Club
March 25, 2008



A Club's Lifeblood

- On average, dues account for about:
 - 49% of revenue in a Country Club
 - 35% of revenue in a City/Athletic Club
 - 30% of revenue in a Yacht Club



Most Private Clubs Need Members

- Nearly one-half of private clubs in the US have fewer members now than they did in 2001.

Clubs without waiting lists:

- About 75% of Country Clubs
- About 99% of City/Athletic Clubs
- About 70% of Yacht Clubs



Membership Development

- Clubs will typically lose 5% of their membership each year; mostly from uncontrollable reasons of death, relocation and illness.
- The greatest challenge for clubs in the past decade has been the failure to replace this annual shortfall.



Disconnect

- Any organizations with members needs an organizational structure and an on-going plan for Membership Development.
- Membership Directors on Staff:
 - About 33% of Country Clubs
 - About 44% of City/Athletic Clubs
 - About 15% of Yacht Clubs



Most Common Actions in Response to Membership Challenges

- Cut entrance fees
- Offer a trial membership
- Offer payment plans on initiation fees
- Cut budgets to respond to "new reality"
- Tactical versus Strategic Thinking



Why Not Try This?

- Private clubs that understand their marketplace and membership don't have membership problems.
- A strategic approach toward membership retention and recruitment is critical to sustained success.

Why Do So Many Clubs Have Unfilled Memberships?

1. Too much competition
2. Lifestyle changes
3. Lack of strategic direction
4. Micro-Management
5. Quality deficiencies
6. Outdated facilities
7. Ineffective membership marketing plans



Membership Dynamics

Golf Goes Public

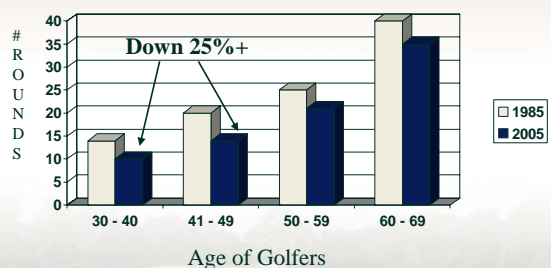
Private clubs are down by both % and number.

Year	% Private
1900	90%
1950	60%
1960	50%
2000	30%
2010	20%

"More Americans Are Giving Up Golf"

- The New York Times**, February 21, 2008
- Number of frequent players (25+ rounds per year) declined by 33% since 2000.
- Was it the economy?
- Changing family dynamics?
- A glut of golf courses?
- A surfeit of etiquette rules — like not letting people use their cellphones for the four hours it typically takes to play a round of 18 holes?
- Or was it just the four hours?

Average Rounds/Year



Golf Market



- Projections for future are mixed
- Participation constant; frequency down
- TIME is key control factor; critical issue for under 50 set

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Membership Diversity

- **Up and Comers:** Least satisfied segment of club membership. Want more recreational activities, family orientation, casual lifestyle and events, female friendly atmosphere.
- **Tradition:** Inflexible club culture among satisfied older members not recognizing or sensing need to change.

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Up and Comers (under age 45)



- Broad athletic and recreational interests
- Casual lifestyle
- Family oriented
- Gender equality
- Building relationships
- Somewhat restricted incomes

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Prime Timers (age 46 – 65)



- Golf begins at 50
- Growing affluence
- More free time
- Family almost grown
- Hosting lifetime events
- Couple activities

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Leisure Living (over age 65)



- Much less strenuous recreational activities
- Retirement/fixed income
- Abundant free time
- Empty nesters
- Established patterns (resistant to change)

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The Power Years



Interests beyond old golf and card playing:

- Health and wellness programs
- Sport specific training
- Diverse recreational activities
- Lifetime learning opportunities
- Part time work in new/second careers
- Volunteer opportunities
- Travel

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The Generation Gap

- Lowest satisfaction exists among members under age 45.
- Barriers to satisfaction among young:
 - Limited access and appeal to family
 - Level of formality and informality
 - Lack of entertainment options
 - Restrictions on use by gender and families
 - Lack of programming

Personal and Professional Success

- *The first rule of successful selling is to have something good to sell.*

Not Your Father's Private Club

- New Core Elements:
 - Up to date Bylaws and Access
 - Great Golf Course and Practice Areas
 - Diverse dining options from family casual to upscale informal with varied menus and good wines
 - Health and Fitness Facilities and Programs
 - Resort-style Pool Complexes
 - Fun Social Programs
 - Summer Youth Camps
 - Junior Instruction Programs
 - Family Holiday Events



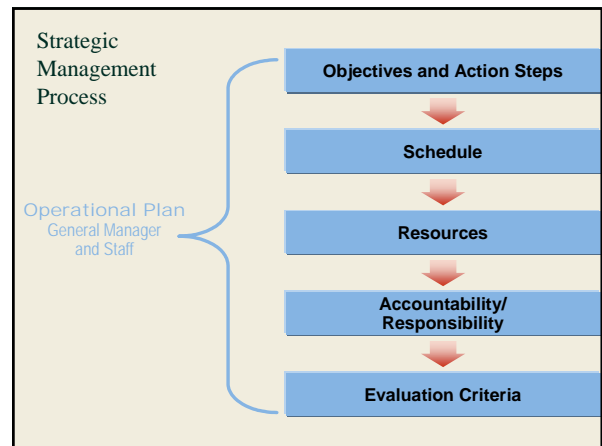
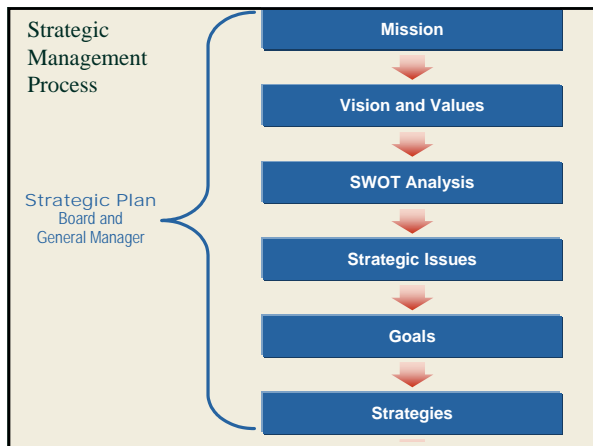
Leadership Roles in the Membership Development Process

It Starts at the Top

- Leadership's chief role is to focus on High-Level Strategic Issues
- Membership Development must be a total club effort
- Requires participation from
 - President
 - Board
 - Committees
 - Membership
 - GM/COO
 - Membership Director
 - Staff

Leadership

- Today's leaders are expected to provide for the organization and its constituents:
 - Creativity and Vision
 - An Understanding of the Environment
 - Sense of Purpose
 - A Sense of Trust
 - Positive Outlook
 - Catalyst to Achieve Results



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Satisfaction Responsibility

- Private clubs are in the "Satisfaction Business".
- Cutting budgets and services to offset a shrinking dues line only serves to drive the club into a downward spiral.
- Too many clubs spend their time figuring out how to "dumb down" the cost of membership and diminish the value of the experience.
- Must continually appeal to active users and upper echelon of membership to grow and prosper.

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Board Responsibilities

- Board must provide a Strategic Plan that has clear goals and specific timelines.
- Regularly survey members to stay abreast of expectations and track progress.
- Closely monitor new member opinions as a method of measuring relevance to potential new members.

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Board Responsibilities

- Board and GM/COO must provide all committees with concise goals and objectives.
- Board members should chair every committee to clearly delineate their responsibilities and assure follow through on recommendations.

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Board Responsibilities

- Establish and assure adherence to an effective new member orientation system to assure new members are quickly made comfortable users and are indoctrinated into the culture of the club.

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President's Responsibilities

- What type of Club must we become in the next five years?



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President's Responsibilities

- Leads others in identifying club purpose and direction, and scope of services and activities.
- Makes certain club maintains competitive presence.
- Requires annual strategic planning retreat to adapt to changes and set improvement goals.

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President's Responsibilities

- Develops vision/future position.
- Promotes development of a long range plan to guide continuous upgrading of deficient facilities.
- Gets as many members as possible involved on Committees.
- Brings in fresh faces so old guard cliques don't dominate club leadership, especially in membership area.

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Membership Chairman and Committee Responsibilities

Membership Chairman

- Encourages development of a marketing mindset.
- Assures Membership Process is understood and user friendly:
 - Review new member admission process
 - Identify potential changes in classifications to promote member growth
 - Nomination forms easy to complete and readily available to sponsoring members
 - Review eligibility and rules for Sponsors
 - Makes certain Membership Committee and board meet frequently to approve nominations
 - Streamlines procedures regarding number of required forms, posting, etc.

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Membership Chairman

- Enlists support from Membership to serve as Ambassadors for club.
- Must have strong 3, 6 and 9 month follow-up contact program to assure new members' satisfaction.

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General Manager Responsibilities



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General Manager Responsibilities

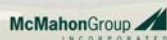
- Unrelenting focus on increasing member satisfaction:
 - Evaluating service delivery systems
 - Adding value
 - Finding ways to attract new members



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General Manager Responsibilities

- Must continually seek out member feedback:
 - Satisfaction surveys
 - Quality assurance programs
 - Focus Groups
 - Management by walking around



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General Manager

- After collecting member feedback, there must be a Response:
 - Operational Plan to support Strategic Vision
 - Push staff and committee's forward
 - Clear, effective recommendations to Board
 - Galvanize leadership to act
 - Urge formation and continuous support for Membership Department



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Membership Director Responsibilities

- Oversee a personalized approach to membership development.
- Activate the Membership Network through structured program befitting club's culture.



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Marketing Mindset

- Clubs must take a proactive approach for marketing to both existing and prospective members.
- Internal marketing
 - Social programs are low/no cost way to add value
 - Motivation of existing members
- External marketing
 - Organized membership marketing plan





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Step One: Member Survey

FIRST, A CLUB MUST UNDERSTAND ITS OWN MEMBERS

- How satisfied are they?
- Do problems exist?
- What do the members hear when they propose members?
- Are members recommending new members?
- What actions will they support?

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Step Two – External Analysis

- Identifies outside factors that can and will affect the club:
 - Membership Trends
 - Evaluation of Competition
 - Population and Household Demographics
- Identifies Opportunities and Threats.

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Step Three – Marketing Plan

- Identifies how the club will achieve a sustainable competitive advantage:
 - Vision
 - Target Market
 - Differentiation
 - Opportunities
 - Marketing Goals

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Step Four – Action Plans

- Define Action Steps
 - Evaluate Membership Plan
 - Identify Personnel Needs
 - Determine Need for Collateral Material
 - Special Programs
- Establish Responsibilities:
 - By the Special Committee
 - By Standing Committees
 - By the Board
 - By Management
- Monitor accomplishments on a regular basis and update as needed.

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Strategic Action Steps

- Membership Services Director
 - Effective Communications Plan
 - Update Internal Marketing Practices
 - Targeted Social Programming
 - Ambassador Committee
 - Effective New Member Orientations
 - Real Estate Relationships

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Traits of Successful Clubs

- Clarity of Mission and Purpose
- Quality Facilities
- Food and Beverage Excellence
- Excellent Staff and Service
- Sound Leadership and Communication



Time for a Change in Approach

- Most private clubs are engaged in a battle for market share.
- Membership development will be an increasingly important function going forward.
- Club leadership and operating management must align their thinking and functions (Strategic Management Process).
- Opportunity exists for Membership Director's to play an ever-increasing role in private club success.



Takes Aways

- Membership must become a full-fledged department in every club.
- Current challenges represent a major opportunity for individuals and clubs.
- Once established, push forward a proactive agenda:
 - Know your members
 - Surveys are your friend
 - Know your marketplace
 - Up-to-Date information of area demographics and competition
 - Activate Membership Referral Network



*Thank You.
Your Questions
Are Welcome*