Visionary Leadership

Strategic Capital Investment Drives Ongoing Success at Carmel Country Club
Dear Club Leaders,

“If we take on a major capital project, will it actually pay off?” We hear that question a lot from boards and managers seeking assurances that there is a link between capital investment and a club’s return on that investment. This issue of Club Business is dedicated to answering that question. It features a case study of Carmel Country Club which showcases the factors that drive sustainable success in clubs, the most important of which is Net Worth Over Time (aka Members’ Equity Over Time).

Club Benchmarking data shows that between 2006 and the end of 2019, 50% of clubs have net worth that is declining in real dollars and only 35% are growing equity at the rate necessary to reinvest in their asset base as required. Our research into the significance of net worth over time began with an analysis of net worth for three clubs that were selected based on their recent levels of investment in new services and amenities. Our hypothesis was that the club that invested most consistently and strategically would exhibit best-in-industry growth of net worth over time.

Of the three clubs studied, one had only upgraded their banquet facilities and the club’s net worth was declining. The second club’s only investment was a new clubhouse built 10 years prior, and the club’s net worth was flat. The third club, Carmel Country Club, had made regular, significant investments in facilities, services and amenities that were important to existing members and attractive to future members. The club’s net worth has been on an impressive upward trajectory for the last two decades.

The same hypothesis has since been tested on net worth over time for more than 650 clubs across North America, and the pattern is undeniable. There is a clear link between consistent, purposeful investment and growth of net worth/members’ equity.

As you will see, the visionary leadership of Carmel’s board and management has delivered both the next generation of members and a level of capital income (via initiation fee income) that reflects the club’s relevance in the market and provides the money to keep the cycle going. We are grateful for the opportunity to collaborate with the National Club Association in providing “Insight for Strategic Club Governance” and we hope you enjoying reading Carmel’s story as much as we enjoyed producing it.

All the Best,

Henry Wallmeyer
President & CEO
National Club Association

Ray Cronin
Founder
Club Benchmarking

Contents

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Club Business is published semiannually by Club Benchmarking and the National Club Association (NCA). Club Business is distributed to Club Benchmarking subscribers and NCA members.