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Cover image: Fire destruction at The Fountaingrove Club in Santa Rosa, Calif.
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Survey Says

THERE IS NO DENYING the importance of surveys. They provide the objective information that allows associations and clubs the ability to make informed decisions based on fact and the desires of their members that will help them succeed.

I learned the impact surveys can have when at Villanova University I led a group project to survey college athletic departments and then Villanova students about the use of a student activity fee that replaced the need for students to purchase tickets for athletic events. Based on our results, Villanova adopted the fee the year following our report—I like to think that the work I did in 1994 laid the foundation for Villanova winning the men’s NCAA Basketball National Championships in 2016 and 2018.

Fast forward to my career in associations and the club industry. My experience with surveys has benefited me well, but I hope it has benefited the members more. As an example, we just completed two surveys here at NCA: A Club Director readership survey and a National Club Conference evaluation. We will use the results to provide better education and experiences based on what we learned from you.

For Club Director
- 93% have taken action as a result reading an article and 57% have taken action as a result of reading an advertisement.
- 66% share their issue with at least one other person.
- Members rate it very highly, feel it is a useful benefit of their NCA membership and many rate it as better than other industry publications.

But the most exciting things we learned were the other topics you would like to see covered, the format and length in which you want to read the information and the additional comments and suggestions you provided for improving Club Director. We look forward to implementing these changes in issues to come. See more findings in Trending (page 44).

For National Club Conference
- The highest rated speakers were Bill Walshe, CEO Viceroy Hotel Group, and Colonel Jack Howard Jacobs (ret.), Congressional Medal of Honor recipient.
- 100% of the attendees rated the reception and dinner at the Jonathan Beach Club as excellent.
- 94% of the attendees are likely or very likely to attend the 2019 National Club Conference in Washington, D.C., April 28–30.

Like Club Director, the most important things we learned were what topics you want covered at the Conference, what you liked most, and what you would like to see changed in the future.

When you read this issue of Club Director think about how we can make it a better and more useful publication for you, your staff and your board. And when you read the 2018 National Club Conference recap (page 16), tell us what would make the Conference most beneficial for you and your board.

Your feedback in these surveys can be the foundation for an incredible run for your association just like me, but unlike for Villanova, it won’t take 22 years.

Henry Wallmeyer
President & CEO
Advocacy, Insight and Governance

NCA Exists So Your Club Can Too

Sometimes it is necessary to talk about unpleasant things. To not have those conversations is to live in a fantasy world where everything is rosy all the time. This issue of Club Director includes articles on the impact natural disasters had on clubs in Florida and California this past year. You can write them off in the category of, “it’ll never happen here,” or you can learn from the unfortunate experiences of others. The intention of this issue of Club Director is the latter, of course.

We can never fully appreciate the impact these events had on the lives of the people involved. Can you imagine returning to your house and seeing a pile of burnt rubble? An entire neighborhood and the club that served as a center of community engagement gone? None of us is likely to have that level of empathy. By covering these stories, however, we just might help others jumpstart their disaster planning and navigate trouble more effectively should it come their way.

Club leaders have a lot on their plates these days, so it’s easy to push off planning for things that are unlikely to occur when there is so much to do in the here and now. But crafting a plan when the hurricane is turning your way, or the fires are on the hillside is too late. Leaders must plan when the sun is shining and the hills are green. As with any plan, it must be regularly updated and rehearsed so it kicks in when the moment of truth is at hand.

To an extent, membership in the National Club Association (NCA) is analogous to disaster planning: it may be overlooked when things are going well, but your rock when you need it. Crafting a plan when the hurricane is turning your way, or the fires are on the hillside is too late. Leaders must plan when the sun is shining and the hills are green. As with any plan, it must be regularly updated and rehearsed so it kicks in when the moment of truth is at hand.

To an extent, membership in the National Club Association (NCA) is analogous to disaster planning: it may be overlooked when things are going well, but your rock when you need it. During your budget preparations, it is easy to think of membership dues as only a number, funds that could be saved and redirected to other activities. It can seem safe to assume your club won’t be impacted from poorly crafted or harmful legislation, that your property tax won’t skyrocket from reclassification, or the Environmental Protection Agency won’t want more oversight on all the water on your golf course. NCA is the only entity with full-time focus on your club’s right to exist. It provides legal and legislative monitoring, so your club can serve as a place where members can associate with other like-minded individuals. Our strategic plan is based on three pillars: Advocacy, Insight and Governance. NCA has an expansive advocacy program that works to protect your club and interests at the local, state and federal level. It is acclaimed for its insightful periodicals, publications and education programs focusing on industry trends, human resources, operations, and governance and planning topics. NCA’s reference series, including model bylaws and other tools and tips for effective governance, are building blocks club boards and executives can use to organize and execute at the highest level. NCA staff is extremely knowledgeable and known on Capitol Hill, and our board and committees have some of the brightest and most experienced minds in the industry. If the answers you need aren’t at our fingertips, we can almost always connect you with someone who can help.

Like your club, NCA has overhead and administrative costs that need to be funded year-round. As with your club, the biggest line item in our budget is dues. If our message is to be heard, ClubPAC and the National Club Association Foundation also need resources. Thankfully, many clubs and individuals support these missions, as do our growing list of corporate partners. They see value in the work and they are willing to support them with their hard-earned resources. Membership and revenue are growing, but the truth is, we need more of you to get on board. The larger the number of clubs, members and employees in our universe, the more effective we’ll be in speaking out, communicating important information and helping you govern effectively. If your club is currently a member, we thank you—and encourage you to recruit your nonmember colleagues to join today. 

Frank Vain is president of McMahon Group, Inc., a premier full-service, private club consulting firm serving more than 1,900 private clubs around the world. He serves as NCA Chairman. He can be reached at fvain@mcmahongroup.com.
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The Independent Contractor/Employee Debate

*The California Supreme Court Creates a New Test*

FOR CLUBS throughout the country, the problem of misclassification of employees has been an issue for some time. Recently, the California Supreme Court established a new standard for how a golf course in the Golden State determines if a worker is an independent contractor or an employee under California’s wage order. This standard will likely help to classify more workers as employees rather than independent contractors.

The supreme court produced this new standard in a case entitled *Dynamex Operations West, Inc. v. Superior Court (Lee)*. Though the supreme court did not answer whether the workers in that case were independent contractors or employees, it did provide a clear standard as to how California will go about making that determination.

Specifically, the court said that when enforcing California’s wage orders (the minimum wage, overtime, work hour, meal and break requirements established for specific industries) the focus should now be on whether an employer “suffers or permits” a worker to work. If the employer does either, then the worker is an employee, not an independent contractor.

Since this “suffer or permit to work” standard is a bit broad, the court had to establish new guidelines to clarify this standard for employers. As such, a new test was created—the ABC test.

For California golf clubs that utilize caddies, fitness professionals, massage therapists and others who work under the independent contractor classification, this new test could pose a significant problem. Under the ABC test, California now presumes a worker is hired as an employee unless the employer can prove all of the following:

A. That the worker is free from the control and direction of the employer in the performance of the work, both under the contract for the performance of the work and in fact; and

B. That the worker performs work that is outside the usual course of the employer’s business; and

C. That the worker is customarily engaged in an independently established trade, occupation or business that is the same nature as that involved in the work performed.

The court went on to say that under “A” an employer does not need to control the “precise manner or details of the work” to still be in control and direction of the worker. This could mean that the overall guidance and direction often provided by clubs to caddies could be enough to fail on this point.

Under “B,” the court clarified that any worker who is reasonably seen as offering services to the employer in a role comparable to an employee or who would be seen by patrons as working for the employer rather than for his own business can be enough to fail on this factor. For a golf club that hires fitness trainers to work in the fitness center, this factor could be hard to meet.

The court explained under “C” that any worker who wants to be classified as an independent contractor must have chosen “the benefits and burdens of self-employment.” To prove this, the worker should do things traditionally associated with running a business, like incorporating, acquiring necessary licenses, advertising and offering his services to numerous clients. Thus, any independent contractor who works solely for the club and who has not done some reasonable and expected things to present himself as an independent business may make it hard for the club to meet this factor.

For the last few years, the National Club Association has been reminding club leaders that federal law has been less than favorable when it comes to determining if a worker is an independent contractor or employee. With this new ruling from the California State Supreme Court, the largest state in the union has now made it much more difficult for golf clubs subject to a wage order to classify a worker as an independent contractor, too.

Ultimately, this case provides an additional reason for private clubs to reconsider how they classify their caddies and other independent contractors—especially clubs in California. Under a worst-case scenario, other states could adopt the ABC test to clarify what it means to “suffer or permit to work.” If that happens, it could change the way our industry does business for years to come.

It is advisable to think long and hard before simply saying that a caddie, yoga instructor, etc., is automatically an independent contractor. Though that may have been the way your club has always classified such a worker, things are changing, and that decision is no longer as easy as ABC.
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Board Priorities
Add Brand Management to Your Fiduciary Responsibilities

THERE ARE TYPICALLY three priorities that command the attention of private club boards: (1) developing and using sound strategy; (2) ensuring the financial security of the club; and (3) governing the club responsibly. However, in these days of over-supplied markets and the ongoing regeneration of many clubs, brand management has become massively important to clubs.

Private club board members share several fiduciary duties, which include the duties of care and loyalty, such as good faith, confidentiality and disclosure. Directors' duties also expand to the responsibility to protect the identity—which may include its trademarks, intellectual property and public-facing images.

Brand Planning and Security
What is your club's brand? And how is it being protected?
A brand is a small piece of real estate “owned” in the mind of the consumer, according to Al and Laura Reis, authors of “The 22 Immutable Laws of Branding,” a marketing classic on branding commercial companies. Some board members claim that a private club is “private” and, therefore, not a commercial brand. These outdated beliefs are a sure-fire plan for damaging the long-term brand health of the club.

Brand health, which means admiration, trust and desirability, is an important duty for private club leaders. Social media proliferation and unending public awareness and scrutiny of private clubs require the club board to pay attention to the club’s brand. Club leaders should routinely execute a brand audit to validate the club’s market impact.

Some board members claim that a private club is “private” and, therefore, not a commercial brand. These outdated beliefs are a sure-fire plan for damaging the long-term brand health of the club.

Strategic Planning
The club’s strategic plan is its long-term direction and scope of operations. The plan helps the club stay focused on its priorities, and to fulfill stakeholder expectations.
Board members are responsible to fellow members to ensure that the club has a sound strategy and that the strategy is being faithfully enacted. Directors are duty-bound to know the club’s strategy and ensure that it is preserved and routinely used.
A sound strategic plan extends for a period of three-to-five years and should be fully reviewed annually.

Financial Security
Directors are responsible to protect the financial resources of the club. This means that directors must carefully measure the future financial needs of their clubs; plan for the sources and uses of funds; and ensure the economic sustainability of the club.
Economic sustainability requires that the club generates revenues adequate to pay the costs of the operation and to fund future capital needs of the club.
Board members must fully understand the club’s financial capabilities and limitations. A key tool used to report the financial profile of a private nonprofit, tax-exempt club is a Department of Treasury Form 990, which each director should also understand.

Club Governance
Every club director should strive to provide sound governance to their club. Effective club governance is built on the regular usage of the strategic plan and a board policies manual (BPM).
A BPM documents the methods that will be used in governing the club. It also includes a description of the organization, the authority of the board and the manager, and the relationship of the board with the manager/COO.
The BPM is as fundamental to effective club governance as the strategic, financial and brand plans. It must be developed and used on a regular basis.
Today, governing a private club is a bigger and broader job than at any previous time. Brand knowledge and management have become just as important to the overall health of the club as other fiduciary duties, such as strategic planning and financial security.

Henry DeLozier is a principal at Global Golf Advisors, an international club management consulting firm that provides specialized services to more than 2,700 clients from offices in Toronto, Phoenix and Dublin (IR). He can be reached at hdelozier@globalgolfadvisors.com or visit globalgolfadvisors.com.
As more clubs continue to face legal concerns due to the improper classification of caddies, CADDIEMASTER® has developed a non-invasive, effective and inexpensive solution called CADDIEMASTER CONNECT. Through CADDIEMASTER CONNECT, CADDIEMASTER provides the club the ability to more efficiently arrange and provide caddie services to its members and guests. CADDIEMASTER will also serve as your club’s intermediary, assuming the tax and legal liabilities of your in-house caddie program. There’s no change in management. Your caddies continue to be paid directly by the players. They simply become contractors of CADDIEMASTER, indemnifying your club against common liabilities.

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Don’t Take Credit Cards?
Could be a Case of “Penny-Wise and Pound Foolish”

THE QUOTE “penny-wise and pound-foolish” is often credited to Philadelphian Benjamin Franklin, though Franklin never actually coined the phrase, (it was English Scholar Robert Burton). However Franklin did say, “Why should I give my readers bad lines of my own, when good ones of other people are so plenty.” Franklin was indeed very wise. His lasting effects on America, from newspapers to the post office were truly great, even though most of his ideas and innovations where manifestations of others’ great ideas written by his alter-ego in Poor Richard's Almanac.

About 20 years ago I heard about a club in California had started to take credit cards for payments and that they were doing very well. At the time The Union League of Philadelphia was just embarking on a major master plan and funds were a bit tight, sort of our own version of Poor Richard’s Almanac, filled with great promises and forecasts. However over time, just like Franklin’s Almanac, The League has prospered greatly. One small innovation caveat of the plan was to begin taking personal credit cards for all payments. Looking back over 20 years, as I begin now to sell wisdom and experience over hustle, I can safely say that taking personal credit cards was one of the best ideas The League has ever made.

Over the last 20 years our membership has doubled. The average length of time a member stays a member also doubled. Attrition decreased by a remarkable two-thirds, and our allowance for doubtful accounts has all but evaporated. On top of this, our monthly cash flow is steady and predictable and our members are extremely happy with the ability to get points and to make sure they are never posted for missing a payment (if anyone still does that). So why aren’t more clubs adopting credit cards? Mostly it comes down to the unwillingness to innovate and change and pay for the couple of percentage points it costs to collect club funds through a credit card processing. I can safely say that clubs who do not accept credit cards payments are penny-wise and pound foolish.

If you have to look for a reason to accept credit cards, and there are many great reasons, our experience with increased length of membership is probably the most resounding reason.

If you have to look for a reason to accept credit cards, and there are many great reasons, our experience with increased length of membership is probably the most resounding reason. Our research and focus group studies have confirmed that members really enjoy the convenience of having a “set it and forget it” mentality when it comes to paying their club fees. Members do not have to make a “value decision” every month when they write a check out to their club. Did they use it enough? Did they get enough value? What if the spouse or partner writing the check is not the frequent user? Is there more pressure to make a value decision and cut off the club? Of course there is no substitute for high quality and great service, but the dynamics of credit card payments are important to understand. Our data shows that members who pay by credit card stay longer as a member.

Members also value the convenience of time and the reward points associated with using a credit card. Today many younger members have checking accounts but never write checks. Members will also put all their social spending on one card and look forward to an annual vacation “on points.” We are so convinced of this, we start all new members on credit cards. As Yogi Berri says, “the future ain’t what is used to be.”

Finally a disclosure, it is always important to check with your accountants and tax advisors before making any major changes, including the decision to take credit card payments at your club. Remember, after all, I’m just a club manager.

Jeff McFadden, CCM, CCE, ECM, is general manager/COO of The Union League of Philadelphia. He also serves as the chairman of the NCA Foundation. He can be reached at mcfaddenj@unionleague.org.
IT HAS OFTEN been said that private country clubs are run like nobody’s business because it’s nobody’s business—a reference to the fact that most club boards are made up solely of volunteers who spend a couple of hours each week checking in on their respective departments. Unfortunately, unless your club has a rock star general manager overseeing the joint, that’s a recipe for anything from small things falling through the cracks to gross oversights that greatly hamper the operation and financial health of your club.

Having recently completed a four-year stint as club president at Rock Ridge Country Club in Newtown, Conn., I have a great appreciation for all who volunteer their time as club presidents or committee chairs. I also feel perhaps I learned a few things that might help others in similar positions.

As background, Rock Ridge is a nine-hole private club with tennis, pool and nice clubhouse. Six months into the role of club president it was evident something wasn’t right. We had about 175 families, more than enough to sustain a club of that size. But we were assessing members and using insurance proceeds from storms to get by. Hoping for a natural disaster isn’t exactly a solid business plan.

So what to do? First you enlist help. For me, that meant finding a treasurer who had the chops to dig deep into the club’s finances. I’ve found many treasurers at clubs are people in financial services. No offense, but give me a tax lawyer or accountant every time. Able to convince such a person to take the role, we got to work.

The old-saw saying about needing to identify the problem before solving it is so true. After several months of digging (to the point where our treasurer would show up with a hand truck of boxes of financial reports), we had some direction. Asset allocation was a huge problem as we were disproportionately investing in the golf staff and not investing nearly enough in the kitchen—an area that was becoming a point of member dissatisfaction. We had agreements with vendors that had not been revisited in years. Again, if not one is minding the store, these things happen. Our membership programs were stuck in the 1980s mode of trying to attract members via print ads and open houses. We also had a relationship with a long-time golf pro that we believed had run its course.

Once the problems were identified, it was easier to plot a course of action. Primary was the decision to part ways with the pro, which was something akin to ripping off the band-aid. The move angered a number of members, many who resigned. But three years later, we now see it was clearly the right call. That freed us up to re-allocate assets as our new pro’s comp package was more in line with what a club our size should be paying for that position. We invested in the kitchen and restaurant, to the satisfaction of membership.

We revisited a number of our vendors and came to new arrangements. We did things such as switch to LED lighting, which brought our electricity bill down substantially. We found a member willing to be all-in as membership chair and completely revamped how we approached marketing the club. We started catering more to families and their children, critical in today’s club environment. We became more aware of what our competition was doing. In short, we started running the club like a business because we made it our business.

Today, member satisfaction is perhaps the highest it has been in my 12-plus years as a member. The club’s finances are at a point where we can break even at approximately 150 families as opposed to having trouble making it work at 175. We’re investing in the golf course and continue to make further investments in areas we identify. The role of any club president or board member is to leave the club in better shape when we leave the board than when we start serving on it. I take great satisfaction our board has done just that.
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IN THE LAST ISSUE of Club Director, I focused on how the average member profile is changing. As of 2015, there are now more young adults (born approximately 1980–2000) than there are baby boomers (born approximately 1945–1965). While clubs as a whole likely won’t be threatened by this massive generational shift, many may need to adapt due to the vastly different value structures of many young adults compared to boomers.

More than three in four young adults (78%) would choose to spend money on a desirable experience or event over buying something desirable. Statistics provided by Eventbrite show that 55 percent of young adults say they’re spending more on events and live experiences than ever before.

Couple this with a multitude of competing factors to get a member’s attention and many clubs may find that they cannot afford to focus on only one area of interest. Many will need to become a family activity/experience hub to stay competitive. When a private club can be looked at as both the escape from the everyday, as well as the hub of their member’s community, then clubs have a stronger argument when appealing to younger demographics.

An industry that has seen this shift first hand is the travel industry. According to travel research firm Phocuswright, travel activities (tours, attractions, events, etc.) are the third largest segment of travel at $129 billion and are growing faster than the total travel market. To accommodate these changes, the travel industry now focuses on providing an all-inclusive experience, with a wide range of activities, to help provide a personalized vacation that the whole family can enjoy.

If we take a closer look at what makes a cruise vacation so appealing, we’ll find some great ideas that have the potential to make club membership both more attractive to young families, and more valuable to your existing members. After all, a club’s business is based on offering a one-stop hub of experiences.

Fitness Focus
Young families are more focused on health and fitness, forcing the travel industry to quickly adapt to this change. Cruises have created an enhanced health conscious environment by updating fitness centers, providing ample space for group classes, and offering wellness programs, personal trainers, healthy food options and more.

According to an annual survey from the American College of Sports and Medicine, four out of the top 10 fitness trends for 2018 are high-intensity interval training, group training, educated and experienced fitness professionals, and fitness programs for older adults. Focusing on trends such as these may be the key that unlocks interest in fitness that even existing members didn’t know they had.

Family Friendly
The cruise industry has shown a special ability to provide activities that both kids and adults can enjoy—whether together or separately. Every parent knows that entertaining and caring for children can be exhausting, which is why cruise ships offer family movie nights, daycare and other kid friendly options to help provide an experience the whole family can enjoy.
One Stop Shop

Once you board a cruise, you quickly realize the breadth of their amenities. Today’s vessels are equipped to offer free Wi-Fi, restaurants, water slides, in-suite spa treatments, and anything else you could possibly need, so passengers can have a relaxing and stress-free experience.

You don’t need to spend millions building new fitness facilities to better engage your membership. This might not even be what your membership needs or wants. There might be smaller, more affordable ways to offer a convenient and family-centric experience to your members.

The Sarnia Golf and Curling Club Takes a New Approach

A great example of how a club can offer a personalized one-stop shop is the Sarnia Golf & Curling Club in Ontario, Canada. Since early 2017, the club has begun implementing numerous new initiatives to help engage their membership. General Manager Michael Hearse, CCM, worked with his team on an in-depth self-identification project to better understand their members and learn about potential opportunities in the surrounding area.

Through the self-identification process, the club classified the current membership demographics, as well as the current and projected future makeup of the local community. These findings allowed the club to establish where they needed to be in the next five to ten years in order to continue servicing their members, as well as adapt to the changing demographics of future membership.

The end result was that they now understood that programs and amenities alone were not enough to foster club culture. The club then looked within to define its mission, vision and values. Equipping themselves with these three key elements ensured that staff could share in the journey the club was about to embark on, and emphasize them through their day-to-day performance.

Early in 2017, Sarnia Golf & Curling Club was eager to put new initiatives into practice. However, lacking an unlimited budget to invest in new facilities or elaborate programs, the club, like so many others in the industry today, relied heavily on creativity to begin growing and reinforcing their culture through the following programs and initiatives:

- **Test Programs**—The self-identification process showed the club how important it was to alienate existing members during a new time of growth, so test programs such as yoga and mature fitness were introduced to engage existing members in the coming changes.
- **Club Branded Honey**—In 2017, the club partnered with Operation Pollinator, an international biodiversity program designed to boost the number of pollinating insects. This social and environmental initiative came with the added benefit of a regular production of local honey, which the club now bottles and sells to their membership.
- **Going Craft**—With a regular production of honey, the club has partnered with a local microbrewery to produce what they have proudly named “Paul’s Honey Brown.” The name was chosen in remembrance of the club’s former superintendent, and a portion of all proceeds go to a college fund for the grandson of the much loved former employee.
- **Family Outdoor Movie Night**—Members of all ages experience bouncy castles, snow cones, cotton candy, face-painting, balloon twisting, barbecue, candy bar, popcorn station and music—with golf carts lined up like a drive-in theater.
- **Treasure Chest**—A quick and simple program where each time a child comes to the club they can go to the treasure chest and pick a toy to take home.

You don’t need to spend millions building new fitness facilities to better engage your membership.

- **Date Night**—Parents come for dinner while children experience a kids cooking class, dinner, craft station, their own chef’s hat, a trip to the treasure chest and the chance to watch a movie together.
- **Children’s Menus**—Designed internally, these interactive and club-specific children’s menus feature puzzles, activities, and coloring areas. Crayons, markers and other activity books also typically accompany them.
- **Kids Eat Free during Spring Break**—An initiative that lets members receive one free children’s meal with the purchase of an adult entrée during the week of spring break, which has helped increase member traffic during what is normally a slower week.

While these are only a few of the new initiatives that the Sarnia Golf & Curling Club have implemented, the themes are clear to see: every day usefulness and multi-generational family focus are the elements the club believes will keep it successful for years to come.

Sarnia Golf & Curling Club is laying the foundation of what many of tomorrow’s clubs will look like, and maybe more importantly, how they will make members (and their families) feel. [10]
The 15th National Club Conference was Pure Hollywood Magic.
“The NCA team did an absolutely remarkable and seamless job at the conference. Very impressive!”

The 2018 National Club Conference (NCC) was held in Los Angeles from April 16–18 and due to the caliber of presenters, exciting social events, our incredible sponsors and the dedicated NCA staff, it was an extraordinary success. Conference attendees were able to connect with NCA’s community of private club industry professionals while enjoying recreational activities and networking opportunities. Attendees engaged in conversations about top trends and issues affecting clubs and governance led by some of the most accomplished and experienced professionals from a variety of industries.

NCC is about helping private clubs look forward and thrive, and throughout the three day conference, attendees heard from successful leaders from within the private club industry, as well as other industries including entertainment, sports management, hospitality and consulting. In addition to this premier lineup, attendees enjoyed a moving and inspirational presentation from a Congressional Medal of Honor winner.

But it’s not all work at the National Club Conference. The private club community also gets together to connect and celebrate. A special VIP reception and dinner honoring the NCA and NCA Foundation boards of directors was held at the Magic Castle at The Academy of Magical Arts in Hollywood. This unique private club in Hollywood has a membership comprised of magicians and magic enthusiasts. Conference sponsors, corporate partners and ClubPAC contributors took part in the red carpet affair, enjoying a great night socializing with industry leaders in an intimate setting—and enjoyed an amazing magic show performed by some of the world’s most outstanding artists.
A Day For Networking And Camaraderie
The first day of the Conference was devoted to reconnecting with old friends and colleagues and meeting new people at the opening reception hosted at the California Club, one of the nation's most revered city clubs. It was the perfect setting to network over cocktails, food and cigars at one of California's—one of America's—jewels. The California Club, located in downtown Los Angeles, was an exceptional backdrop to our opening night reception.

A Day Of Inspiration & Information
Day two of the National Club Conference began with inspiration. The first speaker, Congressional Medal of Honor recipient Colonel Jack Howard Jacobs (ret.), was an officer with the 82nd Airborne, who earned the Congressional Medal of Honor for heroism on the battlefields of Vietnam. He also represents the Congressional Medal of Honor Foundation, and his humorous and thought-provoking presentation reminded attendees of the great and important things clubs can achieve if we take responsibility for ourselves and those around us. The leadership lessons that Colonel Jacobs offered can be adapted and applied by club managers and directors in their day-to-day jobs.

Bill Walshe, CEO of the Viceroy Hotel Group, discussed “Prideology,” the idea that pride is the most underrated attribute of success. He reminded attendees that the club’s purpose is to make the club experience extraordinary every day. He also pointed out that pride goes both ways and that when club members feel valued and satisfied beyond expectations, the social events were outstanding. The conference always [brings together] a great group of attendees . . . the managers, vendors and others mix so well.”
“Bill Walshe was fantastic—a lot of great ideas for businesses of all types.”

payoff is that they will be just as proud to be members as you are to have provided them an outstanding membership experience.

One of his most compelling pieces of advice was to embrace the impossible, and to say “yes” when others won’t dare too. He never permits his staff to say no as a first response, but to start by trying to figure out how to make the customer (or in our case, the member) happy. Staff won’t always be able to, but when asked for something difficult, the first response should always be “let me see what I can do.” If the members feel indulged, the payoff is pride—for the club, staff and member.

Walshe’s presentation was followed by a discussion of 21st Century Club Governance by Fred Laughlin, director, Global Golf Advisors, which was moderated by Henry DeLozier, partner, Global Golf Advisors. Through the Q&A session Laughlin offered guidance and answered questions from the audience about board issues, bylaws and a host of other club governance matters.

Laughlin touched upon key issues including the differences presented in managing nonprofit vs. for-profit clubs, the most productive types of boards, and how officer terms should be established. Last, he stressed the importance of having bylaws that provide as much flexibility as possible to the board. Times change, and as they do the challenges and opportunities presented to the club and its board will evolve too. It’s important for the club’s bylaws to be flexible enough to allow the board to respond to those changes.

Chip Brewer, president & CEO of Callaway Golf, discussed the challenges and opportunities in the golf equipment business. This session was moderated by Mike Stachura, senior editor-equipment for Golf Digest. Brewer talked about his tenure at Callaway, how innovation happens at the company and key worldwide trends for the game of golf. He also talked about some of the specialized programming, such as Topgolf, and other types of activities being implemented by clubs to attract the next generation of golfers. It was a fascinating discussion!
After Brewer’s discussion, Trevor Coughlan, director of marketing & product management for Jonas Club Software, talked about changing demographics (and subsequent lifestyles) and how clubs can identify and attract the next generation of club members. All clubs are targeting younger members, but this is the “Age of Distraction” and clubs have lots of competition for the attention of prospective members. Coughlan said that millennials are pushing back major milestones, such as getting married, moving out and having children. This impacts clubs because by the time people reach the typical age for joining a club they are just beginning to start their families. That’s why clubs need to have creative programming that’s family-centered and attuned to the unique needs and interests of young families.

Elise Buik, president & CEO of United Way of Greater Los Angeles issued a call to action and discussed the growing homelessness problem across the U.S., including the increasing numbers of homeless veterans. United Way of Greater Los Angeles has a close relationship with the Jonathan Beach Club, and she stressed the important contribution the club is making in the community through their support of United Way of Los Angeles.

Supporting causes like this can benefit clubs. Younger adults today are much more cause-driven than their parents and grandparents, and they want to involve their families in their philanthropy. By making philanthropy an important part of a club’s mission, clubs can also make themselves more attractive to the next generation of potential members.

In a free-wheeling Q&A discussion moderated by David Voorhees, general manager of Big Canyon Country Club, humanitarian and philanthropist Peter Ueberroth talked about his career and his experiences running the 1984 LA Summer Olympics and as Commissioner of Major League Baseball. He offered many fascinating anecdotes and spoke openly and candidly about the challenges he’s faced managing both public entities like the Olympics and MLB and his private company, The Contrarian Group.

“Very succinct presentations and focused education!”

NCC attendees enjoying the beachfront dinner and reception at the Jonathan Beach Club.
Ueberroth told club leaders to make sure they don’t let their boards get undermined by the egos of its board members. It’s essential to involve new people in club governance, rather than treating board positions as a right to be held onto. He also stressed the importance of diversity on club boards, in particular, women.

Next, Eliza Selig, director of communications for Hospitality Financial & Technology Professionals (HFTP), presented the findings of the recently completed HFTP/NCA study on the state of club technology. The data she presented will provide valuable guidance to clubs who are exploring how to meet their own technology needs.

Following Eliza, Jose Villa, founder and president of Sensis, offered a presentation on Embracing Cultural and Generation Diversity. Through his eye-opening presentation Villa provided invaluable information about how America is becoming more culturally diverse and what that means for clubs moving forward. He posited that America will soon be a minority majority country and to thrive, clubs need to embrace cultural diversity. This will open them up not just to many new potential members and to younger people too, who are the next-generation club members.

Finally, Brad Steele, NCA’s vice president of government relations & general counsel, provided a preview of the 2018 election, and a look at the key legislative initiatives on which NCA is working, including a number of important victories over the past year: the delay of the Health Insurance Tax, a 100 percent increase in the number of visas granted to foreign workers for seasonal workers, the nullification of the Clean Waters Rule, and the defeat of a measure in Maryland that would have significantly increased the real estate taxes imposed on clubs. This last win was particularly important because the battle was being closely watched and if it had passed other states were likely to follow suit.

It was a jam-packed day and when the sessions were over it was time to relax. We had an amazing reception and dinner at the Jonathan Beach Club on the beach in Santa Monica. The club was a wonderful host and our attendees dined in extraordinary style! Attendees enjoyed a 5-star meal against an backdrop of an incredible beach sunset and the talented Santa Monica High School Orchestra.

“The locations were incredible!”

Closing Sessions

The final day of the National Club Conference mixed interesting story-telling and club-specific information. It began with an engaging presentation by Deidre Marie Capone, author and grandniece of Al Capone. Capone wrote a book about growing up in a notorious crime family. In her talk, she discussed the trials and joys of being raised in the shadow of the infamous crime boss and his family, and she offered many fascinating stories about Al Capone and her family as well as her experiences with clubs.

The second presentation of the day looked at the water challenges and opportunities facing clubs. Brad Herrema of Browstein Hyatt Farber Schreck talked about trends in water issues, how climate change is impacting water supply, and contemporary water infrastructure issues. He offered terrific guidance about how clubs can best manage their vital water assets—and provides additional information in this issue of Club Director. See his feature article on page 40.
I thoroughly enjoyed the setting, the networking events and caliber of content.

The 2018 National Club Conference’s final presentation was offered by Club Thinking Partners’ Kirk Reese, executive vice president, and Bob James, vice president. They gave attendees techniques to “Manage Up,” offering insightful guidance on the best ways to manage a board and promote a healthy governance culture. By encompassing so many of the most important issues facing clubs, it was a fitting closing session for the 2018 National Club Conference.

The annual National Club Conference is one of the highlights of the year for NCA and our members, and this year in Los Angeles was no exception. Over three days friends and colleagues had a chance to connect, and we heard from a host of experts about trends and best practices that we can pursue to improve our clubs. We also had a chance to visit three extraordinary clubs, The Academy of Magical Arts, The California Club and The Jonathan Beach Club.

Check out the photo gallery from the 2018 conference at nationalclub.org/nccphotos.

Save the Date: NCA is already planning for the 2019 National Club Conference, which returns to Washington, D.C., from April 28–30, 2019, at the newly built Conrad Hotel. NCC19 will be a great lead-in to National Golf Day on May 1 for those attendees interested in participating in the annual event on Capitol Hill. Learn more at nationalclubconference.org.
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Rebuild

How The Fountaingrove Club plans to go from good to great after the worst inferno in California’s history

By Ronald Banaszak, CCM, CCE

Top: Cleanup crew searching for valuables in the rubble of a home destroyed by the Tubbs Fire.

Bottom: Cleanup efforts commencing in the neighborhood along the second fairway of The Fountaingrove Club, which was devastated by the Tubbs Fire.

Right: Homes along the golf course pre-fire.

All photos courtesy of The Fountaingrove Club
Ashes
Rebuilding from the SUMMER 2018 Club Director
The only thing harder than planning for an emergency is explaining why you didn’t.

All Californians fear fires, flash floods and earthquakes, but few are properly prepared when these natural disasters hit.

The October 2017 Tubbs Fire has been labeled the most destructive wildfire in California history, burning parts of cities in Napa and Sonoma counties, and affecting the City of Santa Rosa the most. By the time of its containment on Oct. 31, 2017, the Tubbs Fire was estimated to have burned 36,810 acres and 5,643 structures, including 2,800 homes in Santa Rosa, home to The Fountaingrove Club. The damage was estimated at $1.2 billion, with five percent of the city’s housing stock destroyed.

In retrospect, The Fountaingrove Club could not have done anything more to prevent the eventual damage of that day: complete destruction of our 30-year-old clubhouse, pro shop, cart barn, fitness house, restrooms on the golf course, and maintenance facilities. Carried by near hurricane-level winds, the Tubbs Fire traveled more than 12 miles within four hours, burning an acre an hour. It jumped major freeways and reached the club at 1:30 a.m. By 4:30 a.m., the damage was done.

I was hired March 2017 as Fountaingrove’s GM/COO and was at the helm for less than nine months when the fire struck. At the time, the club was implementing new processes and controls and had recently been certified as one of America’s Healthiest Clubs by Prevo Health Solutions, club industry wellness experts. Memberships were on the rise and, according to a recent member survey, members were happy with the vision of the board and new management team.

The club conducted a post-fire membership survey in December 2017 to determine members’ opinions about the past, present and future of The Fountaingrove Club. Similar to previous surveys, it addressed the club’s services, activities, structures, governance and communications. As of October 2017, the membership’s overall satisfaction with the club was the highest it has been since surveys were first conducted in 2009.

Preparing for Natural Disasters in California

Fountaingrove’s Golf Course Superintendent Dustin McIntosh believed his disaster preparedness plan and protocols were sufficient to minimize or eliminate the risk of damage from most disasters. Prior to the fire, the club had removed tall trees near the clubhouse, installed efficient sprinkler systems, hired a flock of sheep to eat the tall grass and underbrush in close proximity to all structures and educated the staff on the proper protocol in the event of a disaster. McIntosh explains, “there was nothing more we could do to prevent the impact from the relentless pelting of embers that flew in from miles away.”

Thankfully, the club had comprehensive property and casualty insurance, and most importantly, the athletic center, pool and activities center were spared. This gave the members a place to meet, socialize, commiserate and work out after the fires, which helped reduce the incredible stress the fire had put on their community.
Because the region is prone to fires, the board has always taken the position of having comprehensive insurance policies that would cover the cost to rebuild the facilities. Additionally, we are grateful our insurance policy covered the facilities, but more importantly, the policy included a provision to reimburse the club for lost dues and usage revenues during the building process.

**Impact of the Fire**

The Fountaingrove Club lost more than 700 mature trees and 90 percent of the homes in the Fountaingrove community, in addition to the structures mentioned earlier. Most of the displaced members relocated locally and continued to support the club. A small number of members left the area and don’t plan on rebuilding.

Loss of all power to the club severely affected our restoration efforts. Even six months later, the club was still without permanent power in some areas. However, the club installed 100 solar panels at the athletic center, which allowed it to open within 21 days of the disaster.

By Jan. 18, 2018, the driving range, practice facilities and golf course were opened, with a full fleet of 66 new golf carts.

**Impact on Staff**

The club paid salaries to all employees until November 1, and for many other employees through December 1. Unfortunately, 80 percent of the F&B staff chose to take jobs elsewhere when it became evident that our F&B operations would not be up and running for a while. However, 95 percent of the golf course maintenance operations team and the athletic center employees remained with the club.

**Immediate Post-Fire Actions**

The club partnered with the City of Santa Rosa and the Salvation Army as an official “comfort station” for the entire Fountaingrove community. Organizations ranging from Google to FEMA sent help in the form of complimentary crisis counselors and food trucks.

Club Chef Seth Gallant explains, “For our club, and my department, we lost everything tangible. This included our restaurant facility, kitchen, dining room and equipment. We also lost about 80 percent of our staff due to the service staff finding different jobs in the community. “Within 24 hours, we had begun daily conference calls, and provided communications to the membership and staff to assure
safety of our staff and management. Within one week, we had begun calling the entire membership to check in and see if there was anything we could do to help those who had lost their homes or been misplaced. For the first two weeks, there were police barricades to protect the community. An all-staff meeting was held offsite to inform everyone of the status of the club, the members and their jobs."

Within 30 days, the club retained the services of industry professionals across multiple departments to help formulate plans to retain membership, create a public relations and media strategy, improve facilities, and address the needs of the staff.

Club management made a decision to suspend dues for six months across all categories. The monthly dues are now being subsidized by the insurance carrier for up to 24 months, from the date of loss, to help compensate for the loss of some members services.

Responding to the Disaster
A photographer was on site within 48 hours, taking thousands of pictures to capture the devastation in anticipation of the insurance-claims process. These photos will serve the dual purpose of documenting the history of the fire for the club's archives.

Another priority was to secure generators to run power and irrigation for vital services.

Within 30 days, the club secured 1,500-square-feet of offsite office space which allowed the administrative and management team to meet and strategize away from the chaos. Daily, they addressed membership retention issues, temporary facilities, programming and member communications.

Within 60 days, the club selected and contracted with a general contractor and a local design-build firm. We also brought in a handful of industry consultants to assist with designing what we are now referring to as "The Club of the Future."

Getting feedback from the members was paramount, and within four weeks, the club hosted a town hall meeting at the athletic center. This created a venue for members to talk and commune for the first time since the fire. The club hosted its first event, a member appreciation holiday event, within 60 days of the fire, with more than 150 members in attendance. Weeks later, the Member/Staff Volunteer Spruce Up Day provided members an opportunity to contribute to the clean-up efforts and 40 members volunteered their time.

Within 90 days of the fire, the club hosted a member focus group to discuss community outreach, clean-up and restoration and short- and long-term strategies.

Planning for Recovery
Operationally, the club and staff mobilized quickly to address the damage and readiness of the golf course including:

- Assessing the course and sprinkler damage
- Staff availability
- Accessibility to the property
- Putting out smoldering fires
- Cutting down hazardous trees
- Securing generators to run power and water
- Course irrigation
- Acquiring loaner golf course equipment
- Cut down hazardous trees
- Accessibility to the property
- Putting out smoldering fires
- Course irrigation
- Acquiring loaner golf course equipment

We hired General Manager of Operations Don Floriani to manage the day-to-day operations and oversee golf, tennis, athletics and membership sales. With Don on board, I was able to focus my time on managing the insurance claim, accounting, finance and human resources and also spearhead the design-build process.

Floriani explains, “It was as if we had to start all over, as dues were temporarily suspended, operating revenues were non-existent and budgeting was challenging at best. The team has been amazing. We host spectacular events. Our golf, tennis, fitness and aquatics amenities are fully functional, and the community has been very supportive. Our 2018 new member sales have exceeded the annual projections and we are excited about the future.”

Impact on Operations
Surprisingly, the club only lost a small percentage of members, even with limited F&B services. According to the members that participated in the post-fire focus group and others that completed a post-fire survey, members understand and accept operations will not be the same for some time.

Despite not operating on all levels, the club has seen a spike in new membership sales for both golf and athletics. Initiation fees have not been reduced, nor will they.

The golf course, driving range and practice facility are open with a fully stocked pro shop located in temporary trailers. Teaching centers, complete with launch monitors and swing technology, have been added to provide a sense of normalcy.

“I cannot believe how quickly our staff was able to get the golf course back up and running,” says Director of Golf & Assistant General Manager James Perkins.

For now, the athletic center and pool function as the main social area for events and staff meetings. The club has added a series of temporary facilities, including multiple tents that provide additional space for group fitness and spin classes. Tennis, bocce, the youth center and other social activities will continue to be hosted at the athletic center throughout the building process.

Currently, all member and staff meals are prepared offsite and delivered to the club. A temporary catering license has been issued, which allows the club to set up barbeque stations, including our newest addition—two wood-burning ovens that utilize the partially burned oak trees from the property.

A design firm was selected to help The Fountaingrove Club plan the “Club of the Future,” which will include facilities and
programming for all ages. Amenities being considered include America Ninja Warrior-style obstacle courses, rock-climbing walls, organic gardens, eco-friendly and green building designs, and of course, fire-resistant exterior building materials.

Countless hours have been spent by the management team, the board, committees and industry consultants to identify the amenities, facilities and programming needs of the members during the building process. The new clubhouse is expected to be completed by late 2020, nearly three years post-fire.

In the meantime, the first priority is to get the basics in order, such as getting power and water to affected areas and setting up temporary facilities in order to host member social and golf events.

Membership Director Nancy Azevedo says, “Members and prospective members are amazed to see all the events listed in the monthly newsletter. Membership sales are strong and in the first trimester, we are ahead of our goal for the entire year in golf membership sales. The club continues to host Easter Egg hunts, Mother’s Day, Cinco De Mayo, member/nonmember golf events and the prestigious men’s and ladies invitational golf tournaments. Likewise, the community has reacted favorably by booking golf tournaments and other outside events during the building process.”

Keys to a Successful Recovery

There are very few people in the club industry who have experienced devastation on this level. Because of that, there are no manuals, guide books or step-by-step instructions to refer to when a disaster strikes.

Board President Mark Leavitt offers the following, “Our community has suffered immensely. We have lost entire communities, homes, and in many cases, every personal possession. We must look to the future, learn from the past, take quick and decisive action to build, and support the Fountaingrove community. Most of all, we must provide open, honest and constant communication with the members and staff. We are blessed to have a passionate and caring leadership team that has worked tirelessly the last six months to give our family of members and staff a place to meet, socialize and share personal stories. Thank you Ron Banaszak and your team for taking care of The Fountaingrove Club members, staff and community.”

The club’s tagline, says it all: One Club One Community.

For more information, please contact Adina Flores at aflores@thefountaingrove.club or 707-701-3050 Extension 2002.

Ronald Banaszak is COO of The Fountaingrove Club in Santa Rosa, Calif. He can be reached at rbanaszak@thefountaingrove.club.
HURRICANE READINESS

Lessons From Florida Clubs
A Historic Hurricane

Irma was the most powerful hurricane ever recorded in the open Atlantic; a Category 5 with a peak wind speed of 185 mph. The entire state was affected by the hurricane, as clubs were put to the test to execute their hurricane plans. The historic storm brought flooding, wind damage, and structural damage to clubs across the state and taught them many lessons about preparation, debris removal and insurance coverage.

Wind and flooding caused damage to many clubs. Golf courses were closed for extended periods of time due to water accumulation on fairways and greens. Landscaping damage was prevalent across the state, as the winds caused fallen trees and limbs. Debris removal, storage of debris, and tree trimming became important for the majority of the clubs with many dealing with mountains of trash from the storm.

The effects of Hurricane Irma on the Florida landscape will be felt for years, and for many the cleanup will continue into next summer. Many of the affected trees will continue to show decline for the next 24 months.

Lessons Learned from the Storm

While advance preparation is important, clubs can’t anticipate every scenario that could impede its defense, response and recovery in a natural disaster. FLCMAA hurricane survey participants shared many important lessons learned from the storm. Following are some of the most cited insights from their experiences.
Economic Impact of Surveyed Clubs

79 Clubs Surveyed

$762 annual gross revenue

10,500 employees

61,000 members

Total Damages Filed to Insurance Companies

$27.5 million ($9.5 to golf courses)

Employees Impact

5,855 impacted employees by hurricane

Participating Club Fast Facts

All 79 participating clubs are from the Everglades, Gator, North Sunshine and Seminole chapters.

Respondent Makeup

67% Golf or Country Club

14% Yacht Club

14% HOA

3% City or Athletic Club

Median number of MEMBERS: 553
(58% have mandatory memberships)

Median total GROSS REVENUE: $7.6 million

Median number of EMPLOYEES: 100

Median number of employees at each club IMPACTED BY THE STORM: 58%

Club Readiness

97% of clubs had a hurricane readiness plan

79% met to discuss past storm and update plans accordingly

66% took video of property before and after the storm

56% reported conducting pre-storm drills

37% of clubs had a general contractor on retainer to quickly address major structural issues and to mitigate further damage

The Golf Course

Golf courses suffered tremendous damage from Hurricane Irma, ranging from debris clean-up and tree damage and removal to flooding and bunker damage (silt removal and sand replacement).

Median amount of DAMAGE was $85,000 (38% of respondents reporting)

Median number of HOLES DAMAGES: 18
Median damage to BUNKERS: $20,000 (17% of respondents reporting)

Average damage to IRRIGATION SYSTEMS: $10,000 (9% reporting)

CART PATH damage: $10,000 (12% reporting)

Golf courses were CLOSED for a median 8 days

Average Length of Closures by Region

Everglades clubs: 20 DAYS

Seminole: 9 DAYS

Gator: 7 DAYS

North Sunshine: 5 DAYS

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Hurricane planning
While 97 percent of clubs had a written hurricane plan, only half conducted regular drills to test whether the plan will work or to see where there may be flaws in the plan. Assuming that all the equipment needed during or after a hurricane was onsite was one prime example where the plan failed. Locate and test the equipment before a storm. Pre-storm drills are the only way to confirm your readiness.

Preorder bottled water, batteries, portable lights, generators and even equipment to be onsite during the storm. Obtain “no access” signs to use until all areas and facilities of the club are operational. One club rented a dump truck to be ready for cleanup. Safeguard equipment and vehicles by placing them away from trees and low lying areas.

Communication
Have a communication plan in place which assumes you will be without power for at least a week. Without power, most phone lines will not work and internet will be unavailable. Cell towers go down as well. Having a third-party provider outside of the hurricane zone who can facilitate communication with staff and members is critical. Use cloud storage for club records or replicate servers to an offsite location outside of hurricane risk areas. Some clubs will have a satellite phone plan for future emergencies.

Review the written communication plan with all club staff before they leave the campus, and identify who will be contacting them and who they should contact with questions. Also, know which staff members are evacuating and coordinate how to contact those staying in the area to assist with clean-up efforts.

Plan for extended loss of power
Loss of power effects everything in the club and in a major storm there’s no telling how long you might be without power. Generators can be used to power important components including coolers, wine rooms, computers and cell phone chargers. It’s important to locate generators above the flood level and away from trees.
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Coordinate with the homeowners/members
Clubs in gated communities experienced varying levels of expectations by homeowners before and after the storm: Would the club evacuate residents? Prepare their homes for the storm? Coordinate vendors for nonresident owners and provide condition reports on their property?

A hurricane plan must be established with the membership as well as with the employees, including knowing which residents are staying onsite versus leaving for safety reasons. Clear lines of communication need to be set for the club’s responsibility to members in case of a hurricane in addition to keeping members informed as to when the club will be up and operational. Member expectations at some clubs didn’t match up to the clubs’ ability to clean up quickly and reopen for service.

Vendors under contract
The number of vendors needed for hurricane recovery is significant, and it is key to have those vendors under contract and staged on your property ahead of the storm. Prearrange critical items such as chainsaw rental, tree service providers and landscape companies, placement of generators for pump stations and lift stations.

For emergency supplies, partner with ice companies, food service distributors and gas suppliers to have product on site after the storm. Prearrange availability of insurance adjusters, photographers and contractors to confirm their availability.

Gasoline on hand
Clubs should have gasoline on site—both diesel and regular. In Southwest Florida, gas stations were out of gas immediately, which affected employees for two weeks. Additionally, many pieces of golf course equipment run on diesel. Having large supplies onsite was critical to fuel equipment and ensure that vendors and employees were able to get to work.

Storm surge flooding protection
Storm surge and flooding can be devastating. Take precautions and plan ahead (sandbags at points of entry, moving furniture and pro shop inventory to an upper floor, etc.).
From the Eye of the Storm
A personal account of Hurricane Irma’s Impact
By Jim Butler

On Sept. 10, 2017, Hurricane Irma made landfall as the biggest Atlantic storm ever recorded. The eye of a storm passed directly over Grey Oaks Country Club (GOCC), where I was serving as the general manager, and what follows is a personal account of that experience.

The clubhouse at Grey Oaks, a large, gated community in Naples, Fla., serves as an official hurricane shelter for the 1,000-home community. Built in a campus style, the property includes a 30,000-square-foot casual dining facility, a 60,000-square-foot main clubhouse, a 30,000-square-foot wellness center and a 20,000-square-foot clubhouse on the Estuary Course. As written, our hurricane plan called for the main clubhouse to serve as the designated shelter space.

Most early predictions had the storm traveling the east coast, sparing Southwest Florida. Our storm preparation was fairly standard until things took a dramatic turn just 36 hours ahead of Irma’s arrival. The storm had shifted to the west and some forecasters put the bullseye directly on Naples. It soon became clear that instead of evacuating, many of our team members would be riding out the storm at the club. It was an emotional experience for Grey Oaks Chief Financial Officer Ed McDermott and I to face our fellow staff members during such an enormous crisis and ask them to put the club and its members ahead of any other priority. In moments like that, you learn a lot about human nature.

As word of the changed predictions spread, the phone began to ring and we went from a plan to shelter about 75 members to preparing to shelter hundreds. In previous hurricanes, only the club’s members utilized the GOCC shelter, but given the magnitude of Irma we extended that invitation to the club’s staff and their families and nearly 200 staff family members sought shelter at the club.

Another important decision we made was in regard to pets. Under normal circumstances, pets are not allowed on club grounds and our plan was to maintain that policy for the shelter. When the storm turned west and took aim at Naples, members’ pleas for help protecting their pets intensified and we agreed to accommodate pets in the mostly concrete space that serves as the golf cart charging area in the bottom of the main clubhouse. Increased demand and that additional change to the original plan meant we would have three separate buildings to monitor instead of just one. Staff and their families took shelter in the wellness center, members with pets were in the main clubhouse and members without pets settled into the casual dining facility.

The management team split up across three buildings with the understanding that despite physical proximity, we would be separated for a period of time. We took our stations and waited for Irma to arrive.

Monitoring an emergency weather radio, I remember the moment I heard a report of wind speed on Marco Island clocked above 135 mph—a gust so powerful that it broke the meter. Looking at the expansive windows throughout the clubhouse, I made another adjustment to the plan and moved everyone downstairs to the space originally allocated for the members’ pets. As the storm hit full force, it was truly terrifying, not knowing if the roof would stay on, or if the windows would hold, or if we would be inundated with surging flood water.

When the eye of the storm was directly over the clubhouse, the winds slowed and the rain subsided briefly. During that short respite, we opened the doors and stepped out into another world that was hard to fathom—a world of down trees, debris, flooding and fallen light poles. After a quick break, we ushered everyone back inside to ride out the second wave of the storm. As expected, we had lost power, water, and phones during the first phase of the storm, but thankfully the structures providing us shelter and safety held up. Living through such a massive storm was an incredible, life-changing experience and in the aftermath, we were all anxious to reconnect with family and assess damage to our own homes. In an act of compassion and generosity characteristic of the Grey Oaks community, I’m proud to say our members collected money to cover all of the personal damage and losses incurred by the club’s employees.

Jim Butler, PhD, CCM, became CEO of Club Benchmarking after 17 years as CEO of Grey Oaks Country Club in Naples, Fla. He can be reached at jbutler@clubbenchmarking.com.
Know your insurance coverage
Understand your club’s insurance plan:
- Is debris removal covered?
- Does your policy have a cap for each golf course that is not covered with other damages after the deductible?
- Does the club have a reserve fund in place to cover their hurricane deductible?
- Does the club have ample cash available to cover expenses while waiting for the insurance settlement?

One-quarter of surveyed clubs did not document the club before the storm. A drone or a Go Pro video recording of all buildings and roof structures (or photos) can justify the damage claims to the property and can be very helpful with adjusters that come on site.

Anticipate roof damage
Roof tiles are likely to be lost during a hurricane, so it’s important to have a backup plan for roof coverage. Roofing companies could take weeks or months to respond, and you will need tarps on hand to cover roofs until a vendor is available.

Staff on site
Many clubs suggested having more staff on site during the storm. With gasoline in short supply, many employees were willing to come to work but couldn’t get there without gas. Employees staying at the club are also available immediately to help with cleanup and recovery efforts.

Some employee families lost homes in the storm and had their own tragedies to deal with. Knowing that is a possibility, be aware that not all staff will be able assist with club recovery efforts.

County government policies
Be cognizant of local government policies and capabilities that could impact the club. Some clubs were forced to stay closed due to county government restrictions while local systems like lift stations were not operating. If sewage is not being treated, the club won’t be allowed to open.
strategic planning

(n.) one more way Global Golf Advisors helps clients make smart business decisions.

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Water is essential to club operations, and a reliable supply is often taken for granted by clubs and their members. According to the United States Golf Association, on average, 80 percent of maintained turf grass is irrigated in the United States—for most golf and country clubs, irrigation water supplies serve as the lifeblood of their golf courses. Following labor, irrigation water supply costs are the second-largest expense for many clubs. The landscape surrounding water supplies is rapidly changing—more volatile weather, increasing users and demands for water are forcing clubs to rethink approaches to supply management and planning, and assumptions that a steady supply is a given.

**Increasing Scarcity**

Water supplies available to clubs continue to grow scarcer with climate changes and increasing claims on finite water supplies. According to the Environmental Protection Agency (EPA),

> Climate change is changing our assumptions about water resources. As climate change warms the atmosphere, altering the hydrologic cycle, changes to the amount, timing, form and intensity of precipitation will continue. Other expected changes include the flow of water in watersheds, as well as the quality of aquatic and marine environments. These impacts are likely to affect the programs designed to protect water quality, public health and safety.

In the western United States, this is witnessed with a greater portion of annual precipitation falling as rain when it had previously fallen as snow, as well as altered timing of snowmelt runoff. This is a change in the paradigm in which snowpack was previously relied upon as a means of water storage. As existing surface water storage facilities such as dams and reservoirs were built based on potentially outdated assumptions, these facilities may not be able to capture the optimal amount of precipitation in the future.
At the same time, demands on water supplies are increasing. In many cases, water users are growing more efficient and using less water on a per capita basis, says the Pacific Institute in a report on water use trends. However, there are increasing demands for water for new uses, or uses that may not have been prioritized in the past, such as recreational uses or aesthetic concerns. There is also increased attention on ecosystem requirements, especially where endangered or protected species are involved.

Another example of how the perception of water supplies is shifting due to increasing demand is in the case of treated wastewater effluent, or “recycled water.” Years ago, when many clubs entered into arrangements with the owners of wastewater treatment plants, recycled water was viewed as a liability for the plant owner; a turf facility, such as a golf course, was seen as an ideal allocation for the treatment plant owner to discharge its recycled water—and the associated liability. Today, however, recycled water supplies are an asset due to their reliability and, in many cases, lower costs and public relations benefit.

**Increasing Regulation and Oversight**

Water supplies available to clubs are also the subject of increasing oversight and regulation. Regulators are seeking additional information as to quantities of water used and the purposes of the use. For example, California requires all water right holders diverting 10 acre-feet or more of surface water annually to measure, monitor and report water diversions with specific measurement devices.

Another example of greater regulation of particular supply types is seen in California’s 2014 Sustainable Groundwater Management Act (SGMA). Passed in the midst of one of the worst droughts in California history, SGMA represented the first statewide regulation of groundwater uses. SGMA requires that priority groundwater basins within the state be brought into a sustainable condition—extractions of groundwater roughly equal inflows into groundwater basins without causing certain identified “undesirable results”—within a 20-year time frame. In some groundwater basins, it is estimated that this could require a reduction in groundwater pumping by up to 60 percent.

The recent 2012-2016 California drought also provided state regulators with the opportunity to enact greater water conservation requirements—both prohibiting certain uses as well as requiring a set percentage water use reduction. While a break in the drought conditions has led to relaxation of the use reduction requirements, the prohibitions on “wasteful” uses remain and are anticipated to be made permanent. California restrictions that would affect clubs include:

- Restaurants may only serve water upon customers’ requests;
- Water may not be used to hose down hardscape;
- Water features and fountains must use recirculated water; and
- Outdoor irrigation may not be conducted within 48 hours of measurable precipitation.

In the area of water quality regulation, both federal and state laws regulate the impact that clubs’ activities may have on receiving waters—federal law extends to the impacts on surface waters, while state law may also regulate impacts to groundwater. Water quality monitoring and detection is one area in which technology continues to advance. One trend clubs should especially note is that as technology improves to allow detections of pollutants at lower levels, regulations and restrictions on those pollutants are sure to follow.

**WOTUS**

One area of uncertainty in regard to water quality is the reach of the federal Clean Water Act (CWA) jurisdiction. Since 1972, the federal Clean Water Act has regulated the discharge of pollutants and the placement of fill into “navigable waters,” which are defined by the act as “the waters of the United States,” (WOTUS). There has been substantial uncertainty, however, as to the extent to which certain non-navigable waters, like ephemeral tributaries to navigable waters, or certain aquatic features, like wetlands, may be considered “waters of the United States.” This definition might require clubs to obtain federal permits for land management activities involving pesticide and fertilizer applications, stream bank restorations, golf course renovations and new construction.

In June 2015 the Obama administration published the Clean Water Rule: “Definition of Waters of the United States,” which expanded federal CWA jurisdiction over many bodies of water.

In November 2017 under the Trump administration, the EPA and U.S. Army Corps of Engineers (Corps) issued a “rescind-and-replace” notice in which they stated that such action was necessary for “regulatory continuity and clarity.” On the heels of that decision and notwithstanding that the rule actually became effective in 2015, the EPA and the Corps issued a final decision providing that the rule will not become effective until an “applicability date” of Feb. 6, 2020.

Advocacy leaders like the National Club Association continue to provide their support to the current EPA and members of Congress, as well as advocating in court proceedings in an effort to change or stop WOTUS.

Under the Trump administration, it seems likely that prior restrictions will be relaxed, but additional litigation will follow, and it is unlikely a clear resolution will be reached in the near term. It is likely that enforcement will generally be less under the current EPA Administration. Finally, it can be expected that the EPA will continue to seek to use the regulatory process to limit federal jurisdiction to the greatest extent possible. However, the states, particularly those with more stringent environmental regulations, may in equal measure ramp up their enforcement activities.

The reach of the CWA jurisdiction in regard to its possible extension to groundwater has recently been put at issue.
as a result of a Ninth Circuit Court of Appeal opinion from February 2018. In Hawai‘i Wildlife Fund v. County of Maui, the County of Maui was disposing of its wastewater effluent through groundwater discharge wells, and the effluent eventually reached the Pacific Ocean. The Ninth Circuit, using a “fairly traceable” test, found these discharges were subject to the CWA and therefore potential federal permitting requirements, in addition to state requirements. This reasoning could be applied to clubs’ facilities, such as retention ponds, surface impoundments, underground storage tanks, septic tanks and injection wells that discharge to groundwater through various types of potentially “discrete conveyances.” There is a split among the circuit courts as to the potential extension of CWA jurisdiction to groundwater.

Following the Hawai‘i Wildlife Fund decision, the EPA took the unusual step of seeking public comment on whether subjecting such releases to CWA permitting is consistent with the text, structure and purposes of the CWA. This is a topic to continue to watch—the deadline for comments was May 21, 2018, and it remains to be seen what the EPA will do with those comments.

**Increasing Costs**

Against the backdrop of increasing demands for water supply and increasing regulation and oversight, costs associated with water supplies are increasing. According to Circle of Blue, a water news organization, the cost of residential water in America’s 30 largest cities rose by 4 percent in 2017—following years of more drastic increases.

Water utilities face a difficult task of earning sufficient revenue to repair basic infrastructure, maintaining affordable rates for low-income customers, and achieving those goals while selling less product. Outside of lifeline or base rates for low- or fixed-income customers, these factors have led to water rate increases. Generally, there are two components to water rates: those that are fixed—paid regardless of the amount of water used, and those that are variable—paid based entirely on the quantity used.
In general, water users are becoming more efficient and using less water per capita. With water rates set based on forecasted water usage to achieve a specific amount of income, if water usage declines unexpectedly, funds collected through water rates will not meet the income requirement and would then need to be raised as water use drops to meet that income requirement.

Focus on Infrastructure
The condition of the nation’s infrastructure—including its water supply delivery and water treatment infrastructure—has been and will continue to be a focus. The American Society of Civil Engineers gave the U.S. water infrastructure a D+ grade in 2017. It estimated that maintaining, operating, upgrading and replacing the U.S.’s water infrastructure could cost as much as $4.8 trillion over the next decade. Replacing and expanding water pipes alone could cost $1 trillion through 2035, according to the American Water Works Association.

Many cities are increasing rates to build funding for new infrastructure. Citizens Energy Group, a water provider for Indianapolis, plans to invest upwards of $95 million. Rates (a monthly volumetric charge for water consumed) will increase 15 percent for a family of four using 50 gallons per person per day.

The Los Angeles Department of Water and Power is preparing to invest $6.3 billion over the next five years on water infrastructure projects. Much, if not all, of these infrastructure improvements costs will be borne by water customers through their water rates.

The potential for federal funding for some of these projects may arise if the Trump administration is able to move forward with an infrastructure bill. While meaningful movement of an infrastructure bill seems unlikely at present, in the event infrastructure funding does become available, clubs should be aware of potential opportunities for additional water supply options.

Remain Alert
Between uncertainties over the federal focus on infrastructure, increasing water supply volatility due to climate change, and increasing demands on existing water supplies, getting a better handle on the details of your club’s water supply and likely changes to its specific water sources is well worth your time. The checklist to the right is intended to help ensure your club is aware of its existing compliance obligations and to help it strategize on ways to optimize its supply.

For more information on timely water news, trends and topics, including an annual water rights compliance deadlines checklist for California, see Brownstein’s Water Blog: http://water.bhfs.com.

Compliance and Optimization Checklist for Private Clubs

What is my club’s water source?
- Is it surface water, groundwater, local or imported, recycled?
- If delivered, is it by contract or regular utility service?
- Is my club paying for water treatment where it is not needed?
- Is my club exercising water rights associated with the real property itself?

What changes to my club’s water source should I be anticipating?
- Increased demands on the water source—even sources like effluent that seemed reliable before.
- Increased attention on the quantity being used.
- Potential conservation regulations.
- Need for infrastructure repair or replacement.

What are my club’s water supply and water quality compliance obligations?
- Water rights are defined by source, timing, quantity, and any purpose of use limitations.
- Reporting requirements.
- Water quality regulations and restrictions.

Does my club have a plan for ensuring regulatory compliance?
- Are the club’s obligations centralized in one place—not solely in the head of a longtime employee?
- Does the club have a “dashboard” that easily displays information and facilitates obligations tracking and reporting?

What does my club pay for my water supply?
- What are the key drivers of the costs?
- Do the costs originate from contract or by utility’s rates?

What water supply alternatives does my club have?
- Is it possible to change to other, more cost-effective or more reliable supplies?
- Does my club have access to other supplies arising out of water rights associated with the property itself?

Does my club have unused assets that could be monetized?
- Are there options to offset the upfront costs of becoming more water efficient (e.g., turf abatement)?
- If my club can change to a less expensive supply, can the club monetize its prior supply?

Bradley J. Herrema is a shareholder at Brownstein Hyatt Farber Schreck where he serves as special water counselor and leader of the firm’s water practice group. He can be reached at 310-500-4609 or bherrema@bhfs.com.
The National Club Association recently completed a readership survey of our flagship magazine, *Club Director*. We received hundreds of responses that will help us to continue to improve the magazine. Thank you to everyone who participated in the survey. Here are the results.

**Taking Action**

- **66%** usually share a copy of *Club Director* with at least one person.
- **93%** of readers have taken action from reading a *Club Director* article in the last 12 months:
  - Discussed item with others: 79%
  - Passed item along to others: 65%
  - Copied article for club board members: 48%
  - Used/modified an idea: 39%
  - Filed item for future reference: 38%
  - Visited a website: 33%
  - Sought further information: 25%
  - Purchased/ordered a product/service 6%

- **57%** have taken action in the past 12 months from reading advertisements in *Club Director*.

**Top 10 Topics You’re Interested In**

- Trends impacting private clubs: 89%
- Technology to improve the club: 84%
- Club operations: 83%
- Club governance: 78%
- Strategic planning: 76%
- Legal issues impacting clubs: 75%
- Private/tax-exempt status: 71%
- Legislative/regulatory updates: 69%
- Club finances: 59%
- Communications: 67%

**Your Words**

- *Club Director is the best industry magazine.*
- *It is a well-written/designed publication.*
- *Very thorough.*
Longevity

Average respondent has been RECEIVING CLUB DIRECTOR for 8.6 Years

Readers KEEP CLUB DIRECTOR for an average of 9.7 months

Average TIME SPENT READING an Issue of Club Director is 48 minutes

Content You Prefer

- Short content items: 79%
- Images/charts displaying information: 75%
- Condensed articles: 65%
- Long articles: 20%

How We Will Use Your Feedback

- SHORTER, BITE-SIZED ARTICLE
- MORE VISUAL CONTENT, CHARTS, DATA AND INFOGRAPHICS
- CONTINUED EMPHASIS ON VALUABLE, IN-DEPTH CONTENT

If you have any questions or comments about Club Director and what you would like for us to cover, please contact NCA Vice President of Communications Cindy Vizza at vizza@nationalclub.org.

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WHEN A CLUB’S volunteer leadership is made up of individuals with extensive experience sitting on and leading corporate or nonprofit boards, general managers can be at a disadvantage in the boardroom. The relationship between manager and board is critical, but such disparate backgrounds can make it challenging to establish the foundation of trust and respect required for a manager to influence the board’s focus. Add in strong personalities and tightly held opinions and things can (and often do) run off course quickly.

Leveraging the board’s strengths and making the most of limited time in each meeting requires GMs to create a game plan for success that begins with setting appropriately focused agendas.

Look through your board binders and consider the agendas for the last 12 meetings. How many of the items on the list focus on past performance versus forward-looking topics that will shape the future of the club? Based on extensive research, management consulting firm McKinsey & Company has observed that governance suffers most when boards spend too much time looking at the past and not enough time focusing on the future, and we couldn’t agree more with that statement. Agendas dominated by reports on departmental operations and committee updates are reflective and take precious time away from forward-thinking strategic issues such as capital planning, membership growth, the competitive landscape beyond the club gates, risk management and evolution of the club’s governance model.

As the club’s CEO/COO, the general manager can influence the board’s focus by proactively mapping out board agendas to ensure balanced and appropriate focus. It is a practice that sets the tone for the year and establishes an expectation that the board will function strategically, stay focused on the road ahead, and leave day-to-day operational matters to the professional management team.

Jim Butler, PhD, CCM, is CEO of Club Benchmarking. Building on the groundwork laid by Founders Ray Cronin and Russ Conde, his mission as CEO is to position the company to develop and deliver a range of new products and services designed to help clubs meet the future with confidence. He can be reached at jbutler@clubbenchmarking.com or visit clubbenchmarking.com.
CLUBS OFTEN ASSUME that family programming is the only way for your club to stay relevant, as if families are the only type of membership available at your club. The hyper focus on—and abundance of—programming targeted to families for the typical 30 to 40-year-old heterosexual married couple parenting several kids of varying ages, overlooks a group of existing members you may already have.

Although the complexities of the private club world do make the potential for change arduous, the need to adapt or die is critical to the overall sustainability of the model. According to the U.S. Census Bureau, more than 47 percent of adults in America are unmarried, and one in five are over the age of 65. Marriage certainly isn’t obsolete, but the statistics are showing that there are more single people in America than ever before. In 2014, the Pew Research Center predicted that one in four adults may never marry. The divorce rate of those over 50 has doubled since 1990 and tripled for those over 65. In fact, older adults are the fastest growing group of unmarried cohabitators in the country today.

The last few decades have begun to change the same antique notion the private club industry seems to cling to: Unmarried people are generally lonely and unhappy. To the contrary, research shows that on average, unmarried individuals have a wider network of friends than married couples. They’re friendlier with their neighbors, productive at work, and lead happy, healthy, helpful lives.

This shift is truly a game changer and private clubs should be taking note. In order to take a leap forward into the 21st century, we can no longer believe that married couples with 2.8 children are the best and only qualified prospective members.

As private clubs continue to post flyers about the Valentine’s Day dinner, their single members make plans to go elsewhere. But fortunately, it’s relatively easy for any private club to roll out new programming once the target has been identified.

The unmarried member is not an incomplete half of a married couple waiting to happen. Just imagine the possibilities.

Rob DeMore is president of Troon Privé, which manages a global portfolio of private clubs. He can be reached at rdemore@troon.com or visit troon.com and troonprive.com.

According to the U.S. Census Bureau, more than 47 percent of adults in America are unmarried, and one in five are over the age of 65.
What are the financial indicators that the club leadership should monitor to stay strong?

**CANARIES IN A COAL MINE** were the early-warning system that saved miners’ lives before technologies for detecting noxious gases came along. Just as careful miners took caged canaries underground with them, club directors are wise to protect the club by implementing early warning tools—or Key Performance Indicators (KPIs).

Stephen Johnston, the founder of Global Golf Advisors and a former KPMG senior auditor for major accounts, explains, “The number one duty of every club director is to protect the assets of the club.” To Johnston, the canary to be watched is full member equivalents (FME) of a club. FME represents the total annual dues amount divided by the amount of a full-member’s annual dues. Johnston warns directors that when FME metrics begin to slip, directors should beware.

Future attrition rates and the successful conversion rate from potential new members follow the FME metric. Attrition signals retention success or concern while conversion rates presage new member recruitment. Keep these KPIs singing a happy song.

Successful membership recruitment follows a 10 percent conversion rate—from *bona fide* member lead to accepted new member. Therefore this ratio instructs the board and management that the roster of prospective members must be ten times the number of membership openings. Says Johnston, “If you want to add 30 new members, you will do well to develop at least 300 trustworthy leads.”

In addition to FME metrics, Johnston emphasizes the power of the cash flow statement. For a club to be truly economically sustainable it must generate revenues adequate to pay the club’s bills and fund its future capital needs. Johnston advises club directors that the annual “spend” on capital assets should be 7 to 9 percent of annual gross revenue.

The impact of the recessionary cycle caused most clubs to fall behind on capital replacement and maintenance so the cash available to catch up on deferred capital maintenance is a critical early indicator of future financial stress or security.

For the miners, early-warning was the difference between life and death. For private clubs, monitoring early-warning KPIs is similarly crucial.

Henry DeLozier is a principal at Global Golf Advisors, an international club management consulting firm that provides specialized services to more than 2,700 clients from offices in Toronto, Phoenix and Dublin (IR). He can be reached at hdelozier@globalgolfadvisors.com or visit globalgolfadvisors.com.
How can clubs integrate family programming to promote member retention?

IT’S A SIMPLE FACT—the more members use their club, the less likely they are to resign. With summer in full swing, now is the ideal time to showcase your club to every member of the family—a family that, with the fast pace of life and the influx of technology, looks very different than just a generation ago. Use this to your advantage. During the summer months, parents are often desperate for opportunities to get their kids outdoors and away from their “screens.” Parents also are searching for ways to connect with their kids. Make them look no further for either than at their club.

ClubCorp’s clubs, in addition to enhancing the family experience by investing in more fitness and aquatics, dining experiences and social features at our clubs, have also increased programming and activities geared toward the youngest members and connecting family members.

- **Junior Camps, Leagues and Programming**—At ClubCorp, virtually all of our golf and country clubs offer junior camps. Whether for golf, tennis or swimming, camps can help your youngest members learn in a fun atmosphere while developing camaraderie and life skills for a sport that they can participate in for many years to come.

- **Regular poolside events**—Clubs have incorporated activities, such as trivia nights, games, movies and weekly cookouts that can be enjoyed by both the adults and the kids. With little or no cost, create memory-making experiences that can easily turn into family traditions.

- **Special family rate or package**—Offer group golf or tennis lessons or workouts with personal trainers for the whole family—members will appreciate the focus on fitness.

- **Junior board of governors**—Teen members can sit on a junior board of governors and help plan events designed specifically for their peers.

- **Summer family game**—Family teams compete in a series of fun relay races, games and competitions using all of the club amenities. The winning team gets their name on a plaque displayed in the club.

This summer, focus on creating extraordinary experiences for your members. Never underestimate the power of family, traditions and memories—all three are mighty when it comes to retention.

**Tom Bennison** is senior vice president of business development at ClubCorp, the largest owner and operator of private golf and country clubs. He can be reached at tom.bennison@clubcorp.com or visit clubcorp.com.
FOR MANY YEARS, the business staffing environment in the United States has been employee-based, but there is a growing shift to an independent contractor model. In fact, independent contractor engagement growth is nine times greater than employee growth. Today one-third of American workers are independent contractors and some are predicting this will rise to 40 percent by 2020. Two driving forces working together have caused this large-scale movement: increased flexibility over working hours on an individual level and economic incentives in the form of decreased staffing costs on the business side.

The golf industry is operating within the gig economy framework whether we care to acknowledge it or not. While the percentages may not be as high as they are nationally, the pressures to move in this direction are just as real. Moreover, the regulatory agencies of both federal and state governments have declared that the misclassification of workers as independent contractors rather than employees is a very serious problem.

The Supreme Court of California heard a case on it on April 30, 2018, as misclassification deprives federal and state governments of billions of dollars in tax revenue and denies millions of workers protections to which they are entitled. This landmark class action ruling, Dynamex Operations West, Inc. v. Superior Court (Lee), abandons a multi-factor standard—control of details over wages, hours and working conditions being the principle guideline—that California courts had used for decades to determine employment status (common law, Borello and Martinez).

In short, the court made it much more difficult for companies to classify workers as independent contractors rather than employees. Going forward, the burden shifts to employers if they desire to classify workers as independent contractors and avoid paying wages and benefits the law requires, they must prove they do not control or direct the workers. Employers must prove workers are not part of the usual course of the company’s business and employers must prove workers are running their own businesses. These factors are far broader than the ones previously used and have been adopted in Massachusetts and New Jersey.

The new criteria the California court set to determine how workers are classified will force everyone to take a fresh look at this issue and its potential for sweeping consequences.

For more information on this topic, see the Advocating article on page 6.

Mark Brenneman, PGA, is the chief business development officer for CADDIEMASTER, the premier provider of caddie management and training services with more than 50 partnerships in 22 states and four countries. He can be reached at mbrenneman@caddiemaster.net or 702-807-3448. For more information, visit caddiemaster.com.
What’s your compensation philosophy?

AND WHAT’S THE NEED of having one? The budget-planning period is just around the corner and soon you’ll be building your next business plan. Effective compensation policies are derived from the strategic elements of your club’s overarching compensation philosophy. It is a key component of your club’s strategic plan although rarely specifically addressed in the plan. For those without a written strategic plan, intuitively, it is still part of your fundamental business thinking. Every business and every budget is built upon a compensation philosophy, especially since in most clubs labor costs represent more than 55 percent of the operating budget. Rarely is it articulated, however. Memorializing your philosophy enables your board to clearly address this important element of your club’s business plan. It can be as simple as this example:

*The Forward-Thinking Country Club seeks to distinguish itself among the leading private clubs and employers in the greater Happy Hollow Region. We believe that the best means of achieving our goals as a club is to attract and retain outstanding employees in all departments and at all employment levels. We consider our staff to be members of our club family and endeavor to provide competitive wages and benefits that will motivate and inspire them to be the best they can be and successfully achieve club goals.*

This is a relative simple statement, but potentially very powerful. The primary responsibility of the club board is to set the strategic direction of the club, but only the best clubs articulate their compensation philosophy. Are they committed to having the best possible staff they can afford and for these “members of the club family,” are they prepared to pay the appropriate wages and benefits for what they expect of them? Sometimes it is helpful to pose a follow up question; “Does the board expect the club to be run as a four or five-star operation?” Most people understand this type of grading system and it is surprising how quickly it leads to consensus. Boards want the best staff they can afford and will expect to treat them accordingly. The secret sauce in this approach is that it sets the standards for all employees, not just the Golf and Grounds or other sacred souls. What is good for one, is good for all.

If approved, management has its marching orders; create a compensation program and policies that will attract and retain a cadre of employees who will provide the products and services that your membership expects.

Bob James, CCE, CCM, CHE is vice president, DENEHY Club Thinking Partners, a full service executive search and management consulting firm serving the private club and boutique resort industries. The firm’s results-oriented executive search for club leadership and management consulting has positively influenced the member/guest experience at more than 300 clubs and resorts on more than 700 projects. He can be reached at bob@denehyctp.com or 203-319-8228. Learn more at denehyctp.com.
ACROSS THE INDUSTRY about 70 percent of the staff in private clubs are employed year-round, while the other 30 percent are employed seasonally.

### Employment Status Industry Wide

<table>
<thead>
<tr>
<th>Employment Status</th>
<th>Percentage</th>
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<tr>
<td>Year-round Full Time</td>
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<tr>
<td>Year-round Part Time</td>
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<tr>
<td>Seasonal Full Time</td>
<td>13%</td>
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<tr>
<td>Seasonal Part Time</td>
<td>19%</td>
</tr>
<tr>
<td>Other</td>
<td>1%</td>
</tr>
</tbody>
</table>

The turnover rate among YEAR-ROUND STAFF (full-time and part-time) in 2016 was 23% with the greatest number of separations occurring in August and October.

### Tenure Among Year-round Staff

Club Benchmarking data shows median tenure for year-round club employees of 3 years. The majority (80%) have been with their club for 10 years or less. For comparison, the Bureau of Labor Statistics reported that in January 2016 workers in manufacturing had the highest tenure among major industries, at 5.3 years and workers in leisure and hospitality had the lowest median tenure (2.2 years).

### Executive Team Member Turnover

<table>
<thead>
<tr>
<th>Executive Position</th>
<th>Turnover Rate in 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Head of Club (GM/COO/CEO)</td>
<td>10%</td>
</tr>
<tr>
<td>Head of Finance (CFO/Controller)</td>
<td>9%</td>
</tr>
<tr>
<td>Executive Chef</td>
<td>15%</td>
</tr>
<tr>
<td>Head of Tennis</td>
<td>7%</td>
</tr>
<tr>
<td>Head of Golf (Director of Golf/Head Golf Pro)</td>
<td>7%</td>
</tr>
<tr>
<td>Head of Agronomy</td>
<td>7%</td>
</tr>
</tbody>
</table>

Average EXECUTIVE TEAM MEMBER turnover was 9% in 2016, with a slightly higher average rate for GENERAL MANAGERS at 10%.

Source: Club Benchmarking

[clubbenchmarking.com](http://clubbenchmarking.com)
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- Golf Course Superintendent
- DOG/Golf Professional
- CFO/Controller
- Membership Director
- Executive Chef

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- Strategic Leadership Consulting
- Operational Reviews and Surveys
- Performance Management
- Incentive Compensation
- Club Acquisition and Assessment

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#16 at Shooting Star in Jackson Hole, WY