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# Private Club Advisor™

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*A Letter to the Directors, Officers, Owners and Managers of Private Clubs*

November 2015

Dear Club Executive,

**THE POWER OF RELEVANCY...** At the Professional Club Marketing Association (PCMA) 20th annual conference this fall, the primary theme was relevancy. Rick Coyne, CEO of PCMA, opened the conference with the importance of the relevant Cs: cultural change, community, creativity and communications. The general message was clubs serve two communities: the existing membership and the potential member community. Being relevant to both is crucial to sustainability.

Coyne stressed that clubs must recognize the many changes in member usage preferences in order to survive in today's market place, citing different types of clubs and how they must react to the market. "There are four categories of clubs relative to how aggressively they react to market conditions" he said. The first category is those *desperately seeking members*. These clubs have a higher than normal attrition rate, limited capital for normal repairs and are generally selling on price alone. Unless they can reverse the revolving door, they can't survive.

The second category encompasses clubs that are *feeling the pain* of needed capital improvements and struggling with the costs associated with the enhancements. These clubs are starting to think about the need for an overall strategy and are considering pricing options and models. The difficulty for these clubs is accepting the reality of change and positioning themselves to be more in line with the relevant demands of their market.

Clubs in the third category, called *on the edge*, are those that have discovered asset allocation is more about people and programs than just capital expansion. They are changing with demand and operating off a relevancy plan that addresses both member and prospective member communities.

According to Coyne, the fourth category is made up of those in the *somewhat impervious* classification where the club has cash reserves, capital projects, high levels of service, exclusivity and lifestyle experience. These clubs have a high density of traditional wealth and operate under conservative values and practices.

"The distinction between these categories is obvious. Success and sustainability are based on how willing clubs are to understand their market, evolve, grow and change," he said. "Cultural change including gender, age, family make-up, time constraints and special interests is what's driving the change in demand. Each market segment sees it just a little differently. The key is in determining what's right for your market."

**WHY ARE THEY RESIGNING? IT ISN'T ALWAYS THE MONEY...** In addition to serving the club industry for many years as a facilities planning consultant, Bill McMahon, Sr., has been a long-time member of several clubs. He acknowledges that during the annual meeting at one of the clubs, the downsides of remaining a member entered his mind. Some of his concerns:

- The strange feeling of knowing everyone on the necrology list of departed members, but not one person on the new member list—"not even their parents," McMahon added.
- The lonesome feeling of attending the annual meeting dinner and hardly knowing anyone else attending.

- Awareness that former members (your old friends) are joining another club “to try and hold onto something your club has lost.”
- Realizing the people you know best at your club are staff—the manager, a bartender, a waiter and/or the golf or tennis professional. “When one of these true friends on the staff leaves the club, there is a real emptiness that moves you one step closer to resignation,” McMahon revealed.

“Surprisingly it is not the cost of membership that influences you,” McMahon said. “It is the intangible that affects you most.” Believing clubs can learn something about membership retention from these reflections, McMahon has come up with some suggestions that may help a club hold onto members—and not just older members. Read what McMahon suggests in the next issue (December) of the *PCA*.

**ENVIRONMENTAL SUSTAINABILITY A MAJOR FOCUS...** High-end golf clubs throughout the world have embraced the importance of valuing stewardship of the ecosystem, conservation of wildlife and the health and well-being for all ages of players. With the opportunity for the golf industry to excel as a leader in environmental sustainability, some of the most elite golf clubs have already taken the lead and adopted eco-conscious business models.

Recently the PGA of Europe produced an article which provides several cost-effective sustainable concepts that clubs might implement. Here are a few examples of initiatives that your club may want to consider:

- Convert gasoline powered golf course maintenance equipment to fully electric powered units to reduce gasoline consumption and emissions.
- Reduce mowing of out-of-play areas by 15 percent to save money in labor, gasoline and fertilizers. It also encourages the re-naturalization of the native areas and enhances the creation of wildlife corridors.
- Conduct an audit of irrigation systems to identify inefficiencies. Slight adjustments can result in reduction of water and energy used for the pumping system.

According to Bennett DeLozier, a Global Golf Advisor associate, “It’s no groundbreaking revelation that environmental sustainability will be a key to the survival of golf clubs, but many operators are less confident about exactly what to do or where to begin the path to sustainability.” To view the complete PGA of Europe article on cost-effective sustainable concepts, visit the *Focus Today Archives* page at [privateclubadvisor.com](http://privateclubadvisor.com).

**CREDIT CARD FEES...** Clubs are often challenged finding a balance between utilizing a convenient bill-paying process for members and taking a hit on pricey credit card processing fees. Clubs accept payment by credit card for several reasons: 1) It’s an efficient way to receive timely member payments and provides a convenient payment option for members. 2) It is an effective way to collect delinquent member payments. 3) It provides a useful option for expensive parties such as weddings or company events. 4) It can serve as a member recruitment strategy. 5) Point or loyalty programs may benefit member retention.

So how are clubs handling these fees? According to a *Club and Resort Business Linked-In* conversation between club managers, clubs are responding in a number of ways to recuperate the additional fees. Some clubs are adding a service charge to cover the credit card processing fee (also called convenience, administration or handling fee).

Others clubs are using a third-party vendor, such as *BillTrust.com* or *Plastiq.com*. These vendors charge members a percentage fee to process their payment. The club keeps the payment and the vendor keeps the percent-

age charged. While some state laws forbid organizations from charging a credit card processing fee, the use of a third-party vendor seems to be a way around this challenge.

Another option for clubs is to raise dues or absorb the costs by ensuring the fees are covered in other club charges. Regardless of how clubs are handling the fees, the important item to note is that clubs are evolving and adapting to provide members a more convenient method of payment to ensure a timely and efficient approach to collecting accounts receivable.

**INFLUENCING DECISIONS...** During the annual PCMA Conference referenced in our lead article, club membership and marketing professionals were able to attend a “sales master course” conducted by Paul Webb, a sales training guru. His recommendations are just as applicable to club officers, directors and members in general in their efforts to bring friends and business associates into the club fold. Webb said everyone representing the club should “sell people the way they like to be sold, not the way you like to be sold.” He explained that emotional buyers are easy to sell to but analytical buyers are more difficult, so having more than one technique is essential.

All club executives and employees have the ability to influence guests and potential members to join the club. Too many times people just start talking about (or bragging about) club facilities or amenities. Webb recommends starting with the question, “What do you think is important in a club?” and then really listening to the answer.

“Once you know what the potential member wants out of a membership, then you can explain what your club offers in those specific areas,” he explained. “If you are bragging about the golf course and they are more interested in dining programs or fitness, then you are just turning them off and wasting your time.”

Webb encourages “showing” instead of “telling.” “Rather than telling a prospect about activities, show a video of kid’s programs if you don’t have something going on at that moment so people can see the activities,” he said. “Start a video library of your club programming. It will absolutely help influence their decision to join.”

**AVOIDING LEGAL CONSEQUENCES IN FITNESS AND SPA...** Due to the litigious society we live in, clubs are facing all kinds of legal claims initiated by members and guests. Fitness facilities and spas introduce a whole new realm of possible lawsuits. From construction to equipment selection, layout to maintenance practices, and contamination concerns to rules and regulations, club legal advisers are quickly putting together best wellness practices to avoid legal consequences.

Michelle Tanzer, a club attorney with Gray Robinson, recommends clubs keep in mind the likelihood of a lawsuit. “Clubs often think they won’t get sued by members. My first tip to avoid litigation is to acknowledge the possibility of a suit and then take reasonable precautions that are necessary to protect the club in the event of a lawsuit,” she said. “If an injury were to occur, the plaintiff may be able to prove that the club failed to warn, protect or take action to prevent the injury.”

From a fitness and spa standpoint, Tanzer recommends clubs adhere to the following recommendations:

- When it comes to construction, be sure to provide for a satisfactory ingress and egress with appropriate walkways and ramps. Consider placement of first aid, AED (automated external defibrillators) and emergency communication equipment. Consider ADA requirements for clubs that are not truly private, i.e., public accommodation clubs.

- Review safety procedures for all fitness equipment and post clear operational instructions. Require appropriate attire and footwear at all times. Require an operation and use orientation for first-time users.
- Pay attention to contamination of the facility and implement health-based cleaning protocols with proper disinfecting solutions. Train cleaning staff on “hotspots” such as door handles, stability balls and handrails.
- Ensure that your rules and regulations have updated assumption of risk, waiver and release language consistent with applicable law. In addition be sure to include alternative dispute resolution provisions to avoid litigation in the event of any injury or other dispute.

**CITY CLUB OPPORTUNITY...** Some 80 percent of Americans live in an urban area and this number will increase to nearly 90 percent by 2030, according to National Club Association publication *Club Trends*. This presents an incredible opportunity for city clubs as long as they continue to evolve and advance offerings to appeal to the lifestyles of members. Enhancements may include casual dining, sports bars, lounges, cafes, wired communication centers, wine rooms, fun roof-top venues, fitness and wellness centers, spa, squash, updated guest and meeting rooms.

**FRIENDLY REMINDER...** With 2016 just around the corner, have you scheduled your annual board orientation session or board retreat? Is your management team working to schedule 2016 events and member programming? November may also be a good month to plan 2016 committee meeting dates to ensure busy members put specific events, meetings and dates on their personal calendars.

Happy Thanksgiving!



Jackie Carpenter, CCM  
Editor



Eldon Miller  
Editor-at-Large

**RESOURCES**

**Professional Club Marketing Association (PCMA)** – [www.askpcma.org](http://www.askpcma.org)  
**Rick Coyne, CEO, PCMA**, Indian Wells, CA – 877-610-5230 – [Rick@clubmark.com](mailto:Rick@clubmark.com)  
**William P. McMahon, Sr., Chairman, The McMahon Group**, St. Louis, MO – 314-744-5040 – [wpm@mcmahongroup.com](mailto:wpm@mcmahongroup.com)  
**Bennett DeLozier, Senior Associate, Global Golf Advisors** - 888-432-9494 - [bdelozier@globalgolfadvisors.com](mailto:bdelozier@globalgolfadvisors.com)  
**Club and Resort Business Magazine**, Rocky Road, OH - 440- 250- 1583 - [www.clubandresortbuisness.com](http://www.clubandresortbuisness.com)  
**Paul Webb, Paul Webb Training**, San Clemente, CA - 888-469-7117 - [Paul@WebbVT.com](mailto:Paul@WebbVT.com)  
**Michelle Tanzer, Shareholder, Gray-Robinson**, Boca Raton, FL – 561-866-5700 – [Michelle.Tanzer@Gray-Robinson.com](mailto:Michelle.Tanzer@Gray-Robinson.com)  
**National Club Association**, Washington, DC – 800-625-6221 – [www.nationalclub.org](http://www.nationalclub.org)

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