

Private Club Advisor™

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

October 2013

Dear Club Executive,

INAPPROPRIATE MEMBER BEHAVIOR... It happens all too often; a member has too much to drink and makes an inappropriate sexual comment or suggestion to an employee. The problem is that employees can, and do, sue clubs and boards for inappropriate member behavior. Michelle Tanzer, of the lawfirm Gray-Robinson, described a recent case where a member was alleged to have sexually harassed a waitress at the club. The waitress sued the club, the board and the individual board members because they were aware of the situation and didn't do anything about it.

"It is not unreasonable for clubs to be concerned about this kind of suit," said Tanzer, "because these situations do occur." The legal threshold is whether the club and/or board members knew (or reasonably should have known) the behavior was occurring and failed to take appropriate corrective action. According to Tanzer, clubs/boards who tolerate this kind of behavior are in a dangerous position. "It's more than just money on the line. It is the reputation of the club that is at stake as well. There is no such thing as a good result from bad press concerning a private club. If a lawsuit is filed, the reputation and confidentiality of the members as well as the club are at risk," she explained.

Tanzer recommends that clubs create an acceptable behavior and decorum policy. The policy should be documented in writing and included in the membership bylaws as well as in the employee handbook. The next step is ensuring the policy is consistently enforced. "A protocol should be established for handling the complaint. When a club is sued, it needs to be able to document to the courts that the club had a policy and protocol in place and prove that it enforced those policies," Tanzer explained. "It is critical that the club be able to defend the claim made against it. If a club does nothing, it may have no defense."

It is the responsibility of the club and the general manager as the trustee of the club to ensure the safety of the staff. If an employee shares an occurrence of inappropriate member behavior with the general manager who then presents it to the board, the response can't be, "Oh, I know Bob; he didn't mean anything by it."

While every club has a different culture or philosophy, it has to have a protocol that includes an avenue of communication for the complaint, how the investigation will be conducted to determine the credibility of the complaint, some sort of notice to the person who is being accused and an opportunity for the accused to present his or her side of the story. In order to avoid lawsuits, it is essential for clubs to be consistent with disciplinary protocols and enforce some consequence if in fact the alleged behavior was proven to have occurred. (Both National Club Association and Club Managers Association of America have resources for developing sexual harassment policies.)

MEGATRENDS - THE FINALE... At the National Club Association Conference earlier this year, Frank Vain of The McMahon Group, a club facilities research and planning firm, presented findings from a recent major research project incorporating the views of 125 industry experts. The purpose of the study was to identify the top ten megatrends in the club industry to determine what's changing and how to respond. Eight megatrends have been discussed in previous issues. Here are the final two megatrends identified in The McMahon Group's research:

Financial... The recent recession magnified financial pressures. Therefore, the search for balance between fiscal responsibility and keeping up with member demands and service needs intensified. “Clubs will need to seek new revenue streams and look to non-member sources to support their finances. This will put a serious strain on 501(C)7 status clubs,” explained Vain.

One expert stated, “The best recipe for financial success will continue to be member recruitment and retention while being vigilant on the expense side.” While another expert suggested, “Attract and retain the right members—the active and supportive ones.”

The Club Workforce... Finding and keeping the right people will continue to be challenging. High turnover diminishes name recognition and personalized service. The study reported that clubs will have to offer innovative benefits to attract and maintain trained workers for the long term (scholarship programs, 401K matching programs, educational support and continuous training). In addition, focusing on the quality and tenure of employees will be a critical factor for success. One expert explained, “Finding and keeping talent will require creative approaches, but the club industry is service-intensive and success depends upon the human dimension.”

Vain encouraged clubs to find ways to employ and retain the younger generation as well as focus on creating a workforce comprised of people with varied backgrounds. “Employment opportunities at clubs need more visibility and better promotion by industry leading associations to attract the best candidates. Clubs will also need to make smarter use of technology to boost staff productivity and do more with less,” he said.

INCORPORATING FITNESS... Incorporating fitness into private clubs continues to be a hot trend. Clubs that don’t currently have fitness opportunities for members may have to defend their reasons for not doing so. Fitness is no longer a special amenity—now it is an expectation.

“Clubs see the value in fitness and are trying to move in that direction. But despite the trend, many clubs are facing resistance from older members, especially in golf-centric clubs,” explained Chris White, senior vice president of planning and design consulting services with WTS International. “Many golf clubs focus all their spending on improvements to the course and other more traditional private club facilities, making it hard to get support for anything non-golf related.”

White recommends that clubs in this situation consider implementing a small golf-oriented performance training center. “It’s much less controversial for club executives who want to move in the fitness/wellness direction and need support of the board and/or membership,” he said. The performance training center (PTC) is for physical conditioning for specific sports—especially golf—and requires significantly less space than a complete fitness center.

Fancy fitness equipment is not necessary. Instead, very basic equipment including bands, balls, blocks and mats are heavily relied upon. The low-tech and non-electric equipment ensures that cost is minimal while still providing a fitness/wellness option for members. A PTC provides a location for members to work with a trainer privately on conditioning for the sport of choice by focusing on flexibility, strength and compound movements.

The PTC would be designed for private coaching/training sessions, not drop-in use. “These centers get members comfortable with the idea that there is some application of fitness to heighten their enjoyment of the game they have already committed to,” White stated. “This can apply to many sports, not just golf. Tennis, swimming or other non-traditional club offerings can be included.”

According to White, most clubs could implement a PTC for a reasonable price. “If there is an available space that doesn’t require much renovation, you can build a PTC for about \$20,000. If you have to construct a space

that measures up to your club's standards, then the cost would be higher," White explained. "However, the commitment for a PTC is significantly less than say, a \$5 million fitness facility and it provides an opportunity to generate revenue while incorporating a form of fitness and wellness into your club. It's an inexpensive way to move your club forward, without causing too much controversy."

CULTIVATING THE 60/20s... Years of experience as a membership marketing consultant have led Steve Graves to believe that in the typical club 60 percent of members account for only 20 percent of total club use. Unlike the other 40 percent who use the club regularly, those in the 60/20 group "have lives outside the club to which they give their discretionary time and money." Once identified and targeted, this group (who might be considered "at-risk" members) could offer "huge potential" for membership growth, Graves believes.

"The biggest users of the club may already have asked most of their friends to join," he said. That probably is not the case with those in the 60/20 group. They are the ones who may not have invited people in their social and business circles to become members. "You should dedicate most of your effort on getting the 60/20 group better connected with the club," Graves said. Once they feel a stronger connection, the 60/20s are more likely to propose candidates for membership. They may become some of your best member recruiters.

HOW TO HANDLE MEMBER DONATIONS... In the September Issue of the *PCA* we discussed establishing a memorial policy at your club. While memorials and donations are different, they can present the same situation: a member's good intention that ends with a poor result.

Clubs can avoid these challenging circumstances by developing a policy to handle member donations. It ensures that each situation is dealt with consistently, it protects the club on a long-term basis and it should avoid hurting members' feelings.

Some clubs do not accept donations of any kind. Some clubs require approval by the board of directors, management team or appropriate committee. Other clubs only accept cash donations that go into a capital improvement fund.

Whichever route your club selects, be sure the policy is in writing and is communicated to the membership. Hillwood Country Club in Nashville, TN, recently created a Member Donation Policy. Each donor must sign an agreement that includes specific guidelines:

1. The board must approve the project before funds will be accepted.
2. The donor will fund the entire cost of the project.
3. The donor acknowledges that the club is very appreciative of the donation, but the donor will not receive public recognition, will remain totally anonymous, will not receive preferential treatment, will not have any increase in certificate value and will not have any express right to provide input on the implementation or completion of the project.

The policy has been quite successful at Hillwood Country Club. "Certainly we appreciate members wanting to support the club by donating or offering to pay for specific club needs," said general manager Three Carpenter. "This policy allows us to utilize the money for projects on our master plan and in a strategic way, rather than just for what one member feels is important."

To view the Hillwood Member Donation Policy and Agreement visit www.privateclubadvisor.com and click on *PCA* Library, then Focus Today Archive.

DECISIONS DECISIONS... Barry Coyle of the architectural firm Chapman Coyle Chapman works with club boards and committees on a regular basis. Coyle says his biggest challenge is boards or committees that can't make decisions. "People on boards or committees should all have a task and be reminded of their purpose," said Coyle. "They have to be proactive and courageous. You can't be afraid of what your friends are going to think. You have to remember you are there to make decisions."

Coyle stated his biggest frustration is clubs that go through the entire process of developing a master plan for their club and then never do anything with the plan. "They can't make a decision on what to do, so they don't do anything."

FEWER TREES, PLEASE! Sorry tree lovers, but their magnificence is not appreciated by those who operate and maintain golf courses. More than three-fourths of clubs represented at a seminar conducted by the U. S. Golf Association said trees—specifically too many trees—are a problem. Trees can take water and sunlight away from turf, hinder playability and sometimes spoil the best views of the course. Trees can even compete with other trees for needed water and sun, making them all weaker than necessary.

Somehow clubs need to dispel the belief that lots of trees are needed on a golf course, a USGA rep said. The USGA offered a four-step approach to dealing with tree overpopulation: 1. Evaluate every tree on the course as to health, desirability (appearance or unique species) and location (unsightliness, interruption of play); 2. develop a tree-management program, systematically eliminating unsuitable trees and nurturing the others; 3. educate golfers on the problem of too many trees; 4. communicate the plan for tree maintenance.

Bottom line: Concentrate on tree quality, not quantity. A caution: Don't leap into a tree-removal program without advising the members and seeking their comments.

Happy Fall!



Jackie Carpenter, CCM
Editor



Eldon Miller
Editor-at-Large

RESOURCES

Michelle Tanzer, Shareholder, Gray-Robinson, P.A., Boca Raton, FL – 561-866-5700 – Michelle.Tanzer@Gray-Robinson.com

National Club Association, Washington DC – 800-625-6221 – www.nationalclub.org

Frank Vain, President, The McMahon Group, St. Louis, MO – 314-744-5040 – fvain@mcmahongroup.com

Chris White, Senior Vice President, WTS International, Rockville, MD – 301-622-7800 – cwhite@wtsinternational.com

Steve Graves, Creative Golf Marketing, Manhattan, KS – 800-526-8794 – steve@creativegolfmarketing.com

Three Carpenter, General Manager, Hillwood Country Club, Nashville, TN – 615-352-6591 – Three.Carpenter@hillwoodcc.org

Barry Coyle, Principal, Chapman Coyle Chapman Architects, Marietta, GA – 770-973-6644 – hbc@cccaarchitects.com

Private Club Advisor – P. O. Box 610845 – Dallas, TX 75261
Phone: 972-756-9200 - Fax: 972-756-9010 – Email: pca@privateclubadvisor.com

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