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DECEMBER 2016

2016 European Private Club Leaders Symposium

Executive Summary



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2016 European Private Club Leaders Symposium Symposium Survey Executive Summary Results

In September 2016, Global Golf Advisors (GGA), in collaboration with the Club Managers Association of Europe (CMAE), hosted club executives and leaders from Europe's most esteemed private clubs for a symposium to identify and discuss emerging trends and best practices within the private club business segment.

The first European Private Club Leaders Symposium explored topics including current trends in governance, capital, membership and strategic planning.

Symposium delegates also participated in two research surveys relating to factors currently impacting their club and factors they believe are most likely to impact their club in the future.

This executive summary, highlights the results from these surveys.

A copy of the full report can be provided on request by contacting GGA Partner Rob Hill on rhill@globalgolfadvisors.com.

Participants

Attending executives represented the following clubs:

- **Adare Manor**
- **Båstad Golf Club**
- **Chippenham Golf Club**
- **Edgbaston Priory Club**
- **Foxhills**
- **Golf at Goodwood**
- **Gstaad Yacht Club**
- **Hags Castle Golf Club**
- **Milltown Golf Club**
- **Oxford and Cambridge Club**
- **Queenwood Golf Club**
- **Roehampton Club**
- **Royal Automobile Club**
- **Royal Mid-Surrey Golf Club**
- **Royal Porthcawl Golf Club**
- **Royal St. Georges Golf Club**
- **Sunningdale Golf Club**
- **The Caledonian Club**
- **The Island Golf Club**
- **The Queen's Club**
- **The Wisley**
- **Vidauban Golf Club**

Executive Summary

The survey results and findings from participating clubs are consistent to what GGA is observing in leading clubs around the world, with the trend being a gradual shift to a more business-like management approach emphasizing data-driven decision-making and diligent monitoring of key performance indicators and member satisfaction.

Due to the emotional nature of a membership-based organization, there will always be aspects of clubs that do not and should not operate like a business. However, there has been a change in recent years and many clubs are more strategically refining their approach in areas relating to governance, capital planning, membership programming, and data collection.

Governance:

Governance is the engine which drives the club and preserves the culture of the club. Survey findings are consistent with industry trends and indicate that many clubs are now taking a more structured approach to governance.

Trends in the club industry in recent years have shown that the function, size, tenure and decision-making authority of the Board and Committees at private clubs have been changing to ensure more efficiency and professionalism, and to ensure that a sound business model is in place (for example, smaller Boards with longer terms and fewer Committees).

Some of the key survey findings were:

- More than half of clubs (55%) keep their strategic plan active and relevant by reviewing their plans each month while 45% report performance results annually. More than one-third (36%) of clubs implement a General Manager incentive programme tied to achieving strategic aims.
- In the last decade, more than nine out of ten clubs (92%) have changed or revised their vision statement.
- Club Managers make their strategic plan part of their Board orientation process by reviewing the plan one-on-one with each new Board member (70%), requiring Board members to read and review the plan (20%), or conducting Board retreats (10%).
- Roughly nine out of ten (89%) Club Managers involve the Board before setting annual goals. At half of clubs, the Board is responsible for setting annual club goals while one-third (31%) rely on the Club Manager for goal setting.
 - 75% of Boards use written goals to monitor/evaluate GM performance.
 - 63% of GMs report progress on their goals each month.
- The average Board size at participating clubs is approximately 10.5 Board members. 11% of clubs have reduced the size of their Board in the last five years.
- The average number of standing sub-committees is approximately 7.14. 22% of clubs have reduced the number of committees in the last five years.
- Only 6% of Boards self-evaluate their performance at the conclusion of each meeting. The Board is always evaluated as a whole, rather than as individuals.
- More than nine out of ten (94%) of clubs provide a performance appraisal to the Club Manager each year, with half (50%) of clubs providing both a verbal and written appraisal.
- On average, clubs reported that 39% of Board meeting time is spent on operational matters.
- Two-thirds of clubs (67%) empanel their Board through elections while 22% rely on the standing Board to appoint new Board members.

Capital:

Club operations and capital funding will continue to challenge Europe's private clubs. Many clubs are pressured to evolve and stay relevant, which requires anticipating future capital needs, adhering to maintenance schedules, and allocating financial resources well in advance.

Survey findings demonstrated the following:

- One-third of clubs (33%) fund capital by allocating a portion of annual subscriptions/dues to capital while 17% charge a separate capital due to members. Half of clubs don't allocate or charge for capital funding at all. The greatest capital challenge for more than half of clubs (53%) is funding capital improvements.
- Six in ten clubs (61%) have an up-to-date capital reserve study. Nine in ten (89%) have a capital reserve fund for capital maintenance, with more than half (56%) funding their reserve through a calculation of expected maintenance. Clubs spend an average of 9% of gross revenue on capital maintenance annually.
- The most significant deferred capital maintenance issues at participating clubs relate to the overall clubhouse and golf course; clubs are primarily focused on adding or improving both over the next five years.
 - Clubs are focused on improving existing facilities rather than adding new ones.
 - Improvements/upgrades will be directed toward clubhouse and dining facilities.
 - New facility additions relate to childcare, spa facilities, and racquet sports.

Membership:

Gone are the days when most clubs were operating with waitlists and a pipeline full of members lined up to join the club. The reality is that most clubs must now aggressively seek and find new members.

Successful clubs are adopting a more data-driven approach to membership recruitment/retention and are adjusting membership and amenity offerings to be more competitive in their business space.

- 61% of clubs map the location of their members to identify trends and areas for new member growth. GGA recommends that clubs do this annually to maximize membership sales effectiveness.
- Six in ten clubs (61%) have encountered challenges with an aging membership or growing senior member category. Two-thirds of this group has adopted a set of tactics to address these challenges, among which adjustments to age bands and entry fees are most common solutions.
- More than one in four (28%) clubs have experienced a decline in their total number of members in the last 5 years.
- The top three factors for creating a sustainable membership strategy include (1) improve overall amenity quality, (2) embracing modern technologies to complement modern lifestyles, and (3) further enhancing the club's platform for connecting its membership.

Contact GGA's EMEA Office today to find out how we can support you in improving your club's performance

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Strategic Intelligence:

Strategic Intelligence relates to the methods and means of gathering, analyzing, and organizing data useful for informing key strategic decisions made by clubs.

- Clubs see the greatest value in gathering metric data related to better understanding their members and evaluating their club's operating performance.
 - Mapping where members live and work (78% support)
 - Detailed analysis of members' satisfaction, attitudes, expectations, capital preferences, and pricing sensitivity (78% support)
 - Formalised, detailed comparative benchmark analysis of club's performance (72% support)
 - Deep understanding of local household trends (61% support)
 - Analysis of trending golf demand in local area (56% support)
- Clubs feel that their current club management software systems are somewhat limited with regard to their ability to impact strategy. Six in ten Club Managers (59%) feel that their current software system does not meet the needs of their club.

'Brexit':

The United Kingdom's decision to leave the European Union, proposed for completion by the end of March 2019, may bring with it considerable consequences for the club industry. The U.K. is now entering a time of uncertainty while business and politics attempt to make sense of the post-referendum reality and navigate a new course. While only time will tell what impact 'Brexit' holds on private clubs in Europe, many of the region's elite club managers have their own speculations:

- 22% of clubs have carried out a 'Brexit' Impact Assessment.
- Nearly half of participating clubs (46%) believe that the impact will be most strongly felt in areas relating to overall revenue performance, acquisition and retention of staff, and their overall membership absorption rate (the ability to attract new members).
 - EU nationals comprise approximately 18% of the workforce at participating clubs, even exceeding 30% in some cases.
- 72% of clubs have found it more challenging to source talented staff over the last five years. More than half of clubs attribute this change to (1) a greater demand for talent in the hospitality sector, (2) that other hospitality specialties are more attractive than the club industry, and (3) an overall lower supply of talent in the hospitality sector.
- The two most important critical factors in retaining existing talent of the next five years are the ability for clubs to provide for professional development (65%) and improvements to remuneration/compensation (53%).

ABOUT GGA



Formerly known as the KPMG Golf Industry Practice, GGA has served over 2,700 clients around the world since it was founded in 1992 including; private member city, golf and sporting clubs; hotels and resorts; commercial golf facilities; developers; investors and lenders; government agencies; associations; and many other businesses that serve the club and golf sectors.

Our firm is built on the foundation of independence and excellence in professional services. Our global reach and experience allows GGA to share unique best practices and creative thinking with our clients. We help interpret and tweak these best practices and “out of the box” concepts for specific application to each client’s unique financial, market and operational circumstances.

Our Private Club Services include;

STRATEGIC PLANNING

- Strategic Plans
- Market Studies
- Strategic Marketing Plans
- Organisation of Management
- Business Plan Development
- Business Risk Assessments

OPERATIONS

- Benchmarking Reviews
- Operational Reviews
- Performance Analysis
- Financial Forecasting & Budgeting
- Budget Performance Monitoring
- Business Process Engineering
- Internal Control Reviews

GOVERNANCE

- Best Practice Reviews
- Club Governance Model Implementation
- Board Policy Manual Design
- Governance Workshops
- Club Board Training

MEMBERSHIP

- Membership Research
- Membership Structure Review
- Member Focus Groups
- Strategic Membership Planning
- Membership Sales Planning
- Member Retention Strategies

PLACEMENT

- Executive Leadership Placement
- Succession Planning
- Interim Management
- Strategic Planning and Support
- On Boarding and Mentoring
- Performance Reviews
- Leadership Training

MARKET RESEARCH

- Club Member Surveys
- Demographic Analysis
- Psychographic Analysis
- Performance Measurement
- Industry Trends
- Local Market Trends
- Competitive Analysis

ABOUT THE CLUB MANAGERS ASSOCIATION OF EUROPE

The CMAE provides a forum for the encouragement, development and recognition of education and professionalism in Club Management.

Our vision is to be the leading organisation delivering club management educational programmes with the relevant certification and accreditation opportunities to all of Europe's Club Managers.

Our key objectives are:

- To promote best practices in club management management of all types of clubs throughout Europe, the Middle East and North Africa
- To provide and promote educational [events](#) to meet diverse needs
- To reward members with two levels of certification - the Club Management Diploma ([CMDip](#)) and the internationally recognised certification in club management - the "Certified Club Manager" ([CCM](#)) designation
- To provide members with networking opportunities, assistance with career development, employment opportunities and recruitment
- To develop and maintain effective communication with members and with other external parties
- To encourage ethical standards in club management
- To report on changing social, governmental, environmental and economic issues on a European level affecting club managers
- To research, develop, analyse and disseminate information/data related to club management and the club industry

For further information on how CMAE can support your professional development needs, contact us at T:+44 (0)24 7641 4999 E: debbie.goddard@cmaeurope.eu