

---

# Private Club Advisor™

---

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

April 2014

Dear Club Executive,

**THE EVOLUTION OF THE CLUB CULTURE...** At the World Conference on Club Management in February, a common theme was the evolution of society and what clubs must do to keep up. As members become more time-restricted, they become more dependent on mobile devices, which may conflict with some club rules. Here are some important points:

Michael Leemhuis, GM/COO of Congressional Country Club in Bethesda, MD, explained that when many clubs established cell phone policies, phones were only used for talking. “Now cell phones are our cameras, our connection to our kids and emails. They are our lifeline,” he explained. His point was clubs that aren’t welcoming cell phones and incorporating the use of electronics could be discouraging members from using club facilities.

Futurist David Houle described the younger generation (25-35 years old) as those who wear jeans everywhere and are constantly on their phones. “If you don’t allow phones and jeans in your club, you are making it difficult for young members to utilize your facilities. Why would you make it hard for them to use the club when they are your future?” he asked.

While clubs should maintain rules to keep order on club property, policies should be reflective of member lifestyle to encourage, not discourage, use by members. Club facilities should also reflect societal norms, such as relaxed dress codes, wi-fi connectability and casual-dining options.

Chambers, a club facilities planning firm, recently released a quarterly publication with club-facility trends. Clubs are incorporating easy access wifi, electronic charging stations, dedicated work spaces, media lounges and upscale coffee shops and cafes, according to Chambers.

As clubs continue to evolve and adapt to attract and maintain younger members, Houle recommends club leaders determine what they want the club to look like in the future and work backwards from there. “Don’t start with now and try to project forward,” he explained. “Have the conversation and decide how you want your club to look in 2020. Then determine what steps you need to take each year to reach that vision.”

**THE CREDIT CARD STRUGGLE...** 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. There are several reasons clubs accept payment by credit card: 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.

Marketing consultant, Steve Graves believes clubs should allow credit card transactions “for everything,” even if the club absorbs the transaction fees imposed by credit card companies. In his experience advising clubs on membership development, he has concluded that acceptance of credit cards improves both member recruitment and member retention. “It is the 21st century. Portray that mindset from payment of the initiation fee to payments on the monthly statement,” Graves urged. “Make it painless for members to pay their bills.”

Ned McCrory, managing partner at a Rhode Island CPA firm, is also in favor of clubs having the ability to accept credit card payments. However he recognizes the struggle to balance the \$50,000-\$100,000 line item expense from credit card processing fees with the desire to accommodate members. If you've considered passing the credit card processing fees off to members, McCrory warned, "In my experience, unless a member can use his or her credit card without an additional charge, then he or she won't want to use it. The value of the points, miles or loyalty rewards wouldn't be worth the added cost."

So how should clubs deal with this struggle? McCrory suggests checking state laws and reviewing credit card processing agreements, as there is a possibility processing fees are prohibited. He also suggests researching companies who will partner with your club to process credit card payments for a lower fee. Clubs may consider raising dues by an additional one or two percent during the next scheduled dues increase to pick up some or all of the credit card processing fee.

**LOWERING LIABILITY...** In the March issue of the *PCA*, experts cautioned that clubs are responsible for keeping members safe and are liable even when members refuse to evacuate the course in dangerous conditions. (See "Lightning Liability," page 2.) So what can clubs do to protect members, guests and employees from severe weather?

According to Frank McCathran, director of enterprise solutions at WeatherBug, clubs typically fall into one of three categories: 1) Those that officially ignore weather altogether when it comes to member safety. 2) Those that utilize free services only (such as weather.com, local news stations, phone apps, etc.). 3) Those that have invested in professional preventive methods to mitigate severe weather risks. While it is obvious that ignoring the weather is not an effective risk-management practice, utilizing free resources may be just as problematic. "Radar images can be delayed up to five minutes," explained McCathran, "and free services only work if a staff member is constantly monitoring the weather. There is no notification that severe weather is on the way without first taking the time to research it."

Investing instead in automated weather-alerting technology provides second-by-second lightning detection and an explanation of what is happening on the ground, and supplies accurate data for your club's precise location. Decision makers receive push notifications (text messages and emails) to alert them of severe weather. In addition mass notifications can be sent instantly to members and staff via mobile phones.

About five years ago, WeatherBug, one of the firms providing this type of technology, partnered with the Club Managers Association of America to offer meteorological service solutions clubs require to manage weather risks and keep members, guests and employees safe. Utilizing automated weather-alerting technology provides key weather information to operational decision makers.

"An important feature is the ability to see and hear the warning," McCathran explained. "Sometimes when the horn goes off, members will look at the sky and discredit the warning when the sun is shining. Scientifically based detection gives staff the information to explain to members that there have been 12 lightning strikes within 4.3 miles. A club needs verification to prove that its system is working and having accurate information builds trust in the club's weather alerting solutions. It also encourages members to trust the weather-related decisions made by the professionals on staff."

Investing in storm safety and alerting technology generally requires an initial expense (approximately \$20,000-30,000 dependent on club size) and an annual renewal fee each year. While some may look at the cost of lightning and severe-weather alerting technology and immediately disregard the importance of these services, it is worth noting that these systems protect anyone participating in an outdoor activity at the club. For example, children in the swimming pool, tennis players on the courts, families on the lawn and staff members working outdoors. The imperative question to ask is what is a human life worth to your club?

**BUILDING CAMARADERIE...** As clubs try to attract future members by incorporating philanthropic activities, differing views of members can make selecting charitable organizations a political challenge.

One organization all members can unite behind is Tee It Up For The Troops. This organization, founded 10 years ago by a Minnesota business man whose son was deployed in Iraq, raises funds for active military and their families, as well as retired military personnel. Since its creation, the organization has raised nearly \$7 million and has funded 100 other military programs.

Tee It Up For The Troops works with clubs to develop an activity (typically a golf tournament) to honor members who have served, employees who are veterans, and community heroes who have been wounded or retired from the military. Fifty percent of the proceeds go to local veteran and military organizations and the remaining 50 percent fund national veterans' initiatives. Clubs around the country have hosted events to generate patriotism, show gratitude and build camaraderie within their clubs and communities.

While Tee It Up For The Troops events provide numerous benefits to veterans, the sponsoring clubs reap many benefits as well. The events: generate enthusiasm among members and staff, offer a new event idea that demonstrates positive branding and recognition within the community, provides member retention and recruitment opportunities, and most important, gives members a sense of pride. Members who have served in the military or have children who have served are proud to have their club support such an important cause.

Matt Lambert, general manager of The Country Club at Mirasol in Palm Beach Gardens, FL, has hosted a weekend-long Tee It Up For The Troops event annually for the past six years. "The event has become a much-loved tradition by members and staff alike and has proven to be a wonderful bonding experience for us all," he said. "The Tee It Up For The Troops team makes the event easy to organize and execute. Every club executive is looking for ways to bring members together and to have them feel proud of their club. Honoring those who've served by hosting an event with Tee It Up For The Troops is a great way to achieve this."

"Any club can participate and host an event, not just clubs with golf courses," explained J.B. Ball, the founder. "We have done Serve It Up For The Troops—a tennis event, Tea It Up For The Troops—a women's social event, Tip It Up For The Troops—a cocktail party, and Tie It Up For The Troops—a black-tie event or a run/walk event. The opportunities are endless and it is truly a win-win for everyone."

As the popularity of this organization continues to grow, celebrities such as David Feherty, President George W. Bush, Jack Nicklaus, Tom Lehman, high-profile military personnel and professional athletes have shown their support for Tee It Up For The Troops. (For more information, see Resources box on page 4. )

**WATER CONSERVATION: DON'T RILE THE LOCALS!** Water shortages in the West brought on by severe drought have made governing bodies throughout the U. S. more sensitive about how their own water is being used. Consumption at private clubs often comes under the scrutiny of politicians and conservationists. It behooves club leaders to periodically examine the amount of water they use, the cost and the sources of that water so they can be prepared for any public scrutiny.

City officials believe an investor-owned club in Dallas, TX, has been improperly diverting city owned water from a creek since 1986 and using it on one of the club's golf courses. The city estimates it could have charged \$600,000 for the amount of water used and could bill the club a total of \$1.1 million when including interest.

While a settlement is in the works, with the club paying Dallas \$50,000 and granting the city right of way on an easement (valued at an estimated \$772,000) so Dallas can build a wastewater pipeline under club property, the public-relations damage is immeasurable. The impression is unavoidable: "typical" behavior of a private club taking advantage of its wealth and privilege.

**MEMBERSHIP RECRUITMENT IDEAS...** If you are seeking fresh ideas to assist with membership recruitment, here are a few to consider:

- Encourage member children to invite their friends and their friends' parents to the club as guests to generate interest in club facilities and activities.
- Consider developing an each-one-reach-one campaign, urging every member in the club to talk to a friend or business associate about joining the club.
- Hold a friendly competition between committees (excluding the membership committee) and throw a complimentary cocktail party for the committee bringing in the most new members.
- Select only members who have sponsored candidates for membership to serve on club committees.

**CITY CLUB UPDATE...** If an informal poll taken during a round table discussion at the recent World Conference on Club Management is any indication, most city clubs have seen a drop in membership in the past five years. However, managers attending the round table did not have catastrophic drops in members during this period of economic doldrums.

About 50 city club managers from four continents gathered at the conference to compare notes and learn from others what innovations they might try at their own facilities in the coming months. It was a predominantly American group, with two-thirds reporting fewer members today than they had five years ago. The other third reported membership gains.

Despite those numbers, the majority of the attendees said they had raised initiation fees in the past five years. A few have kept entry fees the same while the remainder had lowered fees. As one manager in the latter group surmised, younger members coming into the club “want to taste and feel” rather than putting money down in advance. “Whether you have an initiation fee of \$4,000 or \$400, they tend to resist it,” she said.

Happy Spring!



Jackie Carpenter, CCM  
Editor



Eldon Miller  
Editor-at-Large

**RESOURCES**

**Club Managers Association of America**, Alexandria, VA – 703-739-9500 – [www.cmaa.org](http://www.cmaa.org)  
**Michael Leemhuis, GM/COO, Congressional Country Club**, Bethesda, MD - 301-469-2000 - [gm@ccclub.org](mailto:gm@ccclub.org)  
**David Houle, David Houle & Associates**, Chicago, IL – 773-991-5199 – [david@davidhoule.com](mailto:david@davidhoule.com) – [www.davidhoule.com](http://www.davidhoule.com)  
**Chambers**, Baltimore, MD – 410-727-4535 – [www.chambersusa.com](http://www.chambersusa.com)  
**Frank McCathran, Director, Earth Networks–WeatherBug**, Germantown, MD – 301-250-4122 – [fmccathran@earthnetworks.com](mailto:fmccathran@earthnetworks.com)  
**Steve Graves, Creative Golf Marketing**, Manhattan, KS – 800-526-8794 – [steve@creativegolfmarketing.com](mailto:steve@creativegolfmarketing.com)  
**Ned McCrory, CPA, Batchelor Frechette McCrory Michael & Co**, Providence, RI – 401-621-6200 – [nmccrory@bfmmcpa.com](mailto:nmccrory@bfmmcpa.com)  
**James “J.B.” Ball, Founder, Tee It Up For The Troops**, Burnsville, MN – 952-646-2490 – [jb@teeitupforthetroops.org](mailto:jb@teeitupforthetroops.org)  
For more info visit [www.teeitupforthetroops.org](http://www.teeitupforthetroops.org) To schedule an event contact Tim Wegscheid – [tim@teeitupforthetroops.org](mailto:tim@teeitupforthetroops.org)  
**Matt Lambert, GM/COO, The Country Club at Mirasol**, Palm Beach Gardens, FL – 561-776-4949 – [mlambert@mirasolcc.com](mailto:mlambert@mirasolcc.com)

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

Copyright © 2014, Club Advisory Communications Corp.  
All rights reserved. Any reproduction in whole or in part is forbidden.