



Membership Issues

There's No Silver Bullet ...Just many small tasks accomplished one at a time

IN YOUR MIND, WHAT'S THE "BIG" CHALLENGE FOR PRIVATE CLUBS?

No doubt in mine...the big challenge of private clubs is usage. Usage strengthens retention, retention strengthens recruitment, thus decreasing the number of members leaving the club. All this in turn helps keep initiation fees higher, a club solvent and an enjoyable place for members.

Yes, you still need new members, because unless your club has figured out a way to keep members forever you'll always need to replace members.

Consider this point from our colleague Rick Coyne: *We lose on average somewhere around six percent of our members annually to the 3M's...mortality, morbidity and moving away. While there may be some variance to this number according to your specific club the fact is we lose members every year.*

Recently I've read a couple of different articles suggesting clubs are doing okay, but in reality clubs are all over the map. We'll find about one-third of them are losing members but generally not suffering the effects of today's economy. Another third are losing more members than ever. The attrition rate is up and these clubs are finding it difficult to sell memberships. The final third grouping: clubs where there's 25 or more members

wanting out, the club is experiencing decreased usage, all of which contributes to the attrition rate.

Another article I read claims clubs rebounded in 2007. I couldn't disagree more.

Yes, some clubs are doing just fine, and they will probably continue to do so. They're doing well because their club leadership realizes the three components necessary for a successful club: 1) usage, 2) retention and 3) recruitment. These clubs haven't changed from that focus. They remain successful clubs.

Finally, there are some clubs that just will not be affected by the economic trends...they're strong in club culture, tradition and supported by a very strong membership base.

Still others are starting to show cracks. More members are leaving, recruitment is more of a challenge, expenses are out-pacing revenue; demographics in the community have changed, which has impacted recruitment and a subsequent drop in member usage.

The extent of hardship for clubs differs...ranging from minor (those clubs with an attrition rate between four and six percent) to those with an attrition rate of 14-15 percent where the board can see the writing on the wall. And there are a few in this country that have had to file chapter 11 bankruptcy protection.



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Our research is based on our Boardroom retreats, many visits to various clubs over the years, and information gathered from key people on the issue – the directors of membership and marketing.

The director of membership's position continues to evolve in recruiting and retraining members. And these people are taking on additional duties with expanded roles at clubs and within the industry. There's increased compensation and unquestionably, boards of directors must listen closely to what their director of memberships have to report. They have their ears "to the ground." They have the ear of the club's members and increasingly are a most valuable source of information.

Certainly, directors of membership have become one of our most important sources for club membership research and information. And delving into this information suggests 2007 has been the most difficult year of the last 16 years – for both recruitment and retention of club members.

For some the death spiral beckons! Clubs face many challenges, including changing demographics. We can

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blame competition, because we are all “fishing” the same lake. Expenses are rising for general club maintenance, food and beverage costs, and the golf course, for example.

To meet these demands, clubs increase members' dues to balance the budget causing members to quit, in turn creating the unrelenting death spiral. It's crisis time.

TIME TRUMPS DUES

Yes, clubs face many challenges, but the one that stands out for me is competition – not competition from other clubs but competition for a member's time. I believe time trumps dues. Free time is limited today more than ever.

One report I read recently shows some clubs experiencing a decline in rounds on the golf course, have actually had an increase practice facility usage. Less time to play, but time to practice, because time requirements are just less demanding.

I, and many others, have believed that the retiring Baby Boomers would be a great part of the solution for many clubs, and a source for many more potential members.

What happened???

It seems, as another article in the New York Times suggests, many Boomers can't afford to retire. For one reason, they've figured out they'll probably live longer than expected 20 or 30 years ago, and will need to work longer to maintain their lifestyle.

And with many working longer, their country club membership will be put on hold for a while longer. Other Boomers are engaged with their second families and some are even becoming parents at 50 and older.

The issues and challenges facing private clubs become more incessant and complex and we must continually seek new ways and means toward solutions.

Recently other writings claim that a new clubhouse or many multimillion-dollar projects are the solution to retention or recruitment. Are new and better facilities the answer? Sometimes yes, sometimes no.

But before a club gets to the point where this will solve a crisis, a club needs to make sure there are funds for these new facilities, and the club needs to ensure that the intangibles...the social foundation of any club, are well in place before embarking on expensive building programs.

It's not necessarily the assets of a club that draws new members, that help retain members and encourages usage, but rather the culture of the club...the intangibles...the solid underpinnings.

There are other suggestions promoting discount initiation fees, advertising and/or aggressive marketing campaigns. “So whatever happened to keeping exclusive clubs exclusive????”

I strongly believe many clubs' challenges today and tomorrow certainly can be improved with more and better tangible assets. But I believe before a club makes huge financial investments the board, management and members should work on improving the intangibles of the club.

Members may join because there's a beautiful clubhouse or golf course but they stay because of the intangibles. This is the key for retaining members.

I've been to clubs with mediocre clubhouses, yet they have full memberships and a waiting list to join. Dining rooms are full and the attrition rates are below four percent. I've also been at clubs with brand new clubhouses that are experiencing terrible retention and extremely low usage rates.

Our goal for clubs is to have 1) a two to three year waiting list to join. This is the benchmark 2) less than four percent of annual membership attrition 3) strong member usage and 4) a membership recruitment program that respects the culture of the club, making sure the club is always stays as an exclusive private club.

Many of the clubs that have been able to maintain these strong characteristics, do so because of the quality of food, family participation, great golf course conditions, and most of all, a club spirit driven from a lasting club culture and tradition.

These clubs understand the importance of relationship building, pride, history, and building a club culture that each member and staff knows what it is, what it means, and one they can translate among themselves and to others.

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Most importantly a member has responsibilities, something many have forgotten. Being a member is not just about paying dues, using the facilities then going home.

Each member has a responsibility to use the club, be active in the club, host their friends for dinner and golf, and recruit their friends as members. Bribing members with cash incentives to recruit new members might work...sometimes. But it sends the wrong message.

Now more than ever we have to get back to what being a member of a private club is all about – the culture, the tradition, which starts with everyone involved in the club – members, the board, the committees, the club’s general manager and staff, and the intangibles – the relationships and the feeling of belonging.

For members, the private club means a great product and a positive club experience spending time with like-minded friends. It’s imperative staff learn about the club culture and provide members with excellent service. And for everyone in the club, membership recruitment is 24 hours a day.

When a waiter, golf pro or a receptionist meets a member’s guest, they must treat that person as a member, because one day, that guest may well be a member. Controlled word-of-mouth programs among your staff are important.

Many who have joined private clubs recently and others who will likely join in the future may not grown up with a private country club background. They are new to the club experience...and likely not aware that being a member of a private club also has responsibilities so it’s imperative new members learn what is expected of them through a new member’s orientation program.

This is the foundation of building a successful county club membership, yet it’s something many clubs do not do very well. Orientation programs should not be less than one year, and staff, management and board members have to assist new members in building their own club roots, through relationship building and event participation.

I’m very optimistic about the future of the private club industry. It’s a multi-billion dollar industry and often a major economic engine in many communities. Private clubs are often the largest employer in suburban communities across the United States, and now more than ever are the place for people to meet people and socialize.

It’s very much the opposite of clubs in the past when people joined because their parents were members or they knew others from the community who had become members. Today, people joining private clubs are much more mobile. Often they are new to the community and while they may not know a single person at the club, they do know the advantages of being a private club member.

However, these new-to-the-community members often are the first to leave a club if your club doesn’t implement an aggressive usage and retention process.

One of my major concerns as a private club user is that clubs are too focused on the tangibles and not the intangibles through usage, retention and ongoing membership recruitment program. All too often good ideas die in the boardroom. There’s often inertia and conflict in dealing with crucial issues. So nothing gets done!

Boards need to be more responsible because clubs and members can’t wait 10 years to make decisions that need to be made today.

I always hear from boards of directors about how different their club is from someone else’s club. Well, they may think so, but the fact is their club isn’t really any different but it may be more ‘eccentric.’ All clubs have to focus on some of the same fundamental structures and activities – the intangibles and culture –that keep their members happy. If they don’t, members leave...so the recruitment, retention and usage of the club based on the club’s culture and the intangibles are of utmost importance.

What goes into a successful club? Several things including:

1) A WOW (word of mouth) program among staff, management, the volunteer board and members.

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2) An on-going extensive orientation program for new members

3) Ongoing communications (newsletters, special events, email blasts) with members, particularly new members and

4) A very clear understanding among the board, paid management and members about a member's responsibility to recruit new members.

While it's a member's No. 1 responsibility to recruit new members, it's the staff and management's No. 1 responsibility to increase usage and retention.

A usage program that gets members totally involved in their club will create much better retention. Members develop roots...deeper roots into their club, leading to better retention.

Retention breeds recruitment and the more and longer members stay with a club, the more and greater the chances they'll refer their friends as members.

Recruitment is easier if retention and usage is strong because fewer memberships for sale means a stable price for a club membership.

The objective of course, is to create a two to three year waiting list. This is the benchmark. That's every club's goal. Nice to have and nice to do but one volunteer board mem-

ber or general manager with a plateful really isn't able to properly execute this program.

Increasingly that's the membership director's role, and it's vital to the execution and success of a private club today. The membership director's position is no longer a "job"; it's a rewarding career.

Management must be creative, understanding that today's members have many choices. Private clubs are in the happiness business ...the feel-good business, and it's a club's responsibility to create great memories for members.

While the board and the club's general manager must be the driving force, it's also my belief that the membership committee chair must be more involved in the usage, retention, and recruitment decision making. To me, this position is the second most important position on the board, and I'd suggest that in order for a club executive to become president, they first must be the membership chair.

Today, there are over 1500 clubs across the country with a director of membership. That's a director of membership, not a membership secretary... a position that has evolved over the last 20 years. And it's my prediction that for the next 20 years, the director of membership will be just as important as your golf course superintendent.



The membership director should oversee usage, retention and recruitment. When I want to know what's going on in any part of the country, state or at a club, I turn to these people. They know what's happening, their insights are far too significant to be ignored. Often many boards, general managers and members do not know or understand the director of membership's value to a club, or the knowledge they've gained.

We're planning the 13th annual Professional Club Marketing Association conference for September 15 and 16 in Nashville, TN, an event covering all aspects of the private club membership process from changing demographics, club culture, member usage, to recruitment and retention.

There is no silver bullet to solving these issues, just many small tasks over time delving into club culture, member recruitment, usage and retention. There's nothing magic about it, just a planned, well-coordinated attack.

This is the first time in 13 years I've talked about this PCMA event in BoardRoom magazine, it's that important. It's the future of our industry. Over 250 clubs attended last year with membership chairs and general managers also in attendance. We're expecting even more this year in Nashville.

Your membership chair and director of membership should be there. With 14 of the most insightful recruitment and retention experts speaking in 21 different sessions, it'll prepare you for a continuing program with many ideas that will benefit your club.

Oh yes, I'm not against spending millions of dollars on your facilities. A brand new clubhouse might be great. But I am saying that many of your club's issues – recruitment, usage and retention – can be solved with two percent of what you would spend for a clubhouse.

With success in recruitment, retention and usage, you will find your club has much more additional capital to build an even better facility, and your club's members will not be assessed for the new facilities. The decision to improve you facilities will be much easier with funds in the bank. And that's where it all starts.

At least, that's the way I see it! **BR**

John G. Fornaro, publisher

As publisher of Boardroom magazine, and the CEO/president of the Association of Private Clubs and Directors, John Fornaro founded the Professional Club Marketing Association (PCMA) in 1994 recognizing the importance of the director of membership marketing. Rick and Donna Coyne joined the ownership of PCMA in 1996 with Stephan Chaney joining the ownership group in 2000. All four are executive directors of the Professional Club Marketing Association. If you have questions or comments, John can be reached at: johnf@apcd.com




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