

Creative Ways to Combat the Increasing Salary Demands of Department Head-Level Managers within Clubs

by *Scott Samuels*

Does it seem like your department head-level management salaries are reaching levels far beyond the annual increases in Inflation?

There is no question about it! With 2% unemployment in many areas across the country, mid-level managers are demanding a higher salary than ever before (and many times more than they are actually worth!). One of the greatest challenges that Club Manager's now face is – "How do I combat these demands?"

Jack Deal, Regional Manager with ClubCorp, USA in Northern California, had some insightful feedback. "In many instances we offer our department head level managers a lower base salary than the private, non-for-profit clubs in the industry and make up for the compensation in bonus potential tied directly to performance." Deal went on to mention that these incentives are primarily based on achieving the financial expectations that ClubCorp establishes. In addition, Deal stated that ClubCorp periodically establishes incentive contests for Managers to win trips to their resorts based upon achieving their performance goals. "Job security and growth potential are two of the biggest benefits ClubCorp can offer its management candidates," Deal said.

Joseph Travagilo, General Manager at Ruth Lake Country Club in Northern Illinois, believes that within the past five years the expectations of department head managers at the Club level has definitely increased. Travagilo states, "Clubs are looking for more qualified and experienced managers...they are looking more at hotels rather than promoting from within. The club industry is looking to be more streamlined and structured like the hotel industry." Club



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General Manager's are continuing to seek the approval of their Boards to increase wages. "If you look at putting the money up front, it will yield you much better results. As Club Managers, we are now looking at turnover rate and asking more of our department heads than ever before," says Travagilo.

Travagilo believes that member-owned, non-for-profit Clubs are offering better pay and more competitive benefits than many larger companies. He cites that education through CMAA as being a big plus in furthering the growth and development of managers. Travagilo's normal bonus percent to his department head managers ranges from 10-15% of their base salary and is based upon a point system. As a progressive manager, Travagilo is currently developing a Flex-Time program which will enable his managers to establish a more balanced lifestyle.

Rather than dangling an unrealistic carrot in front of managers, Clubs need to establish a creative compensation package that will provide managers with reasonable base salaries including a heavier weight on bonus and incentives. Providing these incentives will directly correlate to increased performance, productivity, enhanced employment longevity and job satisfaction!

Here are a few tips in developing a bonus and incentive plan for your new managers:

- 1) Make sure the pay out of these incentives is frequent – monthly is

preferred. Quarterly and Annual Incentives can be combined with your monthly incentives.

- 2) Make sure the incentives are realistic and achievable.
- 3) Establish hurdles that are measurable so the manager understands exactly what he or she needs to accomplish in order to receive a bonus.
- 4) In fairness to the new manager, make sure to guarantee a percentage of the bonus while they are in the learning/training mode.
- 5) Make the bonus and incentive plans simple to understand. Don't overcomplicate things, most of the time when this is done, incentives negatively effect moral.

Let's look at an example of a compensation plan for a specific position - such as a Club Food and Beverage Manager. Listed below are the components in a Balanced and Effective Compensation Package. Assuming that the compensation package (salary and bonus only) is \$60,000, you could pay 70% or \$42,000 in base salary and the remainder of 30% or \$18,000 in bonus.

Monthly Bonuses

Monthly Bonuses should be attached to performance related items such as Food Cost, Beverage Cost, F&B Sales, Catering Sales, and F&B Net Income. In doing this you provide your employee with a focus not only on controlling costs, but in enhancing sales through various promotions, events, etc. Many times in focusing just on the bottom line of the financials, a manager ends up cutting corners that will hurt your Club and be evident to the Membership.

Performance Reviews

Hopefully as the Club Manager you are continuing to provide immediate feedback to your managers on their performance. However, there is no better way to establish goals and chart a course for future performance than in a Bi-Annual Performance Review. Taking 60-90 minutes with your managers, twice a year, in a formal review process should be another

component in their bonus potential. Although relatively subjective in nature, if you utilize performance appraisals and establish future goals and targets for your managers to achieve, you have a more concrete method to score the results.

Annual Bonuses

Many progressive Clubs continue to use their annual membership survey and/or evaluation of the Club as a component in the bonus structure. As long as the measurement of prior year versus current year is applied, this provides another excellent barometer of a management team's performance. Just as the Membership will confidentially evaluate the club, it is also wise to obtain evaluations from the line employees. Confidential surveys can be conducted with these employees and the results can sometime provide a humbling, yet eye-opening summary of a manager's performance. Using the employee evaluation results as a component of the bonus structure, will not only provide you with excellent feedback, it will also focus your managers on continuing to treat their employees properly.

It may seem like a lot of work to establish these hurdles and incentives, but you will find that the end result will be a more productive employee. When managers are aware that many factors will determine the amount of income they can achieve will be much more globally focused.

Health Coverage and 401K plans are an important part of the compensation plan and they should be additional components of the package. As the cost of Medical and Dental coverage continues to increase in double digits percentages each year, Club's need to continue to evaluate the expenses and benefits associated with providing a competitive plan.

Now that you are ready to put your new compensation plans into action, make sure that the bonus structure is spelled out for the employee during the interview process - and in the offer

letter - so that they understand the various factors which will enable them to increase their income. Many times potential management candidates decide not to accept job offers because a bonus and/or incentive plan is unrealistic and unachievable.

It is important to recognize that one of the single largest expenses that a Club will incur is the cost associated with management and employee turnover. As the salary demands continue to rise for department head-level managers, using this ammunition should provide your Club with an employee that will make your club more successful and profitable!

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