



Understanding the Value your Club and your Club Members

By Scott Samuels & Ron Hakala

Understanding the true value of your club in your market is a critical element for your club's future success! There is often a limited perceived value that is created from within a club, which develops primarily from emotion. The true value of a club comes from understanding the "big picture" and how management, staff and the Board can affect the value of your club and your market. Various characteristics, other than price, will determine value. By understanding the club's perceived value and position in the market, a club can adjust and reposition itself to reach it's maximum potential!

We recently conducted a market study of a Club that was experiencing a downward spiral in membership. The club was beautiful, the clubhouse was immaculate, the staff well trained, the food terrific and you had a warm feeling upon entering the club. As you looked out at the golf course, the greens looked perfect as did the bunkers, which were edged neatly and full of white sand. The staff and management were proud of their club, yet the club had not reached its membership and financial goals for 10 consecutive months.

We then began to discuss how the club was positioned in the market. The Board of Directors concluded that they were positioned as the number two club in their market, yet they were struggling to achieve their goals. Over the course of the next week, five members of our team went into the market to study their positioning, never returning to the club until our

study was complete. We discovered that the market did not perceive the club as number two. In fact, they were not even number three, four or five. The market viewed this club as the number six club! Needless to say, repositioning the club was necessary in order to regain its competitive edge. It took three months to implement our recommended program, gain the support of the members and to reaffirm the confidence in the market. This true story represents a classic example of how decisions are sometimes based from emotion rather than fact. Since the club has been repositioned, it has achieved its monthly goals now for 13 consecutive months. Today the club is working on its goal of becoming the number two club in the market.

Perceived Value is the main reason in a perspective member's decision to join or not join a club. Perceived Value is influenced by hundreds of factors, which include: Supply, Demand, Market, Location, Facilities, Programs, Convenience, Time, Relationships, Marketing and Price. Management is able to impact each of these items. There are methods available to ensure your club is positioned correctly to reach its maximum potential.

The private club world has changed considerably over the past few years. It wasn't long ago that private clubs had a lock on service and quality facilities. Today this is no longer the case, as competition from the public and semi-private facilities have upped the bar considerably. "There is, however, one distinct advantage that private clubs still possess that many clubs are



forgetting about,” says Ron Hakala, VP of Club Consulting for Horizon Hospitality Associates. “Private clubs have Emotional Ties.” These ties takes us back to the true essence of a private club - where individuals came together that had similar needs and interests to form relationships and thus created the private club.

The emotional ties of a club are a powerful influence. At a recent General Manager workshop, we brought this thought to the attention of the managers in attendance. We challenged them to think about their club and how they could tie their members to their club more from an emotional standpoint. The energy in the room was remarkable as the managers’ brainstormed ideas of how to foster increased staff-to-member and member-to-member emotional ties. The exercise resulted in over 100 new ideas such as forming more clubs within the club (i.e. a book club, gardening club and cooking club). All of these ideas got the members more involved in their club that resulted in better relationships with staff and with other members. Photographs are also a powerful method to establish emotional ties at a club. Displaying photos of your members creates a connection with the member and a competitive edge for the club.

Emotional ties also impact an individual’s sense of belonging. It is human nature to desire to belong and it touches a strong inner emotion for all of us. A private club can facilitate this “sense of need and belonging” in many ways that public and semi-private clubs cannot. Club members require involvement to sustain their interests. They need to be active with their group of friends. A club is the facility that perpetuates this involvement and management should do everything possible to promote this. “Having

conducted hundreds of market research projects with clubs across the country, you can sense the Emotional Ties of a club almost instantly upon entering the club,” says Hakala. “It is a feeling you get as you are greeted, or not greeted, and as you witness staff and member interactions.”

Reviewing the Value of a Member with employees at your club can be an extremely effective tool to further enhance member satisfaction. Management should set the tone immediately with all staff members. It is beneficial to review with the staff the Member Value Formula with your staff within the first week an employee begins work. “We recommend that the General Manager sit down, one-on-one, with all newly hired employees and walk them through a formula that illustrates the Value of a Member,” says Scott Samuels, President of Horizon Hospitality Associates. This value includes the cost of a member’s initiation fee, the cost of dues for 8 years (the average length of time a member stays a member at a private club) and usage fees (i.e. dining, cart fees, court fees). For a club with a \$20,000 initiation, \$350 in monthly dues and \$300 monthly usage fees this equates to \$82,400. That’s the minimum value it would cost the club to lose a member! When an employee understands this, it minimizes the probability of them mistreating your members and allows them to focus on the big picture to do whatever it takes to provide outstanding service.

Value is an important issue in every private club. As a manager or a Board of Director, you can have a tremendous impact on this value and the market around you. Capturing and maximizing the true value of your club can be exciting and rewarding for both your members and staff!



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