

Repackaging Private Clubs What Do We Need to Do?



JOHN G. FORNARO
PUBLISHER, BOARDROOM
PRESIDENT & CEO, APCD

“As futurist John Naisbitt pointed out a decade ago, ‘the more we live in a high tech world, the more we need high touch – that sense of community that only comes with human connections.’”

– BoardRoom contributor Bonnie Knutson
in one of her recent articles.

And as Knutson suggests, “Your club is well positioned to fulfill this role.”

Bonnie’s right! No time is better for private clubs...the new community of the 21st Century.

Technology, invention, innovation and intuition – from the iPhone, to online social media, such as Facebook, Twitter and others, to the “Greening”

members, and that members have with other members. But as Frank Gore suggests, “We should embrace technology and use it to our advantage in the private club industry.”

People traditionally have joined private clubs because they knew most, if not all of the members – the personal and social interaction among members

ety. People want to meet others with like values and they want a family-centric private club. Are clubs providing the experience...the high touch, people want today?

“Yes, many clubs are,” explained Tarun Kapoor, managing director and CEO of Kapoor and Kapoor Hospitality Consultants.

The vast majority of the new members are new to the private club world. Most have had a negative opinion of private clubs. And most have joined not just because of golf, but also because of our environmental programs, kids’ programs, family days, and our garden. But most of all they joined because they want an escape for their families from the ‘new’ world, back to more of the ‘old school’ where people socialized with each other, kids played outside, ate good and most of all ‘experienced” community and the relationship with their friends and neighbors.

of the private club, to the “new community” have created opportunities for the private club of the 21st Century.

Today, more than ever, people need a place to meet, and all the technology in the world won’t be a replacement for the personal relationships that your club has with

sharing similar lifestyles, the tradition and exclusivity of private clubs.

Today many people now join just to meet people...because today’s societal lifestyles and technology leave them isolated much of the time.

People want the experience...in an experiential/ and technological soci-

“At clubs where senior management recognizes the intangible and experiential components of the private club experience, (i.e. the sense of belonging to an exclusive community, commonality of values with other members and

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staff, and where members have the feeling they are important, recognized and acknowledged every time etc.).”

In Gregg Patterson's opinion, “Successful clubs have always emphasized ‘high touch.’

“In an age dominated by economic angst and uncertainty, at a time when people want to feel the ‘warm embrace’, the clubs who distinguish themselves with the most personalized high touch touches, win,” maintains the gregarious general manager of The Beach Club of Santa Monica, CA.

“Technology allows more ‘touches’ between members and members, members and staff, and staff and staff. Mastering the new technological tools of touch is critical.

“But technology is a compliment to and an extension of – but no substitute for – the person-to-person “touches” that characterize people to people contact. High touch people use technology to ‘spread the love.’

“Low touch people simply use the technology to increase the messaging without increasing the “touches,” Patterson added.

“Technology increases the ‘high touch opportunities’ but opportunity isn't substance and, at the core, “high touch” requires hospitality soul in those who are reaching out and touching others.

“Staff who are ‘people focused’ will make technology ‘touches’ special, just as they'll make ‘person-to-person touches’ memorable.

“The right formula for high touch is the same as it's ever been in the hospitality business – finding the ‘right people’ who want to touch and do so joyously, sincerely and with passion. High touch starts with high touch people, and high touch people make the lobby encounter or the emailed congratulation ‘sing.’

“Each club has a ‘touch quotient.’ Those clubs with more touches per day, win,” Patterson opined.

As Gore explains, we need to take advantage of new technologies and use them to our advantage and there's good reason for that.

“For decades the information about our members was housed in the minds of a few front of the house employees. Historically locker room attendants, the maitre ‘d, golf and tennis professionals, physical trainers, bag room attendants, snack bar staff, bartenders and grill servers were the main source of member preferences,” said Gore, head of Gore Golf, a group providing membership, operations and strategic planning consulting services to the private club industry.

“They knew the members’ favorite drinks, foods, where they like to sit, the type of equipment they played golf or

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tennis with, who they played with, their favorite tee times or court times and members allergies to certain foods.

"I've often commented when we lost some of these high touch employees we also lost their member learning curve. I had wished we could have simply removed the floppy disk from the departing employee's forehead and placed it in the new staff member. But of course that's not possible," Gore lamented.

Recording member preferences, member affiliations, hobbies, alumni, and the same for their family members is a great use of the technology, Gore suggests.

"Arm all staff with this information at the touch of finger. It can create the kind of personal experiences that only a private club can deliver. It's still magical to call every member by name. With the use of technology, member photos, headsets on employees at entry points that can signal ahead, allow all members and guests to be recognized by name. Knowing names and personal preferences can create true magic moments that are unforgettable," Gore commented.

"In this day and age the affluent consumer moves more often, changing not

likes and interests, those that attended the same universities or grew up in the same towns or regions of the country is a powerful way to connect members and become a truly private club.

"Members not only like to be called by name but they like to call staff by name. I was once asked, 'How do you capture the hearts of your people.' My answer? Give them a piece of your heart."

While perhaps this explains how the high touch begins, Knutson, a professor in *The School of Hospitality Business, Broad College of Business, Michigan State University*, has another question. "The issue isn't whether clubs are providing the high touch experience...the issue is, "Do clubs understand what the 'new' high touch experience is?"

"You can't provide it if you don't understand it. Because member/perspective member segments are somewhat in flux when it comes to what they want/need in a club experience, clubs are struggling too," said Knutson, who studies emerging trends.

"A truth that we do know, however, is that an experience is very individualized, very personal, and people assign a higher value (and will therefore pay more) to a differentiated (i.e. unique) experience. This puts a heavy burden on clubs because, by definition,

members will be looking for something fresh and new the next time. And all this must be done within the positioning strategy of the club. So...are clubs providing that high touch experience? I would say, to some degree, but it's based on the past, not on the future."

In Knutson's opinion, the new "social media" technology is neither an advantage nor a disadvantage. "It's simply a communication tool just like a newsletter or a website. Its value/advantage lies in how effectively it is used to enhance member value," Knutson stressed.

So it is abundantly clear that while many clubs are providing the 'high touch' needed to satisfy members' longings, there's still work to be done to draw more people to today's private clubs. Perhaps a better question, Kapoor suggests is: "How do we get individuals who share the values of the club's community to apply for membership?"

"Has the club articulated its core values, mission and vision? Does it have the memberships' buy-in? Is the club delivering on them? Do the members realize the club is delivering on them? Are the members proud of their club? Does the club exceed the members' expectations when it comes to price - value?" Kapoor questioned.

Stuff is necessary – a good clubhouse, good food, a great golf course, but 'stuff' can be had most anywhere these days. What members can't get just anywhere is 'the warm embrace' from the staff who know you and your family, and who genuinely care. What members can't get just anywhere is the company of others with shared values and experiences. Great clubs emphasize great people. So.....

Gregg Patterson

only jobs but also careers. It's important for members to connect with other members. Private clubs can facilitate this service far better than anyone else if they have the member information. Matching members with similar

uniqueness means fresh, novel, new." Creating perhaps, something of a dilemma.

"As soon as the club develops and provides that unique experience, it becomes part of the expected experience and

"If the answers are yes, proud members will be singing the praises of their club to their social circle. And a waiting list would be the natural outcome, as long as, there was no population attrition in the community."



Knutson is adamant there has to be the “unique experience” to draw new club members. “The formula for Member Value is simply the Experience minus the Cost of that experience.

“What is new, today,” she suggests, “is that cost is measured in terms of time as well as money.

“The vetting process/qualifications (for new members) are such an individual club decision that it is impossible for me to say whether specific ones should be changed. What is right for one club may be wrong for another. So much depends on the local economy, the change in demographics, the competition, etc.

“The fundamental questions for membership have to be [1] homogeneity, and [2] financial. How any club identifies/measures/evaluates potential members on these elements is up to them,” Knutson suggested.

Patterson feels it also has to do with “a need people have for ‘club’ because the need for ‘community’ is hard-wired into the human psyche.

“The ‘stuff of clubs’ has never been enough to make a clubhouse or golf course great. People, the software side of the club experience, animate the hardware and makes a ‘commodity’ into ‘club.’ People join clubs because they want relationships with members whose values they share, and

with staff that is ‘there’ for them, giving them the warm embrace, whenever they visit.

“Stuff is necessary – a good clubhouse, good food, a great golf course, but ‘stuff’ can be had most anywhere these days. What members can’t get just anywhere is ‘the warm embrace’ from the staff who know you and your family, and who genuinely care. What members can’t get just anywhere is the company of others with shared values and experiences. Great clubs emphasize great people. So.....,” Patterson offered.

SOME CHANGES

A vetting process...the selection process has always been a significant part of any new member’s entrance to a private club, and while we don’t expect that to change, we may see change in some of the entrance requirements.

“I don’t think there should be blanket changes,” Kapoor emphasized, “but I believe they need to be carefully customized for each club.”

“The emphasis should not be on a large requirement for referrals and/or recommendations. Instead, the emphasis should be on ensuring the candidate fits with the community’s value system, and appreciates the services provided.

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"The qualifications should depend upon the club's values and mission. For example, a club could require *"a person of accomplishment"* as opposed to net worth, another club could require *"individuals who appreciate families, i.e. individuals of all ages enjoying the club"*, as opposed to accepting children within certain guidelines.

"Once the club recognizes the candidate fits within their values and mission, the rest of the process should for practical purposes be automatic, as long as there is a vacancy," Kapoor maintains.

References have always been part of the selection process. Should it be necessary to have a specific qualification, like 10 references to be able to join?

"Perhaps 10 is a little much but new members must be compatible with existing members," Gore agreed. "Membership by invitation is still the best way to accomplish a great membership roster.

"In the hit movie, *'The Blind Side'*, we saw the finest universities go all out to recruit prized athletes. They wooed them, their families and their previous coaches. I've often wondered if fine private clubs truly wooed the most influential leaders of industry, commerce, charities and politics, and had influential members invite them to join.

"I believe they would not only be flattered and impressed but also become members for life. If you are invited by the right person and in the right way it's hard to say 'no,'" Gore suggested.

Patterson feels a "vetting process is required to ensure that members sit with and talk to other members having similar values and life experiences. The screening process for new members must focus on compatibility and commonality to ensure that the people-to-people experience is satisfying for both parties.

"Clubs are by definition 'selective' and need to have an admissions 'filter,'" Patterson recommended. "The key question is, how to "right size" the holes in the filter. How "fine" must the membership process be to filter out the unwanted on the one hand and to admit "the good" on the other, with the least amount of inconvenience and complication?

The question remains, how to be 'exclusive' without becoming 'elitist'?

"Tough times are the siren's call for the membership process tempting clubs onto the rocks with an 'open doors for all' admissions process.

Great for the bottom line now, but sacrificing the club's 'privacy soul' in the future.

"Commonality of values and experience are the glue that hold the community together and the temptation to lower admissions standards now, to open the 'flood gates' and suck in dues paying members, should be avoided," Patterson exclaimed.

"What is right for one club may be wrong for another," Knutson added. "So much depends on the local economy, the change in demographics, the competition, etc.

"The fundamental questions for membership have to be [1] homogeneity, and [2] financial. How any club identifies/measures/evaluates potential members on these elements is up to them."

One thing is for sure, Knutson suggests, "The future club will be much more diverse than it has been – age-wise, ethnic background and types of families.

Knutson, speaking at the most recent CMAA World Conference in San Diego, and upon the release of her book, *MP: Membership Marketing in the Millennium. Premier Club Services*, summarized the major elements of "tomorrow's members...and consequently the challenges and opportunities to club."

"For the first time in history, clubs will have four generations of membership...and clubs that use the principles of generational marketing to understand the factors that influence the values and buying motivations of members, stand a much better chance of spotting trends way ahead of the competition, and reaching members first in revenue-generating new ways," Knutson says.

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“Secondly, multiculturalism is redefining what it means to be an American today and what it might mean to be a club member tomorrow. It’s no secret that the United States is a diverse country, both racially and ethnically. With the changing face of the U.S. population, comes an evolving picture of tomorrow’s membership along with new opportunities and challenges for clubs trying to reach those whose tastes, customs, and primary language may differ from those who have been the traditional club member.

“The biggest mistake that a club can make, however, is to view the minority segment as homogeneous. Like the four generations, every ethnic group has its own markers, values and hot buttons, making a myriad of sub-groups, even within each ethnic identity,” Knutson concluded.

The bottom line: It’s all about that common denominator – Private clubs are about relationships and as Frank Gore says, “*This is the glue that connects.*”

PUBLISHER’S FINAL THOUGHTS

Clubs are more important today than ever, and our greatest gift we can give our members is an overall sense of community.

Technology –like the iPhone, iTouch, and social marketing Internet-based sites like Facebook, MySpace, and Twitter etc. – and the way people are using them may end up creating more introverted people who have simply forgotten how to interact with people.

When was the last time you walked down the street, actually made eye contact with a complete stranger and said, ‘Hello’?

The future is ours – for the private club. We need to motivate and inspire our members to see the future as something we can have access to. If we develop a mindset as a tool to see and evaluate the seeds and signs of change, it will in time build our future.

The private club core values should lie in the ambience and feel, including indoor and outdoor activities (not just golf), and social gatherings tied to family, grandparents to grand kids, and an overall sense of communal and environmental responsibility.

Our goal as a private club ultimately is the fulfillment of life and emotional contentment.

People today are looking for an experience, not necessarily exclusivity. I believe no other industry or product is better positioned to offer so many solutions to what the next generations of parents and grandparents need and want.

I’ve read many negative articles about our industry during this last year, some predicting doom and gloom, but I’d agree with doomsayers only when we’re talking about those clubs that do not continue to

evolve and who look at their product as more tangible than intangible.

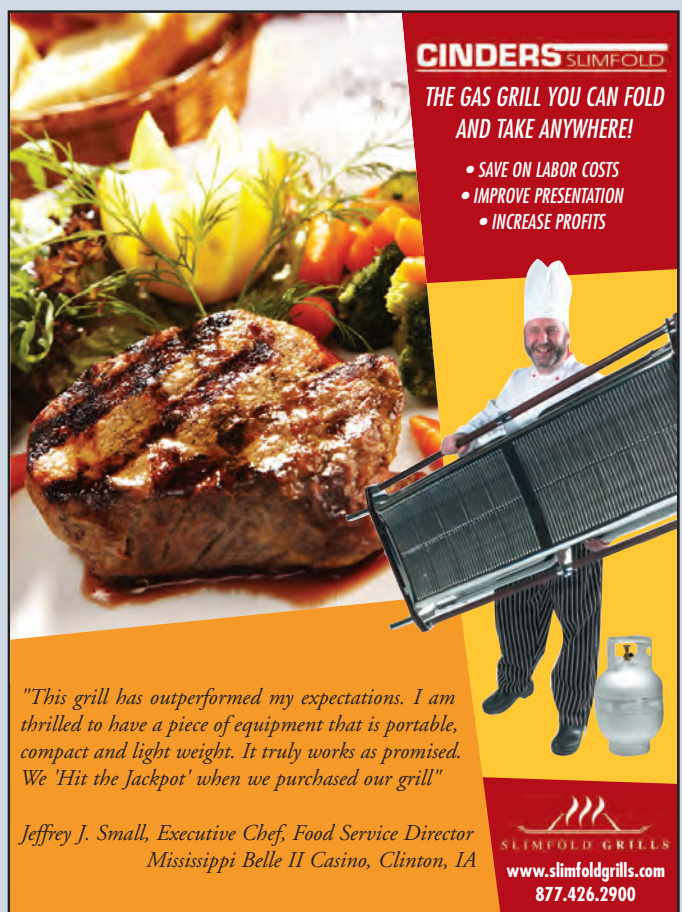
I’m not just blowing hot air, because I’ve made the changes at my own private club since purchasing it 16 months ago, resulting in over 120 memberships sold at a club that had sold less than 80 memberships in the previous five years.

The vast majority of the new members are new to the private club world. Most have had a negative opinion of private clubs. And most have joined not just because of golf, but also because of our environmental programs, kids’ programs, family days, and our garden. But most of all they joined because they want an escape for their families from the ‘new’ world, back to more of the ‘old school’ where people socialized with each other, kids played outside, ate good and most of all ‘experienced’ community and the relationship with their friends and neighbors.

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

John G. Fornaro, publisher

If you have comments on this article or suggestions for other topics, please contact John Fornaro at (949) 376-8889, ext. 4 or 105 or via email: johnf@apcd.com



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