

# Membership Recruitment in Difficult Times



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

## THE SUCCESS OF THE PRIVATE CLUB INDUSTRY IS PREDICATED ON PEOPLE.

Professional people who truly care about our industry, from the suppliers, to the board and club management, to consultants, to club staff members and the many association leaders and their staff who wake up every morning ready and willing to make positive contributions aimed at improving each and every private club.

This in turn makes a positive difference for every member of a private club.

In the many years we've been publishing *BoardRoom magazine*, the focus for our *BoardRoom* cover stories and pictures has always been on people...not buildings or facilities. And it's because we believe "people" make clubs great. Not the buildings or facilities...it's the people.

And while this dastardly economy of the past 18 months has been a challenge for the private club industry, the problems many clubs have and are facing are not based solely on the terrible economy. Dealing with clubs that need to change has been just as challenging, because some clubs see the "status quo" as the solution.

The fact is, the "status quo" has done more damage to many clubs and the industry than economic factors.

Clubs are challenged by:

- Changing demographics within the club population, including an aging membership over 60 years of age and the growth of family-oriented members
  - A failure to meet the needs of today's and tomorrow's members, because the identity of the private club population is changing
  - Competition from other sources, including daily-fee clubs
  - Out of control expenses and dues spiraling out of control
  - Overbuilding of facilities when the focus should really be on members
  - Lack of loyalty to a particular club
  - Lack of planning, particularly with a long range strategic plan
  - Lack of dynamic marketing plan and a proactive membership department with a budget to achieve the club's objectives.

The failure of clubs has been exacerbated by these consistent factors:

- Many newer private clubs have been built in new communities and the real estate industry is "in the tank"
  - The ineffectiveness of boards of directors, failing leadership and out of control board members who seek to enhance their personal agendas
  - All manner of membership issues, including a lack of staff to actively sell memberships, an outdated member-

ship process, little or no focus on retention of present members, and the declining use of club facilities

- And the lack of focus on the "intangible" assets of the clubs, which in essence is the heart of the private club community.

Others in the private club industry agree with these salient points.

"Surely the economy is a factor, but tough times serve as a magnifying glass for other issues that affect today's private clubs," explained Frank Gore, chief marketing officer at Eagle Golf.

"The simple laws of supply and demand are in play. Many clubs have roster openings, large sales lists to get out and large numbers of clubs have been built in the last 15 years. During this same time participation in the game of golf and tennis hasn't grown.

"The private club value equation has also been questioned," Gore suggested. "The changes in where people live, where they work and how they spend their time has also changed. When you add the economic changes to the changes taking place in American corporations, the

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changes in families and traditional thinking have all lessened the demand for private clubs.”

And competition is certainly a factor.

“Great daily fee courses, great restaurants, lavish bars and amazing athletic facilities are the norm in most every city,” Gore added.

“Social networks via the Internet, local gathering places like Starbucks and Internet cafes have changed the perspective of potential private club members. Many new clubs *were not formed* because people in a community decided to form a club and invite their friends. Instead *clubs were built as part of new real-estate developments*. The only requirement to join was home ownership. As goes real estate so goes the club. Older clubs competing for members in these developments have lowered joining requirements and prices.

“The clubs that have remained strong have strong demand,” Gore explained. “The clubs that struggle need to create a demand for their club. A famous golf course can create demand. An accomplished chef, world famous golf instructor, a nationally known tennis program or modern updated facilities with use of technology can all add to demand. However the real demand creator involves creating value for each new member. New members must connect with the club. They must see value in their membership.”

The question has been and is: Do people see value in their memberships, or do potential members see value in a private club membership?

Rick Coyne, president, Club Mark Corporation and an executive director of the Professional Club Marketing Association, outlines several conditions that manifest recruitment issues today.

These include:

- 1) The potential members lack of leisure time
- 2) Price/value comparisons (includes comparisons to competition)
- 3) The club's success at matching facilities and events to the membership culture it serves, as opposed to only appealing the guys in the locker room, and
- 4) How focused the club is on differentiating the member experience for a culturally diverse membership.

“Recently added to the mix, making the club decision even more tenuous is the uncertainty over the economy,” Coyne added. “Unless clubs can effectively answer all of these definitive barriers, as USA Today reported in March of 2009, ‘Will clubs become a discretionary spend?’

“Worse, will they become the new guilt trip?” Coyne queried.

Rachel Carter, director of membership development, Bella Collina Towne & Golf Club, San Clemente, CA, agrees “most clubs run into recruitment problems because of a

combination of both external and internal – or self-induced – factors,” such as the economy, competition and age related issues.

“Consumer buying patterns are forever altered as a result of this recession and clubs will be required to understand how to leverage these altered behaviors,” Carter outlined.

“In an increasingly competitive market, the pressure is going to be on the leaders of our individual clubs to develop an enlightened eye, exercising a balance between analytical and intuitive thinking in order to gain a competitive advantage.” Again, the battle against the status quo.

Carter recalls times she experienced when presenting objectives to promote member recruitment. They were dismissed because of “emotional bias that kept us trapped in the status quo.

“I’m convinced that the process by which our club leaders make decisions on emotion as opposed to facts and information is at the core of what thwarts progress and causes clubs to miss opportunities in membership recruitment,” Carter lamented.

Frank Gore believes that “for many the traditional values of a private club, including status, are not as powerful,” today. A membership in a private club was associated with a “sense of arrival, or success.

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"Many consumers no longer believe this is important. Easy access to well maintained golf and tennis facilities is now available outside a private club. Fine dining, fine wine and world-class service is available to anyone with cash. Tee times and lunch reservations are all plentiful," Gore commented.

"Clubs need to focus more on including members and creating true face to face, live, in personal social networks. Many clubs have to focus more on the total family versus the traditional male dominated golf central model followed by drinks when playing gin rummy or poker.

"The private club experience can include great golf and great food combined with personalized service but must also have great programming activities that promote family unity, business networking, travel and the arts," Gore suggested.

In fact, our rapidly developing impersonal society just might be something of a silver lining.

"This impersonal society we live in *can provide great demand for private clubs*. The clubs must provide more than facilities and prestige. They must provide true value to its members. Value will attract enrollment; value will provide retention and as a result demand for the club," Gore enthused.

What can and should private clubs do to attract more members?

"We have always had our club managers work closely with our boards of governors to explain that every club loses members on an annual basis, some for controllable and others for uncontrollable reasons," explained Kathy O'Neal, senior vice president of ClubCorp.

"We set our membership recruitment goals to cover our replacement needs and provide for new member growth each year as well. We share these goals with our boards and our membership committees and formulate a plan to enlist their help in reaching those goals. This planning and partnering is crucial to the success of every private club.

"ClubCorp's CEO, Eric Affeldt, believes that every club needs to be on top of emerging trends within our market places," O'Neal explained. "He stresses that 'reinvention' is crucial to the survival of our clubs. Our members pay top dues and expect quality facilities, programming and cutting edge services."

And Rick Coyne emphasizes that the answers for attracting more members, "is not simply responding to every membership issue with deeper and deeper discounts.

"These are tactics, not strategies, and the long-term pitfalls are great, including loss of integrity within the membership, loss of stature in the community, and never again finding your way back to 'full' fees.

"Worse, discounting or eliminating initiation fees diminishes any thought of capital reserves to cover ongoing normal capital replenishment or longer term capital projects except through debt or assessment. Both are fraught with potential to collapse the club," Coyne cautions.

"Reducing fees also serves as no 'anchor' to hold a potential member often creating a revolving door as each season starts and stops."

"A more practical solution comes from understanding the depth of your market and the ability of people in the market to buy club memberships and then positioning yourself with categories of membership and payment options that the market can afford," Coyne proposes.

"This too however, is tactical. The more strategic process means beginning to adjust your events, activities and facilities around the various cultural needs of your members.

"In nearly every club today there are three and perhaps four culturally diverse groups with completely different ideas on what they want and need from club membership.

"Despite the rumblings from the locker room, no one culture can survive without the other. In fact, the future of most clubs is dependant upon their understanding and integration of these cultural diversities," Coyne suggested.

There are specific things a club can do to attract more members, Gore emphasized.

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“Clubs need to have very active member recruitment committees, designed to identify potential new members. They should not be trying to keep people out but identifying those that would be a good fit. They need to employ a professional membership director trained to help the members identify new members and assist the members in the invitation process.

“Membership needs to be ‘By Invitation Only’ but also be more inclusive. All members of the club need to understand their role in new member recruitment. It’s not just the committee’s role, which is to engage the entire membership into the process.

“Clubs need to have a formal membership process that all candidates must complete. The process needs to be reasonable in length, pass the common sense test and be consistent. Traditions and customs are good to a point,” Gore explained.

“Total golf centric and tennis centric clubs must broaden their offerings. Both are important but you must have more. Causal dining should be expanded. Adult co-ed type lounges are in, men’s only areas are out. Separate family dining areas, interactive water features around the pools, complete fitness facilities including programming and state of the art golf practice facilities including technology and short game areas are all the new norms.

“Beyond facilities clubs must be able to personalize the experience for its members. Clubs that have great information on each of its members can deliver unique personalized experiences for each member and his or her family. These experiences create great demand. Clubs need to facilitate the making of new friends and assist new members in building relationships and connecting with their communities. Clubs that provide this service will have great demand,” Gore predicted.

“Great retention eliminates the need for massive enrollment. Therefore limiting supply, which also creates demand, which in turn increases the ability to charge higher initiation fees.

“The main strategy to improve retention is usage,” Gore explained. “The more each member of the family uses the club the more retention your club will enjoy. A vast array of events, activities, programs and experiences need to be available and promoted to the membership. The events need to be fresh, ever changing, fun and reasonably priced. Large clubs should hire a full time member relation’s director to keep accurate databases on each member and their families.

“Use this data to provide personalized experiences, events and activities. The director should also create a member experience committee to involve the members.

“Smaller clubs need to do the same thing but may not be able to add this valuable position. In a perfect club, the

membership director is responsible for enrolling new members. The member relation’s director is marketing. Every event, every activity and every program needs to also connect members to other members, staff or a new experience. Clubs need to be relevant to today’s consumers,” Gore explained.

“For clubs to attract more members, they need to reevaluate their market demands and wherein lies their competitive advantage,” Carter added.

“For example, when developing the new Bella Collina Towne & Golf Club on the property of the once-bankrupt Pacific Golf & Country Club, in San Clemente, California, we started out with research using a logical and quantitative approach to determine our market position.

“We set specific and measurable goals, identified our target groups and became immersed in the realm of these individuals to identify their drivers. Because our board was enlightened by the information, board members were better able to support developmental programs for the betterment of the club.

“With the board’s support we launched communication initiatives to reach out to the membership at large, gaining momentum and support for the changes that were necessary in order to recruit new members and retain the ones we had,” Carter opined.

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*Just because a board member is a successful business owner, a doctor, lawyer or a professional in any number of areas, it doesn't mean they have the knowledge or expertise to trump your management. Do they know more about running a private club, selling or marketing club memberships, growing grass or cooking food than their own club's expert staff? Not likely! Equally though, boards of directors do have an important role – defined more as a macro relationship. It's one of establishing policy, setting guidelines and ensuring the management implements the board's policies to the benefit of the club's members.*

## **PUBLISHER FINAL THOUGHTS**

So as you can see from my colleagues' comments, there are solutions...even in a poorly-functioning economy.

Just remember, there is no silver bullet...just multiple tasks completed over a period of time.

Over the years some board members and club owners have taken *Publisher's Perspective* to task for being too critical of boards of directors while not being critical enough of private club management.

Right now the criticism is aimed at both – club managers who don't share enough information about the private club industry with their boards, and to board members who just won't leave club management alone to implement the board's policies.

First, boards of directors have a fiduciary responsibility to the club's members and boards need to better understand the private club industry issues to help them make educated decisions for the betterment of the club.

Secondly, many board of directors are inclined to micromanaging their club's business affairs, telling management what to do when. My advice: Leave your management alone, keep your fingers out of management's pie!

Your general managers, directors of membership, golf course superintendents, golf professionals, chefs, controllers and others on staff have been trained to do their jobs. Clear out, let them do it.

Major disruptions often arise when certain board members, who ought to know better, believe they know more about running a private club than the club's management.

Just because a board member is a successful business owner, a doctor, lawyer or a professional in any number of areas, it doesn't mean they have the knowledge or expertise to trump your management. Do they know more about running a private club, selling or marketing club memberships, growing grass or cooking food than their own club's expert staff? Not likely!

Equally though, boards of directors do have an important role – defined more as a macro relationship. It's one of establishing policy, setting guidelines and ensuring the management implements the board's policies to the benefit of the club's members.

Here are some suggestions:

- The first step is a reality check. Check your board's and your management's attitude. Is there a positive attitude focused on your members' needs? Is it the economy or the 'product' that's holding your club back. Do you have the 'product' that future members want?

- Share any information about the current club industry with your members and if your club has serious membership issues tell them!!

- Go to war with these issues. If your club members know all the facts they'll get together and help solve your membership recruitment problems. Our clubs would be full, if every member referred one new member every 10 years.

- Focus on the fundamentals of membership sales and marketing. Do you have a person 100 percent in charge of membership recruitment. Do you have a retention plan? I believe if we work hard with our members and execute the fundamentals we will be successful.

- Adapt to your new member needs. Casual dining, day care, fitness facility with Pilates and spin classes, 'clubs within clubs', dancing lessons, karate class for kids, free junior golf lessons, more free golf clinics, family tees, children's tee boxes, dinner theater, business centers, 'going green' endeavors, more kids programs, and reciprocity programs with other clubs and organizations are some of the ideas that will build value to your memberships.

- Create more membership categories...all members today do not fit the 'one size fits all.'

- Clubs have an important role to play in our future where they should be the 'central community place' in every community – a place where families

meet, play and socialize. The intangibles of the private club will be the most important, the elements that create a sense of community and you don't need a palace for this to be accomplished.

So many clubs today have focused on the "tangibles"...the buildings, immaculate grounds, and the stately clubhouses as attractions for members and potential members.

And it's also precisely the reason why there are so many empty palaces across America today because these clubs focused on the 'tangibles' and not the people who make up the community, and who really become the reason for others to join their community.

It's the people...not the buildings that make the community!

Industry business professionals are prepared to go to war to protect and grow the private club industry. All we need now is informed board members and motivated club members to join us. No more "status quo."

We'll see you at the BoardRoom magazine booth at the Golf Industry Show. Make sure you attend!

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*

## TOP FIVE TIPS FOR MEMBERSHIP RECRUITMENT – FRANK GORE

Here are five approaches to solid enrollment in a private club.

**Develop an active, engaged and diverse membership committee.** Team the committee up with a professionally trained membership director. Engage the entire membership in identifying and inviting quality individuals that would improve the club and be compatible with other members. Focus on membership enrollment as the club's number one priority. Keep great records on enrollment and attrition. Meet monthly to identify candidates, entertain these candidates and actually recruit them as if you were a college trying to attract athletes.

**Develop a great website with both a public and members' only section.** Create great communication vehicles using email, texting and social media. Tie in point of sale information to member files. Allow online reservations, online bill paying and apps to smart phones and mobile sites. Be relevant to today's short attention span consumers.

**Develop databases from all guests of the club.** Golfers, tennis players, dining guests, wedding and business meeting attendees. Use these lists to develop member invitations. Develop welcoming strategies to new residents, new businesses and new communities.

**Make the club the place in town where major decisions are made,** major announcements are delivered and the city's important people gather. The club needs to be viewed as relevant, current and the **in-demand location.**

**The club needs to have a signature.** When people in the city talk about the club they need to say, "That's the club where..." (Fill in the blank- what do they say?) What is the club known for – signature events, signature menu or service items, signature golf holes, signature members, or charitable alliances?

Your club needs an identity, a brand. The stronger the brand, the greater the demand.

*Frank Gore is a 45-year veteran of the private club industry and currently chief marketing officer at Eagle Golf. Frank can be contacted via email: goregolf@aol.com. Comments, questions and interest are encouraged.*

## FIVE TOP TIPS FOR MEMBERSHIP RECRUITMENT – RACHEL CARTER

**Do your research.** Understand your market and develop a product that will attract new members.

**Enlighten your club leaders with informative facts** to guide them to make proper decisions.

**Connect with your current membership.** Gain their support for your recruitment initiatives.

**Become an interpreter of your product.** Immerse yourself in your club and understand your member/prospective member behaviors.

**Deliver measureable results to your club leaders** in order to build confidence that this approach is ultimately the most successful for the club.

*Rachel J. Carter is director of membership development, Bella Collina Towne & Golf Club, San Clemente, CA. Rachel can be reached at (949) 498-6604 [www.bellacollinagolf.com](http://www.bellacollinagolf.com)*