



Why Membership is a Bad Financial Deal - and How You Keep Members Happy Anyway

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Successful clubs understand that happy, engaged members are essential for the club's long-term prosperity. These clubs find ways to keep their members feeling special about their clubs. They reject the notion that "I make more on the person who pays dues and the minimum without using the club," because this is typically a precursor to resignation.

For nearly a decade, virtually every initial presentation we've made to our prospective clients begins with the following two tenets:

"No one needs to [golf, swim, play tennis, fish, ride horses, shoot clays...]."

AND

"Membership is a bad financial deal."

No One Needs to...

Though many of us in the club business take for granted that our members are passionate about golf, tennis, swimming, horses, yachting, paddle tennis, bridge and a variety of other recreational activities for which we offer amenities and venues, it is indisputable that no one needs to do any of these things. In this article I'll refer to golf, but it is interchangeable with any activity central to your club amenities including dining out. When your members encounter personal crisis or hectic calendars these passions wither.

Membership is a Bad Financial Deal

Members can substitute for virtually all club activities less expensively on an a la carte basis outside the private club. Even the finest restaurants, for instance, do not request dues in addition to the meal price and few members play enough tennis, golf or other activities to justify their dues on a strictly dollars per use basis. A club with a majority of members in the "low dollars per visit" category is heading for overcrowding and deferred capital maintenance by unsustainably under-pricing facilities with lower overhead costs. Clubs

thrive on dues and cannot coldly view each aspect of operations as a profit center to be sold or shuttered if unsuccessful.

The quality of a la carte options such as other restaurants, swim clubs, fitness and golf courses has dramatically increased over the past decade. The differences in conditioning and access between public and private have narrowed in nearly all amenity categories. Even if you are the best at something, how much better are you than the next alternative?

There is more competition now in almost every market, but clubs with little to no competition from other area clubs still need to recognize the distractions posed by every other source of competition for members' time, attention and money. A club thinking it has no competition is highly vulnerable to future events. We have seen this firsthand at a club that had an eight-year waiting list a decade ago in one of the most desirable cities in the country and is now looking for members despite excellent facilities, history and location.

Then Why Do People Join Clubs?

The underlying reasons that people join clubs are emotional in nature and though families may discuss the social aspects they seek from a club, the other important emotional "wants" typically go unspoken. Clubs who care about recruitment, retention and usage by members shape their services around these emotional issues. This does not imply that club management teams need to become psychiatrists, however it does mean that key member concerns in all markets and at all price levels are similar: Security, Exclusivity, Sense of Belonging, Societal Arrival.

Security is the most fundamental need that replaces all others when threatened. Clubs cannot take for granted the level to which security implies members' perception that their children are safe and welcome at the club, even when unattended. Female members likewise want to feel not only safe in the buildings, parking lot and on the drive to the club, but also welcome. The lack of a security safety incident at your club in recent memory does not mean members necessarily consider it safe. Weak or inconsistent enforcement of rules, a non-welcoming atmosphere, or cavalier attitude can quickly make a member feel "unsafe." Members we've interviewed have commonly cited slack lifeguard practices - in some cases that led to a perceived "close call" with a child on the safety front - as reasons they have curtailed club usage, joined another club, and even quit the "offending" club.

Exclusivity was the mother of the club industry. Children as young as three understand that their clubs are more desirable when some people are excluded, and we have fortunately moved into an era where character is more important than skin color. One great way for young children to get what they want is to threaten another child with being "out of the club." This is

effective even if the club is nothing more than a couple of crayons and blanket on the floor. Nonetheless the majority of clubs do not prioritize exclusivity by any means beyond price. This includes high-end clubs that seem to value such characteristics at the Board level, and where something gets lost in the translation - especially for clubs recruiting members. When I ask clubs when they last removed a member for unbecoming conduct or mistreating staff I am commonly met with quizzical looks. We've worked with many clubs that have fallen trap to accepting all applications, yet it undermines the credibility, exclusivity and desirability of the club. One final note: don't mistake "exclusive" for "fancy."

Sense of Belonging is the set of "wants" that extends past the application process into how well the club fosters cohesiveness, friendship and ownership amongst its members. Members often have varying interests but great clubs generate a certain pride for the club's stature and for the member's role in the club. Clubs where new members feel isolated or established members know few members beyond their immediate group fail to satisfy this emotion. The secret to making members feel a sense of belonging is to acknowledge their differences. By treating members as individuals each feels special. Prior to technology advances in communication platforms and point-of-sale systems this was based on the memory, personality and endurance of the management team. Fortunately managers can now be armed with tools that leverage their time and make them look smart by cataloging key member usage and interest data.

Societal Arrival recognizes that the members of any private club are the most successful and sophisticated people in their respective social circles. Even relatively less wealthy members join clubs because they feel a sense of achievement. In many cases membership is a vehicle for self-reward or celebration of a new stage of life. Club members are accustomed to being the boss and familiarity does indeed breed contempt so it can be difficult for managers and club staff to receive frequent criticism from members and to then absorb that input without letting it negatively affect their morale. However, clubs that take their members for granted for any reason begin a slippery slope of negative emotions, so it is essential to de-personalize these issues, encourage and validate member input and then to embrace change as necessary.

Satisfying the Emotional Needs of Members

The most important two things clubs can provide to satisfy members are service and communication. This involves training, measurement and technology. From a service perspective it is essential that employees take the above principles to heart. Managers and boards need to establish service standards beginning with the simple goal of knowing club member names. No club with which we have worked has ever indicated they are not trying to

prioritize member service, but the vast majority lack formal benchmarking and quantitative goals. Annual surveys, monthly qualitative feedback, table cards, are the tip of the iceberg and third party involvement helps two-way objectivity so managers and board members aren't unfairly criticized in interpreting results. Clubs with an interactive web communication platform have the ability to conduct such benchmarking in subsets of members or across the membership quickly and inexpensively.

Communication is another component that is dramatically enhanced by an interactive technology platform, but the reality is that clubs with poor communication will simply have more efficient poor communication with technology. This is an area of great managerial frustration. Rely on the newsletter and you get ignored; stop using the newsletter and you get complaints. Too few letters...complaints; too many letters...complaints. Give up though and you are done. If a few people are unfairly complaining, you obviously shouldn't overreact, but widespread complaints about communication become the problem of the board and management - IT MAY NOT BE YOUR FAULT BUT IT IS DEFINITELY YOUR PROBLEM - so it must be addressed. Start by objectively asking some of your thought leaders for suggestions. A third party can often cut to the heart of the matter more quickly because members will be more forthright and they come free of politics and baggage.

Understanding the industry's fundamental challenges can not only unlock the mysteries of member satisfaction and drive club growth; it will restore enjoyment to your role as a manager or board member.

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