

MEMBERANDUM™

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Membership Categories: More or Less?

This is one of the most common issues clubs face, and it is one of the few challenges that established clubs with waiting lists have in common with clubs seeking membership growth.

Simpler is Better

My favorite membership structure is the simplest: One category of membership entitling each member to full and unlimited privileges for all club amenities. Families and singles all pay the same joining fees, dues, minimums etc. Fees and access are not governed by where a member lives.

The beauty of this is under-appreciated. Everyone is in the Club on the same level. Tracking membership privileges is simplified. There are members and non-members. There is no jockeying for position, lobbying or negotiating when one turns 80, injures a hip, divorces or moves. Staff members need not track how many times a social member has played golf or on which day of the week certain members are permitted to play. All members start on equal standing.

The Problem with Simple

The reality is that this extreme version of simplicity works best for clubs in extremely high demand, with no membership recruitment or retention concerns, and no financial worries. These clubs represent a small percentage of the club universe. Many newer clubs are servant to surrounding real estate development objectives. Even well established clubs pre-dating the planned residential community concept often find they need to create additional categories to attract social members or infrequent golfers. And finally there are clubs that could thrive under the extremely simple membership plan, but have opted to respond to special circumstances when a longtime member faces divorce or the prospect of leaving the club for health reasons or due to advanced age. Not wanting to make exceptions to rules, clubs often create new rules intended to address a specific situation. Sometimes these work well and stay in check, but other times they balloon out of control or become the gateway to further discounts.

Good Complexity vs. Bad Complexity

It is as common for a club to seek help in consolidating membership categories as it is to expand them. **Streamlining Categories** is a highly customized exercise in order to balance the rights of current members with the club's future in a way that does not create member unrest and also does not grandfather more people than necessary. Experience, creativity and diligence are crucial. **Category Expansion** can make sense in accommodating new situations encountered by present members, but it also can be very useful for clubs needing to grow. An established club may need more youth to secure the future. A growing club may find it cannot attract young families with its initial categories. Either situation might be a good opportunity to launch a Junior or Associate membership category with full or abbreviated privileges and preferred fees. Clubs with unusual amenities like an executive nine may desire some form of gateway membership with limited access to other amenities. The challenge is that there are few black and white answers once category expansion is under consideration. Decisions need to consider existing members and the desired objectives as well as potential pitfalls. The pitfalls are typically a blind spot for clubs since they have not seen the unintended consequences at dozens of other clubs.

The following questions can be helpful in considering whether new categories create good or bad complexity:

1. Is there a way to limit the number of people who apply for a new category (circuit breaker)?
2. How can the club place a moratorium on a category if the club's fortunes change?

3. How many members will be affected, and how will this change in the future?
4. Is there a way to apply the category as a test with a mandatory review or automatic expiration at a pre-defined date?
5. How can we ensure that the change does not create a slippery slope for other changes?
6. What documentation can we provide so future membership committees, managers and board members will understand the intent of membership decisions?
7. How do we ensure that the membership supports the changes?
8. If we desire growth, how will such new categories be communicated to target audiences?

Families and Individuals

One can make an excellent case for different family rates for Joining Fee, Dues, and/or Food Minimums. With minimums it is not worth the administrative hassle of having different minimums for families, individuals or even different categories. It may not be 100% fair, but since everyone should be using the club it should be a relative non-issue for everyone. If it is an issue the minimum may be too high or something might be wrong with the food. Neither problem is related to scaled minimums for families.

It is harder to justify the same dues for families and individuals. Couples and families have more people and can use the facility 200%-500% more than individuals assuming similar participation habits. Of course families have more competing activities so it is often overly penal to double dues. Dues premiums of 20-50% are common.

Joining fees are commonly the same for families and individuals, but families can pay a 25%-100% premium. This varies greatly depending on a club's situation and objectives.

Divorcees, Widows, Orphans and Three-Legged Cats

Divorce is more common than we sometimes wish to admit, and death happens sooner or later. It is understandable to attempt to modify categories for special situations.

When the path deviates from the family vs. individual context, unusual things sometimes happen. I have come across some interesting categories – too numerous to mention - that snowballed from a special treatment of these situations, and it is not unusual for a club to finally ask itself how it got painted into the corner with a category it no longer likes. Empathy for members needs to be balanced against the club's need for a manageable membership framework.

Use EXTREME CAUTION With These Categories

Dining - This is my least favorite category. The argument typically comes from an existing member that "many elderly members" will resign unless they could stay for a reduced dues amount and use the club only for dining. A companion argument is that "twenty friends that would join tomorrow if this category were available". Clubs often have underutilized dining space and like the idea of more food and beverage business and increased activity from a new membership audience. Expect the following problems to arise. First, few new members join under this plan. Second, the category fills with downgrading members that cannibalize dues. Third, a la carte member dining is almost never profitable at clubs so you are discounting dues to chase unprofitable revenue. Most importantly this category devalues the club by encouraging members to think of the club in terms of separate amenities. Often, those few new members could have been brought into an existing category. With rare exception dining memberships are a disaster.

Pool – Clubs cannot compete by pricing all amenities separately. Since kids go to school, pools are seasonal everywhere. Family-oriented clubs want to encourage children to utilize the club. Pool-only memberships send a second-class citizen message that undermines participation and loyalty. The pool is the gateway to the club for most children and it should be made easy for children to migrate from the pool into other activities that lay the foundation for active participation through the teen years and the next generation of membership. Pool-only memberships are also typically too different in price from social or sports membership, which creates a lower level of buy-in and erodes the club's image. Leave this one to the YMCA or community pool.

Senior – As a teen, I delivered homecare equipment to seniors. Delivery was free. My first gratuity was a can of Dole pineapples. Can't recall the customer's name, but I remember reading the racing form with another fellow - Townsend Orlopp - because he would turn off his oxygen to smoke a cigar and subsequently call for service to fix his non-functioning oxygen tank. I was never sure if he forgot or just wanted company, but I loved visiting him.

Despite my obvious reverence for seniors your club should not offer free or deeply discounted dues to seniors or super seniors if they enjoy the same privileges as everyone else. While older club members may be on fixed incomes, they often have stable wealth. If your club has a long waiting list, there are healthy routes to allowing certain members to downgrade their privileges and dues, but even in these cases I encourage extreme caution including: limiting the category to 10-20 people at a time, removing voting rights and closing the category when the wait list dips below certain safeguard thresholds.

Missing an unintended consequence or hidden opportunity in modifying categories has a compounding cost that is typically significant. These decisions can present real opportunities for member retention and recruitment, but they are danger opportunities. Involve experts, do not rush and consider circuit breakers.

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