Harry Gray: CMAA president speaks

For more than a quarter century, Harry Gray has been a club manager. With his only formal education what he could pick up in restaurants, Gray started out in foodservice back in 1937. Currently national president of the CMAA, Gray has been involved in the national aspects of the organization since 1960. During that time, the native of Orwigsburg, Pa., served as a regional director for the association, besides being on various committees dealing with CMAA business.

Gray started his career as a club manager at the Forest Lake Club in Columbia, S.C. in 1950 and was in charge there till mid-1955, when he took over the managerial reigns at the Edgeworth Club in suburban Pittsburgh. He remained there till December, 1965. He was then on his way to the Lancaster (Pa.) Country Club, where he served till February 1, 1969. Gray then moved to Oakland (Pa.) Country Club and managed there till December 1, 1973. At that time, he left Oakland to go to his present position as general manager at Exmoor Country Club in suburban Chicago. Following is a recent interview Gray gave to GOLF BUSINESS' Managing Editor Nick Romano:

Does the CMAA have a membership problem? Of the three trade associations involved in the business, the CMAA is the smallest in numbers. According to your national office only about 1,800 of the total approximate 3,000 members are at golf facilities. According to the National Golf Foundation, there are about 4,500 private facilities. Just about all them would have some sort of managerial position. Is there a membership problem?

Gray—I'm not certain myself at times why there's a difference in the numbers. I think first we must realize the national association totally depends upon local chapters for the development of membership. I think what you find at times in the local chapter areas is you have two things affect you. One is the lack of interest on the part of a lot of local members on endeavoring to offer the opportunity to managers in their area. Secondly, you have some chapters who are very firm in their beliefs that our association does not require size, but more want the quality of the professionalism of the manager. In this particular area, I think you'll find this retards potential growth. We recently completed a meeting of our membership criteria committee, at which time we re-evaluated our guidelines for eligibility for membership in the association. We have already reworked that completely and will open the door for many people who are in our industry who have not had an opportunity to take advantage of our association.

So, right now there are some plans in the working to maybe adjust to not necessarily a larger membership just because of the numbers, but based on more quality membership?

Gray—The object of our association states very emphatically it's to promote and advance friendly relations between and among persons connected with thee management of clubs and other associations in similar character. To encourage the education and advancement of its members and to assist club officers and members through their managers to secure the utmost in efficient and successful operation. Quite honestly, we feel and when I say we, I'm speaking for the membership criteria committee, we have failed in our obligation to abide by the object of our association. We have been reticent to offer the opportunity to people in our industry to join the association and we're going through some of the changes we're recommending. Hopefully, we can convince our membership they should extend the privilege to people. One of the individuals who probably is hurt the worst by his inability to join the association is the new manager, after taking over a club. Our current guidelines require he manage the club for a year before he is eligible to join the association or he be an assistant manager of a club for a period of two years. With that type of a guideline, the new manager is definitely hurt. One, he probably needs the association more in his first year of operation than he does later. It isn't correct to say he doesn't need the association, but the educational program and all and fundamentally, he's restricted from having that opportunity when he really needs it. We are endeavoring to correct this situation.

"When you talk about people under 30 years of age, you're talking about a reduction in interest in the private clubs. The word club still reflects what we lived through in the 1960s. The status symbol of the establishment and the negativism that existed with it."

Is the CCM program successful? There are supposed to be about 565 of them right now. I guess you're one of them. Out of a big membership, is it successful relatively speaking?

Gray—It has been very successful. The testing program we installed a few years ago has had somewhat of a retarding effect on the opportunity for people to become certified, though. Our members who are above 50 or 55 years of age looking down the road towards possible retirement 10 or 15 years away are very hesitant at that age to sit down and take a test. It's been many years since they've finished high school or college where they're accustomed to testing procedures and they are reticent and very careful about exposing themselves.

Much like the problems the PGA is having with recertification?

Gray—Same type thing. We had originally selected five textbooks on which these exams were given and have found our managers who have taken the tests, perhaps the first time may fail one section of the five, but upon taking the other section later have been able to pass it and become certified. The primary question there is, are you really judging the man on his ability to manage the club or are you judging him on his ability to read a textbook and remem-

his mind on management

ber what he's read to the point he's able to answer questions that are placed upon him? Our certification committee is endeavoring to decide now which is the best technique to be used for the purpose of testing.

The long range planning committee's is looking at the financial problems some private clubs are having. Has the CMAA adopted any kind of national policy that would help club managers in these specific clubs help the management of these clubs or help talk to the members that own the clubs work these financial problems out? There's been an awful lot of talk about financial problems but it seems no one has taken any action.

Gray—Financial problems at a private club are, of course, the individual club's problem. It does affect the total industry. We have endeavored through our education program to make the manager more professional in his ability to handle all segments of the club operation. They must know the food and the beverage, personnel, labor, labor costs, accounting procedures and understand financial statements and what goes into the development of financial statements to be more cognizant of control of the club operation so they can assist and keep the club in a better financial position. We have not, being an association of professionals, endeavored to establish any mandates as to what our managers, members of our association, should do in private clubs as a policy towards assisting in control of financial conditions to where the club is on a more sound basis.

Why is that? Just because you don't think it's any of the association's business what the clubs do?

Gray—What the clubs do certainly affects the members of our association. We endeavor to give our members, through the continuing education program and our seminars as much up-to-date information and knowledge as we possibly can that relates to club operations and to their ability to perform properly and efficiently for the club. We don't endeavor to tell them in any form of a dictatorial way or a policy way what they must do, must not do.

People in the industry say the trend is away from the private country club and maybe the NGF figures back this up and maybe it's going towards the residential development. Is the CMAA keeping abreast of this and also are you planning any kind of increasing educational effort to get the member ready so he could be hired at this kind of development?

Gray—Yes, in our continuing education program, we will be offering a specific course on property management and real estate development. What we are planning to do is offer this on a three-year basis of a continuation of this primary theme, preparing our managers to move into the current condominium complex type development club. Recently in Houston, I looked at a place called April Sound which is 65 miles from downtown. A 27-hole golf course. Director of golf for the facility is Davey Marr, a former PGA champion, internationally known and also a commentator on ABC-TV golf telecasts. There are very handsome condominium facilities, property on which they have homes that have been built there, swimming pool, the lake, the small marina, all of the facilities that we normally would find at an average club plus the built-in membership living in the area. We've got to prepare our people to be able to handle the problems and ramifications of this type of development.

What do you think about a development company, management company, like the Club Corporation of America, which comes in with their own trained people and runs a club for the membership? Do they have club managers that are in the CMAA?

Gray—Yes, they have managers on their staff running their clubs who are members of our association.

Do you anticipate utilizing these people to help convey this development idea to the rest of the membership?

Gray—Whether we would use CCA managers, I'm not certain.

Do you think club membership is still important for those people that can afford it? Dues are going up and in services, a lot of clubs are cutting back and there's discussion people in the 20-30 age bracket, upper middle class aren't really interested in joining clubs.

Gray—Generally, the private club as a status symbol for the upper middle class as we have know it to be for years still retains some of that status. It still retains status for those who are affluent enough. The status of social growth and also the opportunity to participate in sports activity within a confine where they know they can enjoy themselves and share time and effort with people of similar social backgrounds is still attractive. When you start talking about people who are under 40 years of age, or perhaps you might say under 30 years of age, you're talking now of a reduction in interest in the private clubs. The word club to a lot of those people 35 and under still reflects what we lived through in the early 1960's. The status symbol of the establishment and the negativism that existed at that time towards the establishment and clubs were part of it.

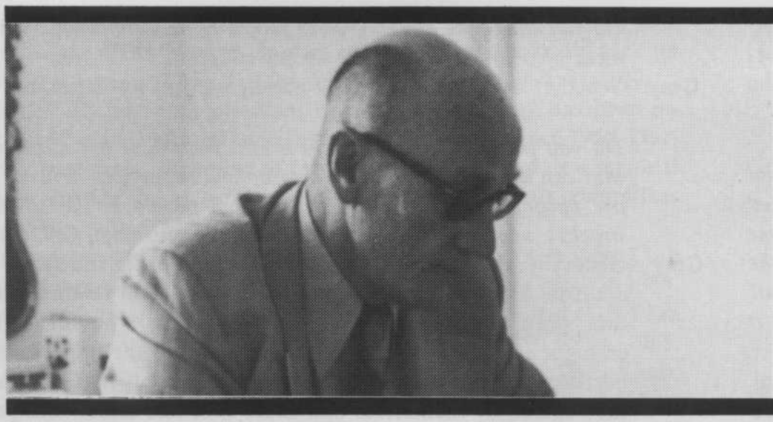
"The market is changing. Condominium complex type development clubs look like the future of the business. We've got to prepare our people to be able to handle the problems and ramifications of this type of development."

Are there any kind of club recruitment programs? Many club managers or club presidents have some sort of hesitation about that word recruitment.

Gray—Let's say there's not a specific recruitment program, but I can give you a feel of what happened right here at Exmoor. We've had young men who have grown up here, who played their golf here as 12-year-olds, 15-year-olds, 20-year-olds, who at the time they reached 24 had to make a decision since they were no longer a dependent member of the family. Whether they would or would not join the club in their own right. They've enjoyed curling with the men and the adults because this was another sports activity they were exposed to as a junior through the program we run here for children. Suddenly, we found because of the initiation fee and the dues structure, they were going elsewhere to join clubs which were offering the opportunity at a much lower rate. Our board faced this problem last fall when we lost, I guess a second or third son out of our membership to another club. We established a more reasonable initiation fee and a more reasonable dues structure. We dropped from an $800 to a $200 initiation fee. We dropped from $60 a month to $20 a month for the junior members.

That really has to hurt a club. You've invested a lot of time and probably a lot of money into cultivating this youngster and then all of a sudden he's gone.

Gray—What the board did when they established these reductions in rates, they also established a maximum number of young men they could take in. To protect the sons of members who might be interested, the club turned around and set the priority system, so the son of a member would have preference if he's on a waiting



"I think there is a saturation point in the members' eyes as to how much dues they can afford to pay. Increasing the dues will continue because the increase in normal inflation is something we can't control."

list to join in that category, would have preference over a young man who is endeavoring to join who is not a son.

Has the CMAA ever adopted policy on the general manager concept? There are an awful lot of people in the association for it and you're a general manager.

Gray—We have never made a formal statement on this. The primary reason for not having made a formal statement is we did not desire to antagonize the other two primary trade associations. The men with whom we work, the golf professionals and the superintendents. We are all living with our own philosophies on this particular thing. Generally, most private clubs are finding a need to go to the general manager concept. They no longer can devote, as individual board members, the time required to properly oversee and control the function of the various departments of the club. They find also they need one central control especially from the standpoint of communications and finance. This equates to developing in this situation where the general manager concept becomes involved. One man has to stand up and be counted for the total performance of the club and its operation.

Do you have that situation at Exmoor? Do the superintendent and pro both answer to you? How long has it been that way?

Gray—Yes, since I came here.

Is there any animosity between the various associations about who will get the general management positions? I noticed at the GCSAA national conference two years ago in New Orleans they had a seminar with a lot of superintendents worried about it. Lately, a lot of golf pros are concerned about it.

Gray—It has caused some conversations both locally and nationally. Under the old system of club operations with committee function, committee chairmen serving, the superintendent and the golf professional reporting to committee chairmen enjoyed a great privilege of absentee ownership. They might have one meeting a week with the individual chairman to whom they're responsible. The rest of the time they were free to do as they wished with no control, no supervision. Five years ago, I was up in Albany, N.Y., to speak to superintendents, professionals and managers of that area. The subject was general management. I found, there were three men sitting in the room who were superintendents, who had been made general managers of their respective clubs. It falls back on the point, I've always made. It's the club right and responsibility to select, if they go into this concept, an individual either from their staff if they have that talent or secure the talent elsewhere. It's a requirement, that if they select their current pro or superintendent, they must replace that individual in that particular respective job so he functions as a general manager. He then has the key department head in the position which he has vacated.

Of course a lot of clubs haven't done that. They've just cut costs and not hired another man.

Gray—This is true, they haven't hired the extra pair of shoes to fill in. It's very difficult to function as general manager if you also have to function as a superintendent at the same time or function as a pro or function as a regular clubhouse manager as well.

Does the association have any figures on how many of its members are general managers?

Gray—I don't believe we've ever really taken count.

Last March in Skokie, Ill., the PGA had their first annual General Manager Seminar. What does the CMAA think about it and also the fact you didn't have anybody there to speak at this function and the GCSAA did.

Gray—Do you know why? The PGA didn't ask us to participate.

What do you think about the PGA starting this program up? The GCSAA has talked about it but there has never really been any kind of formal seminar other than at the national conference.

Gray—I think the association has the right to offer that type of service to its membership. We must be aware of the fact the general manager must operate in the concept he is the administrator of the operation. And he must use the technical abilities and expertise of his department heads. The same as the club manager using the expertise of his chef. He must count upon those men to give him the advice and guidance of specific techniques and information required in their respective areas, so he can be aware of their problems and perhaps give them some input towards solution to them. But certainly, not be the man who decides that yes you should go out and water the greens today. This is kind of where you count upon the ability of the superintendent to do his job or to involve yourself with the professionals in the extent you tell him how his boys in the shop should function.

Is there any kind of legislation pending on service charges that could be thorny for club managers in the future?

Gray—The majority of clubs today are handling things on the basis of a service charge rather than on the basis of tips in the private clubs. Now the area that gets involved here is what the club does with the service charge it collects. Some clubs will collect a service charge and not give any of it to the employees except by paying them a higher hourly wage rate than is generally paid throughout the area in which the club is located. Other clubs take the service charge and pay back all of the service based on the waiters name on the check in the form of gratuities to them and then report it as income which is taxable. Then other clubs will turn around and take the service charge and share part of it with the employees in the form of monthly bonuses or retain some of it for perhaps Christmas funds.

Gray—*Some clubs in the country have had unions move in. In the Detroit area, the Teamsters represent the superintendents crews. Is this a problem for the future?*

Gray—Predominantly, union problems in the club industry are in city clubs in major metropolitan areas. New York City, Detroit, San Francisco, are places where the local hotel and restaurant union is strong. There you will find unions have moved into the private clubs. Now you also find places like Pittsburgh where they endeavored to unionize one of the city clubs and the club was able to keep the union out only because they were paying 10 or 15 cents an hour higher wage than the union was locally getting in the hotel industry for the same positions. The private club continued to maintain this policy. If the union negotiators affected a new contract at the hotels, with increases the club automatically increased to just a few cents above what the union contract called for.

Do you think increasing dues is a trend to continue or will it level off— If not, will it hurt the growth of the industry?

Gray—I think there's a saturation point in the members' eyes as to how much dues they can afford to pay. Increasing the dues will continue because the increase in normal inflation is something we can't control. Our electric bill in the last year and a half has gone up better than 30 percent because of what the Illinois public utilities commission has granted the electrical company. We can't control that kind of an increase. We have no relationship with it whatsoever. We can't even go look for another source. We can do this with products we buy, but you can't do it with some utility operation. We must be aware that every time we affect a dues increase in the private club industry, we perhaps reduce the possibility of our members utilization of the club facilities. If a member is spending $1,500 a year and he's paying let's say $1,200 dues a year and the dues suddenly go up to $1,400 a year and he has been spending about $2,500 a year for his pleasure at the club, so that when the dues go to $1,400, suddenly he's going to have to somewhere think about reducing his other expenditures at the club in order to maintain his budget level at the $2,500 figure. When dues increase, patronage drops off a little bit on the part of the members.

What's the structure like for a club down south for instance? The northern season is shorter for golf. I'm a golfer, if I'm not into paddle or if I'm not into curling and there's no indoor tennis facilities or indoor pool, does the member in the north get a lot less for his money than the member in the south or are dues higher in the south to account for the 12 month season.

Gray—Dues are more reasonable in the south, generally speaking. Of course, you have a higher tax structure normally on your real estate property taxes in the metropolitan area versus the southern areas. You have more 12 month operations down there than you have in clubs up in the north. The golf season ends in October and from then until April, the member can't play golf. He ceases to use his club in many respects. The northern member usually plans a vacation, if he can, during the winter months to go south and

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play golf somewhere in Florida or the west. So, the monies he would perhaps normally be spending with you at the club are being spent elsewhere. The club loses that potential revenue. Down south they have other advantages in their club operations. In the northern metropolitan areas you usually find a fairly good caddy program, at mostly your good clubs. In the south, you find practically no caddy program, all golf cars. That's very fine revenue. I just came back from a Houston club where greens fee income is over $200,000 a year. Their golf car income is over $100,000. There's 100 cars running every day. Take that picture of revenue coming in and you can maintain a low dues profile. Come up north and the average private club generates $20-$30,000 a year off the car program. Greens fee program maybe another $20-$25,000 if it's reasonably heavy.

As far as cars are concerned, a trend is pros losing the concession and it going back to the club, and when it goes back to the club, assume that this is being administered to by the club manager. Is this what you find and is the club manager making the buying, renting and leasing decisions or do the pro and superintendent still have a lot to do with it, from your own experience?

"We recently were involved in a White House briefing, in which the President's staff tried to let our industry be aware of what the government is doing. But outside of having the opportunity to spend two hours with these people and be briefed by them, that is about as far as it went."

Gray—I would say generally that on golf cars at a private club, the final decision, of course, is made by the board.

Is the trend to lease?

Gray—I think the trend is to own. The professional is probably responsible for the golf program and may be responsible for supervision over the car maintenance man. And in effecting a good program, his salary may be increased somewhat for this added responsibility. The superintendent generally in most of the clubs really has nothing whatsoever to do with golf cars. The clubs usually have a maintenance man handling golf cars and generally he's responsible to the professional.

What do you think about the real estate tax situation, especially in the east? There is an awful lot of grumbling from club presidents and managers that taxes are getting way out of hand.

Gray—Oh yes, taxes continue to go up. The problem that we all live with. Government values land on the basis of what an acre is worth on the market, and taxes us on that. If you were going to build a property development here, we'd close our doors. We'd have to. There's just no way for the club to be paying $150, $175, $200,000 a year in real estate taxes.

What causes high taxes to clubs? Is it just outside pressure from community groups? I get the impression people in state legislatures or their constituents look at private golf courses and clubs as old fashioned playgrounds for the rich and that kind of thing. Is that what stops Greenbelt legislation?

Gray—That plus the fact you have pressures from school boards needing funds with which to operate school systems today.

Is there a way, CMAA chapters can lobby for you at state legislatures where this legislation is begun?

Gray—Well, the National Club Association was founded primarily for this principle and purpose. In New York state they have a state club association. The managers group in the Westchester area got it off the ground along with the help of others upstate. They have been working towards trying Greenbelt legislation, but they haven't got it yet.

What about as far as CMAA is concerned? From a vested interest, if clubs contine to have financial problems backed with tax problems that kind of paints a bleak picture for the club manager. What can you do? Is it just an insurmountable problem the association just doesn't know how to deal with?

Gray—No. If you go back in the history of our association, it was about 1963 when our association assisted in the founding of the National Club Association and its development. And it was through the managers of our association in the private club industry endorsing and getting their clubs to take membership in the National Club Association that it became a viable instrument for the purpose of lobbying on tax and legislative matters. In 1965, members of our association attending the conference in Washington, D. C. went up on Capitol Hill in mass to their congressmen and senators and held meetings with them during the week to make an effort to reduce the 10 percent excise tax that existed on club dues and we were fortunate enough to be able to get good ears and some action. And it did get wiped out. That was the last move our association made in tax and legislative matters.

What about this White House briefing in February?

Gray—The White House briefing in February was merely the President's way of establishing liaison with industry. His staff tried to let industry be aware of what the government is doing and to hear industry's problems. But outside of having the opportunity to spend two hours with these people and being briefed by them, that is about as far as it went. We gave them an awful hard time on EPA.

You mean from the green area?

Gray—From the standpoint of insecticides, fungicides and pesticides taken off the market and are no longer eligible to be manufactured.

I thought the CMAA would be much more worried about OSHA than EPA. OSHA seems more of a threat to you. Is it?

Gray—I think most of the managers in the industry today have got their houses in the proper order in relationship to OSHA. I don't say we can't get hit. The private clubs have not been bothered by OSHA too much.

What are some of the other problems you discussed at the White House?

Gray—The grading of meats. We reflected to them the need for top quality prime beef especially what we have in the club industry, and we felt they were reducing quality of the meats made available because of the grading system they were establishing.

Can your members really tell, really know, or is it just club managers and chefs that know about this grading controversy?

Gray—I don't think the average member is even aware of the fact meats have been down graded. □