

PKF report: Number of members fell 1 percent; dues increased 6 percent

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percent a year ago, as opposed to the double-digit hikes of recent years.

Meanwhile, the recession has slowed membership growth. The average number of members fell 1 percent in 1992, compared to a 1.4 percent increase the year before. Dues increased 6 percent, down from the 7.3 percent jump in 1991.

Rising costs and falling memberships have left club manag-

ers in a monetary squeeze.

"In response to a difficult financial environment, managers have had to cut payroll costs by eliminating waste. They have held back on raises, limited new hires and occasionally eliminated positions," said PKF Consulting Director John Crow, who presented the Country Clubs 1992 Flash Report at February's Club Managers Association of America Annual Conference in Nashville, Tenn.

Course supplies, contracts

and other expenses rose faster than payroll costs, but not as much as in past years, Crow added.

As a result of their frugality, managers were able to cut their clubs' average net loss in half from \$21,000 in 1991 to \$10,500 in 1992.

"The good news is clubs have reduced their losses. The bad news is they are still losing money," Crow said.

"Many clubs were set up as not-for-profit operations. But

you have a lot of [private] facilities that were supposed to make money that aren't."

The short-term economic outlook gives managers little chance of further reducing their losses, Crow said. If anything, the red ink is likely to flow more freely.

Having cut about all they can, few financial efficiencies remain, the PKF consultant explained.

"If you start cutting back on the quality of the golf course, it makes it even more difficult

to sell memberships," Crow said.

Memberships are likely to remain flat as the economy slowly improves. A soft market will make it more difficult to raise dues than it was a year or two ago, he said.

Inflation will continue to drive operating costs up somewhat. But even more ominous are the payroll- and energy-related bills Congress is considering, Crow explained.

"New taxes will force up the price of petroleum and anything that is petroleum-based, which is the case with many course chemicals," Crow said.

Proposed legislation to reduce the deduction for business meals from 80 percent down to 50 percent would hit hard at food and beverage revenues, which already dropped 1 percent last year, Crow noted.

Many clubs have reduced their dining room service to further cut costs. Others have allowed outside play on their courses and created new membership classes to add revenue.

The silver lining might be the fact that little new private club development has taken place recently because of the difficulty developers are having obtaining financing.

"If the economy starts to improve, members will begin stepping up to the plate again," Crow predicted.

The full *Clubs in Town & Country* report should be available this summer, Crow said. In response to managers' demands, the survey should grow to 300 to 400 country clubs, up from the 250 sampled last year.

Past reports have concentrated on member-owned country clubs. Reflecting the changing marketplace, the 1993 survey will include more real estate developments and management company-operated facilities, Crow said.

The new clubs will undoubtedly change the figures compared to past years. But breaking them into more categories will allow readers to "compare apples to apples," he added.

Because of the additional clubs, the report will cost somewhat more than the \$50 charged a year ago, Crow said. Copies will be available by calling PKF at 404-842-1150.

KEMPER, AMERICAN GOLF SQUARE OFF IN CHICAGO

CHICAGO — American Golf Corp. and the Kemper Lesnik Organization are vying for the right to manage the golf courses contained in Chicago's Park District. Chicago-based Kemper appeared to have the inside track before citizen groups cried foul, claiming the process was not put out to open bid. In jumped AGC, which is based in Santa Monica, Calif. A decision is due any day.

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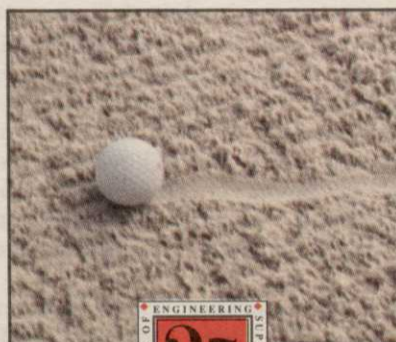
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