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CLUB MANAGEMENT OPTIONS

Very few in the golf industry understand the diverse impact each of the three club management formats profiled below can have on the quality of club operations and the careers of professional staff. The purpose of this commentary is to educate regarding club management options.

COMMITTEE-DRIVEN FORMAT

From the time the U.S. Golf Association's five original charter member clubs opened in the late 1890s to the first oil crunch era of the mid-1970s, almost every equity private golf club throughout America was managed via a committee driven format – a format that survives today with the board of directors setting club policy and in which board members are appointed to chair and manage committee programs. Professional staff is hired by and reports directly to their respective committee chairmen. A club manager provides support to the various committee programs.

Advantages: (1) low management cost because so little direct management responsibility is vested in the position of club manager; and (2) a proven capability to generate ample budgetary funding to meet club needs.

Disadvantages: Because the club has inexperienced amateur board members setting policy and managing departments, club operational stability varies considerably from one administration to the next. This inconsistency undermines the quality of club life and economic efficiency, which collectively place negative pressure on the membership development and retention process. For these collective reasons, the committee management format has become a dying breed from the late 1970s on, surviving primarily throughout northeast America.

GENERAL MANAGER-DRIVEN FORMAT

Once the mid-1970s oil crunch changed the economics of the country, and, accordingly, the economics of the club industry as well (see my March 2006 column), the club industry could no longer trust direct management responsibility to the hands of wavering amateur board members serving as committee chairmen. The obvious answer to this problem was to invest more direct management responsibility in the office of club manager, with the board of directors continuing to set club policy. Thus, the new and continuing era of the club general manager was born.

Advantages: The concept of a quality general manager remedies all the problems listed above generated by the committee-driven format, providing a club with its best opportunity for stabilized quality management. Consequently, better-qualified club members feel comfortable seeking board service, which elevates club performance considerably.

Disadvantage: Long-tenured general managers tend to dominate club governance, thereby creating, in due time, a staff-driven format that has its own set of problems.

> Clearly, the general manager-driven format delivers more consistent quality management than any other format.

CONTRACT-MANAGEMENT FORMAT

Uniquely, contract management turns the entire club management and maintenance responsibilities over to an outside company, which provides complete staffing and operates the club within the budgetary parameters set by the club's board of directors.

Advantages: This structure eliminates the possibility of bad management by providing a minimum level of acceptable management, stabilizes operations, reduces the cost of goods through central purchasing, and spends available funding efficiently.

Disadvantages: While protecting against bad management, this format unfortunately prevents a club from achieving a high quality level of management because the industry's best professional people don't seek career advancement through contract company employment. Also, the added layer of outside management cost can be expensive, from $100,000 to $1 million annually.

SUMMARY OBSERVATIONS

How many of the approximately 4,600 equity private golf clubs throughout the country use each management format? Committee driven – about 1,200 clubs and shrinking; general manager driven – about 2,800 clubs and growing; contract management – about 600 clubs with static growth.

Which format offers the best possibility for consistent solid club management? Clearly, the general manager-driven format delivers more consistent quality management than any other format. Contract management is safe but never exciting, and committee driven management is highly volatile and capable of going every which way.

What's the impact on golf course superintendent's careers? While committee-driven clubs generally make the most maintenance funding available, they also dismiss a highly disproportionate share of all superintendents throughout the country because of board politics and inexperience. The best place for a superintendent to work is under a solid general manager who's secure working with a strong staff (not all are). The benefits of working for a contract company are always worth noting: better job security, optimum fringe benefits, constructive professional supervision of the superintendent's work (not available any where else), and meaningful learning opportunities through company education and procedural infrastructure.

The qualifying element of contract management is that superintendents will never earn top money. The moral of the story, therefore, is to work under the contract management structure early in one's career, then switch out to gain access to pedigree jobs that will qualify a superintendent for top money if and when this becomes important. GCI