Henry DeLozier is a principal in the Global Golf Advisors consultancy. DeLozier joined Global Golf Advisors in 2008 after nine years as the vice president of golf for Pulte Homes. He is a past president of the National Golf Course Owners Association's board of directors and serves on the PGA of America's Employers Advisory Council.

FIVE FINANCIAL INSIGHTS

As the 2013 budget season gets underway, owners, operators, superintendents and managers are finding that knowledge is far more valuable than a calculator or spreadsheet. If you have budget responsibilities, here are five insights to help you map your facility's financial plan.

LOCAL MARKET UNDERSTANDING TRUMPS MACRO VIEW. Most facilities rely on macro-level research – the number of rounds played and the ebb and flow of the golfer population – as leading performance indicators. While research from PGA PerformanceTrak and the National Golf Foundation help elucidate this kind of information, understanding local market data is more important. Readily available U.S. Census Bureau data, for example, reveals shifts in population, household earnings and consumption that help you gauge your market's health and vitality. Golf trends have remained soft and demonstrate the "slow leak" that NGF CEO Joe Beditz has warned of for years. But growth is more likely for facilities that have better and more actionable data to support their investment in programs or capital improvements. Local knowledge is a competitive advantage.

MEMBERSHIP OPTIONS GENERATE INCREASED REVENUES. Barring a significant economic reversal, 2013 membership sales will improve over 2010-12 levels, and more likely where facilities offer membership options.

Although traditional equity memberships have fallen into disfavor at many clubs, club membership – the desire to be a part of an exclusive group with common interests – remains attractive across diverse market segments and geographies. The trick is to offer flexibility that encourages consideration. For example, many clubs are adding new members through local marketing and programs that promote low-risk, easy-to-access memberships. Non-equity, non-voting memberships that require a one-time joining fee are attractive in many markets. While the price range varies by market, the value is in attracting and keeping dues-paying members.

Discovery or trial memberships are also a useful method for attracting potential members who want to try the club before making a financial commitment. Trial memberships often offer attractive joining fees and dues that are similar (if not the same) as regular dues. In addition to discovery memberships, international and generational memberships are finding market support.

> "Management teams can reduce this cost escalation through careful consumption control and procurement practices."

RECRUITMENT AND RETENTION PLANNING SUSTAIN GROWTH. Programs such as the PGA of America's Golf 2.0 initiative are building interest and attracting players. Recruitment, which requires constant attention and effort, is a part of most clubs' business plans. In 2013, savvy operators will focus on retention, including tactical solutions for retention – rewarding participation based on predetermined targets and competitions that reward the customer who plays the most rounds.

COSTS FOR CONSUMABLES AND PETROLEUM-BASED PRODUCTS WILL INCREASE. Corn prices, which are trending upward following a drought-ravaged 2012 harvest, will drive up costs for everything from syrups and oils to meats and poultry. Fuel prices will escalate and be affected by events such as Hurricane Isaac, which shut down several refineries for short periods. While U.S. fuel costs remain low compared to most oil-consuming industrialized countries, price increases impact all goods and services delivered to your facility.

Management teams can reduce this cost escalation through consumption control and procurement practices. Participating in procurement programs, which take advantage of volume-purchasing, can partially mitigate cost increases. If in doubt, ask one of the large procurement services to show you how much it charges customers for certain products and then compare your costs.

OVERHEAD COSTS TIED TO INSURANCE AND COMPENSATION WILL GROW. Until the new Club DNA program launched by the Club Managers Association of America is readily available, insurance costs at most clubs will continue to increase. By rewriting the risk profile of your club – the strategy behind the new CMAA program – many facilities will reduce their premiums.

Most alert club leaders have developed a compensation strategy within the club's overall business planning model. Many clubs deferred bonuses and pay increases for a year or two during the depth of the recessionary cycle. But most have begun to acknowledge the critical and competitive importance of retaining top-performing employees. As such, overall compensation for the club segment will increase in 2013; the turnover of poor performers and continued reductions in force will be used to combat these increased labor costs. **GCI**