A CASE OF SUCCESS AND FAILURE

This is the story of two country clubs, both of which were located in a large midwestern city. Both started out under similar conditions and circumstances. One is now a thriving active club with over 500 members and a waiting list. The other, after 12 years, went broke. The story is true. Hopefully the causes outlined in this story of the success of one club and failure of the other will be of some help to persons involved in the direction of clubs.

The successful club at the start had an old public golf course that was fairly run down, but playable. The pro shop was ancient; it was even heated by an old wooden stove. An elderly couple had owned and operated the facilities for 30 years and wanted to sell to a private club group, but no private club group wanted the facilities. My job as a golf course consultant, therefore, was to form and sell people on the idea of organizing a country club. It wasn't easy, but within four months enough people had bought stock and membership in the club to take it over from the owners. With 225 members, each buying $270 shares of stock, a substantial down payment was paid to the owners. A balance of just under $100,000 was to be paid off over a period of about eight years.

The next problem was to make as many of these charter members as possible feel that the club was theirs and that it was their responsibility to make the club serve their present needs. The board of directors and myself felt that if we could get 50 per cent of the members really sold on the club, we could then set up goals to transform the existing facilities in a fine club.

The unsuccessful club started with a new golf course, a swimming pool and a small but adequate pro shop and grill. Like its cousin, this club began also with about 200 members and about the same amount of indebtedness. The general management of the club was delegated to the board of directors. It was obvious within several months that something was drastically wrong. The membership was inactive and bored.

The first mistake in a series of mistakes in this club's case was not getting the majority of the stockholders to feel a part of the club, which ultimately affected the board's ability to accomplish goals and to communicate with the membership. The board should have put at least 50 of the members on some working committees. Due to poor planning and organization these several hundred members became apathetic.

With the average country club, the success or failure in most cases stems from not actively selling the member after he becomes a member. The board of directors has to appeal to the membership for their support in achieving the goals they all want. It may take from 10 to 15 years to complete the average country club. Very rarely does one begin with a "finished" club. Goals take time and these goals can only be attained by getting the members organized to work for the club.

To sum up, one cause contributing to the failure of the losing club was that the general membership was ignored. Had this same membership been made a part of the team they would have been interested enough to go ahead and make future plans for improvements.

Let's go on. The board at the losing club then decided that a new clubhouse would excite and activate the bored members, but the question of cost had to be considered.

It is a hard job to sell to an already unhappy member the idea that by putting up another $500 he suddenly will become happy. One of the basic functions of the board of directors is to communicate with the entire membership. With no active committees to assist in communications, there is no way the board can know the true feelings and thoughts of its members.

The board at the unsuccessful club was betting that this new clubhouse would attract the 300 more members they needed and concurrently satisfy those members they already had.

This is a poor gamble anyway one looks at it. First, the original stock had to be raised to take care of the cost of the new clubhouse. It is difficult to sell a $1,000 share of stock without a new clubhouse; it is even more difficult to assess the limited membership $500. The directors ignored these important factors and proceeded to build an

THE AUTHOR CHRONICLES THE HISTORY OF TWO COUNTRY CLUBS—ONE SUCCESSFUL, ONE A FAILURE—AND EXPLORES THE VITAL DECISIONS THAT WERE MADE IN EACH CASE

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expensive $350,000 clubhouse.

This move signed the death warrant. The new clubhouse did not entice one new member to join the club, and the assessment to the membership caused most of them to leave the sinking ship.

With good organization the club could have sold another 300 members without a new clubhouse, because they already had a fine golf course and all the potential in the world. A point to remember is that the good golf course had little if no competition, but a clubhouse competes with every cafe in town, with TV, supper clubs, baseball and football. With old line clubs the social features involved are practical, but with the average country club, most of the social activities are centered around golf.

The successful club also needed some sort of clubhouse. The clubhouse, however, had to fit into the pocketbooks of the membership. The building committee in charge of the project came up with several sets of clubhouse plans.

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Their primary concern was to build something adequate, but not out of the reach financially of at least 95 per cent of the membership. Wisely, they built about two-thirds of the clubhouse, including the basic requirements: locker rooms, grill room and dining room. This partial clubhouse served to satisfy the needs of the membership for the present time and was financially practical for almost every member. The financing of the first phase was done through a local bank which amortized a loan of 15 years. The cost to each member was $5 a month tacked onto his monthly dues. (Incidentally, the clubhouse was completely finished by another board of directors about 10 years later at no additional expense. That is, the $5 tab was still enough to take care of the costs.) The key to the winning club's success in getting a new clubhouse was based on two factors. First, coming up with several alternative plans; second, building a clubhouse that over 90 per cent of the members could afford.

At the unsuccessful club about 25 members decided to put up about $200,000 of their own money to keep the burial from taking place. It so happened that most of these benevolent souls were also ex-board members. Now instead of just the usual nine board members there were 25. The supervisory people they employed had no experience in professional management areas required to make any golf facility function. Within several months these men were trying to get back at least 75 per cent of their investment.

Had the majority of the original board members acquired the services of competent people and organizations and put their advice and consultation to use, the club would be thriving. Six months prior to the death of the club, four members joined my club. My club had an old worn-out golf course and a functional, but not fancy clubhouse. Why did they leave? They said that they had been members of their club for six years and had never felt that they were members. One of the group said that the board hadn't been honest with him; they should have told him it was going to cost him $500 more to build a new clubhouse. A couple and their three golfing sons said that they went to a board member and said that they couldn't afford to pay the $500 assessment. The board member said, "If you can't afford a country club, you don't belong." That last remark is a thought too many directors have and it has caused more financial problems and unhappy members than anyone could possible comprehend.

After one full season, these 25 investors tossed in the towel and put the club up for sale. While waiting to sell the club, the facility was opened to the public, which kept the club breathing just enough to keep the heart beating. Just before they started to throw the dirt on the club, a local businessman purchased the layout. He paid slightly less than $200,000, which was about $500,000 under the appraised value.

What can be learned from this study? Primarily, being a board member is more than honorary. It is a job that protects the investment of several hundred members. Before any board of directors makes a decision involving large and costly capital improvements, it should first base its judgment on how much the majority of the members can afford out of their own budgets. If the board is not considerate of the amount of money about 90 per cent of the members can spend, then a lot of trouble can begin. In too many cases a board will consider what only 10 per cent of the members can afford; that isn't practical or fair.

Board members should learn to communicate with as many members as possible. I remember one incident that involved a serious matter. Each board member voiced his opinion. One said, "Well I talked to a lot of people and they said such and such." I asked him to clarify what a "lot of people" was. Was it 30? 40? 100? He confessed that a lot was three members—of his regular foursome. The majority rule should always be in effect at the country club. To stay out of a lot of unnecessary trouble,

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it is wise to find out just what the majority of members feel and think about small and important matters. Some clubs have weekly and monthly periodicals to keep the membership informed. This is good, but to communicate successfully the officers must take a step further and meet the members face to face.

Most of the woes and much of the higher costs in club operations are caused by a lack of direction from the top. The average board member of a country club knows very little about golf and club business. But one way of heading off trouble before it occurs, is to work closely with the professional management personnel before making decisions on vital club matters. This doesn't mean that the board should tell the crew how to mow a green or the professional how to run his pro shop. It does mean that the board respects the fine line that lies between direction and management. □