

Membership Enhancement

If your goal is to increase membership and save thousands then read on.

Reductions, giveaways and the proverbial slash and burn mentality have been used by many clubs in an attempt to draw new members. Markets can be competitive. Some clubs may not have positioned themselves well to compete. They find themselves with less than full membership roles. Drastic action is taken. There is short term success but is the club better off? What market image does the club want to have after the membership program? Let's examine the options.

Most private clubs were set up to rely on the system of existing members recommending new members. This was great when the club was a homogeneous. Members were sponsoring friends and business associates. It is common today that when someone moves into a community and is interested in joining, the club will find them sponsors. As clubs have become less homogeneous, and there has been more pressure to maintain membership roles, clubs have been more active in taking in individuals that meet minimum social standards as long as they have the financial resources to pay the fees. In many cases members have abdicated their responsibility to sponsor members back to the club. The greatest impediment clubs face is energizing the members to fulfill their responsibility.

Clubs have tried many types of programs to re-energize the members.

Initiation Fee Discounts

This can make the club more competitive in the short run and possibly more attractive to the potential pool of new members. However, if a club started as a \$10,000 club and cuts the fees to \$7,500 then in most members mind they are now a \$7,500 club. Even if the cut is only short term. When the club wants to go back to \$10,000 at the end of the program it is common for membership applications to dry up. Potential members just wait for the next deal.

The second issue is with those members who have paid greater than \$7,500 over the previous years. They are not happy and believe that the club now is less valuable than what they paid.

New Member Incentives

Incentives other than initiation fee reductions can be effective. Dues deductions or food and beverage credits can be well received by both the members being sponsored and the sponsor. The issue becomes what is the right

level of incentive? Many times the incentives are not big enough to make an impact. Clubs also need to be careful about giving incentives to sponsors. Sometimes a new member will wonder if they were recommended just so the sponsor can get the incentive. If incentives are used they should be equal in value for both the new member and the sponsor.

There are several types of clubs that struggle with membership issues. They include:

The Small Town Club

This group includes clubs in a small town or small market that has low initiation fees, affordable dues and a status quo mentality. Unfortunately, by maintaining the low fee structures these club likely have not invested adequately in capital improvements. As business people are moving into the community they may be coming from areas with clubs that have better facilities and many times higher expectations.

What happens when a new high end public golf course, new gated community or other recreational facility comes to town? The club is no longer competitive, new member applications dwindle and membership roles take a hit. There best counter to membership issues is to improve. Yes – taking on debt or assessing the members will cost more if spread over a smaller pool of members. However, once the pain of the cost has passed the club is better off and healthier in the future.

The Middle Level Club

This style of club is normally in every market. Again the driving issue facing this type of club is competition. The club industry unfortunately is a keep up with the Jones style industry. Those clubs that are proactive and creative within their markets normally take the lead.

One of the issues that are common to these clubs is that they may have increased their initiation fees aggressively in the good times. Then things change. Competition comes to the market, the economy turns down or the club is poorly positioned to attract new members. This is the instance where a club may have to bite the bullet and cut initiation fees even understanding the downsides discussed earlier.

The High End Club

These type clubs have been at the top of the market for years. However, sometimes due to a lack of vision this type of club gets into the same problems as the other clubs. With the high end club there is one major issue. How do we maintain our reputation in the market? Can we run a program that generates new

applications, has class yet also encourages members to act and will actually be effective? The answer is yes.

The Certificate Program

The program cuts initiation fees temporarily without really cutting initiation fees. It energizes the members to act in a timely fashion. It feeds member egos and it maintains the reputation of the club in the community. How does the program work? Follow the steps below:

1. Develop a voucher good for an initiation fee discount of a minimum 20% or higher.
2. Provide a letter and gold sealed certificate each member. Congratulate them for supporting the club and give them the certificate that they can use as a gift to give someone else.
3. Have a time frame attached. Zero to 90 days full value. The certificate would reduce in value 25% for each additional 90 days and would go away after one year.
4. Offer an F&B credit (\$250 depending on the club) to the sponsor so they can take the new member out to dinner at the club once they become a member.

The keys to the program are simple. It

1. You never actually cut the initiation fees. If you started as a \$10,000 club you are still a \$10,000 club.
2. It gives members a reason to think about sponsoring a member.
3. The program has a time aspect that encourages immediate action while the voucher is worth full value.
4. It feeds the egos of members by providing them an opportunity to give someone something of value.
5. It is not a giveaway program that undermines operating income.

Back in the late 70's / early 80's one of the biggest names in the club industry found that the economy had caused a drop from 2150 members to 1950 members. They needed 9 members a month to stay even with those leaving. They implemented the program and it was so successful they reissued new certificates the next year and took in a total of 250 members over two years.

I have shared this program over the years with my clients. One club generated \$200,000 of initiation fees in 90 days. Another with very restrictive membership policies got members to, as they said "propose a person of character and

congeniality. They increased their membership 7 % immediately after having steady losses over the past years. Pretty good deal I say.

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