Master Planning

Ten Steps to Better Results or
What Not to Do in Master Planning

We regularly assist club clients as they develop and package effective master plans that will meet the needs of the membership for the long-term. It is amazing how well things go when we follow a few simple rules of what to do and what not to do during the process. By following a set of guidelines the club will save money, make fewer mistakes and generally end up with a quality program.

With all the case studies available that promote successful planning scenarios, one would think that it would be common sense for clubs to avoid the pitfalls that can spell disaster. Unfortunately this is just not the case. Following is a list of ten major points to consider. There are many more subtle issues as well. However, it is important to start with these ten.

1. Not including the members in the planning

This one seems so easy but clubs still make the mistake of not surveying the membership to help identify the appropriate program elements. When the club skips this step they too often find out that they missed important input. Club leaders then have to backtrack and rethink what needs to be included in the program.

This happened last year to one of our clients. They had spent a great deal of time planning. Eventually we completed a survey. The club found out that they had not considered the need for substantially more fitness services. Once we completed a new plan, with the addition of a new state-of-the-art fitness center the program easily passed.

2. Finance plans that include membership growth

It is not wise to plan for new membership growth to help finance a master plan. The club should develop the plan assuming a stable membership level that includes some initial loss and then growth back to present levels. Yes, it is most likely that membership applications will be more plentiful after the project is finished. However, it is speculation, and unwise, to build in growth that may not happen. Including such growth might undermine the expected capability of the club to pay debt in future years.

3. Including refundable assessments in finance plans

A classic mistake is to include a fully refundable assessment in a capital finance plan. This saddles the club with future debt that must be repaid. Most members will realize that, the longer they are at the club, the more enjoyment they have received from the improvements. If the club must use some sort of refundability, then they should make it reduce over time. Members will also understand that the longer they are at the club the more they have used up the assets. This is just as saleable to the membership and should not impact a successful voting process.

4. Negotiate future fees in advance

The worst mistake a club can make is to hire an architect, or interior design planner, for an upfront planning fee without knowing how much the company will charge if the club passes the project and then begins construction. The fees for developing contract documents, design, installation and contract administration are ways these companies make their money.

As the master planning progresses clubs tend to rely on the professionals, with the expectation that these companies will complete the future work. If the fees have not been bid in advance, the club is at a great disadvantage when it is time to contract for plan implementation. It is not uncommon for clubs to save up to $250,000 in future fees with appropriate oversight early in the process.

5. Recognize credit backs

Some of the work a professional completes as part of the master planning process is work they would have to do if they were hired outright to begin schematic design. The architect is at risk if the project does not pass and should receive the full planning fee. However, if the project passes, some of the work is really a part of the overall fee. Clubs should expect a credit back against future fees for a portion of this work. It is not uncommon for the credit to equal 50% or more.

6. Allowing aesthetics to take priority over function

If the club does not operate well after a major capital investment, then the project has failed miserably. Too many times we see clubs fall into the trap of sacrificing needed service areas to balance the budget, while aesthetic elements are retained. Such decisions can have a dramatic long term effect on the ability of management to deliver quality products and services. They can also result in substantial increases in the cost of overall operations in future years.

7. Selecting an architect that has little or no club experience

Clubs are unique buildings with special needs. The last thing the club should want is for the architect to be learning on the job. Select a group of qualified architects with substantial club experience, then bid the work knowing that each architect has the ability to provide an aesthetically pleasing and functional product.

8. Address the needs of all member markets

Many times a master plan concentrates on a major clubhouse or golf course renovation. The best programs include an evaluation of all services and facilities. When packaging a program, it is best to include a little something for every market. If the clubhouse needs $5 million, it is better to add another million as part of the initial work to address the other markets (youth, swim, fitness, tennis). This gives each member a reason to vote for the program.

9. Provide for multiple contractor estimates

Local cost estimating is critical to insure that the project is on target with the finance plan. Select at least three pre-qualified contractors. Make sure the contractors understand the importance of their work in budget development. Avoid using only one contractor for estimating.

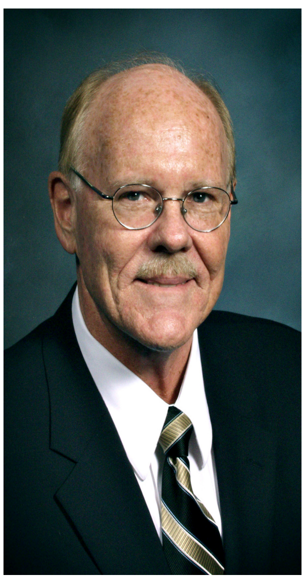
A recent client used a major local contractor for budget estimating. Their estimates were attractive and the project finance plan using these estimates was presented as part of the overall master plan. During design development, the contractor's numbers changed dramatically, putting the project in peril and setting the leadership up for failure.

10. Make the planning committee permanent

The building committee should be a permanent group that will stay in place throughout the project. They report to the board, but have the authority to make all decisions within the budget and original scope of work.

Getting off to the right start

Using these ten basic rules will position the club for success early. There are many more small issues that need to be considered. However, getting off to the right start will save both time and money. Every dollar saved is one that can improve the overall program.



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