

Winning Strategies

Renovation Vs Re-Invention

What is the Right Concept?

Recently I saw an advertisement from an architectural firm that stated that the industry approach to clubhouse design was renovation and it should be re-invention. The advertisement challenged us to move beyond traditional design. There were some good concepts identified including remaining familiar to your heritage while merging the gap between expectations and desires. *Was he right?*

Is expanding into a new service actually re-invention? Many clubs go through a strategic planning process in an attempt to identify the appropriate “strategic” position to compete within their market place. They examine trends and look at successful clubs to see where they are going organizationally with their product and service package. Some may say the most progressive clubs continue to re-invent themselves. But are they really re-inventing?

What is Re-invention?

When you hear of a company changing their core product line, or taking on a new product line, to attract a new client base, then that would be considered re-invention. If a manufacturing company sells off the plants to concentrate on software development then that may be reinvention. Is the same thing true for a golf club that expands significantly into family programming driven by demand from potential new members? This may all be just semantics. A club is in the member satisfaction business based on providing value. The definition of value may vary from member to member. Identifying those areas that provide value within your club or other competing clubs, and then concentrating on those issues, is where real progress is taking place.

Clubs are identified by their history, tradition, economic position within the community, their product and service packages, their philanthropy, ties to community and housing values, etc., etc. But they are still hospitality businesses that rely on providing satisfaction to the members. Changes that are occurring with facility and service packages have generally been driven by a need to enhance revenue and compete for members.

Some tough economic times have made many organizations focus on reality. Membership loss and reduced revenue streams within the club have taxed the abilities of management in maintaining financial stability. The problem seems to be between what the club wants and needs and what it thinks it can really afford. Those clubs that had best positioned themselves financially prior to the recession appear to be most able to weather the storm. Others are left with hard decisions. Existing members must financially support

the club and pay for changes based on speculation that these changes will positively impact the club with new members and new revenue streams.

Many projects that were on the drawing board prior to the downturn have either been postponed or discarded outright. Those projects that are going forward have a more unique focus. It is a focus that successful private clubs have used consistently throughout their history. Clubs that have concentrated on providing value to existing members while offering products and services demanded by potential new members has been the formula for success. This is not re-invention. It is just a logical approach to enhancing and protecting the existing business.

Be Careful Marketing the Concept of Re-invention.

Let's consider the example of expanding a service or adding a new service such as fitness. For years fitness services have been one of the fastest growing trends in the club industry. Clubs were looking for new revenue streams and the ability to be more competitive in attracting new members. Many times the golf course was full but the clubhouse was not. Attracting social members became a priority. Adding a fitness component provided real value to potential social members while adding more value for the existing members.

One club that had a small fitness center expanded dramatically providing state of the art fitness and group exercise facilities based on survey results. This addition paid off in expanded social membership. 80% of those joining as social members stated that the fitness facility was the determining factor in their decision. The capital investment in fitness was substantially covered by new initiation fees and the operating costs by the end of the first year were funded by dues from new members.

Another club had a master plan that included a new fitness center. The club already had several family programs. However, no other major club in the area had fitness. This club had the chance to lead the market. Re-invention did not play well. The focus groups just kept saying we are a golf club. They couldn't get themselves to be visionary. The members scuttled the complete master plan just because it had a fitness option.

Re-invention, as it is, has to be based on solid strategic and operational information. There are many reasons to argue in favor of adding a fitness component and there may be good arguments not to expand into fitness. Many good club members can not make the connection between what the club is now and how change can reinvigorate the organization financially. They are asked to fund the change with a promise of prosperity in the future and they say no.

The best programs are solid membership driven plans based on sound and credible assumptions. Functionality still plays a key role. Clubs considering a master plan with service expansions need to do their homework. Be prepared with the facts. Sometimes it can be easy. Other times you have to drag members kicking and screaming into the future. **Don't make it harder by using terms that scare members like re-invention.**

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