

Strategic Management

Developing Your Strategic Plan

Strategic management details how to use a business plan perspective in club planning. We also emphasized the need for an effective plan management system to insure initiatives were completed and the plan became a living document used year to year. The key to developing your strategic plan has a series of steps listed below. It is critical to concentrate on the first two of the areas listed in the process.

The strategic planning process has five major elements. They include:

1. Fact-Finding
2. Preparing to Plan
3. Developing Strategic Initiatives
4. Organizing Your Strategic Plan
5. Communication Strategies and Plan Presentation

If your strategic plan is to be successful, item number one (the fact-finding process) and number two (the system you use to prepare to plan) are critical. If done in a comprehensive manner the likelihood that the appropriate initiatives will follow is greatly enhanced. Let's examine this process.

For the purpose of this exercise we will assume that all existing clubs have established the entity and have some semblance of a governance model and operational plan. Progressive modifications to the organization can take place within the process of developing or modifying the strategic plan. This is in essence fine tuning the business modeling exercise. The strategic plan identifies the vision, major initiatives, goals and objectives of the club as it attempts to maintain its competitive position in the marketplace while generating maximum satisfaction for the member / owners.

A comprehensive strategic plan requires a thorough knowledge of all stakeholders. The product of a club is member satisfaction based on value. A good strategic plan will dissect the club into four parts: membership, operations driven by management and staff, facilities and the system of governance. Each of the four parts must be analyzed as to the effectiveness in meeting the organizational mission and vision. Therefore, an early part of the planning process must include fact finding and problem definition.

PART I – FACT FINDING

There are several fact-finding tools that have real value. These include:

1. The Comprehensive Membership Survey

Club leaders must have a clear understanding of their constituency. They must know what the members think about the overall club experience. This is the first step in

involving the membership in the process. The final plan must be member driven if they are going to buy in and potentially fund new initiatives in the long term.

Each year hundreds of clubs will survey their membership for feedback on a variety of issues. The main reason for many of these surveys is to address controversial issues. The most progressive clubs realize that member satisfaction is their primary purpose of their existence. To that end, they believe that by identifying expectations, and then taking action to meet and exceed those expectations, true progress can be made in maximizing satisfaction. The way they do that is to solicit feedback regularly. The main vehicle for the feedback process is the membership survey. Club leaders then measure results against benchmarks for previous surveys to track real progress.

The problem with member satisfaction is that it is a moving target. What was a new service, or smash new program yesterday, normally becomes the minimal standard of expectation tomorrow. It is mandatory to continually measure expectations so that the club can take whatever action is required to meet their primary mission.

A well done membership survey will allow all members the opportunity to participate. Many times clubs believe majority opinion is represented in a vocal minority. It is important to have a clear representation of majority opinion so that management can establish appropriate priorities.

Survey results are an important tool for management. Surveys uncover not only broad issues but also small, but not inconsequential, problems with service delivery systems. Most of these problems can be easily taken care of in quick order with little resources. Acting on these small issues can cause an immediate jump in the overall satisfaction levels.

The result of improved satisfaction levels carry over to greater departmental revenue generation. The obvious impact is that the club receives a greater portion of the available disposable dollars providing revenues for continued improvement of services.

The membership survey is just one form of means testing in the club industry. If your overall mission is member satisfaction, your goal is to maximize cost/benefit relationships and your objective is great service, then your strategy has to be to provide the best possible service-delivery-systems. The final beneficiary will be a better club for all members.

Normal data information and summary charts are common to all surveys. The survey should also contain comparisons to industry averages within certain areas of the survey. There are **several other unique components to survey** not found everywhere. These components can be refined to make the survey leadership and management friendly. The idea is to expand the analysis, expose problems, provide communication opportunities and build trust. They include:

- **Demographic Issues** – Not only sort by demographics (Age, length of time as a member, membership class, etc.) also qualify the questions. The key is that if you do not use a facility or service, do not answer the question. In a normal country club area usage changes. By qualifying the questions in this manner it provides an opportunity to see the member usage patterns of the facilities.
- **Consultant Analysis** - The consultant analysis is based on extensive operating experience. It is good to have an outside eye reviewing and evaluating to data. An outside consultant also adds a degree of credibility to the process from a membership perspective.
- **Sorted Comments** – Surveys should have a section at the end where a member can make written comments. Comments should be analyzed, sorting by area and quantity. Many people say the same thing in different fashions. Leaders need the sorted summary to make a clear analysis.
- **Concern, Serious, Critical Evaluation** – It is important to understand where the issues are. The questions should use a 5 point scale with 5.00 being excellent/exceeds expectations, 4.00 being above average, 3.00 average, 2.00 below average and 1.00 poor. Analyze the response percentages and when response averages drop below 3.50 it means that on a weighted average more people think something is average, below average or poor rather than above average or excellent. No club wants to gravitate to average. From 3.50 down issues become a concern, serious or critical in nature.
- **Call Back Option** – Although surveys are anonymous many times a member wants to talk to someone about their comments. Provide an option at the end where a member can request a call back from the General Manager. This has been a much appreciated option used by between 2% and 10% of the respondents.
- **Consultant Letter to the Membership** - The key rule of surveying is that once you have asked for opinions, you must tell them what they said. Eventually you must tell them what you are going to do about what they said which will be part of the Club's Business plan. Provide a survey summary that can be mailed directly to the membership fulfilling the second step of telling the members what they said. This makes it easy for the club to distribute the results as a trust building process.

2. The Leadership Strategy Survey

Develop a list of key questions regarding the club, as well as an online survey that can be completed by each committee and board member. The questions deal with the following:

- Organizational Philosophy
- Membership Issues

- Sources and Uses of Revenue
- Individual and Marketplace Value
- Social Aspects of the Club
- Capital Investment Strategies
- Ratings of Facilities and Services
- Project Priorities

Periodically you may want to include past presidents or the strategic planning committee in the process. A person answering a question, independent of peer pressure, can provide a clear insight into where consensus and differences of opinion may occur within the elected leadership. This information is important in the long term development of critical initiatives.

3. The Employee Attitude Survey

All progress in a service business is made through the employees. A quality human resources program must be in place if the day-to-day operations are to meet expectations. Long-term strategic initiatives developed in a strategic planning process will also depend on the effectiveness of the management and staff. Therefore it is necessary to know how the employees feel about the business. The employee survey should deal with the following issues:

- Rating the club as a place to work
- Opportunities the job provides
- Rating the manager / supervisor
- Evaluating the work environment
- Rating compensation
- Identifying whether performance is rewarded

The survey should divide the staff answers demographically by department, length of service and manager versus hourly employees.

Begin this process with an hour educational program about what it means to be a club employee, the importance of each person to the club mission and why we are undertaking a survey. The survey is then completed. Once results are available hold a second employee meeting to review the information. This then becomes the basis for modifications / improvements to the overall human resources program.

Get the employees and management involved to develop a program that:

- Effectively orientates new employees to set them up for success
- Develops a set of principles to work by so that all employees have the same standards of expectation
- Looks at new ways of compensating people for their efforts
- Provides an environment that enhances communication and teamwork between departments

- Treats everyone equally and continues to expect high standards of performance

The new human resource initiative needs to address:

- Teamwork
- Performance / Recognition
- Job Satisfaction
- Communication / Work Environment
- Training / Career Advancement
- Management Structure and Advancement
- Member Service Orientation

4. Operational Review

The last part of the fact-finding process is to complete a limited operational and facility review. From the GM's perspective it is important to spend time on property with the key leaders and staff prior to any strategic workshops to learn about the strengths and weakness of the club and identify the problems that appear to limit or restrict progress.

The club will need to have the expertise in-house, or hire an operational consultant to complete a comprehensive operational audit or analysis of key departments such as food and beverage. The only thing every member of the club does is eat. A quality food and beverage operation must always be a key strategic initiative of any club. Certainly other departments are important as well.

PART II – PREPARING TO PLAN

If a committee is to plan well, it needs to have an effective structure and support process in place. The process needs to be well communicated, include member participation and be well focused to make quality decisions. Based on these needs you must include the following three elements to prepare to plan well.

1. Evaluating Governance Practices

The question is how do certain clubs within our industry have the ability to sustain themselves and make progress, even as outside influences seek to undermine their growth? When one studies successful clubs they realize that each club has developed a sound system of governance that promotes and encourages good volunteer leaders. These clubs do not compromise their trusted practices even when the pressure comes from outside or within the organization itself.

It is suggested that the club use the Director's Guide for Understanding Club Governance, the Governance Checklist and the Board Resource Manual which are publications of Premier Club Services. The Director's Guide provides a program to club leaders on best practices in club governance.

2. Using the Director's Guide

The guide was developed for leaders of private membership clubs with Board of Directors and committee members that are made up of elected or appointed unpaid volunteers. In developing this guide a complete review was made of the governance practices of many clubs that were recognized in the industry for their ability to maintain long term success. A substantial amount of material on governance written in the last decade was also reviewed. From this review a series of guidelines that have been proven to promote organizational prosperity in clubs was developed. The user is asked to compare their existing practices with the list provided. This comparison will aid the club in evaluating systems and help the board select the right approach for your club. The goal is to identify potential shortcomings and take action where appropriate.

The Director's Guide identifies each guideline and discusses why the practice is considered a sound aspect of club governance. It also attempts, where appropriate, to suggest potential problems that must be overcome if the club should choose not to adopt a specific practice.

3. Holding a Governance Strategy Session

It is best to begin the evaluation with a governance strategy session. This is the time for the full board to review and discuss all of the guidelines. Compare the guideline to existing practices at your club. Identify those guidelines not presently being practiced at your club. Then determine which of those guidelines, if adopted, would require a bylaws change.

The board can then use the Governance Checklist addendum of the workbook to address each guideline. Once the work sheet has initially been completed, the Board can determine what bylaw revisions they would like to offer to the membership for approval, based on the existing ratification process at your club.

The evaluation process may elicit extensive discussion. Completing the checklist in a thorough fashion may require certain guidelines to remain on the agenda for more discussion over a series of meetings. All the guidelines may not be appropriate for your specific needs. Eventually a decision should be made on each guideline detailed in the workbook.

Once the board is in consensus on how they will operate, the next step is to communicate those practices to the committees. At this time committees can be directed to modify their practices to correlate with board expectations. A formal document detailing board policy for governance should be developed. This Board Policies and Procedures Manual should be revisited regularly at the club annual planning session for the purpose of ratifying policies, practices and procedures.

This document should be a centerpiece for all future orientation sessions with newly elected directors. It has another use as well. Systems of governance should be discussed

with potential candidates prior to them accepting a nomination for election to the Board. All potential nominees should be thoroughly versed in how club governance functions and what would be expected from the candidate if elected.

Although many aspects of governance have been addressed in the Director's Guide, it does not presume to imply that every issue has been included. However, as the evaluation process unfolds, discussion should lead to any other concerns that need to be included in a system that will be effective in your club.

Unfortunately, some organizations will struggle with this process because of flaws they have perceived or a general lack of consensus within the leadership. To that end it may be appropriate to retain a facilitator to help a club get started. A facilitator may be able to provide the impetus that your club needs to initiate an effective evaluation. The facilitator has the ability to add clarity to general discussion and build consensus.

The exercise of evaluating your club governance, and making appropriate changes, can have a substantial long-term positive impact on the organization. It is an exercise that can be difficult, but also rewarding. Once the evaluation completed you may find that your club is presently well positioned with only minor changes that need to be made. Whatever the result, completing the evaluation can further cement those solid policies and practices already in place.

4. Reviewing Governance Trends

It can be beneficial to the process to review the recent survey trends in the areas of:

- Board Service
- Orientation & Training
- The Club Organizational Structure
- Board Policies and Procedures
- Planning, Evaluation and Oversight

Key trends identified in recent surveys include the following. They are followed by percentage increases:

- Club provides extensive orientation for board members – Plus 23%
- The board holds at least one annual retreat – Plus 35%
- The board members conduct an annual self-evaluation – Plus 100%
- A staff member other than GM/board takes minutes – Plus 43%
- Board meetings are limited to two hours – Plus 17%
- A code of ethics that each board member must sign – Plus 138%
- A conflict of interest statement for members to sign – Plus 200%
- Board members must sign a confidentiality agreement – Plus 171%
- The club has a mission which is focus of all decisions – Plus 15%
- The club has a strategic plan and revisits it annually – Plus 34%

Some of the larger increases were in areas where few clubs originally complied.

5. Consider the Adoption of CMAA's Club Governance Model

The Director's Guide for Understanding Club Governance was published in 2003. Although still cutting edge in its principles, there has been an effort to expand on certain aspects of governance regarding the flow of authority and accountability. The governance transition in the club industry has moved from the GM concept to that of a COO and now in some clubs to CEO. To that end CMAA introduced their present Club Governance Model which is available at its web site.

Whatever the system of governance present in your club it is important to review that system against best practices. Such an evaluation can provide the information necessary to initiate positive change where appropriate.

6. Clarifying Member Opinions – Focus Groups

Once survey information has been generated it is important to hold focus groups to better clarify potential strategic issues. These groups normally represent individual age or use demographics within the club. Young married couples, empty nesters, seniors or golfers, swim/tennis/fitness or social. The Club should select the right groups to get the quality input necessary. Minutes of these meetings are used by workshop participants as strategic initiatives are developed.

7. Establishing Priorities

The fact-finding process will uncover many priorities and action items. A leadership organizational meeting will help identify and prioritize those areas of need. This meeting normally clarifies discussion points and areas of emphasis that must be explored.

8. Developing the Strategic Agenda

Volunteer leaders want to use their time wisely. Developing an effective workshop agenda is an important step to insuring the committee makes progress towards overall goals.

Once the fact-finding and preparation phases of the planning process have been completed the club has positioned itself to insure an effective planning process will follow.

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Club Governance and the Governance Checklist. These materials have been distributed to over 1000 PCS clubs and are for sale through CMAA's Bookmart.