

Clubs at the Crossroads

Private clubs in the Met Area and around the country face numerous challenges. Learn what they must do to survive, and thrive, in the years ahead

BY JOHN STEINBREder

Few things symbolize financial success and stability more completely than country clubs, what with their golf courses and swimming pools, their clubhouses and tennis courts, and their members who exude the very essence of living the good life. Clubs are for people who have made it, and as a result, the clubs themselves project a similar aura of prosperity.





Resurfaced tennis courts and expanded tennis programs part of overall plan to improve club amenities.

Multiple dining options to suit changing tastes. Food and beverage account for 32 percent of overall club budget.

Course maintenance budgets increasing faster than inflation due to member demands.

Monday outings becoming more critical to draw people to club as member rounds decrease.

Cost of heating oil, electricity and other utilities rising each year.

Of course, looks can be deceiving, and for many of the nearly 250 private clubs in the Met Area, their sense of security has been shaken in recent years. Almost across the board, clubs are confronted with increases in operating expenses, decreases in member usage, competition from other sources for recreational and dining options, and a social evolution that makes them a less important

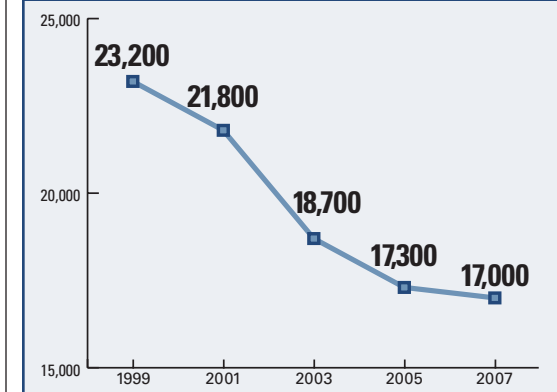
part of suburban family life than they once were. It is not that they look that troubled from the outside, though a handful are certainly showing the effects of deferred capital spending. But internal stress has most definitely crept in during the past few years. It has never been more difficult for a club to meet its budgets. Even world-class clubs such as

more challenges than ever before," says Robert Kasara, general manager of Siwanoy Country Club in Bronxville, N.Y. "All of us are seeing double-digit increases of our fixed costs when use of club facilities is not growing, and that does not make things easy."

To be fair, no one is suggesting Met Area private clubs on the whole are in trouble. Nor is anyone predicting a rash of club closings. But there are reasonable concerns about the state of many entities in and around New York. And that reality was most recently driven home during the Metropolitan Golf Association's annual Presidents Council meeting, a place where the MGA takes the lead in giving interested parties a forum to discuss issues facing clubs and to learn from invited expert guests. At this past October's Presidents Council, the longest and liveliest discussion of the gathering centered on the membership, financial and operational challenges local clubs are now facing.

It not only sounded the alarm even more

Average Number of 18-hole Rounds Per Year



*Source: MGA's biennial Cooperative Club Survey

Real Estate Taxes Per Acre Nassau County, N.Y.



*Source: MGA's biennial Cooperative Club Survey

Winged Foot, Shinnecock Hills and Baltusrol, which have long waiting lists as well as rich revenue streams, are dealing with a rise in everything from property taxes to the price of food. And it is not unusual for once-thriving clubs to instigate membership drives in an effort to boost revenues, while at the same time trying to cut services and manage costs. "There is no question that clubs are facing



“Younger club members can afford the money a club costs today, but they cannot afford the time to spend there.”

—Rick Coyne
CEO, Club Mark Corp.

loudly that the majority of those institutions are indeed dealing with substantive problems but also made it clear that many of them are evolving into much different types of places than those members of a previous generation knew. In fact, the consensus is they must evolve, at least if they want to continue to thrive — or in some cases, survive.

How bad are things? “I think the number of clubs really in trouble is very small, and we have yet to see even one fold in our area,” says David Shaw of Country Club Adviser, a firm that consults to clubs on a variety of matters from its headquarters in Greenville, New York. “There is value in the land they have, they have a lot of financial leverage as a result, and in the vast majority of cases, they have a membership that will do almost anything to help.”

Clubs have increased their casual dining options to broaden their appeal.

Susanne Wegrzyn, chief executive officer of the National Club Association (NCA), agrees. The NCA is an effective Washington, D.C.-based advocacy group for private clubs, and Wegrzyn adds that a club’s long-term health is often a by-product of the overall economic condition of the areas in which they are located. And even with some of the recent turmoil on Wall Street, there are few places as fiscally steady as the New York/New Jersey/Connecticut tri-state area.

But it nonetheless speaks to the presence of a difficult environment when a venerable New Jersey club watches annual rounds drop by half in the past 15 years and sees memberships rolls fall so low it begins offering “try-us-on-for-size” deals in an effort to bring in new people. Ditto the case when the leadership of a prominent club in Westchester County reminds its constituency “that it is everyone’s responsibility” to promote potential members, and gives initiation-fee discounts to new members who can pay theirs in full up front.



THE BROADMOOR

A CHECKLIST FOR MGA PRIVATE CLUBS

First and foremost, every club is unique and should evaluate its overall operations and react to changing usage patterns based on its own culture and traditions. If services can be cut and costs reduced, great. But clubs must also be prepared to invest wisely if new amenities or facility improvements are needed.

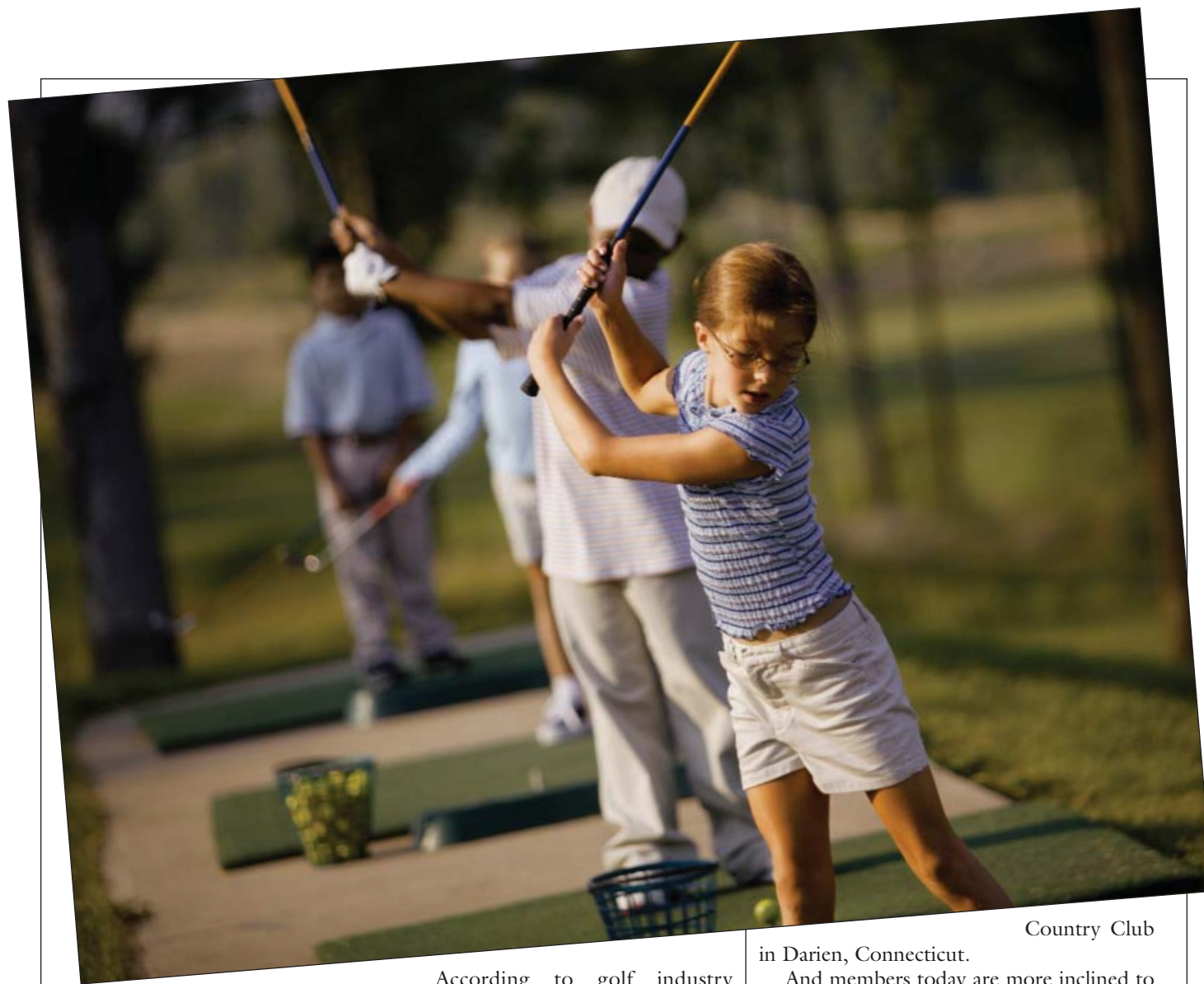
MEMBERSHIP:

- Increase your by-law limit of golf members.
- Focus on the structure and make-up of the membership committee.
- Involve your existing members in the membership recruitment process — get them actively engaged, even consider incentives for members who bring in new people.
- Attract, analyze, and select the members you “need.”
- Consider hiring or appointing a Membership Director as a full-time staff person.
- Offer special programs or payment options for legacies or new members.

PLAY AND CLUB USAGE:

- Look at involving more women and juniors and actively recruit them to start playing more frequently.
- Be creative — consider hosting small non-Monday outings during off-peak times nine-hole events, family events, and weekday member-guests. Encourage weekday guest play and member-introduced un-accompanied guests.
- Find ways to use the golf course during slow times — offer nine-hole twilight couples play, family play, or member-member league play on weekday afternoons.
- Offer casual and family-oriented dining options.
- Consider fitness facilities, camps for children and special programs for families.
- Set up tee times early on weekday mornings that allow for play in twosomes for members who have work or family obligations and need to play quickly.
- Be sure your members are aware of the club’s policies in hosting golf outings and social functions. Encourage and even offer incentives to them to use the club for these events.

NOTE: While some of these suggestions have been used successfully, all MGA clubs are cautioned not to take actions that could potentially impact their status as a private club.



Country Club

Some clubs have started junior golf camps to keep families involved — and train the next generation of members.

According to golf industry experts, Met Area clubs are being challenged by a number of dynamics, starting with rising costs across the board. Employee wages and benefits keep climbing, and so do course maintenance expenses, due to member demands for buffed-up layouts and higher prices of commodities such as gas and heating oil. Real estate taxes continue to go through the roof, with some 18-hole facilities paying as much as \$700,000 a year for that expense alone. In addition, the soaring prices of such dining staples as prime beef is making what is usually the weakest fiscal aspect of clubs that much weaker.

Making up those costs by raising prices for goods and services is by no means a viable solution, even in such wealthy areas as Westchester and Fairfield Counties. "Members do not want to absorb those increases all the time, even if they can afford them. We cannot charge too much or we risk having members cut back on their use of the club," says Sam Kadi, general manager of Woodway

in Darien, Connecticut.

And members today are more inclined to stop being customers of clubs they might have been blindly loyal to 20 years ago. "The higher prices of belonging increase the level of expectations, and people are not as lenient if a steak is a little overcooked as they might once have been," says another club general manager who asked that his name not be used. "Clubs have always been luxuries, but members are viewing them even more that way these days. And if they are not getting what they want, then they see it as a luxury they can simply do without."

The financial pressures brought to bear by those factors have only exacerbated widespread drops in revenues. For example, MGA executive director Jay Mottola says the average number of rounds per year played at MGA private clubs has slipped from just over 23,000 in 1999 to 17,000 eight years later, a drop of more than 26 percent. Less play means less spending on everything from golf gear and guest fees to halfway house snacks and post-game lunches, and that downward

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“Golf is not the sole reason to join a club anymore. People want the whole package.”

—Susanne Wegrzyn, CEO,
National Club Association

trend shows little sign of abating.

Mottola also points out that more than 50 new courses have come on-line in the Met Area in the last 12 years or so, many of them high-end private or upscale daily-fee tracks. The former are, in most cases, populated by members who are already members of area private clubs. This “multi-member effect” essentially takes rounds away from one club and transfers them to another club. The upscale daily-fees, meanwhile, provide viable alternative golf options to men and women who might have otherwise signed up for private club memberships. There is also intense competition for the dining dollar, and club restaurants have to battle local eateries like never before for their members’ patronage. In addition, corporate support is not as great as it once was in terms of sponsoring outings or offering club memberships as perks to valued employees.

Perhaps most importantly, the club environment itself has changed dramatically. What used to be the center of a family’s recreational and social life is now just one more potential venue of activity for parents and kids who spend much of their time rushing from soccer fields and hockey rinks to charity dinners and exercise classes. Consequently, clubs have become a luxury that is much harder to rationalize from a cost basis when the cost of being a part of it has gone so high relative to the amount of time it is used.

In other words, many clubs are not getting the monies from their members and guests they once did. And they are hurting as a result.

It is tempting to write these prob-

lems off as cyclical and expect them to right themselves over time. But many industry watchers feel as if they are witnessing a long-term trend develop, and believe that private clubs must deal with these issues if they want to prosper down the road. Mottola points out, “The decrease in rounds of golf and the overall decreases in the use of club facilities have

accelerated dramatically in recent years. The key factors causing the drops are rooted in fundamental societal changes, not economic cycles.”

And how are some clubs dealing? A number are implementing extensive marketing programs among their own members, staging activities and events that are designed to involve the whole family and using mailings and e-mail blasts to drum up support for each one. “Some are even going so far as to develop brand messages,” says Wegrzyn of the National Club Association. They are also looking to appeal more broadly to women and children as well as to the males they always targeted in the past. In addition, they are attempting to react more deftly to different social norms, such as offering casual dining options that would have been frowned upon years ago.

Another approach clubs are exploring is making their places all-purpose getaways by adding fitness centers, kids’ camps and even spas so they are even more attractive to the modern-day family. With rounds of golf down, the argument goes, these are perhaps the best ways to grow revenues.

“People will continue to love the game of golf, and that is what will induce a lot of them to join a club,” Wegrzyn adds. “But it is not the sole reason it once was. People now want the whole package. They want more than one thing.”

One thing prospective club members seem to want these days is a good deal when it comes time to join, and they will not have trouble finding clubs offering discounted initiation fees, waived minimums or

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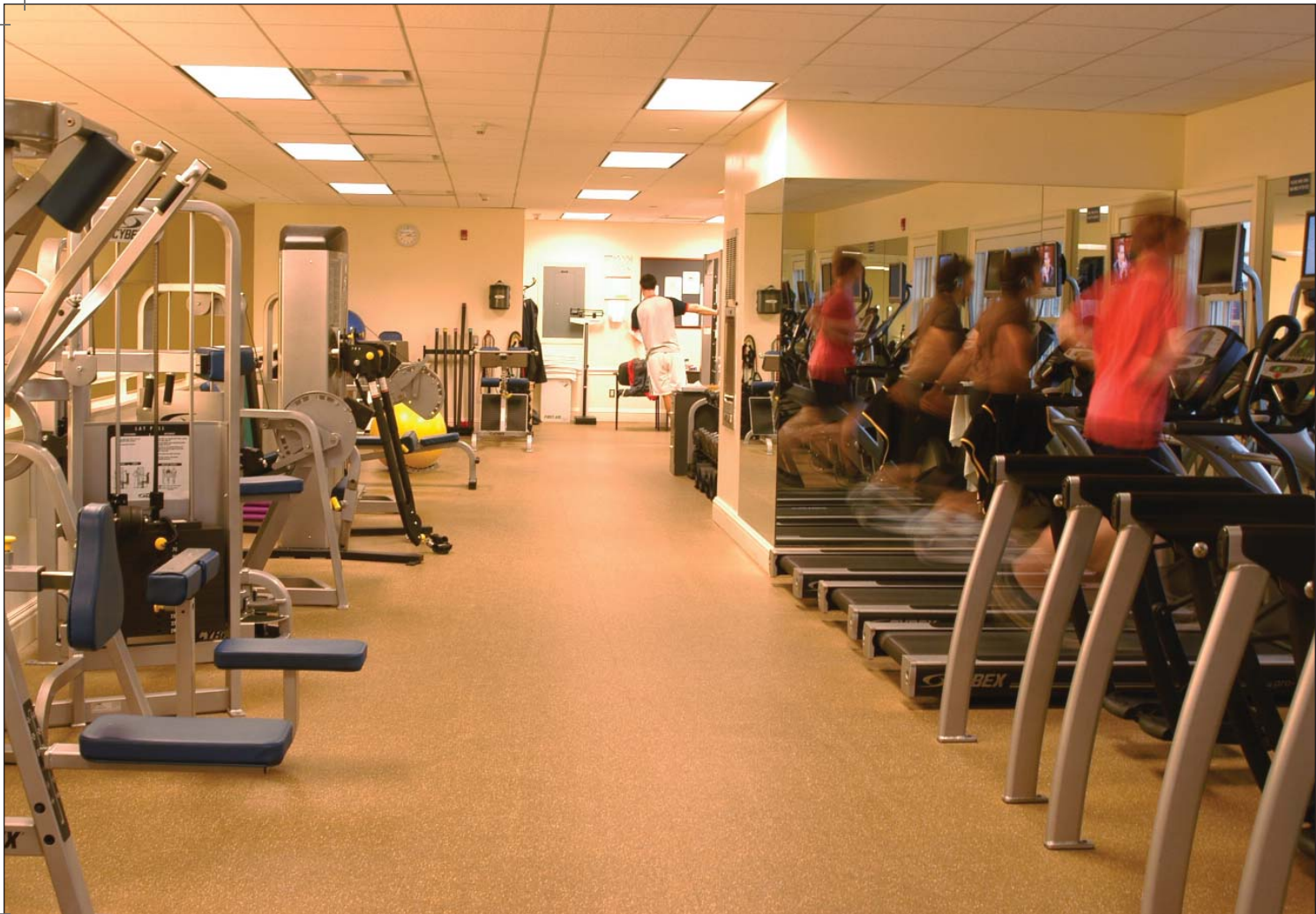
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Above: Greenwich Country Club members enjoy an on-site fitness center designed by The Salus Group. Below: Ridgeway's Dancing With the Stars brings members to the club for a night out.

summer memberships as a way of bolstering their ranks. Membership drives are not uncommon, and historic clubs such as Inwood on Long Island's South Shore, which has hosted a U.S. Open and a PGA Championship, even encourage membership inquiries on their website. A few have gone so far as to advertise openings on radio and in newspapers. And it would not be the least bit surprising if some seemingly bulletproof places admit an extra member or two a year going forward — and then use that extra initiation money to pay for a capital project or even to make ends meet.

As a rule, clubs are also trying to address this brave new business world by tightening up



their management through the employment of general managers with greater operational savvy than those working a generation ago. Many appear more inclined to open up their facilities to non-members, by encouraging weddings and banquets, allowing more outings and hosting corporate events.

"We don't want to turn our clubhouse into a catering hall, and we don't want to unnecessarily change the culture of our club by doing so," says one Westchester County GM. "But if our members are not going to use the place, then we have to find people who will."

Some clubs have even come to believe that extensive capital improvements are necessary as much for the outside events, and the potential members, that the finished products will attract as they are for the pleasure and satisfaction of those who currently belong.

Taken together, these are significant developments, and they are changing clubs in many ways compared to how most — or at least older — members have known them. This is not the 1950s anymore, and Mom isn't lounging by the pool with her kids swimming and swatting tennis balls all summer while Dad plays golf on weekends with his friends and has a couple of drinks afterwards. Times



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are different, and most clubs will be different as a result. There will be more activities for members, and more outside events for those who are not. There will be more marketing of what is available to those who belong, and more of an effort spent on meeting the needs of all constituencies.

The hope, of course, is that those moves will ease the financial stress many Met Area clubs are feeling and bring back the sense of prosperity they were enjoying before. There is also the hope among industry leaders and golfers that the basic allure of the game itself will always be part of the solution. If that is the case, then clubs will again find themselves on solid ground, sooner rather than later. ■

John Steinbreder is a frequent contributor to *The Met Golfer*. He writes from Redding, Connecticut.

Paths to the Future: Where Is Your Club Headed?

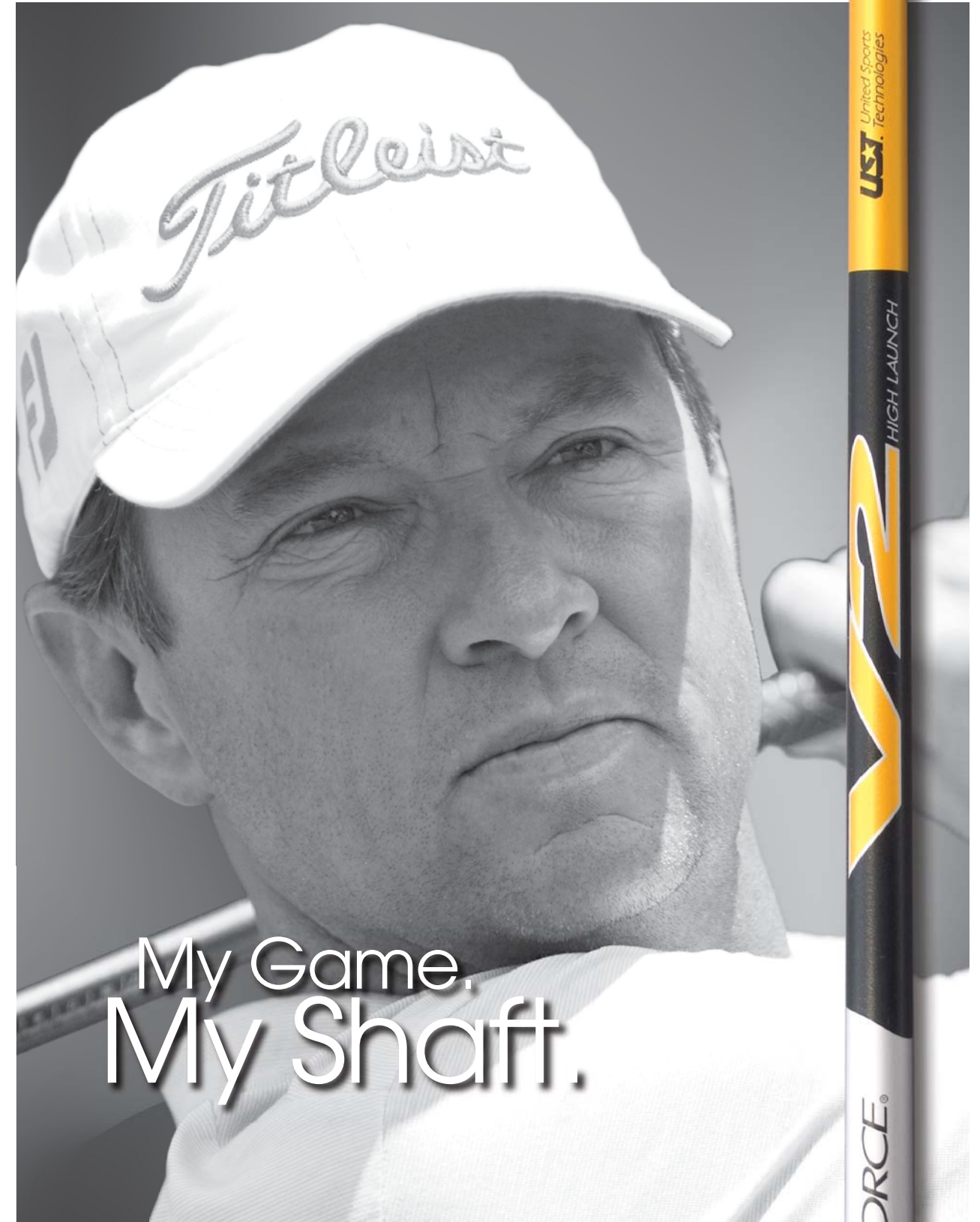
There's little doubt that most clubs of the future are going to look and feel different from the traditional oases of the 1960s and '70s. The financial pressures they are facing today will ensure that. But what is not at all clear is what those changes will be.

Some golf industry experts see many clubs expanding their scope and becoming all things social and recreational to all people, losing the male-oriented, golf-centric personas that dominated the realm three and four decades ago in favor of a more broad-based approach. That means adding fitness centers and spas to current offerings of golf, swimming and tennis. It also entails promoting casual dining nights and special events such as wine tastings along with more formal and traditional Saturday evenings dinners. Plus, most every club will feature summer camps for kids.

The places that go that route will likely market those amenities more aggressively among their members, as they also turn more often to outside events such as wedding receptions and corporate golf outings for the precious revenues they provide. Some will even open up their dining rooms to non-members for lunch and dinner. And a few of those with highly acclaimed courses might begin allowing unaccompanied rounds in a fashion not dissimilar to the British Isles model that helps those wonderful golf courses remain bargains for the members.

Obviously, not all clubs will select that option, with some preferring a "less is more" approach that improves finances mostly by reducing expenses. It acknowledges the quixotic fight to compete with modern dining habits, for example, by eliminating dinners and closing the clubhouse in winters. It pares the size and scope of the overall staff to the modest numbers they were 20 years ago. It lowers service expectations as it restores focus to the thing that prompted the vast majority of these clubs to form, which is golf, and seeks a simplicity that is fiscally wise and still culturally pleasing to many.

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