What I Expect from My Club Management Team

  

EAST WEST PARTNERS CLUB MANAGEMENT

Club Resources INTERNATIONAL

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Expectations

In *The Quest for Remarkable Service* we laid out an overarching plan to organize and operate a club efficiently. But unless your employees inhabit some alternate reality, one in which every employee inherently understands the multi-dimensional requirements of service and has telepathic powers to know how you want them to function at all times, you as a general manager must spell out your expectations for them.

This is particularly so for your management team. Regardless of background, education, and work experience, you must ensure that they know what you expect of them in all situations. Further, to ensure consistency in the operation and how employees interact with members, managers must have a common understanding of the club's standards, policies, and procedures. This means that you must communicate your requirements for:

- Leadership
- Management disciplines
- Service standards, and
- Performance expectations

Without the effort to define expectations in these critical areas, the club will operate as a collection of tribes, each reflecting the dedication, performance, and example of its manager. Such an operation will be disorganized and conflicted – incapable of rendering consistent service and value to its members.

Any general manager with any length of experience and the leisure to reflect upon the realities of our industry will know this to be true, yet who has the time to spell out such a large, complex, and interconnected set of expectations while dealing with the day-in, day-out challenges of a busy hospitality operation?

It is for this reason that, at the culmination of a long career in hotels, resorts, and private clubs, I have attempted to define the expectations I have for those who report to me. While these expectations reflect my approach to leadership and management and may not apply in every case, I believe they offer a large number of proven best practices for any manager who wishes to develop employees to their fullest potential and provide high levels of service to members and guests.

Suggested Uses

The articles included here are meant to define and describe leadership, management disciplines, service standards, and the general manager's performance expectations for the club management team. The concepts are not all-inclusive, rather they attempt to lay out in a broad and general way those important issues that need to be understood and executed consistently and faithfully by all managers. Without an understanding of the principles and disciplines by which the club's business is conducted, the operation will be pulled in many directions and falter for lack of common purpose and execution.

This material can be used in several ways to improve leadership and operational disciplines among a club's management ranks:

- A general manager can assign a different manager to read and lead a brief discussion of an article at each weekly managers meeting. Over time these discussions will help ensure that all managers have a common understanding of key leadership and operational issues, as well as the desired club culture.

- They can also be provided to all subordinate managers to read prior to a training session for managers, again to ensure that all management staff have an understanding of how various leadership and operational matters will be addressed.
- Lastly, they can be assigned to a newly-hired manager for reading to ensure he or she has an understanding of the existing club culture and way of doing things.

LEADERSHIP

The articles in this section are designed to bring the management team to a common understanding and application of service-based leadership principles

Authority, Responsibility, Accountability

"Authority," "Responsibility," and "Accountability" are three terms that are used frequently in connection with positions of leadership. What exactly do these terms mean and how are they related?

Authority is defined as "a power or right, delegated or given." In this sense, **the person or company that hires a leader vests him with the authority to manage or direct a particular operation.** It is expected that this individual will exercise the full scope of his authority to properly, professionally, and profitably manage the operation.

Responsibility is defined as "a particular burden of obligation upon a person who is responsible." Responsible is defined as "answerable or accountable, as for something within one's power or control." Therefore, **a leader is responsible and has responsibility for the operation for which she has been given authority.**

Accountability is defined as "subject to the obligation to report, explain, or justify something; answerable." **A leader is answerable for the performance of the operation for which he has authority and is responsible.**

Authority may be delegated to subordinates. For example, a general manager may delegate the authority to collect delinquent accounts to the controller. The controller then has the right to perform tasks associated with collection, such as sending past due notices, charging finance charges on delinquent accounts, and recommending bad debt write-off for seriously overdue accounts. However, even though the general manager delegated the authority, he or she still has the responsibility to ensure that collections are done properly. As the saying goes, **"You can delegate authority, but not responsibility."** Even when you delegate, you are ultimately responsible for your organization's performance.

As a leader, you are accountable for those functions and tasks that have been delegated to you. Likewise, should you delegate any functions or tasks to subordinates; you must ensure that they are held accountable for properly performing them. This requires that you properly explain your expectations to subordinates.

This is most easily done when performance parameters are objective, say telling an advertising executive she must retain her major accounts or else she'll be replaced. More often, performance parameters are more complex and involve subjective evaluations. Regardless of the difficulties in defining these parameters, it must be done. Otherwise, there is no way to hold a subordinate accountable for results. It is for this reason that performance standards must be defined. Often, detailed benchmarks, consistently and conscientiously tracked over time, will provide the most meaningful measures of performance.

Two Important Leadership Lessons

When I first joined the military, I was drilled repeatedly that the proper answer for any questioned failure was "No excuse, Sir!" While this response seemed to be a martinet-like reply when being chewed out for poorly-shined shoes, an unpolished belt buckle, or for failing to accomplish some impossible task, the underlying message was an important one – that **there is no excuse for failure**.

Properly understood it means that there is always more that I, as a leader, could have done to succeed – I could have paid closer attention, devoted more resources, better juggled the demands upon my time and attention, done a better job of planning or preparing, selected better teammates or subordinates, delegated more or better, supervised closer, or any other more appropriate action or initiative that would have ensured success.

The concept of no excuse for failure is an important one in fighting wars, running companies, or any other important or worthwhile endeavor. Further, the concept of no excuses implies that you cannot blame others for your failures – **there is always something more you could have done**.

The second lesson the military taught is that **a leader is responsible for everything his unit does or fails to do**. While this lesson is closely tied to "no excuse for failure," it brings some important distinctions with it – that no matter what role others are supposed to play in the endeavor – **it is the leader who is ultimately responsible for the outcome**.

Some examples to illustrate the point: Too often, managers wash their hands of personnel issues because they have a human resource department. The same is true when the company has a training department or is provided training materials. Suddenly, the manager is no longer responsible for the training outcome because "someone else is responsible for training." Such attitudes set the manager up for failure.

Remembering that "**you can delegate authority, but not responsibility**," the manager must take personal responsibility to ensure that not only he or she is knowledgeable about HR issues and labor laws, but that all subordinate managers are as well. Likewise, the manager must be intimately familiar with training materials and whether subordinate managers are properly training front line employees. To do otherwise is to avoid the very responsibilities for which a manager is hired.

While these leadership lessons from the military may seem overly stringent, even harsh, they are, in fact, the essence of leadership – taking personal responsibility. If anyone doubts this, just ask any NFL coach what leadership standard he is held to.

MANAGEMENT DISCIPLINES

This section covers a variety of disciplines that will ensure your success as a club

Establishing Standards

The owners of any enterprise are the ones who determine the desired standards for quality and service. In the case of member-owned clubs, it is the governing Board that has this responsibility. The problem for board members, though, is that seldom do these individuals have the in-depth knowledge or experience of hospitality operations to translate their desires into reality.

So it is the general manager who, in consultation with the board, determines the desired quality and sets the standards. This is challenging in three ways. First, board members may have difficulty articulating their quality and service desires since the perception of quality is the culmination of a great number of operating details. Second, each individual member has his or her own expectations for quality, thereby making for an imprecise common standard. Third, boards change over time and the changing agenda of new boards may require changes in priorities and allocation of resources, which may ultimately impact standards.

Given these realities it is essential for the general manager to "manage" the process by establishing standards of quality and service at the club based on his or her best professional judgment and querying the board and membership periodically to ensure expectations are being met. This is usually done with a membership survey regarding service levels in the various areas of club operations.

The common wisdom in our industry is that the higher the standards of quality and service desired by the membership, the greater the cost of operations – most noticeably in payroll cost from higher staffing levels, extended hours of operation, more personal services, and more intensive training. While these are all contributing factors, there are the operating inefficiencies as a result of weak leadership, poor organization, staff turnover, and inadequate training that are also significant drivers of higher costs.

A further challenge arises from the need for management to consistently communicate operating standards to employees. Regardless of age, background, education, experience, training, personality, and habit, all employees must have a common understanding of what they must do in all service situations. This can come about only through clear standards, policies, and procedures consistently communicated to employees during onboarding and training. It is also essential that the training, particularly for values and service standards, be consistent across all operating departments. It does not speak well for the club to have the head golf professional and food and beverage director teaching and reinforcing different values and standards to their respective staffs. Ultimately, the only solution is to create a common service standard that is integrated and consistent across all elements of the club.

Lastly, while service-based leadership focuses largely on providing training, resources, and support for the staff, the concern for staff motivation and morale should not for a moment be mistaken to imply that standards are not demanding, and devotion to those standards are paramount. Leaders must be fanatical in their focus on the established standards and attention to detail in all areas of the operation.

Benchmarking Operations

Imagine two professional baseball teams. One team measures every aspect of every player's performance – the number of at bats; number of hits, walks, and strikeouts; batting averages against right- and left-handed pitchers; slugging averages; and fielding percentages. They also measure each pitcher's earned run average, number of base on balls, strikeouts, wild pitches and so on. The other team decides it's too much trouble and keeps no statistics whatsoever.

These two teams will meet each other twenty times a season. While well matched in player talent, hustle, and desire and though each team possesses competent management and coaching, one team dominates the other season after season. Would anyone be surprised to discover which is the dominant team?

As everyone knows this example is ludicrous because every baseball team measures players' performance and uses this information to make crucial game decisions. What is it that baseball managers understand that some club managers don't seem to grasp? The fact that everything in life follows patterns. When patterns are tracked and analyzed, they can be used to predict future performance.

Benchmarking, the act of measuring and analyzing operating performance, seeks to understand the patterns underlying a club's operation. Reasons to benchmark include:

- Establishing the baseline or 'benchmark' of existing operational performance.
- Comparing future performance to the benchmark.
- Establishing realistic performance goals for future periods.
- Comparing a particular period's performance with past periods, other similar operations, or the industry as a whole.
- Identifying under-performance or best practices.
- Improving the accuracy of budgets.
- Forecasting business levels.
- Measuring member response to new products/services and initiatives.
- Providing hard numbers to support decisions and requests for additional resources.
- Establishing the condition of the operation when a new manager assumes charge.
- Establishing parameters for bonuses and other performance-based incentives.

A club manager, like the pilot of a plane or the captain of a ship, needs to know that all systems are operating within desired parameters. How will he or she know without detailed measures of performance? The club's monthly operating statements provide good basic information, but these summary numbers can mask troubling trends within the operation. For instance, higher food revenues can be a result of less patronage, but each member spending more because of higher menu prices. The manager is happy with the higher revenues, but is blissfully ignorant of declining member usage.

Benchmarking is best accomplished by club department heads who have bottom line responsibility. They have an absolute need to know and understand the underlying factors that affect their revenues and expenses. Each department head will need to decide what are the important data to track. Most performance measures will fall into the following broad categories.

- Revenues, both aggregate and by type
- Expenses
- Inventories
- Retail sales mix to determine buying patterns of members
- Processes to track specific tasks or events

Most of the raw data necessary to benchmark comes from point-of-sale (POS) reports. Much of the lode of daily information gets looked at briefly by department heads or the accounting office and is then filed away, rarely to be seen again. The real value of this information comes from tracking it over time to determine trends by day of week, week to week, month to month, and year to year. This makes it necessary for managers to pull the daily information from POS reports and enter it into spreadsheet software.

Even without sophisticated POS systems, benchmarking can still be done. Cash registers offer a fair amount of data, but state-of-the-art POS systems provide the most information and the greatest flexibility of reports. Despite these reports, I still find it necessary to transfer daily data into electronic spreadsheets that allow archiving of data for future analysis.

A few caveats:

- There are as many aspects of an operation to measure as time, resources, and ingenuity will allow. Focus on those most critical to a department's operation.
- Data used in benchmarking must be defined and collected in a consistent manner.
- When comparing data, always compare like to like.
- Ensure benchmarks measure practices and processes with only one underlying variable.
- Do not draw conclusions from too small a sample. The larger the sample, the more accurate the conclusion.
- When two pieces of data are compared to generate a benchmark, both a small sample size and extreme volatility in one or the other, can skew the resultant benchmark.

Benchmarking is not complicated, but it does require organization and discipline. It is best accomplished by setting up routine systems to collect, compile, report, and analyze the information collected. Like a baseball team, the knowledge gained by benchmarking will bring a club to the top of its game.

SERVICE STANDARDS

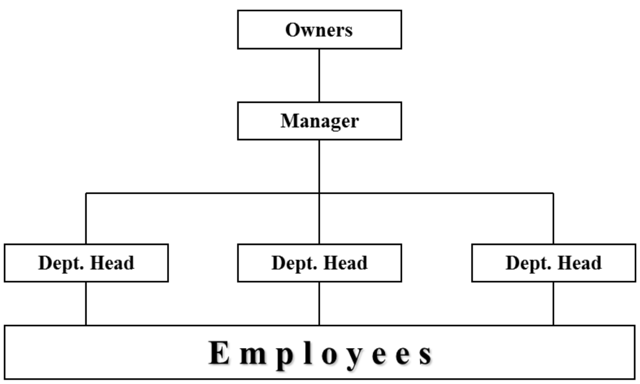
The articles in this section define the standards that are at the heart of what you do for members

The Hierarchy of Service

While service-based leadership stresses that the leader must serve the needs of his or her constituencies, not all constituent needs have equal weight or importance.

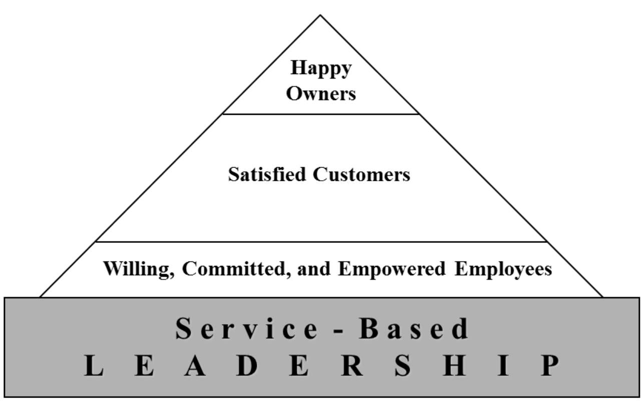
Owners or shareholders are usually the smallest constituent group in numbers, but their needs are paramount. Why? Because it is their capital that has been invested in the enterprise and their need for return on investment that permits the continuation of the business. If it is not making a profit, if it cannot gain credit based on a potential for future profit, if it cannot meet its cash needs for payroll or to pay vendors, it will quickly go out of business and the needs of all other constituencies will become irrelevant.

Return on investment is important. Why would an owner accept a 4% return in a business when he could invest his money in a less risky investment and do better? While there may be other reasons for continuing to own a business – such as prestige; a sense of obligation to family, community, or employees; or the expectation of improved future performance – over the long haul owners will not be willing to risk their capital on a poor-performing venture.



The basis for the traditional hierarchical organizational model is the military concept of "chain of command." In this model, management is represented as the sequence of authority in executing the will of the owners – and certainly management plays that essential role. But in addition to not representing the importance of customers, it also places the employees at the bottom of the chain – thereby visually relegating them to the position of least consequence.

Next in order of importance are the needs of **customers**. Without sufficient customers patronizing the business, it will not be profitable or viable. If not viable, it will not last long – and all constituencies lose. Ultimately, customers are attracted by price and the quality of products and services. Taken together, quality and price create a sense of value – the value perceived by customers. If enough customers perceive value, they will frequent the enterprise to spend their money and will make it successful. If not, the business will ultimately fail.



The service-based organizational model depicts the importance of satisfying customers, as well as the important role of employees. The organization's leaders are placed at the bottom, clearly emphasizing their role in serving the needs of all constituencies.

This statement brings us to our third constituency – **the employees**. They are the ones who execute the owners' vision for quality of product and service. They are the ones whose daily interaction with customers creates the value customers seek. Properly led, valued, and supported, employees will enthusiastically commit to serving the business' customers thereby fostering levels of business that enable it to thrive.

Romancing Your Members – Member Relationship Management

I recently read a book called *Romancing the Customer, Maximizing Brand Value through Powerful Relationship Management* written by two British authors. While its message was targeted to large businesses, often in the retail and service sectors, it contained the seeds of important ideas for private club management.

First, the book makes the point that "Brands are Relationships. People don't buy products; they buy brands." They go on to say that:

"Brands are:

- **Experiences**. A good experience with anything fuels the desire for more, while a poor experience kills the appetite.
- **Very personal**. They give exclusivity of feeling and association *(as private clubs are supposed to do).*
- **Evoke emotions**. Emotion is at the very heart of power brand strategies, aiming to capture both the rational and emotional aspects of the target customer.
- **Live and evolve**. Brands are very much like people. Many have their own distinctive personalities, and these personalities evolve over time, just as ours do.
- **Communicate**. Like people, brands listen, receive feedback, and send messages. They talk to different people in different ways, just as we do. Brands that are successful tend to be those that create a dialogue with consumers.
- **Create equity and loyalty**. It is the way in which brands interact, and the friendship they give that engenders loyalty and a long-lasting relationship."

Above all, they add friendship and romance. The greater the emotional involvement on the part of the consumer, the greater the friendship and loyalty that results.

The authors state categorically that Customer Relationship Management (CRM) is the quickest way to establish a brand.

> "Effective CRM is about using the knowledge you have about your customer, and applying it in such a way that, every time they interact with you, you do something different, better, or more relevant to that person."

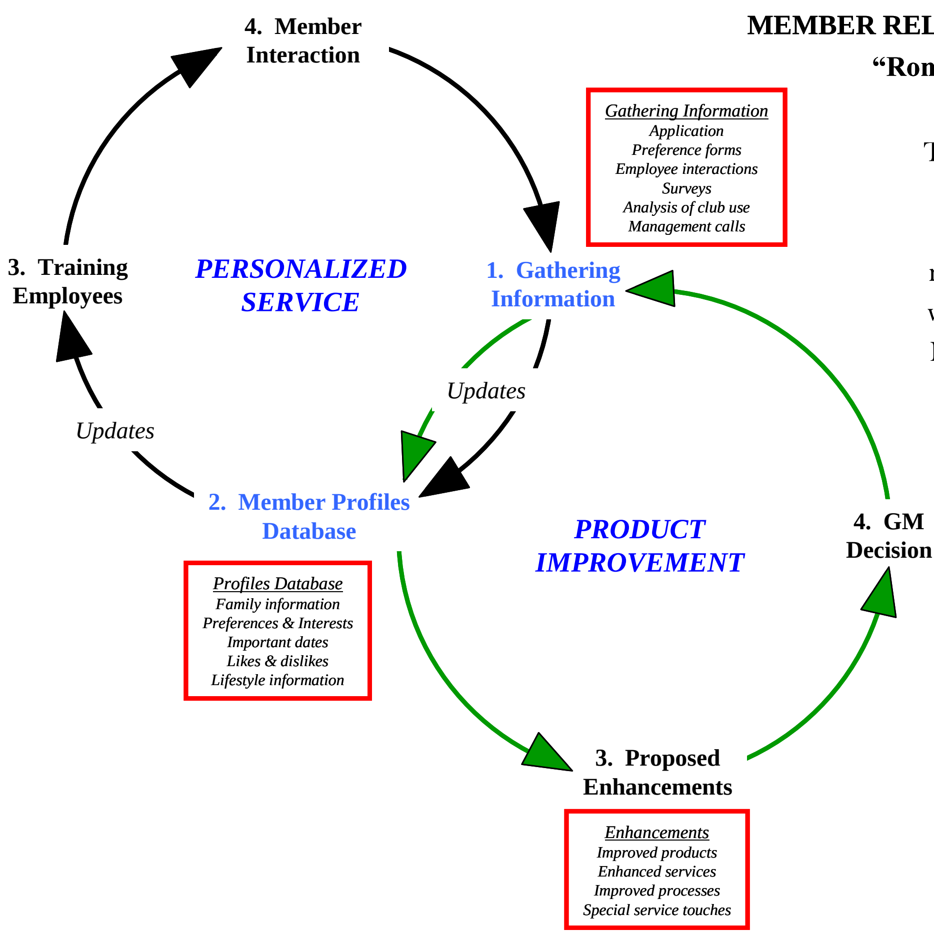
"What is CRM? It's all about collaborating with each customer, adding value to each customer's life. In return, you get their loyalty. Further, it's about dealing with each customer individually, because all customers are not equal and should not be treated equally. A small percentage of your customers contribute far more to your revenues and to your profit. But as compelling as the economics of focusing on your best customers, a good CRM program should not ignore the others. In fact, good CRM programs encourage less profitable customers to become better customers. There is no doubt that by turning your organization into one that is centered around the customer, every single customer will ultimately benefit.

"But the focus must be on capturing 'share of heart,' not 'share of wallet.' While money-grubbing will certainly build short-term sales, it will not ensure that you build an enduring relationship."

Traditional marketing theory says that it's all a numbers game. The more you market, the more people you contact, they greater your sales. The authors point out that what makes marketing a numbers game "is the lack of specific information about individual customers." Today, though, with the rapid growth in computing power and data capture, it is possible to know each of your customers far better, and that information provides the power to romance your customers. "Instead of focusing your efforts on your product, focus on your customers. By building up that body of information on each customer over time, you can increase the degree of tailoring of your product or service and, in the process, strengthen the emotional bond between the customer, your brand, and your company."

Ultimately, "Customer Relationship Management builds strong brand by creating the right blend of **organization, systems, and processes** that allow your people to understand your customers as individuals, and potentially tailor every interaction with a customer to their specific needs."

What does this mean for us as private club managers? Simply put, the more we know our members, the more we understand their needs, the better able we will be to provide the individualized service that people join clubs to receive.



MEMBER RELATIONSHIP MANAGEMENT

"Romancing the Member"

The purpose of Member Relationship Management is to build and institutionalize a system that will replicate the personalized service that was the hallmark of the best "Mom & Pop" operations of old. Such service was based upon the trust and accumulated knowledge of years of day to day contact and personalized service.

"Given that all club revenues come from members, shouldn't as much effort be placed on encouraging their use of the club as any other discipline of club management?"

PERFORMANCE EXPECTATIONS

The articles in this section describe the expectations that I, as a General Manager, have for the management team that reports to me

Supervisory Responsibilities

The work of all club employees is assigned, directed, supervised, and reviewed by a department head or supervisor. Each employee will ordinarily have only one supervisor.

Effective supervision depends upon the ability of supervisors to get employees to do what is necessary with professionalism and enthusiasm.

Supervisory responsibilities include:

- Directing employees' work.
- Hiring, counseling, and disciplining employees as necessary. Recommending discharges to general manager.
- In conjunction with Annual Club Goals, establishing goals for their department or section.
- Establishing and maintaining high standards of service, quality, and job performance for employees. Providing a strong emphasis on service to members by use of the club's Standards of Service.
- Resolving member service issues in a prompt, courteous way. Seeking constant feedback from members concerning quality of operation. Ensuring that all employees have a complete dedication to the needs and desires of members and their guests.
- Establishing systems, standards, policies, and procedures for the efficient operation of their department or section. Paying close attention to the details of the operation that distinguish an outstanding operation from a merely good one.
- Supervising employees, ensuring that all systems, standards, policies, and procedures are followed. Supervising the work of employees with emphasis on high levels of quality and service, making on-the-spot corrections as necessary. Constantly reinforcing ideals of quality and service to employees.
- Developing formal training programs and providing ongoing individual skills and service technique training for employees.
- Scheduling employees in the most cost-effective way to accomplish necessary work. Verifying hours worked.
- Monitoring and controlling departmental costs, especially payroll. Ensuring that all employees have work to do throughout the workday and workweek. Sending employees home when necessary to avoid overtime and control costs. Advising management on changes in staffing structure to accomplish the work in the most cost-effective way. Preventing sick leave abuse.
- Establishing and meeting annual and monthly budgets for department. Using Tools to Beat Budget to help monitor and control expenses.
- Ordering supplies as necessary. Conducting accurate inventories as necessary in a timely and thorough manner. Ensuring the security of inventories.
- Ensuring the safe operation of all equipment. Reporting equipment defects and malfunctions to maintenance for repair.

- Maintaining equipment and machinery in good working condition. Monitoring cleanliness of areas of responsibility. Cleaning as necessary and coordinating with housekeeping for special cleaning or areas needing attention.
- Ensuring that club policies, including appearance and grooming standards for department, are followed by all employees.
- Instilling an awareness of energy conservation in staff.
- Benchmarking departmental performance with operating statistics tracked over time and analyzed continuously.
- Establishing and maintaining effective communication with departmental staff, other departments, and senior management.
- Establishing and maintaining a high degree of motivation and morale within department.
- Ensuring a safe workplace. Training employees concerning safety issues.
- Ensuring a secure workplace. Developing and maintaining a security consciousness among staff.
- Working together with other department heads and supervisors to develop a team-like approach to operating the club where the emphasis is placed on problem discovery and solution.

What I Expect from My Club Controller

The club controller fills an extremely important role in the club's management hierarchy. In addition to performing financial accounting, management, and reporting functions, he or she is the subject matter expert for the board and general manager on all matters relating to sound fiscal policy. As such the position of controller has specific responsibilities and requirements relating to every area of the operation and provides key information to club decision-makers. Here is a summary of my requirements for the position:

1. Written **standards, policies, and procedures** (SPPs) for all aspects of the accounting function. Not only is this important for consistency sake, but also to make all managers and supervisors aware of their responsibilities.

2. A written **internal control plan** that stipulates key fiscal practices, identifies areas of potential problems, and specifies necessary separation of duties.

3. Coordinate and supervise the annual **budgeting process**. This requires establishing the necessary timeline and deliverables in the budgeting sequence.

4. Implement the **Tools to Beat Budget** program so that all department heads record and monitor their revenues and expenses in real time.

5. Assist department heads in implementing departmental **benchmarking**. Prepare the **Executive Metrics Report** and include it with the monthly financial statement.

6. Coordinate and attend the **monthly review of operating statements** with each department head and the general manager.

7. Conduct a **review and analysis of one major cost category** each month with the aim of constantly reviewing the club's cost structure and taking steps to reduce costs when opportunities present themselves. Report findings to general manager.

8. Routinely prepare the following reports:

   - **Weekly Revenue Report** for the general manager and heads of profit centers.
   - **Pay Period Summary Report** for the general manager and all department heads each pay period.
   - Monthly **Aged Accounts Receivable Report** for the general manager.
   - Updated **cash flow projection** on a monthly basis for the general manager.

9. **Training of managers and supervisors** in all fiscal responsibilities and requirements, including:

   - Basic Accounting and Financial Management.
   - Tools to Beat Budget.
   - Benchmarking.

10. An **outreach program** whereby the club controller visits each club department head on a monthly basis to discuss needs and issues.

11. **Serve as the club's representative on the club's finance committees**, attending meetings, providing information as requested, making professional recommendations regarding fiscal issues, and keeping the general manager fully informed on all significant matters addressed by the committee.

A smooth accounting function requires that all members of the management team understand and meet their responsibilities in a timely and accurate manner. It is essential therefore that the club controller engage with the full management team to ensure this happens. The benefits to the club include greater real time knowledge of the club's financial performance, more timely information to support decision-making, and the full confidence of the board that their significant capital investment is in good hands.

About the Author

Ed Rehkopf is a graduate of the U.S. Military Academy and received a Masters of Professional Studies degree in Hospitality Management from Cornell's School of Hotel Administration. During his long and varied career, he has managed two historic, university-owned hotels, managed at a four-star desert resort, directed operations for a regional hotel chain, opened two golf and country clubs, worked in golf course development, and launched a portal web site for the club industry.