

### Ten Challenges in Operating a Private Club

There are not many club managers who would dispute the assertion that operating a private club is a challenging endeavor. Yet one must ask, “What is it about clubs that makes their operations so difficult?” After all, making the effort to identify root causes is the first step in finding solutions to these challenges.

The following comprise my list of the top challenges, though not necessarily in order of difficulty:

- 1. Multiple Enterprises.** In attempting to offer a well-rounded social and recreational experience to members, clubs have traditionally offered some or all of the following amenities and services: dining, golf, tennis, fitness, court sports such as squash and racquetball, spa services, overnight accommodations, boating and water sports, a broad array of family activities, aquatics, retail sales in pro shops and general stores, and even barber shops and salons for the convenience of members.

Outside the club environment these specialty activities and services are typically provided by individual small businesses focused on their particular endeavor or expertise and available to the broadest possible market. In the club world, these disparate enterprises must provide the same or higher levels of quality and professionalism, but for the more restricted market of the club’s membership. Beyond these revenue-generating enterprises, the club must also provide accounting services, apply the disciplines of an HR and job placement firm, janitorial and facilities management company, and an intensive landscaping operation to maintain the golf course and club grounds, as well as the sales and marketing skills of a membership director.

Given that members’ requirements for such a diverse group of enterprises is just as, if not more, demanding than their expectations of such services in the broader marketplace, the club must provide high levels of professionalism and expertise in each enterprise necessitating the employment of highly experienced professionals to fill such key positions as the golf and tennis pros, golf course superintendent, executive chef, controller, membership director, and others. And overseeing and orchestrating the complexity of these multiple enterprises is the CEO and COO – the club general manager.

- 2. Detail Intensive.** Within these multiple enterprises there are literally thousands of details that must be attended to daily to ensure the execution of the highest levels of performance and service to members. Such a level of detail requires extraordinary levels of organization, communication, training, and employee empowerment, as well as a highly disciplined, engaged, and supportive management staff. And while such a level of detail is challenging enough within one enterprise, the need for consistency of execution and service across all enterprises requires well-defined values and thorough training at both club and enterprise levels.
- 3. People Intensive.** Whether it’s the greens being mowed to a specific height, or the servers properly entering orders in the POS system, or the aquatic staff balancing chemicals in the pools, or the laundry attendant cleaning the dryer lint filters, or the bartender mixing a muddled Old Fashioned to Dr. Jones’ taste, the scope of detail in club operations requires a lot of staff across all enterprises doing all the right things every day.

Add to this the people-intensity of providing service to a large membership with their personal idiosyncrasies and preferences, all of whom are deeply invested in their club and who have claim to a proprietary interest in its daily functioning and performance. Finally, the very nature of service is the personal touch that expects employees to “know members like family, greet them like long, lost

friends, and treat them like rock stars,” all of which makes for a great deal of well-trained and calibrated human interactions.

4. **Training Intensive.** The detail and people intensive nature of clubs necessitates the need for high levels of consistent training across all enterprises. Without a commitment to formal and thorough training for both managers and employees, club operations will never meet the expectations of members. Yet effective training requires time, energy, money, cross-disciplinary expertise, organization, discipline, and the will to make it happen. Such intensive training is rarely found in private clubs and is a root cause for an inordinate amount of daily supervision, long management hours, and burnout of conscientious leaders.
5. **Standalone Operations.** The great majority of clubs are member-owned, standalone operations with few resources and no economies of scale. This means that all the usual organizational needs of running a small business must be provided by the individual enterprise leaders. To name a few, these include job descriptions, written operation plans, organizational values, policies and procedures, employee handbooks, and a large variety of training materials. Even a number of club management companies provide but limited resources, instead relying on each club’s management staff to create the basic operational necessities.
6. **Pace of Operations.** To be successful and meet the needs of their memberships, clubs typically maintain a robust pace of operations, with a large variety of activities and events planned daily, weekly, monthly, and seasonally. The necessary planning, preparation, coordination, and execution of such a schedule is time-consuming and unrelenting, yet there is also the never ending need to meet the requirements of financial management and accounting, HR management, ongoing maintenance and repair of facilities and equipment, daily housekeeping, safety and security, member relations, and close coordination among club departments. Such a pace makes it difficult for organizational development and the continual process improvement found in well-run businesses.
7. **Weak Business Expertise/Discipline among Enterprise Leaders.** While individual enterprise leaders typically have detailed, specialized expertise in their areas of operation, many need direction and assistance in developing the sound business expertise and disciplines of running a business. Whether it’s training in financial management and accounting principles and practices, gaining a better understanding of HR matters, or grasping the detail of the many legal and liability issues facing a club, I have found throughout my career that department heads need ongoing training and guidance to stay focused on their overall responsibilities, as well as my expectations.
8. **Weak Leadership Skills among Enterprise Leaders.** While some department heads have outstanding leadership skills, many do not. Just as with business expertise and disciplines, I have found that leadership training is a must, not only for individual development, but also to establish a consistent understanding and application of leadership club-wide. This is so because the quality of member engagement and service is directly dependent on the leadership skills of managers and supervisors at all levels of the club, but particularly so for those who direct the efforts of front line employees – the very people who execute the club’s service delivery to members. As we say in [\*The Quest for Remarkable Service\*](#),

*“Directing employees requires people skills, those aptitudes and abilities used to get the best out of our human assets. It encompasses all those things we talk about when discussing leadership – the highly nuanced interactions with a diverse workforce that result in motivation, morale, enthusiasm, focus, commitment, productivity, teamwork, organizational cohesiveness, and group success.”*

- 9. Lack of Overarching Operational Plan and Poorly Defined Expectations.** Most clubs do not have a comprehensive club-wide operational plan or well-defined expectations for performance. The common wisdom seems to be that each enterprise leader will know what to do, do it well, and strive to deliver a consistent club experience to members. While some department heads inherently understand and deliver these basic requirements of successful operations, others do not. Clearly, then, for the club to provide consistent quality and service to its members, the general manager must provide all enterprises with a guiding plan and well-defined expectations of how to proceed.
- 10. Board Relations and Management.** Probably the most challenging aspect of club management is the difficulties inherent in working with the often-changing group of people who are tasked with oversight of the club's operation. This challenge results from two realities:
- Board members come from varying backgrounds and though successful in their own fields of endeavor, do not necessarily have an understanding of club operations or the challenges faced by the club's management staff, and
  - Club management has no control of board makeup and can only influence board opinions and decisions.

Developing a good working relationship with the board depends on the general manager's people skills and power of persuasion, while "managing" the board requires educating them regarding club operational challenges and influencing their opinions by sound management practices and initiatives, responsiveness to their desires, and thorough communication of plans and progress.

Given the many challenges of club operations, managers at all levels, but particularly the general manager, must ensure the club is well-organized, management highly disciplined, and staff thoroughly trained. We have previously discussed the requirements for varying degrees of service:

*Service is a state of mind, defined and reinforced by a Club's culture.*

*Consistent Service is a state of mind plus thorough organization and systemic training.*

*Remarkable Service is a state of mind plus organization and systemic training, with well-hired, trained, and empowered employees responding to accountable, service-based leaders – all participating in a rigorous discipline of personalized service and continual product, service, and process improvement.*

The same distinctions can be made for operating performance.

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