

Board Brief

May/June 2021

Designed for Club Board of Directors



**CLUB
MANAGEMENT
ASSOCIATION
OF AMERICA**



By the Numbers: Golf Operations Insights

The 2020 CMAA Finance and Operations Report, released in November 2020, presents key financial and operating data from across the club management industry. Based on confidential surveys completed by 357 clubs in 2020, the report includes a compilation and analysis of club finance and operations data.

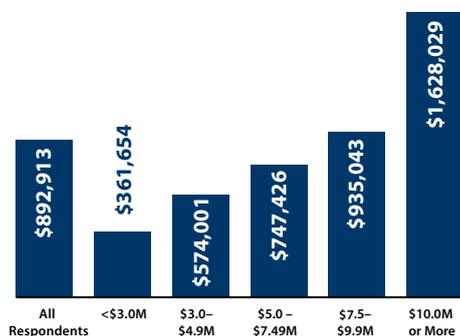
This year's Finance and Operations Report (based on 2019 data) has been designed to provide easy-to-understand guidelines for identifying business performance improvement opportunities. We've compared this data to that of the past two years to demonstrate trends in the area of finance and operations and to give a basic understanding of the Report. The section of

the report we are examining in this issue focuses primarily on Golf Operations at the club. More detailed data regarding Golf Operations and other points is available in the full report.

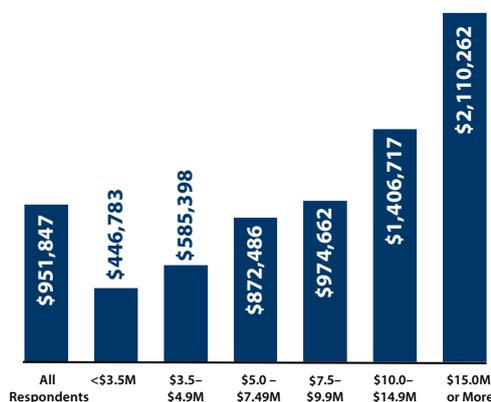
This report includes data regarding the Golf Operations Revenue for respondents. As a percentage of the whole, Greens fees and guest fees have remained consistent between 2017-2019, providing approximately 28 percent of revenue. Golf Shop revenue has grown by about three percent over the last three years. In the 2018 report, Golf Shop revenue provided around 25 percent and in the 2020 report that had grown to nearly 29 percent. This growth will be interesting to track over time.

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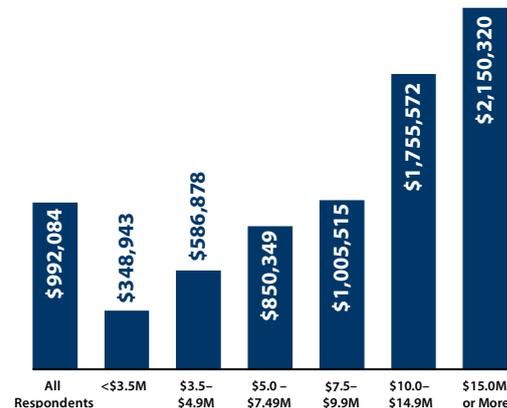
Median Golf Revenue 2018



Median Golf Revenue 2019



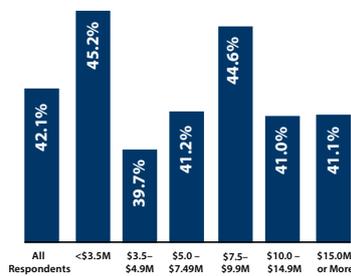
Median Golf Revenue 2020



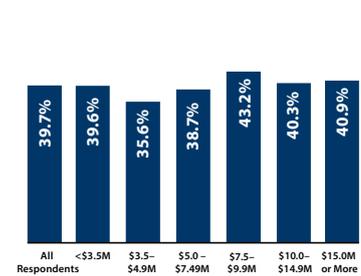
Salaries and Wages 2018



Salaries and Wages 2019



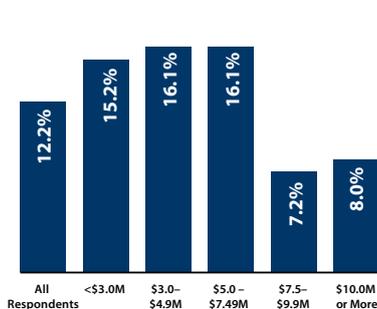
Salaries and Wages 2020



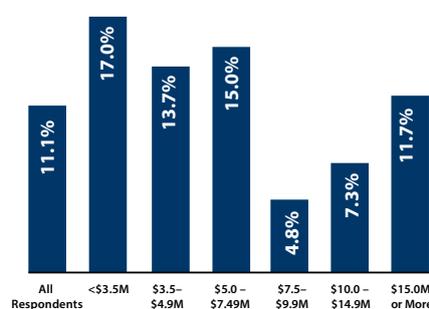
In the 2020 report, the salaries and wages made up approximately 40 percent of golf operations and golf shop revenue. This figure is consistent with data reported from both the 2018 and 2019 reports. Above, you can see salaries

and wages for the past three years broken out by size of club – these numbers have seen some minor fluctuation over time, though have generally remained consistent.

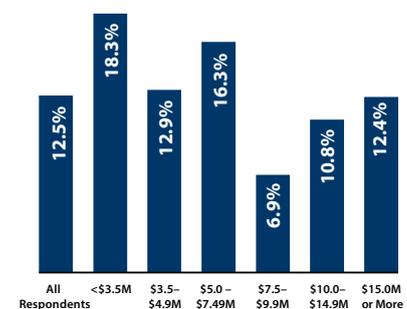
Total Golf Operations Profits 2018



Total Golf Operations Profits 2019



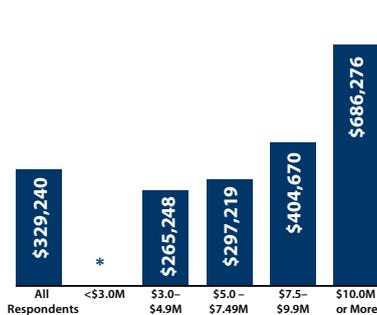
Total Golf Operations Profits 2020



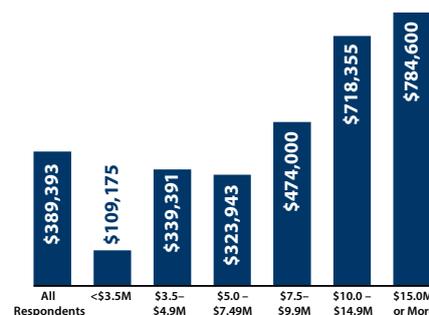
Similarly, profits from club golf operations and golf shops have generally remained consistent across the last three years when looking at all survey respondents. Profit for this metric is defined as revenue minus expenses and was

approximately 12 percent for all respondents. The above figures break out golf operations and golf shop profits by club size, but please note that the 2018 report uses slightly different metrics to define club size.

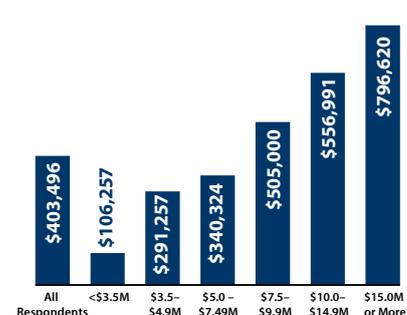
Median Golf Shop Revenue 2018



Median Golf Shop Revenue 2019



Median Golf Shop Revenue 2020



Finally, we look at Median Golf Shop Revenue. Over the past three years, golf shop revenue has grown consistently. In the 2018 report, the median golf shop revenue for all respondents was \$329,240 and just two years later that number was almost \$100,000 more at \$403,496. This

increase can be seen in individual data points broken out by club size as well. It will be interesting to see how these numbers continue to change over time and if it shifts any golf operation priorities in clubs.

Source: Access the 2020 Finance and Operations Report Executive Summary at maa.org/surveys.aspx. Club survey participants may access the Full Report and their Individual Club Report on the Research Portal at maa-research.org. Club Resource Center subscribers receive a copy of the print report and have access to an online data analytics platform, which allows clubs to compare their data versus five peer groups and create customized aggregations of the survey results. Learn more about the subscription at clubresourcecenter.org.



Best Practices: The Impact of COVID-19 on Club Governance

As we continue to exit the pandemic, governance is key for our clubs. Here are the key findings from the *Director Institutes 2020-2021 Survey* which require further discussion and consideration for Boards:

1. More than 72 percent of public companies believe Boards and operations teams managed effectively through the pandemic and their organizations adapted to whatever was thrown at them. How do you think clubs would fare on this question if your Board were asked? From my perspective, clubs might exceed the 72 percent mark. We can stand tall with other businesses in the community for our crisis management abilities during the pandemic.
2. Due to the pandemic, the focus on risk by Boards will increase. Twenty-six percent indicated a need to improve their crisis management planning as well. The last two decades has illustrated the principles of VUCA (volatile, uncertain, complex, and ambiguous) with economic downturns, new government influence, extreme weather, cyber threats, and safety concerns. Many clubs likely need to take this same view and ensure the club can react quickly and effectively in crisis with the Board discussing what should be done to mitigate risk now.
3. Virtual board and committee meetings are likely going to be incorporated into corporate governance going forward. They are a useful tool to enhance board engagement. However, virtual meetings have their limits as noted in the next finding.
4. Virtual board meetings worked during the pandemic, but few corporate directors view them as effective as in-person meetings due to the lack of community building, casual idea sharing, and strategic side conversations. I suspect clubs may consider incorporating a virtual component into their own governance structure going forward. What other ways can you compensate for some of the downsides of not having in-person meetings?
5. Seventy percent of corporate board members indicated they spent more time in their corporate board role during the pandemic than in past years. Most report their time commitment increased by almost 50 percent this past year, but the time was manageable. Did your club board members spend more time in their service role during the pandemic? Will service levels return to former practices after the pandemic? If not, will it impact the recruitment process for Board and committee members, as well as their board service satisfaction?

If you read the report, only 14 percent of corporate responses indicated they had included a global pandemic in their organizational planning. While I hope we will not see another global pandemic in our lifetime, it is just a matter of time before each of us has some type of minor or major club crisis. In a VUCA world, leadership and management requires you to be ready and nimble.

Adapted from the April 2021 President and CEO's Blog, written by President & CEO Jeff Morgan, FASAE, CAE, available at <https://www.cmaa.org/blogs.aspx?blogid=302350>.

Read the full report at https://gndi.weebly.com/uploads/1/4/2/1/14216812/gndi_2020-2021_survey_report_v2.pdf.

Legal, Legislative, & Regulatory Update

National Golf Day Goes Virtual for 2021

The annual National Golf Day on Wednesday, May 12, will unite industry leaders in virtual meetings with members of Congress, the Executive Branch, and federal agencies to discuss the most pressing issues facing us today, including labor, environmental, and health related legislation and regulation. Training and education for participants will be presented on Monday, May 10 and Tuesday, May 11.

CMAA attendees will be teamed up with other representatives of the golf industry – including members of the American Society of Golf Course Architects, Golf Course Builders Association of America, Golf Course Superintendents Association, National Golf Course Owners Association, National Alliance for Accessible Golf, PGA TOUR, PGA of America, USGA, and the U.S. Golf Manufacturers Council for individual virtual meetings with members of Congress and their staff.

The 2019 National Golf Day was the largest to date with close to 300 industry representatives participating in approximately 244 Congressional visits and meetings. For the 2021 virtual event, more than 500 industry professionals are expected to attend.

Beyond the meetings with Congress, all members of the golf industry are asked to virtually support the event using clubindustryvotes.org and social media. The voices of our industry are vital components to our efforts to emphasize the immense value that clubs provide to their communities for decade after decade as employers, community partners, and economic contributors.

Learn more at wearegolf.org.

CMAA News & Announcements

Prepare for Success: Attend a Virtual 2021 Club Leadership Summit

CMAA's Club Leadership Summits bring together club management professionals and their club's elected leader(s) for cooperative education and engagement on governance best practices and trends. In 2021, these Summits will be offered virtually to allow you to attend from anywhere with an Internet connection and a computer.

Prepare for success with focused information on relevant strategic topics including:

- **Governance** – encompassing organizational health, trends, roles and responsibilities, orientations, self-evaluation, and board efficacy
- **Finance** – exploring the financial model of clubs and its application to improve governance
- **Trends** – engaging multi-generations of members, embracing strategy, and using a data-driven decision-making process

Past Summits have been highly rated. 2019 attendee Neetu Jhaj of Seven Oaks Country Club in Bakersfield, CA, shared "The Summit was a one-day event filled with dynamic speakers and visionaries from around the country who encouraged out-of-the-box thinking and provided effective governance strategies for challenges specific to the industry. The Summit provided a unique opportunity to connect with peers and clubs from around the country for shared ideas, best practices, and innovative sustenance methodologies for the private club industry. Extremely helpful!"

Presented in partnership with Kopplin Kuebler & Wallace, Summits will be offered May 13, September 9, and November 16. For more information including the full event agenda or to register, please visit cmaa.org/club-leadership/.

The Board Brief is a publication of the Club Management Association of America. Founded in 1927, the Club Management Association of America (CMAA) is the largest professional association for managers of membership clubs with 6,800 members throughout the US and internationally. Our members contribute to the success of more than 2,500 country, golf, athletic, city, faculty, military, town, and yacht clubs. The objectives of the Association are to promote relationships between club management professionals and other similar professions; to encourage the education and advancement of members; and to provide the resources needed for efficient and successful club operations. Under the covenants of professionalism, education, leadership, and community, CMAA continues to extend its reach as the leader in the club management practice. CMAA is headquartered in Alexandria, VA, with 42 professional chapters and more than 40 student chapters and colonies. Learn more at cmaa.org.