

Board Brief



**CLUB
MANAGEMENT
ASSOCIATION
OF AMERICA**

January/February 2023

By the Numbers: 2022 Finance and Operations Report Highlights

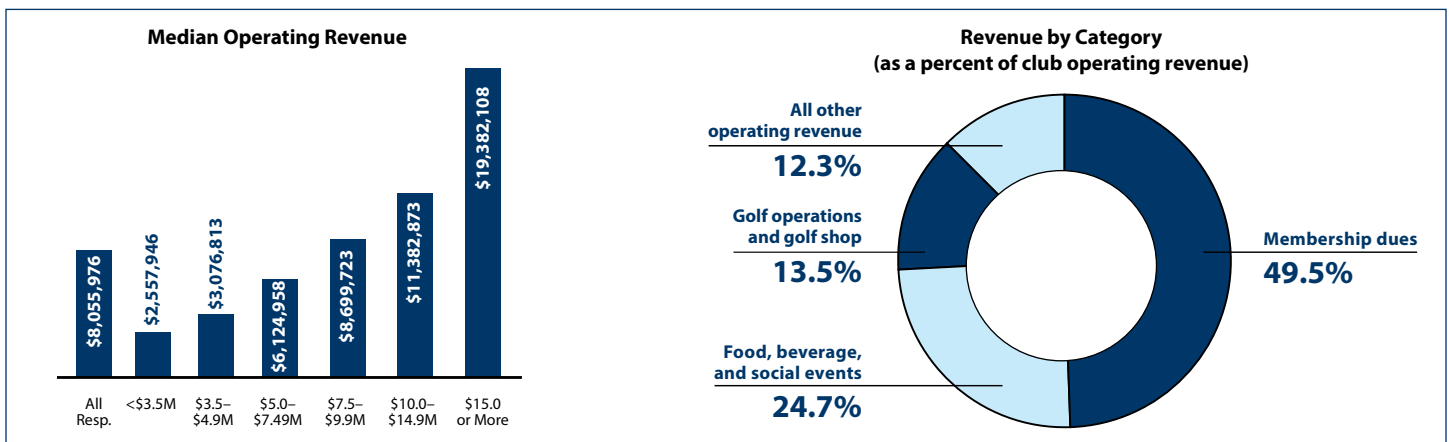
Conducted annually, the CMAA Finance and Operations Report presents key financial and operating data from across the club management industry. Based on confidential surveys completed by 440 clubs, the 2022 report includes a compilation and analysis of club finance and operations data. The report has been designed to provide easy-to-understand guidelines for identifying business performance improvement opportunities. This edition examines relevant financial metrics.

Responding clubs reported a median operating revenue of \$8 Million. The operating revenue category of \$5.0

million to \$7.49 million again had the highest percentage of respondents at 24 percent, followed by 18 percent of respondents in the \$7.5 million to \$9.9 million category.

Respondents reported an average of 6.6 percent operating income as a percent of operating revenue (excluding depreciation and amortization).

The total number of full-time equivalent employees (FTEs) increased as club operating revenue increased, but salaries and wages expense as a percentage of club operating revenue remained consistent regardless of club revenue size. By viewing the salaries and wages expense as a percentage



continued on next page



Best Practices: Managing Meeting Dynamics – Part I

One of the biggest governance shortcomings in many clubs is the inability to effectively operate productive and on-time meetings. The ideal board meeting is one that provides a systematic application of actions to affect solutions to problems or attempt to direct the future. There are many resources referencing the most productive ways to run a meeting. For the purposes of this best practice series, it is important that we explore some key aspects that have plagued many clubs, beginning with the length of the board meeting and management of the agenda.

It is common to hear board members and staff alike bemoan the fact that board meetings last too long. Some very competent club members refuse to run for the board because of perceptions that too much time is spent in meetings arguing over foolish and unimportant issues. Exceptionally long meetings are chaotic at best, in that the board has the tendency to chase rabbit trails and allow discussions to deteriorate into less than productive exchanges.

With exception, it is best that meetings last no longer than two hours or less. Meetings with this type of time expectation normally have concise agendas, stay on point, and limit discussion per issue to reasonable lengths of time. The ability to stay focused on the important issues is directly related to the chairman's ability to see that the agenda is strictly followed.

The time issue will not be a factor if the board leaders properly manage the agenda. It will help to adopt the following rules for meetings:

- Standardize the agenda so that it is in the same format for every meeting;
- Place controversial issues at the end of the agenda so that proper time has been dedicated to normal business;
- Get out the agenda and all back-up material to the board members early so that they have time to become completely versed on all the important issues;
- Follow a systematic approach to idea analysis;
- Do not allow last-minute items to be placed on the agenda that require an immediate vote;
- Limit the time dedicated for discussion on any given item and stick to it;

of club operating revenue, it “normalizes” the data to allow comparison across club revenue size categories. This figure was more than 41 percent for all responding clubs and ranged from a low of 39.6 percent for the clubs with \$10.0 to \$14.9 million in operating revenue, to a peak of 42.8 percent for clubs in the \$7.5 million to \$9.9 million category. Employee turnover ranged from 10 percent to 38 percent for the various operating revenue categories with the median at 28 percent for all clubs.

From a financial position standpoint, the current ratio gives a club an indication of a club's short-term liquidity. The typical club reported a current ratio of 2.0. As this is the coverage of current liabilities by current assets, a club should be concerned if this ratio falls below 1.0.

Respondents reported an average collection period of 38 days. In terms of operating revenue size, clubs with less than \$3.5 million in operating revenue reported lower collection periods (30 days). Across the other operating revenue categories, collection periods ranged from 36 to 40 days.

The solvency ratio (Assets divided by Liabilities) and the debt-to-equity ratio (Liabilities divided by member equity or net worth) are good indicators of how much a club is financed by debt vs. member equity or net worth. All responding clubs reported a median solvency ratio of 3.2 and a median debt to equity ratio of 0.5. Both are indicative of relatively strong financial positions for responding clubs. A debt-to-equity ratio of 1.0 would indicate that members/investors have an equal stake in the club's assets as outside creditors/lenders. A low debt to equity ratio typically implies a very stable organization.

Source: Access the 2022 Finance and Operations Report Executive Summary at cmaa.org/club-operations/research/surveys-and-reports/. Survey participants may access the Full Report and their Individual Club Report on the Research Portal at cmaa-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.



- Manage the clock and do not let members wander off on unrelated conversation;
- Expect board members to attend all meetings and expect each member to fulfill his/her responsibility of coming to a meeting prepared.

In part II of this series, best practices will focus on establishing rules of orders and uses special and executive sessions for successful meeting dynamic management.

Excerpted from CMAA's Director's Guide for Understanding Club Governance

Legal, Legislative, & Regulatory Update

CMAA and NCA File Joint Comments on DOL Independent Contractor Classification Regulations

On Wednesday, December 7, 2022, CMAA and the National Club Association filed joint comments with the Department of Labor concerning proposed revisions to its analysis for determining employee and independent contractor classifications under the Fair Labor Standards Act (FLSA).

“We recognize the significant role independent contractors have in the delivery of goods and services in all sectors of the economy. We believe federal and state labor laws and regulations should provide a more stable and predictable standard by which to determine employment status and worker classification,” read the comments in part.

The associations wrote that a “totality-of-the-circumstances” approach would introduce too much subjectivity to the determination process; instead, they urged the Department of Labor to adopt easier to

understand guidelines, noting that the club industry relies on independent contractors to meet seasonal and other needs, and that the proposed revisions would be overly complicated, necessitating legal expertise in each individual situation.

DHS and DOL Release More Details on the Additional FY2023 H-2B Visas Available

The Department of Homeland Security (DHS), in conjunction with the Department of Labor (DOL), has announced the full details regarding the 64,716 additional H-2B visas for FY2023. They first announced their intention in mid-October. In the temporary final rule published December 15, 2022, the DHS and DOL outlined what’s available, the release timeline, additional employer attestation and recruitment requirements, and petition submission specifics. Learn more at uscis.gov/working-in-the-united-states/temporary-workers/h-2b-non-agricultural-workers/cap-count-for-h-2b-nonimmigrants.



CMAA News & Announcements

New White Paper Released Detailing Six Universal Key Club Performance Indicators

In October 2022, CMAA released the Universal Key Club Performance Indicators White Paper. This resource details the six Key Performance Indicators (KPIs) that encapsulate a high-level picture of financial health, including the major components of a club.

The release of this industry resource is the culmination of a concerted effort, inclusive of a public industry comment period, that began in March 2020 to create metrics that would become a common language between club managers, boards, and industry consultants. These KPIs were developed by a task force of industry experts and practitioners and are intended to

provide a tool to club managers and boards of directors, governors, or committees to begin a conversation on the effective operational strategies toward the overall financial health of a club. These KPIs can be used together to provide insightful information in concert with other quantitative and qualitative information available to club stakeholders.

From examining financial performance over a period of time to monitoring the retention and attrition of a club's member base, each KPI serves as an important indicator of the approach a club should take to sustain the expected standard of service and member experience.

Access the Universal Key Club Performance Indicators White Paper at cmaa.org/research/.

The Board Brief is a publication of the Club Management Association of America. Founded in 1927, CMAA is the largest professional association for managers of membership clubs with more than 7,000 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 more than 40 professional chapters and more than 40 student chapters and colonies. Learn more at cmaa.org.