

Board Brief

May/June 2020

Designed for Club Board of Directors

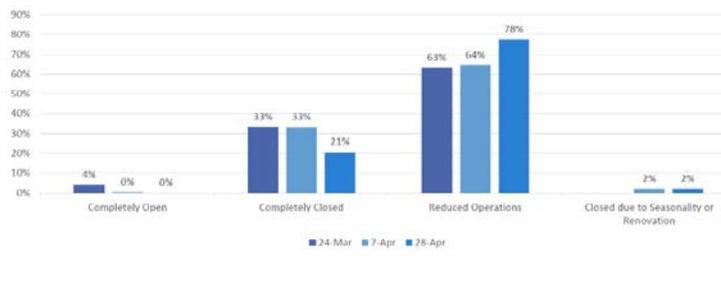


CLUB MANAGEMENT ASSOCIATION OF AMERICA		
HPL	1,062	85,678,000
KEE	485	8,369,000
NAH	8,569	189,301,000
PPP	6,402	102,698,000

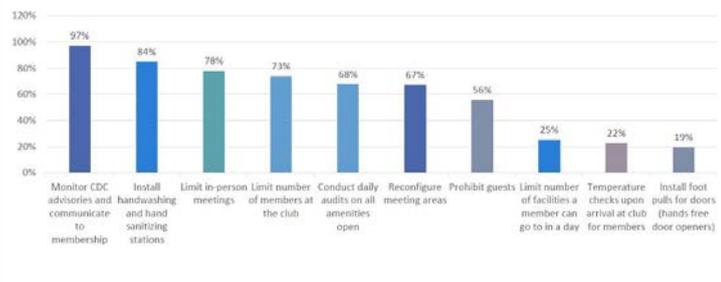
By the Numbers: The Impact of the COVID-19 Pandemic on Clubs

Since the start of the COVID-19 pandemic, CMAA has fielded a multi-faceted research effort including three operational surveys and one reopening survey to gauge the impact of the coronavirus pandemic on CMAA member-managed clubs. In the most recent operational report published on April 28, approximately 313 clubs responded to the survey, and in the reopening survey, 444 clubs responded to the survey. Both survey reports are representative of CMAA member's club demographics.

Club Status As a Percent



Club Safety: Steps Clubs are Taking for Members As a Percent



Operational Status

The late April operations survey captured club's operational status as states began lifting restrictions. Of those surveyed, 78 percent reported their club status as reduced operations, a 14 percent increase from the same survey three weeks prior. Through the three operation surveys, the largest percentage of completely closed clubs was 33 percent for both the March 24 and April 7 reports and most recently fell to 21 percent. Approximately 18 percent of the responding clubs indicated that they had to temporarily shut down due to a case of COVID-19 or fears surrounding COVID-19 and 38 percent of the clubs have reported a member/guest or staff member diagnosed with the COVID-19.

Of the 78 percent of clubs with reduced operations, many are offering Food and Beverage Take-out with 69 percent indicating the amenity is fully open and 16 percent providing it on a reduced basis. Another popular amenity for reduced operations clubs is golf, with 30 percent showing courses completely open and 23 percent offering golf on a reduced basis. This number will rise as most states have since lifted their restrictions on golf.

In fact, 47 percent of clubs planned to resume operations between May 1-31, while 29 percent of clubs are unsure of when they will be able to reopen.

When asked about operating status by mid-June, clubs indicated that the top five amenities that will be operating at a normal level for clubs include food and beverage - takeout (76 percent), golf courses (44 percent), outdoor tennis courts (30 percent), locker rooms (22 percent), and pickleball courts (22 percent). For the same time period, clubs expect the following amenities to be operating at a reduced level including food and beverage - on premises dining (72 percent), banquets (45 percent), locker rooms (40 percent), outdoor pools (39 percent), and fitness/exercise (32 percent).

As clubs shift to reopening, members of the club will want to be assured that their clubs are safe to visit. To ensure that members know it is a safe environment, most clubs plan to monitor CDC advisories and communicate to membership (97 percent), install hand washing and hand sanitizing stations (84 percent), limit in-person meetings (78 percent), and limit number of members at the club (73 percent).

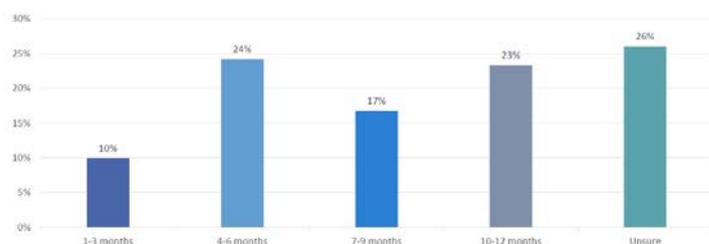
For more information on measures clubs are taking by club amenity to increase safety at their club, please visit cmaa.org/beprepared and download the *May 8 Research Report – Reopening Your Club Amidst COVID-19*.

Finances

Like many businesses, 91 percent of clubs have experienced financial loss due to this pandemic. This represents an increase of 15 percent since the first version of this report in late March. Per the most recent report, the average loss was \$237,905 and cumulatively it was greater than \$68.7 million.

As of early May, 26 percent of the responding clubs are unsure when operating revenue will be restored to pre-pandemic levels, 24 percent plan to have quarterly operating revenues restored at a pre-pandemic level in 4-6 months, and 23 percent in 10-12 months.

Projected Timeframe for Quarterly Operating Revenues to be at the Pre-Pandemic Level As a Percent



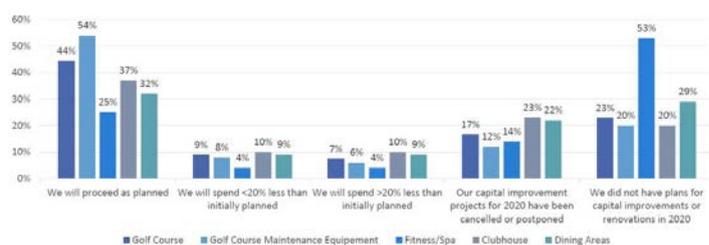
Member dues are an important piece of club business as they represent 48 percent of operating revenue for clubs (Source: CMAA's 2019 Finance and Operations Report). When it comes to member dues during this crisis, most clubs (84 percent) are keeping it business as usual, 7 percent are using some or all the member dues to subsidize employee hardships while 6 percent are still coming up with a solution. While just 2 percent of clubs are reducing member dues, some other clubs are deferring one month of member dues, delaying minimums, freezing non-resident categories, discounting carry-out items, and eliminating food and beverage minimums/athletic fees/capital fees.

Capital Improvements and Renovation Plans

In fiscal year 2019, clubs were planning to spend a median of \$614,500 on capital investments as reported in the 2019 Finance and Operations Report. This amount drastically scaled up depending on the size of club with clubs with operating revenue of \$15.0 million or more planning to spend a median amount of \$2.5 million.

Based on the recent reopening survey, between 25 to 54 percent of clubs plan to proceed with their capital improvement or renovation plan as indicated below by amenity.

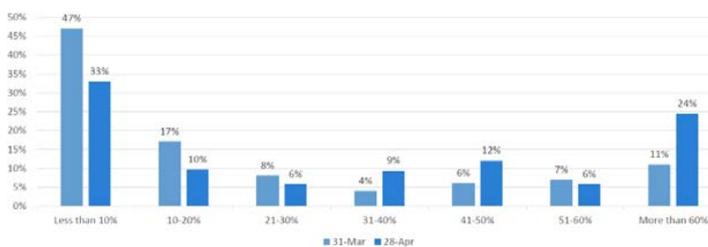
Capital Improvement or Renovation Plans As a Percent



Staffing

Staffing is another concern for many clubs during this pandemic as salaries and wages expense as a percentage of club operating revenue was just over 43 percent for all responding clubs in CMAA's 2019 Finance and Operations Report. When asked about staffing specific to COVID-19, 35 percent of club's plan to cover full-time salaries indefinitely, while 23 percent are unsure of how long they will be able to cover salaries. Due to the pandemic, some clubs have had to make the difficult decision to layoff full-time

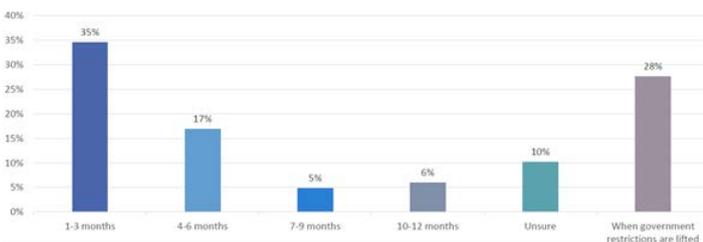
Percentage of Full-Time Staff Laid Off As a Percent



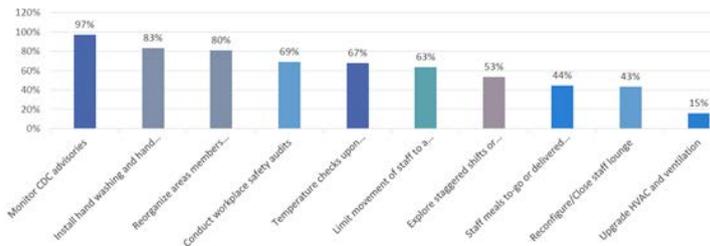
staff with 33 percent have laid off less than 10 percent, 24 percent laid off more than 60 percent, 12 percent laid off between 41-50 percent, and 10 percent have laid off between 10-20 percent of their full-time staff.

When asked about restoring staff to pre-pandemic levels, 35 percent of the responding clubs plan to have staffing restored in 1-3 months, while 28 percent are waiting for government restrictions to lift. Otherwise, 17 percent expect to return to this level in 4-6 months, 6 percent in 10-12 months, 5 percent in 7-9 months, and 10 percent are unsure.

Projected Timeframe for Staffing to be at the Pre-Pandemic Level As a Percent



Workplace Safety: Steps Clubs are Taking for Staff As a Percent



As clubs look to reopen, workplace safety will be a priority and returning staff will want to be assured that the club is completely safe. The top three things clubs plan to do to ensure workplace safety are monitor CDC advisories (97 percent), install hand washing and hand sanitizing stations (83 percent), and reorganize areas members congregate (80 percent).

Summary

Many clubs are beginning to reopen as states lift restrictions. Many have and will continue to offer Food and Beverage take-out as well as outside amenities like golf in hopes of having the clubs back to pre-pandemic operating revenue levels within the year.

For more information on CMAA's COVID-19 response and a copy of each survey report, please visit www.cmaa.org/beprepared.

Best Practices: Board Leadership During Crisis

2020 has been anything but ordinary – and though we're faced with decisions we never thought we'd need to make, our new normal is well upon us. The role of the Board during and after this pandemic will look different in many ways, but one way that the role remains the same is by providing steady leadership in this time of uncertainty.

RSM, a CMAA Education Partner, rightly states that "unexpected hard times can define a company, not to mention determine its survival. Ideally, such instances bring out the best in leadership." In a recent article RSM covered five characteristics that boards should work to embody as they navigate the pandemic and its aftereffects.

Proactive – effective responses to a crisis require preparedness and implementing plans before things begin to seem



dire may feel like an overreaction initially, but in the long run provide structure and support for the business and staff teams. Staffing strategies, IT plans, remote work structures, even supply chain accommodations are all areas that could benefit from proactive thinking.

Communicative – “Keeping employees and customers informed can help stakeholders limit their anxiety and navigate challenging circumstances.” Transparency (when possible) in communications during a crisis is crucial. Designate a point person to liaise between the Board and the communications team. Create communication procedures that notify relevant parties and be sure to craft consistent, clear messages for your consumers.

Thorough – “Your board can set a productive course by thinking broadly, being detailed and by empowering skilled leaders.” Going hand in hand with “Proactive”, being thorough implies preparedness and thinking through possible outcomes can ensure there are fewer surprises when a crisis does arise.

Responsive – “Thorough planning facilitates quicker, smoother responses.” Agility and adaptability are necessary in a crisis like COVID-19. While some changes are unpredictable, being responsive can assist your club in making it through a crisis, while at the same time helping your staff and community.

Mindful – “A crisis can be traumatic... Your board should be cognizant of the human element and the heavy toll a disruption might levy.” The current pandemic is a shared trauma and people are suffering in myriad ways. Stay mindful of this when planning and decision making, consider who will be affected by your plans and how, short-term and long-term. “If leadership can be as forthcoming, transparent and compassionate as possible, it could go a long way toward maintaining your work force’s morale and returning to full capacity once the storm passes.

Source: <https://rsmus.com/economics/coronavirus-resource-center/covid19-relief-management-for-boards-of-directors.html?cmpid=soc:twcpr0420-boards-and-covid-article:bb01>

CMAA News and Resources

Be Prepared: CMAA’s COVID-19 Resources

Your one stop resource for COVID-19 resources now includes CMAA’s reopening resources including the newly published, *Club Considerations for Reopening Post COVID-19* resource, *Back2Golf Operational Playbook*, guidance by operational and amenity area, upcoming and archived expert-led webinars, and more. Access more at www.cmaa.org/beprepared.

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.