

Board Brief

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**CLUB
MANAGEMENT
ASSOCIATION
OF AMERICA**

Designed for Club
Board of Directors

Top Three Capital Spending Priorities FY2019 and FY2019 – FY2021

	FY2019	FY2019 – FY2021
General Clubhouse	45%	49%
General Golf Course	48%	48%
Informal Dining	24%	25%
Fitness Center	11%	18%
Swimming Pool	12%	16%
Golf Course Irrigation System	12%	15%
Formal Dining	10%	12%
Tennis Court	10%	10%
Men's Locker Room	7%	9%
Pool Building	5%	7%

Research: What Are Club's Top Capital Spending Priorities?

Successful clubs make ongoing capital investments to improve, expand, and maintain the amenities and levels of service private club members expect. From CMAA's *2019 Economic Impact Report*, clubs made more than \$3.2 billion in capital investments in FY2018 and plan to invest another \$3 billion in 2019. Additionally, over the next three years (2019-2021) clubs plan to invest more than \$7.6 billion in capital spending.

The top capital investment priorities for clubs are listed for 2019 as well as the next three years. While the top three are the same in both periods, but in a different order, there are some differences in the capital spending priorities next year vs. the next three years. The Fitness Center, Swimming Pool, and Golf Course Irrigation System are ranked higher as long-term priorities by 2022, emphasizing how important these club amenities are.

Source: Access the 2019 Economic Impact Report Executive Summary at <https://cmaa.org/surveys.aspx>.



Trends: Sports

Fitness (or how to be more fit) always seems to be top-of-mind for many Americans. While much time has been spent discussing the rising popularity of varying fitness and wellness options at clubs, it's also important to think about the ways in which the sports scene is in flux, too.

Between golf, tennis, and swimming (among many others), clubs offer a lot in the way of sports. The following breaks down some of the participation data available that may help clubs adjust to current trends:

Swimming– A recent Club Spa and Fitness Association (CSFA) Survey highlights some valuable data about current trends in the sports and recreation space. Specifically, the data pertaining to swimming in clubs. The pool is a great place for families to spend time, giving kids a place to play and learn and parents a place to relax. On average, clubs that offer swimming have two pools, both indoor and outdoor. Leisure pools edge out competitive or lap pools – but nearly 90 percent offer swim lessons. Kids have the chance to take their swimming skills to the next level on swim teams at half of the clubs surveyed. Leaning into the popularity of swimming, and the space it offers for members of all ages to enjoy their time at the club, is a great way to get your members to the club and increase their fitness in the process.

Tennis– According to the Tennis Industry Association's State of the Industry report, in 2014, the US tennis economy was worth approximately \$5.73 billion, a 3.2 percent increase from the year prior and tennis has continued to hold strong in the long-term relative to total participation in other traditional sports. Tennis remains the lone activity with a net increase (+6 percent) compared to other sports showing overall declines – which demonstrates continued interest in the sport.

Though the core demographic of adult players is aging, and the number of younger players is declining, there's an opportunity for clubs to provide a space for multi-generational play.

The Tennis Industry Association emphasizes that “ensuring long-term sustainability for tennis depends on generating an increasing base of younger core and overall players” – a prospect of which clubs could certainly take advantage.

Golf– Golf is perhaps the most popular sport played at clubs, but that we've known for a while. What's interesting, though, is the growth seen in youth participation. According to the 2019 National Golf Foundation, the category of young adults (18-34-year-olds) is the sport's biggest customer age segment, with 6.1 million on-course participants and another 4.1 million off-course only participants.

“The engagement within this demographic has remained steady for the past five years. Interest in playing among non-golfing young adults is high, with more than 5.3 million saying they are ‘very interested’ in taking up the game.”

Paired with a 15 percent increase among people who didn't play golf on-course but have indicated that they are very interested in playing, the popularity of the sport is as strong as ever.

So, what does that mean for clubs? Begin by considering the ways in which your club can offer off-course golf experiences to your members. This introduces folks to the game in a controlled – and in many ways, less intimidating environment. Having great staff on hand to help coach new players and encourage them to try their skills on course can support their transition outside and ideally, grow their love for the game.

Sources: CSFA Trends Report, Club Spa and Fitness Association; 2015 State of the Industry Report, Tennis Industry Association, https://docs.google.com/viewerng/viewer?url=http://www.tennisuniversity.org/wp-content/uploads/2015_State_of_the_Industry1.pdf; Golf Industry Facts, National Golf Foundation, <https://www.ngf.org/golf-industry-research/>



Best Practices: Board Member Orientation Activities & Agenda

It is clear why a club should orient new directors, preparing them for their roles and responsibilities for effective governance. Orientations can take several different formats. The format often depends on the size of the board or committee, how frequently it meets, how many new members are being inducted, and what the style of the board or committee is. The type and amount of information that needs to be passed along will also dictate the activities planned for an orientation.

Orientations, no matter what their format, should always be efficient, effective, and useful.

Agendas should be built to address the following points and ensure Board members are well prepared for the year ahead. The primary goals should be to:

- Orient to bring new members up to speed.
- Orient to build loyalty and enthusiasm.
- Orient to communicate the club mission.
- Orient to teach policies and procedures.
- Orient to define informal and formal networks.

Whenever possible, they should also be engaging and entertaining. Advance materials should be distributed to provide:

- Roles and responsibilities of board and committees, including guidelines for conduct at meetings;
- Decision trees and recent member satisfaction or other research;
- Industry articles and benchmarking reports; and
- Organizational charts and staff training modules for every department.

It is highly recommended to feature a behind-the-scenes club tour with interaction with appropriate staff at each location within the club. It provides the opportunity for club leaders to interact with staff in each department, hear about challenges, experience the conditions in which they work, and learn about what it takes to make the club work.

Source: Adapted from CMAA's Director's Guide for Understanding Club Governance and Moving Forward at Carmel Country Club: Board Orientations, Club Management Magazine, Fall 2015, https://www.nextbook.com/ygsreprints/CMAA/q54358_cmaa_fall2015/index.php?startid=14&q5=orientation#/16.

Legal, Legislative, & Regulatory

Navigable Waters Protection Rule Released

On January 23, the Environmental Protection Agency (EPA) and the Army Corps of Engineers (Corps) issued the Navigable Waters Protection Rule, permanently replacing the repealed 2015 Waters of the US (WOTUS) rule which dramatically expanded federal jurisdiction over waters and wet areas in the US, including most water bodies on golf courses.

The new rule does not change who oversees permanent waterways; it provides clear lines indicating that usually dry areas – like ditches – should no longer be considered federal waters.

The rule identifies four clear categories of waters that are federally regulated:

1. Traditional navigable waters including territorial seas;
2. Perennial and intermittent tributaries;
3. Certain lakes, ponds, and impoundments; and
4. Wetlands that are adjacent to jurisdictional waters.

This final action also details what waters are not subject to federal control, including features that only contain water in direct response to rainfall; groundwater; many ditches; prior converted cropland; and farm and stock watering ponds. Further, the 2020 rule provides clarity about what waters fall under federal vs. state jurisdiction, making water management more efficient and effective.

CMAA News and Resources

Club Renovations 101: Registration Opens for Capital Improvements Summit

Hosted at the University Club of Chicago and Union League Club in Chicago, IL, August 11-13, this program will focus on construction management in clubs and the competencies a club management professional needs to complete a successful project, renovation, or deconstruction. Topics will be diverse and extensive and cover every aspect from start to finish of a major project including obtaining member approval for the project, contracts/draw schedule, project cost estimating, assembling the team and roles and responsibilities,



financing, feasibility and valuation, and project management. For more information, visit <https://cmaa.org/microsites/summits/capital-improvements-summit/index.html>.

Club Resource Center: Changing the Way the Club Industry Trains

The Club Resource Center's (CRC) Club Subscription provides a dynamic online training platform to club managers and their staff with direct access to hundreds of essential training courses, publications, and resources in a variety of core competency areas. A subscription to the CRC provides each of your staff members with a unique login and password so that they can access staff training courses on their time and at their own pace. Each user's progress is recorded so that the team leader can monitor progress and identify areas in need of improvement. The comprehensive reporting features further simplify record keeping and help keep you in compliance. The Club Resource Center also provides access to industry surveys, and a library of resources to help clubs with day-to-day club operations. For more information, visit <http://www.clubresourcecenter.org/>.



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.