

Board Brief



CLUB MANAGEMENT ASSOCIATION OF AMERICA

November/December 2023

By the Numbers: Service Trends

This year, GGA Partners has again teamed up with the CMAA Research Committee to administer a research survey for members of the Association. The survey – *A Club Leader’s Perspective: Emerging Trends & Challenges* – serves as a contemporary update on the pressing needs of CMAA managers and looks at emerging trends and challenges from the perspective of those in club management.

This report was designed to gauge the impact of the coronavirus pandemic on club operations and its ripple effects into 2023 and beyond, and the research results will help club managers and their boards better prepare for the next normal. We’ll look at data regarding inflationary impacts on service trends in this edition – but you can find more data in the full report.

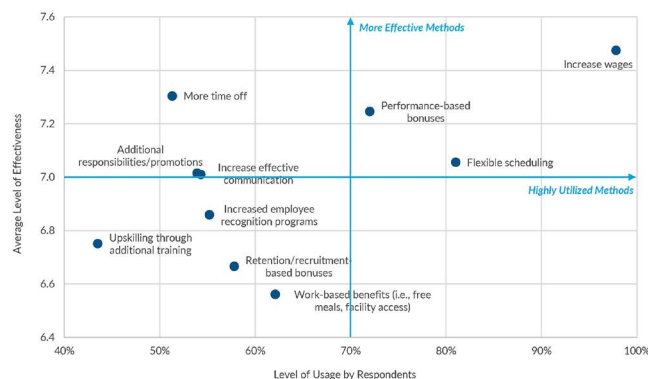
Flexible Scheduling Key to Retaining Staff

To retain staff over the past year, compensation incentives and flexible scheduling continued to be the most utilized and generally effective tactics. Compensation

incentives included performance-based bonuses and wage increases.

Fifty-four percent of respondents indicated that their club surveyed employees in 2022, up from 46 percent last year. Clubs that surveyed their employees showed higher utilization of all retention methods aside from increased wages, and slightly higher effectiveness with those retention methods.

Methods Used to Retain Staff vs. Effectiveness



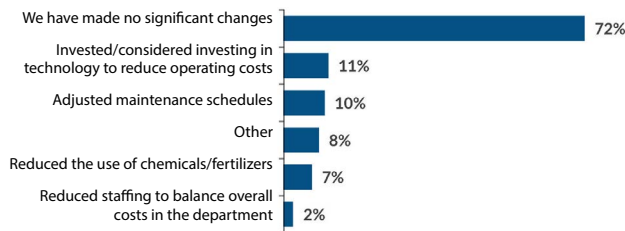
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Inflation Impacts Personnel Costs

Nearly nine-in-ten clubs will address the inflationary impacts on personnel costs by aligning the increases for fees/revenue levers. Sixty-one percent of club leaders still plan to be proactive in addressing the impact of the costs associated with personnel—beyond simply raising dues.

Increasing fees/revenue to match any cost increase to maintain desired levels of quality and service is a popularly held position.

Changes made to Combat Inflationary Pressure on Petroleum-Based Products



Adjusting Prices Over Mitigating Rising Costs

City and athletic clubs were most likely to make changes to combat inflationary pressures on petroleum-based products, followed by golf clubs. According to the report, club leaders appear more focused on adjusting pricing to fee/revenue streams and combating labor costs rather than tactics to mitigate rising petroleum-based costs.

For golf clubs, the most popular changes were adjusted maintenance schedules (24.5 percent) and investing in technology to reduce operating costs (24.5 percent).

Source: GGA Partners 2022/2023 Club Leaders' Perspective Report <https://ggapartners.com/2023/02/a-club-leaders-perspective-2022-2023/>

Philosophy for Addressing Personnel Costs & Adjustments to Amenities and Services



Best Practices: Adopt Universal Key Club Performance Indicators

Club Boards have a significant role in the design, monitoring, and execution of organizational strategy. Collecting data points to produce metrics that make up Key Performance Indicators (KPIs) is vital to understanding what makes up the health and success of your club. Effective KPIs are important metrics to make sure that your club can accomplish business objectives.

These KPIs were developed by a cross-industry task force led by CMAA 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 are intended to be used together to provide insightful information in concert with other quantitative and qualitative information available to the stakeholders of your club.

The task force chose to highlight the six KPIs listed below, with the intention of providing the industry with a basic level of information regarding your club's overall financial health. Using and interpreting these KPIs individually will not provide a full picture of your organization, but together they will provide a clear picture of the overall financial health of the club.

1. Change in Net Assets (Member's Equity) Over Time = $(\text{Ending Net Assets} - \text{Beginning Net Assets}) / \text{Beginning Net Assets}$
2. Current Ratio = $\text{Current Assets} / \text{Current Liabilities}$
3. Debt to Equity Ratio = $\text{Total Liabilities} / \text{Total Members' Net Assets (Total Equity)}$
4. Net PP&E (Property, Plant and Equipment) Ratio = $(\text{Net PP\&E} - \text{land}) / (\text{Gross PP\&E} - \text{land})$
5. Change in Full Member Equivalents = $\text{Change in Full Member Equivalents (Annual Dues)}$
6. Revenues / Annual Dues for a Full Member) over multiple years
7. Dues to Operating Revenue = $\text{Operating Membership Dues Revenue} / \text{Total Operating Revenue}$

In summary, they give clubs a quick snapshot and provide a basis for understanding your club's financial strengths and weaknesses. These KPIs, when properly understood and applied, can provide you with the analytical starting point that will help decisionmakers make better more informed decisions.

Excerpted from CMAA's Universal Key Club Performance Indicators White Paper. Read more about these KPIs, their rationales, and how to apply them at your club at cmaa.org/club-operations/research/industry-reports-and-white-papers/#UKPI.



Legal, Legislative, & Regulatory Update

DOL Proposes Changes to Overtime Rule, Threshold Increases to \$55,000++ Annually

The Department of Labor (DOL) has proposed changes to the rules governing which employees are eligible for overtime. Currently to qualify for exemption from overtime, an employee must meet the salary basis test (paid a predetermined and fixed amount not subject to reduction or variation), the salary level test, and duties test. The qualifying exemption salary threshold will increase to at least \$55,000 and be subject to automatic increases every three years.

The proposal increases the minimum salary required for an employee to qualify for exemption from the current level of \$679 per week, the equivalent to \$35,308 per year, to \$1,059 per week, or \$55,068 annually. However, the DOL also noted in a footnote that the projected threshold for 2024 could be \$1,158 weekly, or \$60,209 annually.

The proposed rule would automatically update the earning thresholds for exempt and highly compensated employees (HCEs) every three years using current wage data. Specifically, the DOL proposes to update the salary level by adjusting it to remain at the 35th percentile of weekly earnings of full-time non-hourly workers in the lowest-wage region (currently the South).

There are no changes to the duties test or the use of bonuses to satisfy the salary threshold. The DOL

is accepting comments through November 17, and CMAA will be collaborating on official comments on the proposed rule on behalf of its members.

EPA's WOTUS Update Rule Continues Confusion

The Environmental Protection Agency (EPA) and the Army Corps of Engineers have issued a final rule amending the definition of 2023 Waters of the US (WOTUS) regulation that fails to fully conform to the Supreme Court's decision in *Sackett v. EPA*. The rule is effective immediately.

While the rule does make significant changes in accordance with the ruling, it does not address and define what it means for a water to be a "relatively permanent, standing or continuously flowing body of water, or what it means for a wetland to have a continuous surface connection." Given this omission, considerable ambiguity remains for property owners who seek to understand where the water on their property is federally regulated.

Adding further complication is the existence of two different "relatively permanent standards" depending on which state you are in due to ongoing litigation and multiple preliminary injunctions currently in place. In states where the 2023 WOTUS Rule was preliminarily enjoined, the pre-2015 rule interpretation is in place, and in all other states, the 2023 Rule is in effect. Litigation is ongoing.



WORLD CONFERENCE
& CLUB BUSINESS EXPO

MARCH 4-8 · LAS VEGAS, NV

CMAA News & Announcements

The 2024 CMAA World Conference & Club Business Expo: A Winning Opportunity for Your Club

Club management professionals from around the world will gather March 4-8, 2024, at the Mandalay Bay Resort in Las Vegas, NV, at the only annual event focused on the business of running a club, the CMAA World Conference and Club Business Expo. The industry's largest annual gathering provides unparalleled educational opportunities for club management professionals. Is your management team planning to attend?

Bolster your team with new club talent and mentor future industry leaders.

Participate in the Career Opportunities & Networking Showcase to highlight your club and meet directly with CMAA Student attendees from more than 40 hospitality programs around the country. Connect with individuals seeking internship and entry-level positions. Further, CMAA's on-site career resources offer clubs the opportunity to post club openings and engage directly with attendees seeking new positions.

Borrow ideas and insights for your club.

With more than 65 educational offerings across all areas of club operations, attendees can learn from industry experts and key practitioners like Opening Business Session speaker and Unreasonable Hospitality author Will Guidara. Attendees can also create their own think tanks with Open Space and tap into the wisdom of fellow managers. Additionally, the Idea Fair offers hundreds of club tested solutions for memorable events, holiday programs, cost/time-saving concepts, staff recruitment and retention, and more.

Bust through your operational challenges with the latest, innovative club solutions

The two-day Club Business Expo, March 6-7, provides an opportunity to explore products and services offered by 300 companies highlighting industry leading trends and innovations. Nearly every product and service you could need to purchase for your club is exhibited in the Expo.

Early registration discounts apply through December 20. Learn more at cmaa.org/learn/meetings-and-events/conference/wc2024/.

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 40 professional chapters and more than 40 student chapters and colonies. Learn more at cmaa.org.