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by Mark Pazdur

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As we turn the page on a fresh year, I encourage you to look at your infrastructure as though you just had Lasix eye surgery.

During my travels, I have witnessed (more times than I wish to mention) private clubs and resorts that are doing the big things right, but receive a failing grade on the little things that cost next to nothing. Here is a check list to evaluate:

1. Are your windows spotless?

2. Are all lightbulbs replaced?

3. Are menus wrinkle and smudge free?

4. Is signage straight/perpendicular to the ground (this includes your entranceway sign, parking/handicap signs, golf course directional signage)?

5. Did you update your website to eliminate all 2016 reminders/pricing?

6. If you have a guard gate, is the building smartly painted and clean? This is the first impression upon arrival. If the guard has a clipboard with names written on a paper, consider replacing with an iPad. It looks sharp, is easier to update, and shows your club is progressive in technology.

7. Evaluate one profit center that surprised on the upside/how to improve it…and eliminate one stinker event that lost money/had poor participation.

8. Challenge each staff member with "one goal" on how to provide better service. Encourage them to memorize/recognize 10 members that they don't know by heart.

9. Consider selling in the golf shop a small speaker that connects via Bluetooth to a member's cell phone that attaches to the golf cart to play music.

10. The average member looks at their phone 15 times during a round. Build a database of your members' cell phone numbers. One hour into the round, send a text asking if everything is ok and how you can be of service. You will be SHOCKED by the positive response for asking.

My New Year's Resolution
Two days ago, I launched a Facebook page to document my business travels and what I find is working and not working in the industry. I think you will find the information useful. I promise only to report relevant information. Would you be kind enough to follow me at https://www.facebook.com/PrivateGolfClubNews/?

Your brand is threatened
By now, most of you are aware of Costco's Kirkland Four-Piece Urethane Cover Golf Ball that retails at $29.99 for a 24 pack of golf balls. The reviews of the ball are positive, performance compares to the Titleist ProV1, and Costco has had trouble keeping them in stock (a temporary problem). It is my understanding they are being manufactured in South Korea. I do not envy Wally Uihlein (Chairman/CEO of Titleist) on how he will have to respond.

This is a game changer and requires your attention. Why? Yes, you will lose some golf ball sales in your golf shop. The bigger threat is the "perceived value" of ALL your merchandise. If you are charging $11.00 for a sleeve and Costco's price is $3.75, how will the consumer/member appraise the value of all of your golf shop merchandise? The Costco price works out to $1.25 per ball, or less than the cost of most "water balls" in a jar in the golf shop. The service you provide and exclusiveness of logoed merchandise helps dent, but not eliminate, the question. It is worth a discussion during your next management meeting so everyone is "on the same page" with a collective answer.

Special offer #1: Complimentary golf in warm South Florida
If you are traveling to the Miami/Coral Gables area this winter, as a PGA, GCSAA, or CMA member The Biltmore resort extends a special offer of complimentary guest fees on their Donald Ross design. A special stay/play rate is also available for your members. For $175/weekdays, $185/weekends your members receive guest fees, cart, and use of practice facilities. For more information, please contact director of golf Bob Coman at bcoman@biltmorehotel.com.

Special offer #2: Reward yourself at Mauna Kea Resort's 44th Annual Pro-Am this December
Last year, 25 teams competed during Mauna Kea Resort's Pro-Am, a Big Island of Hawaii tradition since 1972. Here is a link to my coverage of the tournament:
http://executivegolfermagazine.com/wp-content/uploads/2016/12/MK-Pro-AM-WEB-2017.pdf.
Should you be able to field a team with only three paid members, your room, golf, most meals, and airfare up to $900 is covered. Should you field two teams, your spouse/guest's airfare is included as well.

Comparing a private club to a hotel
Industry experts estimate only one in four private golf clubs are "untouchables." Their combination of elite memberships, historic roots, a core nucleus of "town fathers" among their membership, a waitlist to get in (not out), sizeable capital reserves, and no debt prove to be a magic elixir.

The other 75% of our industry are faced with Boards debating, sometimes quite passionately, the return on investment of major capital projects. A common refrain is "who is going to pay for it."

I would like to present an analogy of comparing a private golf club to a hotel.

There is a strong positive correlation between renovated hotels and RevPAR (hotel jargon for average daily revenue per available room). Simply put, consumers want to stay at new hotels that offer fresh rooms and new amenities. Hotels do not renovate their rooms and common areas out of altruism. It is done because it makes business sense.

Before your next Board meeting, research a local hotel that has undergone a major renovation, call the general manager, and ask how business has improved. This will give you powerful ammunition in quests for capital improvements and justification for the expense.

Of course, there is a big difference between a hotel and a private club funding capital improvements.

A private club likely must assess the membership. If a hotel went to its best 300 customers and asked them to "pitch in" for the renovations, they would balk and simply pick a different hotel. No wonder private clubs have trouble attracting new members when the prospect hears about a pending "special assessment." It doesn't sound so special to them. The normal annual attrition of 10% per year spikes to 14%-16% when the bill arrives in the mailbox.

American entrepreneurship has a knack to fill a void. After Textron Financial (and other small players) exited credit lines to private clubs, the door opened for a new industry.

Ready for a real surprise? While the general media continues its negative views on golf, there is roughly $500 million of fresh equity capital waiting to invest in private club improvements. This is not a typo - $500 million. Why? No different than hotels. It makes good business sense.

Concert Golf Partners (with its $150 million arsenal) and ClubCorp ($300 million in funds) are the standouts in providing an exchange of capital for equity to help attract the next generation of families.

What are the upsides and downsides of recapitalizing your member owned club with a firm like Concert Golf or ClubCorp?

On the downside? The company now has equity in your club. Emotionally the fear of losing control can be a concern; some Board members cannot imagine NOT being in charge. Often Board members say, "assessments are always how we have done it."

The upside? Capital is provided for renovation projects and leads to more members and a stronger balance sheet. Your club is now debt-free. Members never face another assessment.

What are your thoughts on the pros and cons? I welcome your feedback and advice or if you wish to reach Peter Nanula, owner of Concert Golf Partners, please contact him at pnanula@concertcapital.com.

Wishing you a successful New Year,

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