Club Management Experiences of Lockdown

Insights into lockdown trends and management decisions from clubs in the UK

July 2020

Contemporary Club Leadership Ltd
“Helping clubs do the right things ... right”

Kevin Fish CCM
kevin@ccl.services
07398 155 908
WWW.CCL.SERVICES

Introduction

The COVID-19 crisis and subsequent lockdown has resulted in wildly differing experiences for clubs in our industry. As the situation has evolved we have tracked the confidence levels at clubs and explored the rationale that underpins that confidence.

Our latest survey attracted responses from more than 150 UK golf clubs with an even spread from England, Scotland and Wales.

The size of clubs responding is also broadly consistent with the typical size of clubs in the UK, with 46% from the lower tier, 39% from the middle tier and the remaining 16% from the higher tier.

Our conclusions as of July 2020 are presented on the following pages.

Overall Financial Impact of the Crisis on Clubs

We have worked with clubs to understand the overall financial impact of the covid-19 crisis on their financial position in comparison to how they expected to perform in 2020.

The findings make for interesting reading with a noticeable number of clubs expecting to be financially better off as a result of reduced operations and various financial support programmes available.

21% of clubs say 2020 is **better** than budgeted

However, for the majority of clubs the impact of lockdown and the pandemic mean that they are financially worse off than expected.

2/3 of clubs are **worse off** than budgeted for 2020

44% of clubs are **significantly worse off** for 2020

CCL INSIGHT:

Whilst some clubs are experiencing an unlikely boost, the majority of clubs will be left feeling the financial impact of 2020. For many this will focus their attention even more on what good financial management practices they need to adopt and strategic decisions they need to make.

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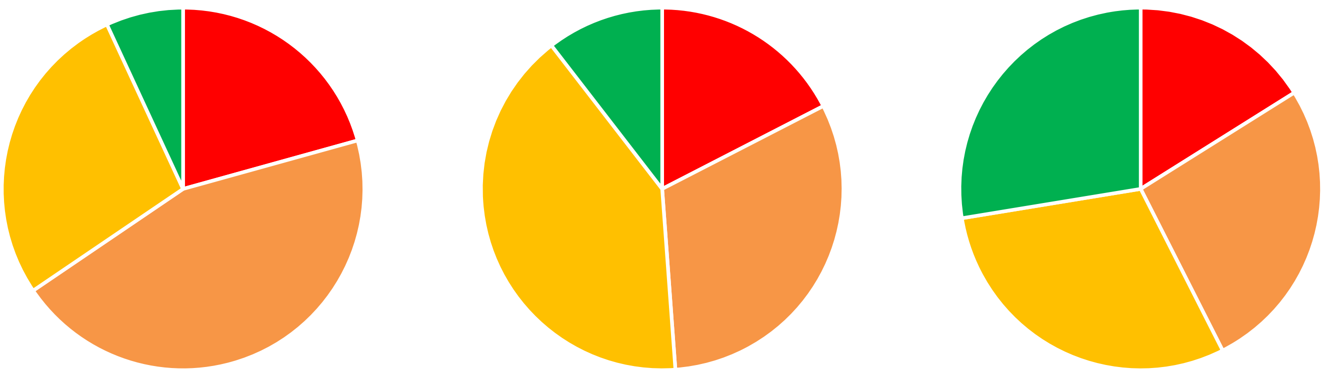
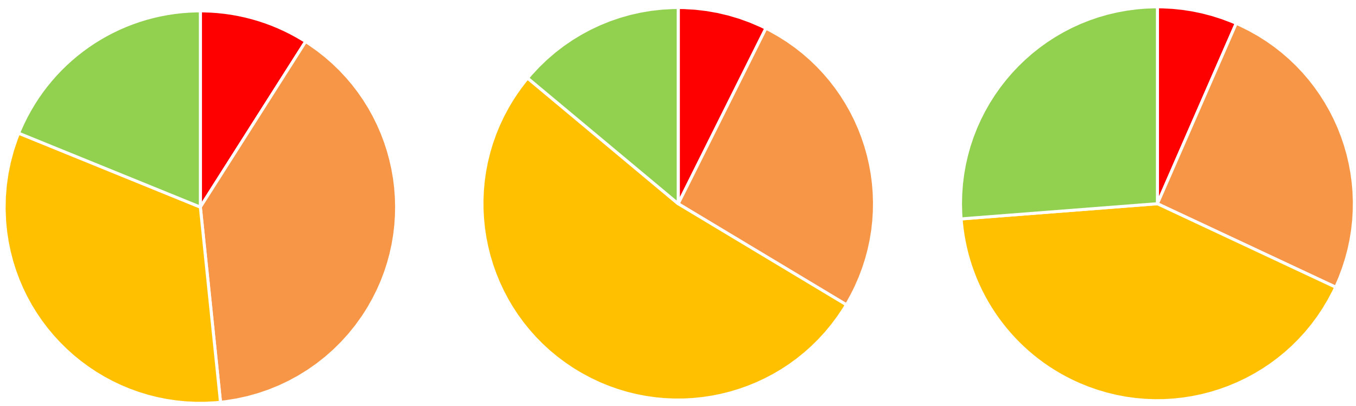
Confidence Levels in Clubs

The results of our first survey in March 2020

Short Term = 2020 | Medium Term = 1 to 3 yrs | Long Term = after 3 years



The results of our most recent survey in July 2020



Key:
- Very Concerned
- Somewhat Concerned
- Very Confident
- Somewhat Confident

CCL INSIGHT:

Initially there was widespread concern about impact on clubs in the short, medium and long-term.
As we reflect in July it is notable that the number of clubs who are very concerned has dropped – however, nearly half of clubs are still concerned in 2020, and around 1/3 of clubs have concerns for the years ahead.

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Club Membership Trends in 2020

Contemporary Club Leadership's industry barometer analysis shows that clubs' primary source of gross profit is subscription income from club members.

During 2020 we lived through significant volatility in membership renewals and resignations:

This volatility is, undeniably, linked to lockdown limitations with members waiting to see if they would be able to get value for their membership in 2020.

This was coupled with some clubs reporting as many as 30% of members asking for a membership refund or gesture for loss of access due to lockdown.

Here is how clubs reacted:

69% made no gesture

10% extended the golfing year

12% offered a credit or voucher

9% offered a full refund

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Post Lockdown Membership Boom

As lockdown lifted golf was one of the first leisure activities permitted to take place. The result was an unprecedented level of demand for tee-times and club membership. The resulting period has pointed to membership sales achieving a record level.

39 average number of new members recruited since lockdown with low tier clubs even averaging 43

In decades past, waiting lists were commonplace at clubs, so with such a growth in membership reported are we seeing a return to the heyday of club membership waiting lists?

10% of clubs said prior to the crisis that their membership was full with a waiting list in operation

23% of clubs now (July 2020) say they are full with a waiting list in operation

With such a positive trend in membership does this mean that all clubs are getting close to full membership?

42% of clubs say they are more than 10% short of a full membership

CCL INSIGHT:

A pleasant surprise for clubs has been the significant demand for memberships in the post-lockdown era. However, even as we write this, tee-sheets are noticeably less busy and people are again choosing to spend their leisure time in other ways. Clubs have opened their arms to new members, but it is crucial to wrap those arms around your new members if you are to retain their commitment in the difficult Spring that lies ahead.

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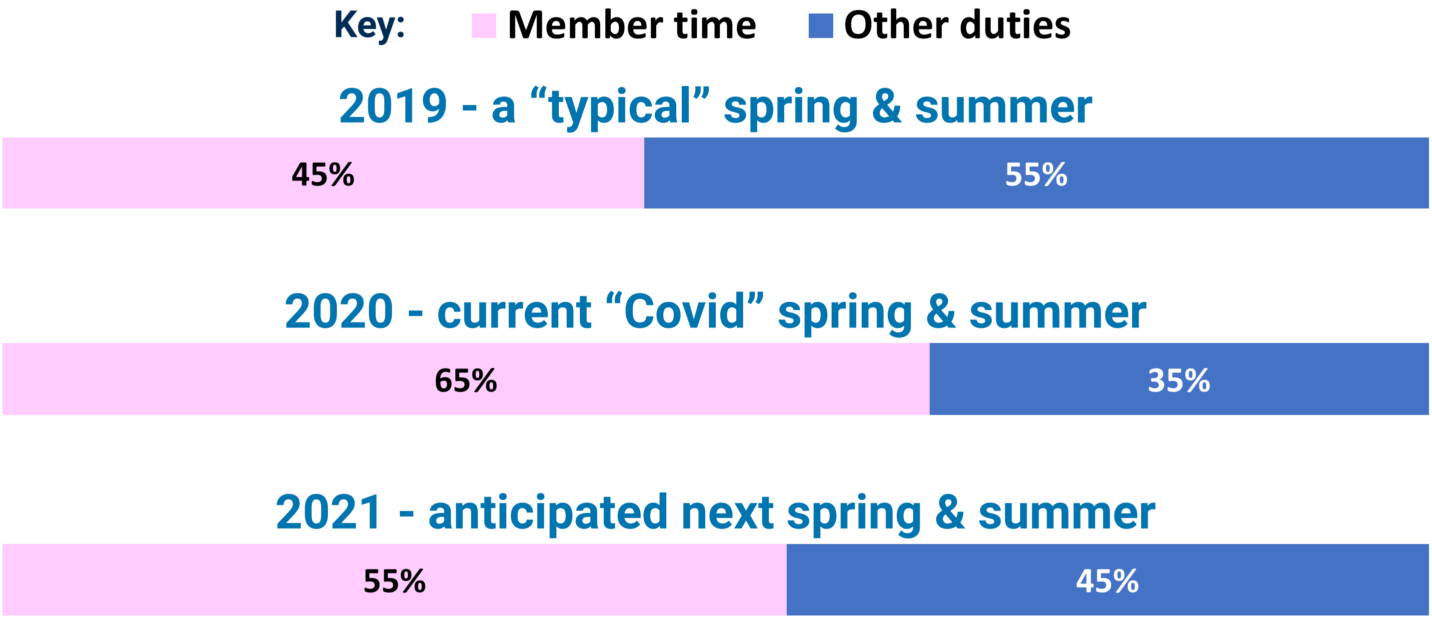
How Are Managers Managing?

Club Managers recognise that they are in the hospitality industry and therefore commit a large portion of their time to serving customers face to face. However, Club Managers also have to juggle these demands with significant administrative duties.

During the crisis, clubhouses have been closed and many staff on furloughed leave, so how has this affected the daily duties of the Club Manager ?



CCL INSIGHT:

This crisis has seen Club Managers focus more time engaging and interacting with members, with on average an extra 20% of their working week (the equivalent of at least an extra day) spent with customers, and therefore not dealing with their other administrative work.

If the industry is to capitalise on the 2020 uplift in membership numbers in the longer term, clubs must ensure that customers see the benefits of attaching themselves to their club, and sufficient resources must be dedicated to the staffing costs associated with the mixing of that “emotional cement”.

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The Loss of Visitor Revenue

CCL's barometer tells us that clubs' second largest course of gross profit is from golf operations - most commonly visitor revenue.

33% clubs are only expecting one third of their budgeted green fee revenue from visitors this year

20% high tier clubs have been hit hardest in this area and are only expecting to collect one fifth of budgeted green fee revenue for 2020

The Clubhouse

Now that lockdown restrictions are being eased, clubs are reviewing the services provided in their clubhouses.

50% half of clubs fully intend to return to business as usual as soon as they are permitted to do so

20% one in five clubs are looking at redundancies in this area

CCL INSIGHT:

Whilst club membership booms we need to be aware that other elements of the club are likely to struggle in 2020. For many clubs, this may lead them to review the long-term importance of visitors and clubhouse – both financially and as part of the club experience.

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Clubs’ Current Objectives

Golf Club Committees are elected to steer their club, and never before have clubs faced such a sudden need to take strategic decisions.

For some clubs, this crisis has been the wake-up call needed to their situation, whilst for others it provides an opportunity to progress and make much-needed positive change.

We asked club leaders to describe their current objective for the club, they responded as follows.

13% Survival mode - an acceptance of the financial realities resulting in a significant reduction in club services

49% Consolidation mode – attempting to return the club to the level of services provided prior to this crisis

38% Development mode – a determined focus to reshape the club and create new services to better support the club’s customers

CCL INSIGHT:

Interestingly, regardless of their financial challenges, or possibly as a result of their financial challenges, smaller clubs are more likely to be in the development mode.

Clubs in the middle tier of the industry are most likely to be reviewing staffing numbers on the golf course with a view to making necessary savings.

Clubs in the higher tier of the industry appear to be taking a much longer view and resisting any temptation to overreact to a difficult financial year.

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The Lessons Learned

The saying goes that hindsight is 20/20, and when we entered lockdown no one could have been sure of the impact we would see on the industry.

We asked club leaders to reflect on what they have learned from this crisis and what they think the legacy of it will be for their club.

CCL INSIGHT:

Club Leaders provided us with a fascinating insight in to how their clubs and this industry may be different as a result of our 2020 experiences.

The headlines in the word cloud above reveal the key decisions that must be discussed in the board room, and highlight the strategic decisions clubs must now make.

All of our research shows that those clubs working towards a clear goal, with robust data to back it up, will thrive best in these turbulent times.

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Industry Insight ~ Guidance and Assurance ~ Empowerment

Lockdown Committee Support

Financial Analysis - CCL Barometer

Club Operations Health Check

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Professional Survey of Your Members

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Golf Course Audit and Plan

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Staff Performance Management Systems

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CCL Ltd 21 Rhodes Park North Berwick East Lothian EH39 5NA

Kevin Fish CCM 07398 155 908
kevin@ccl.services www.ccl.services