

Two thirds of golf clubs feel concerned for **THEIR FUTURE**

As clubs adjust to **life after lockdown**, a survey of over 200 golf club leaders, conducted by Contemporary Club Leadership, revealed worrying headlines. **We asked leading golf club consultant Kevin Fish to reveal the themes...**



Golf has just had a huge shock. Our clubs are emerging into a new world, having been closed for two months, and there is major uncertainty about what that future will hold.

So perhaps it should be no surprise that a lockdown survey, conducted by Contemporary Club Leadership, revealed two thirds of clubs felt concerned about whether they would be able to survive the pandemic's impact.

The headlines were alarming as clubs fear resignation rates will top 10 per cent and respondents reported more than a third of green revenue up to the end of May will be lost.

We asked industry expert, and CCL owner Kevin Fish, to interpret those figures and reveal how the sport can come through these unsettling times...

These are worrying statistics. Why are club leaders reacting this way?

Some clubs have just had a big wake up call. The lockdown has forced many to take a much closer look under the bonnet at what you might call their economic engine, and it has become clear that some wish they had done so much sooner. Before this crisis emerged, over 100 UK golf clubs had shared their full year-end accounts with us, so we knew from that analysis that the pressures on the industry were already mounting. We know that clubs make over 90% of their gross profit from just two sources – members' subscriptions and visitors green fees – and,



frankly, there doesn't seem to be enough of either to go around.

How hard has the lockdown further impacted clubs?

The first responders on the scene certainly helped to stem the bleeding, but the Government's furlough scheme won't go on forever. The Lockdown Survey tells us that, on average, resignation levels are currently running at 8% - well over the yearly average of 6%. Those same clubs surveyed also estimate the resignation rate will rise to 11%, which really bites into club profits. With the "visitor stopcock" turned off, this also results in 37% of green fee income being written off this year.

Is the lack of food and beverage options also punishing clubs?

While there is no doubt golfers will be missing the opportunity to start or finish their round in the clubhouse, all the club managers can tell you that financially, very few clubs will be missing out on a meaningful contribution from food and beverage operations. CCL has the accounts of well over 100 UK golf clubs, and we can tell you that almost half fail to generate a profit from their clubhouse operations. It certainly doesn't account for much of the club's gross profit, which committees often fail to note is made up almost entirely by members' subscriptions and visitors' green fees. Committees should look at their food and beverage provision as a crucial social cement, which helps build a connection to a club and its members – and that is something clubs are missing right now.

What about the surge in demand for golf we are currently experiencing?

Yes, I believe German football has had an unexpected boost too. GCMA members will remember that in the fortnight leading up to lockdown our tee sheets had never been busier and, as we gradually unlock, we are seeing the same surge. This is fantastic. It tells us that lots of people want what we are offering and, in our members' eyes, we can clearly see that absence has indeed made the heart grow fonder.

Managers are also telling me that membership enquiries are up, but so is interest in the Bundesliga, and god help the poor barman at the Auld Hoose in North Berwick when those restrictions are lifted!

What is crucial is that clubs must work harder at wrapping their arms around those new customers because when this recession bites, and it will bite, there will be an awful lot of people calculating what constitutes a non-essential purchase. Next year could be even tougher for clubs and this

is also reflected in our industry survey results, with over half of clubs still fearful for their future one to three years from now.

What can clubs do to help their situation?

Before Committees go blaming the lockdown for all of their woes, they must first take a much closer look at their economic model.

Many of our clients are following our rallying call to remind their members that they are far more than just customers.

They are owners, shareholders and custodians of the club, and if they want their communities and future generations to enjoy the same opportunities to play golf that they have enjoyed, then those members must do everything that is required to see the club not just through this challenging period in our history, but beyond.

Is golf in trouble?

We will lose some clubs in this crisis but, for them, the brushwood was already incredibly dry. But golf clubs



also have an opportunity to use this crisis to review exactly why they are here. For some, they can satisfy a market of golfers who are "just passing through". They want access to a golf facility and little else, and will respond well to a product that meets their financial as well as service level expectations.

2020 SURVEY OF CLUB LEADERS

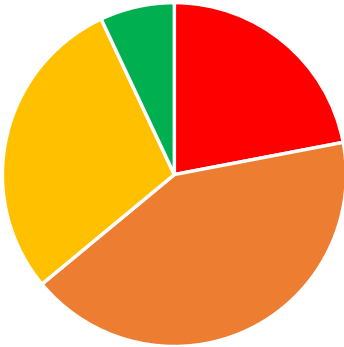
- Fact – Resignations running at 8%
- Fact – Typical resignations at those clubs 6%
- Opinion – Resignation rates will rise to 11%
- Fact – 37% of green fee revenue lost to the end of May
- Fact – 23% of green fee deposits refunded
- Fact – 77% of visitors intend to return to the club

Sample of data from CCL barometer analysis of 100+ club accounts

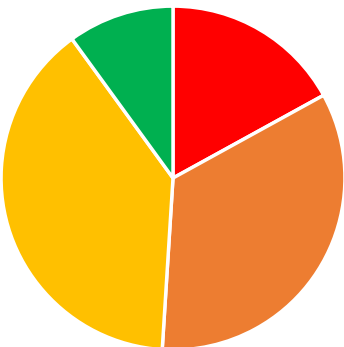
- Fact – Typical cash reserves at clubs – 4 months of trading
- Fact – Typical level of commercial debt – 10% of operating revenue
- Fact – Typical number of full voting members – 436
- Fact – Typical resignation rate – 6%

Looking Forward - Confidence Levels in Clubs

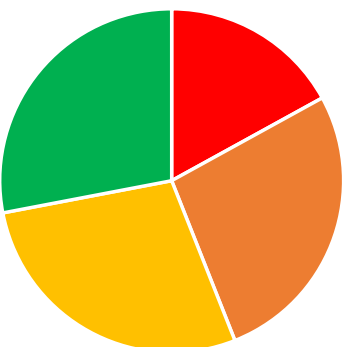
Short Term = 2020



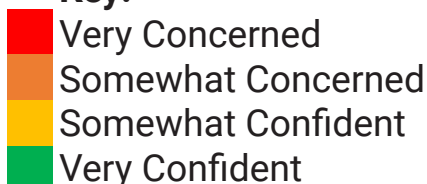
Medium Term = 1 to 3 years



Long Term = after 3 years



Key:



For others, while change is in the air, there is an opportunity for club leaders to re-evaluate why the club exists.

What are the key ingredients, and how has the lockdown made people think of "club"? Those leaders can focus on putting club back into clubhouse, create a compelling purpose to be a member, and evidence that commitment with every decision they make. They can create a genuinely welcoming and contemporary club to meet the social trends in their area, and in doing so establish a conveyor belt of future members who see themselves as belonging to that club and attaching themselves to its style.

What is the one thing that helps clubs the most right now?

Clarity of thinking. Club managers and committees often say that our intervention feels like a trip to the Doctor,

where we openly share the results of a thorough medical, and work with those leaders to improve the health of their club with a range of sensible life style choices.

Managers know that their clubs have many brilliant well-intentioned volunteers, but their love of the club, and the peculiar nature of club committees, means that quite often they can't see the wood for the trees.

My job is to help managers keep committees out of the trees, and find the fairway instead. However reluctant we may be, we all benefit from a swing check from time to time.

THE CCL BAROMETER

A simple 3-step process - for £350 - we compare your club's data against more than 100 other UK clubs

1

Email your year end accounts, we will benchmark them for you.

2

Discussion of the findings with your Club Manager & / or Treasurer.

3

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WHO IS KEVIN FISH?

Kevin has over 20 years of experience in the golf club industry. A former club manager at the Glen Golf Club, in North Berwick, from 1999 to 2008, he was named the GCMA's Manager of The Year in 2004.

In 2008 he became the first club manager in Europe to be awarded the global designation CCM (Certified Club Manager). He went on to work for the Scottish Golf Union for seven years, selecting and leading a team that provided support to hundreds of Scottish golf clubs. He has been integral to the introduction of structured education for club managers throughout Europe and is now the go-to person in our industry for club governance, business planning and financial benchmarking.

He has been invited to address the World Conference of Club Management on over a dozen occasions and now runs his own unique training, recruitment and consultancy business, Contemporary Club Leadership, whose aim is simply to help club leaders do the right things right.

For more, visit www.ccl.services, email kevin@ccl.services or call 07398 155908

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