

The CCL Barometer

A Financial Analysis of UK Golf Clubs

presented by

Kevin Fish CCM



CONTEMPORARY
CLUB LEADERSHIP

GCMA Conference ~ November 2019

GCMA 
Golf Club Managers Association

Keynote Agenda

- Financial Analysis of UK Golf Clubs
- What lessons can we learn ?
- How do you get involved ?

- Social KPI's– Gregg Patterson – Tribal Magic !!!



My Aims

- Increase your level of confidence in club finances
- Make you the most informed person in the room (boardroom)
- Give you the evidence you need to make or guide informed decision making at your club
- Help you develop a more business-like approach at your club

My thanks to -

- Dr Robert Price - Scotland 1990's
- CMAA – Raise Financial Modelling Awareness
- Jack Fish BA (Hons) – Aberdeen University

- 90+ clients – UK private member clubs



Two Golf Club Captains walk in to a golf club bar.....

Emotional Decision Making

**“I’ll tell you what’s wrong around here,
we spend too much money on staff !”**

Emotional Decision Making

**“You can’t get round this course for visitors
- I thought it was a members club.”**

Emotional Decision Making

**“Why do we have this cash in the bank
and still put the subs up ?!”**

Emotional Decision Making

**“Why can’t our kitchen make money
like McDonald’s ?!”**

Data Driven Leadership

D – I – K – W

**Would you want a Doctor whose
knowledge is based on the study
of a single patient ?**

Apples with Apples ?

**Any form of benchmarking requires
a strict application of protocols ...**

**... and believe me, no two sets of club
accounts are the same !**

Strict Protocols & Sample Accounts

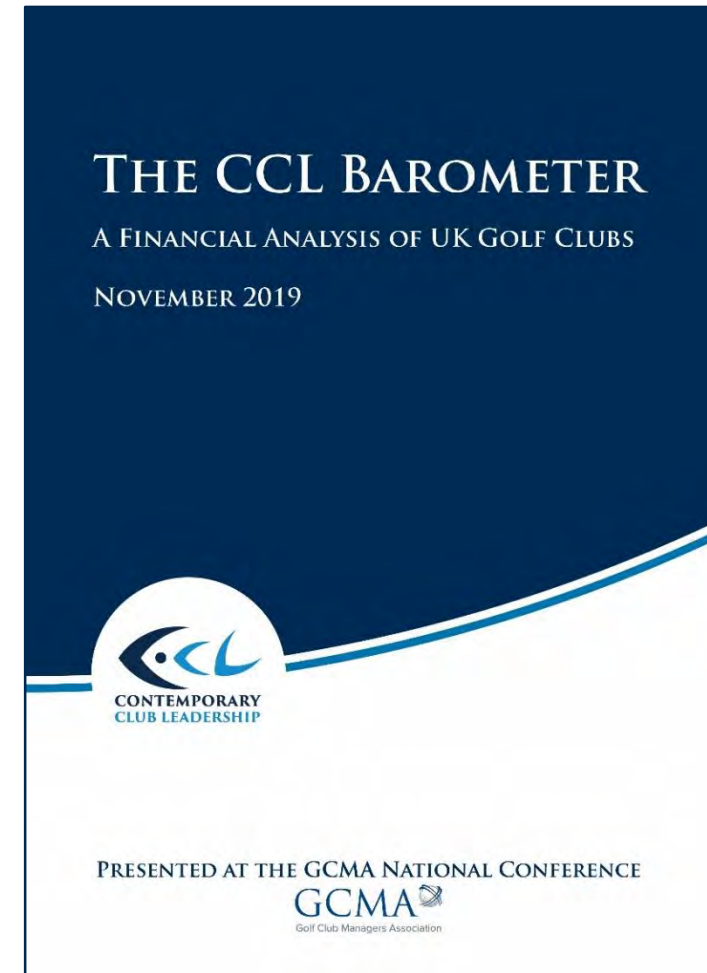
Key principles

1. Standardise Nominals
2. Gross Profit Calculation
3. Separate Operating from Capital Income
4. Identifying Capital Funds Available to you

OPERATING ACCOUNT		CAPITAL ACCOUNT	
Subscription Income	435,000	Entry Fees & Other Capital Income	10,000
Golf Operations Income minus Cost of Goods Sold	85,000	(Bank Interest, Income from a Club Asset [flat] Capital Levy / Subscription Income / Loss from Sale of Club Asset)	
F&B Income minus Cost of Goods Sold & F&B Payroll	5,000		
Other Income (Lockers, Sponsorship, Grants, Miscellaneous Income)	15,000		
Total Gross Profit	540,000	Total Capital Income	10,000
Overheads – Golf Course	235,000		
Overheads – Admin	95,000		
Overheads – House	85,000		
Overheads – Fixed Costs (Rent / Rates, Insurance, NGB, Taxes and Interest)	60,000		
Overheads – Golf Ops payroll	25,000		
Overheads – Membership Costs (Social Costs, Team Matches, Juniors, etc.)	5,000		
Overheads Total	505,000		
Net Profit	35,000	Total Capital Income	10,000
		Net Profit + Tot. Capital Income	45,000
		Deduct Annual Leasing Costs	15,000
		Capital Funds Available	30,000

CCL Barometer Report

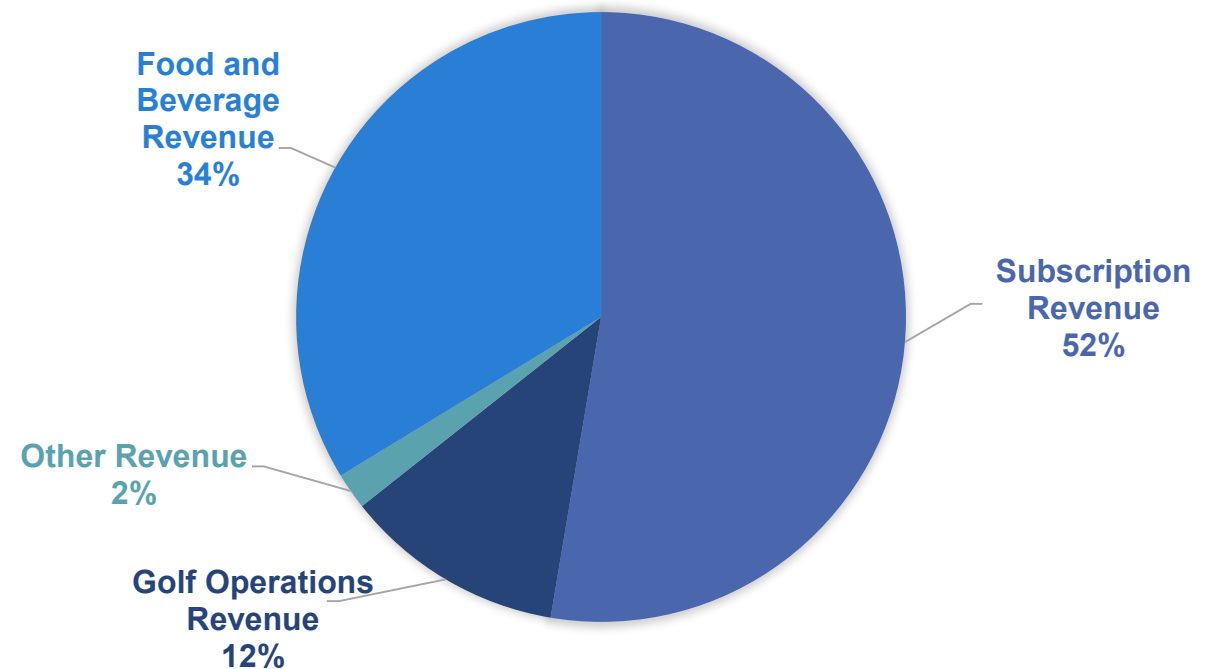
- **3 years of study**
- **90+ UK golf clubs**
- **A lot of midnight oil,
& Champion Ale !**



Where do clubs get their revenue from ?

- **Subscriptions**
- **Golf Ops**
- **F&B**
- **Other**

Figure 1: Sources of Revenue



What about profit ?

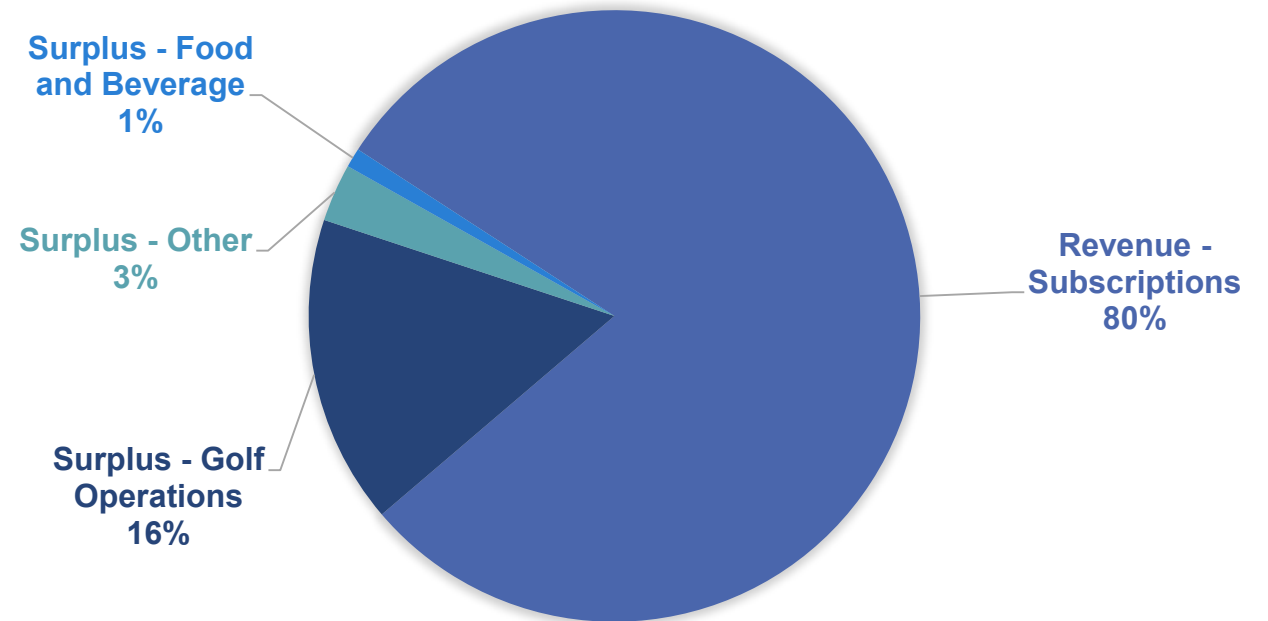
Gross Profit is –

**Subscription Income
plus**

**the net contribution from each
department**

**(deduct those costs which vary
directly with sales – cost of
goods sold)**

Figure 2: Sources of Gross Profit



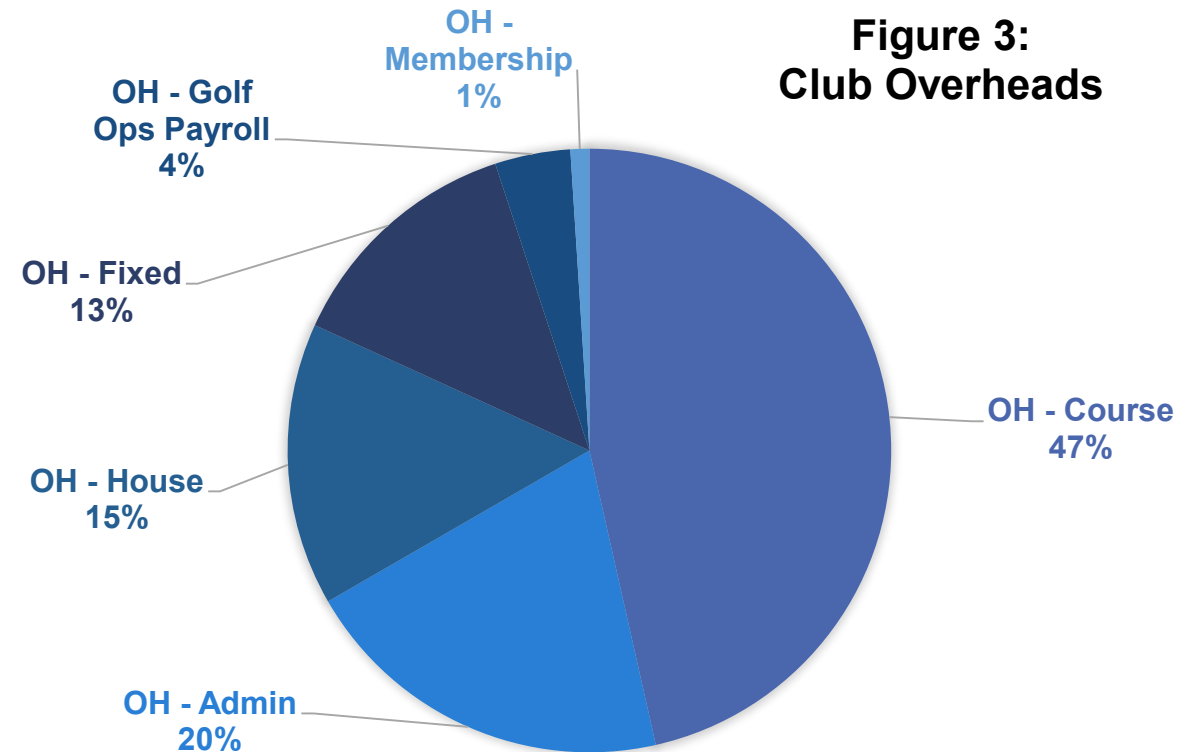
D – I – K – W

**Do you spend 80% of your time around
the Board Table discussing how
to secure and retain members ?**

How do we spend our money in clubs ?

Overheads

- **Course**
- **Admin**
- **House**
- **Fixed**
- **Golf Ops Payroll**
- **Membership**



D – I – K – W

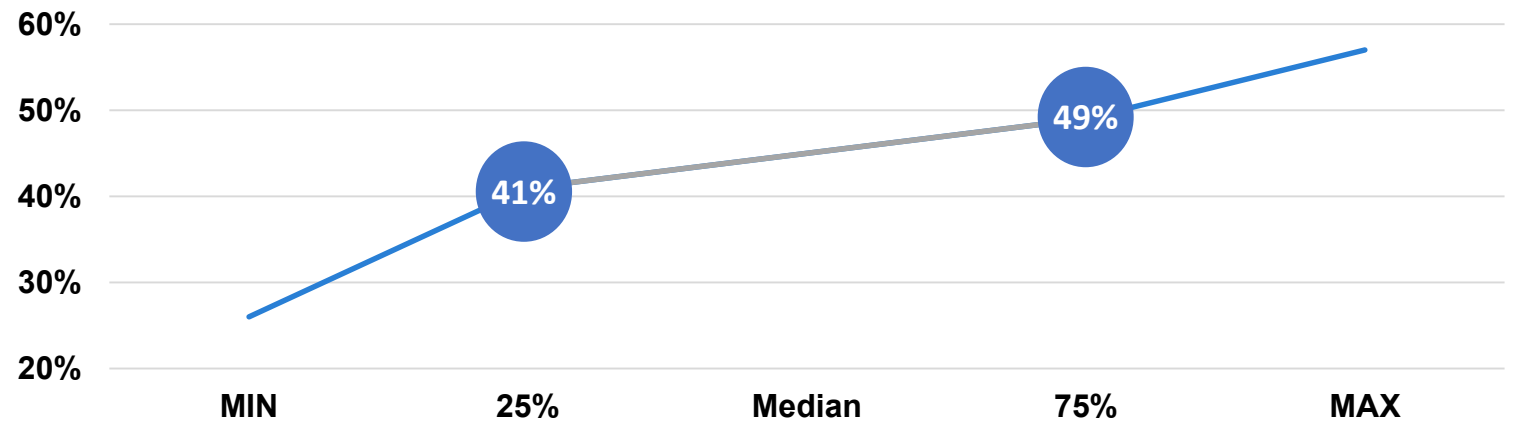
**Do these proportions differ significantly
according to size/stature of club,
location, number of holes ?**

Payroll Percentages

41% - 49%

MEDIAN – 45%

Figure 4: Payroll %



What About Resignations ?

- **SIGNIFICANT DIFFERENCES BY TIER**
 - **WHAT IS A TIER ?**
 - **BASED ON SMGF**

D – I – K – W

**The best indicator of a clubs “engine size”
is the price that they attach to their SMGF**

LOW – SMGF up to £35

MEDIUM – SMGF £36-£71

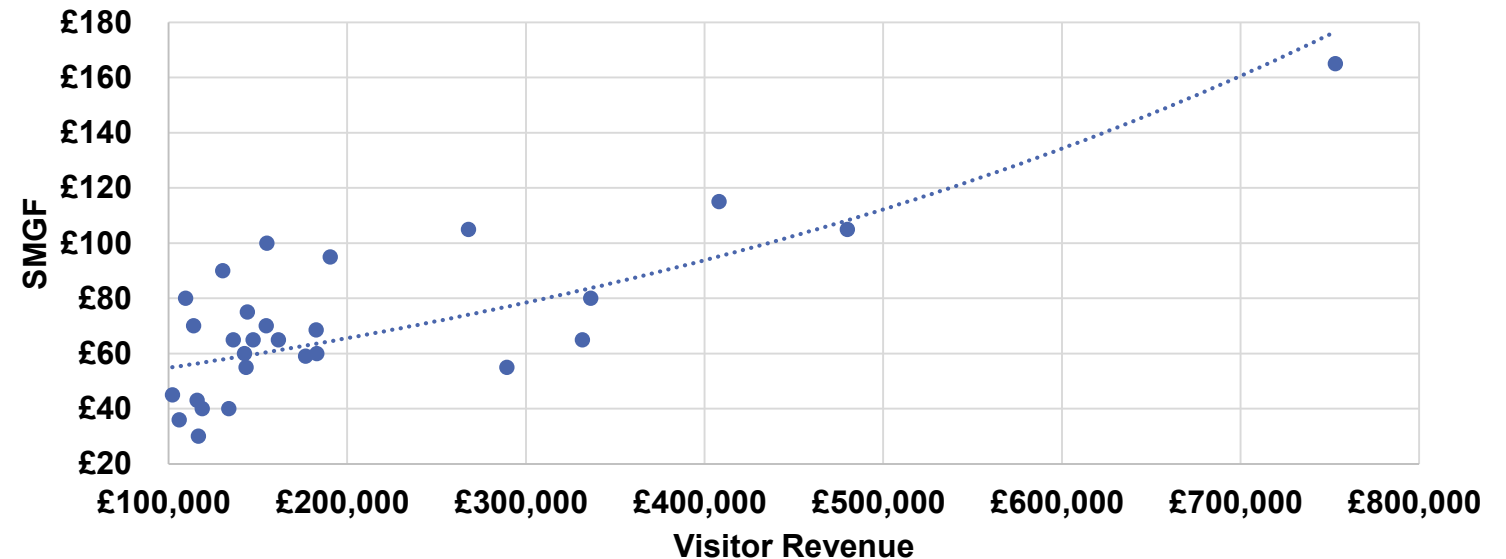
HIGH – SMGF £72 and above

Golf Operations Revenue

One small part of the
Graph

Punching above/below
weight for SMGF

Figure 9: SMGF : Visitor Revenue



D – I – K – W

What's your rationale for green fee pricing ?

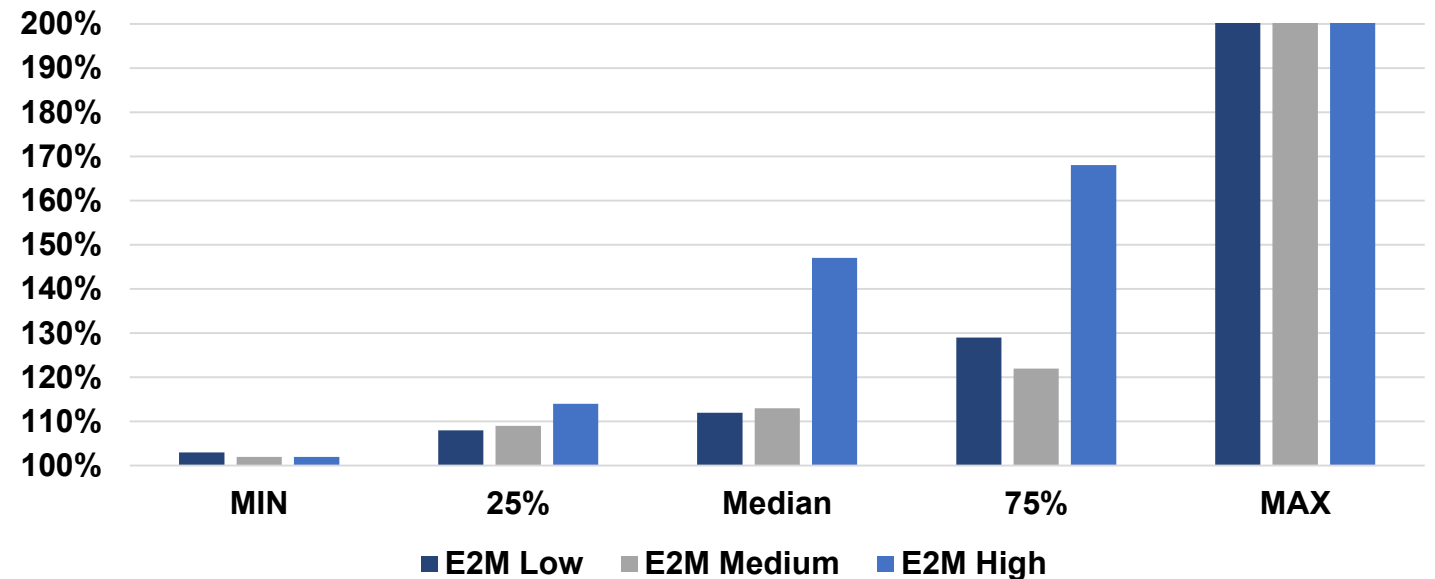
Is it producing the desired results ?

**What message is it sending to your members
and to prospective members ?**

Let's get rid of the visitors !

- **Why not indeed !**
- **Maybe you should ?**
- **Do the maths !**
- **What is your E2M rate ?**

Figure 11 – % Increase in subs



What price for successful Golf Operations ?

**For every £100 of golf ops profit,
what does it cost your club
to secure it ?**

D – I – K – W

A combined F&B contribution of £4,000 is a healthy contribution within this report.

Most clubs are subsidising their food operation.

What about the bigger clubs ?

What about Franchising ?

D – I – K – W

What GP and Staff Wage Percentage figures do you hold your Clubhouse Staff accountable to deliver ?

What do you think they ARE ?

And what do you think they SHOULD be ?

Realistic targets for GP & Staff Wage %

Do you think its time we trained our clubhouse staff to deliver the targets you set them ?

**CMT (Clubhouse Management Training) – 2 day course
Wyboston Lakes, 19/20 February, 2020**

Contact kevin@ccl.services to reserve your place (s)

Cash in the Bank

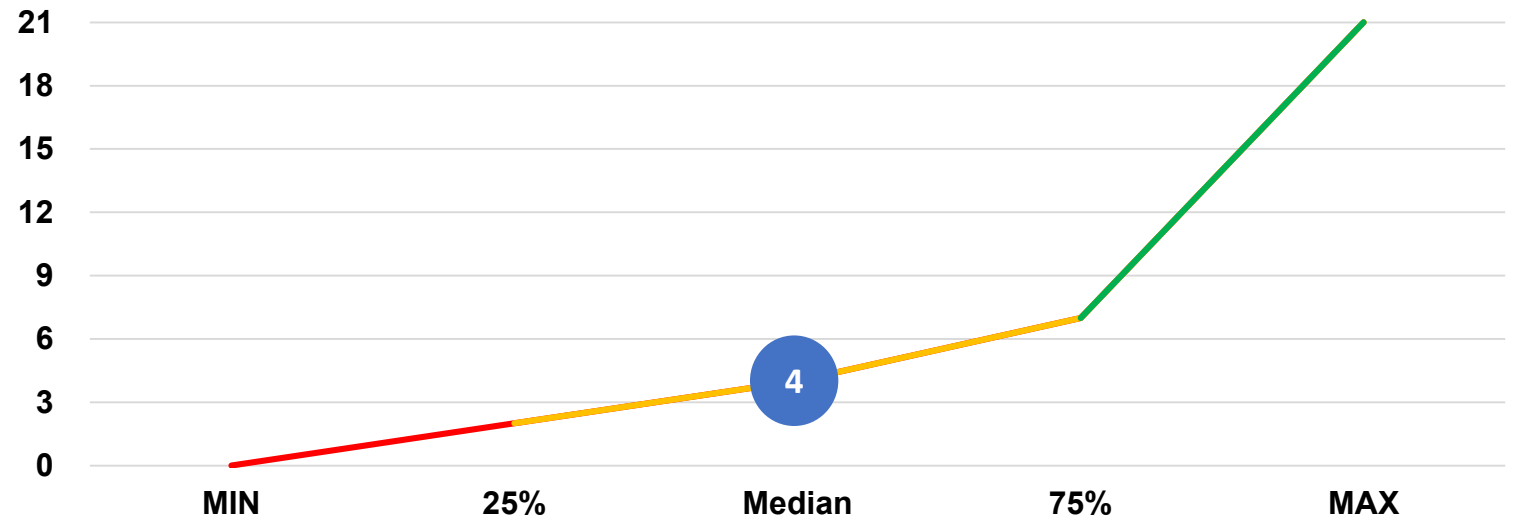
What's the right amount of cash reserves to hold ?

Says who ?

How many months of paying overheads ...

4 months trading

Figure 17 – Cash in Hand expressed as monthly Overheads



Capital Funds Available

Operating Profit

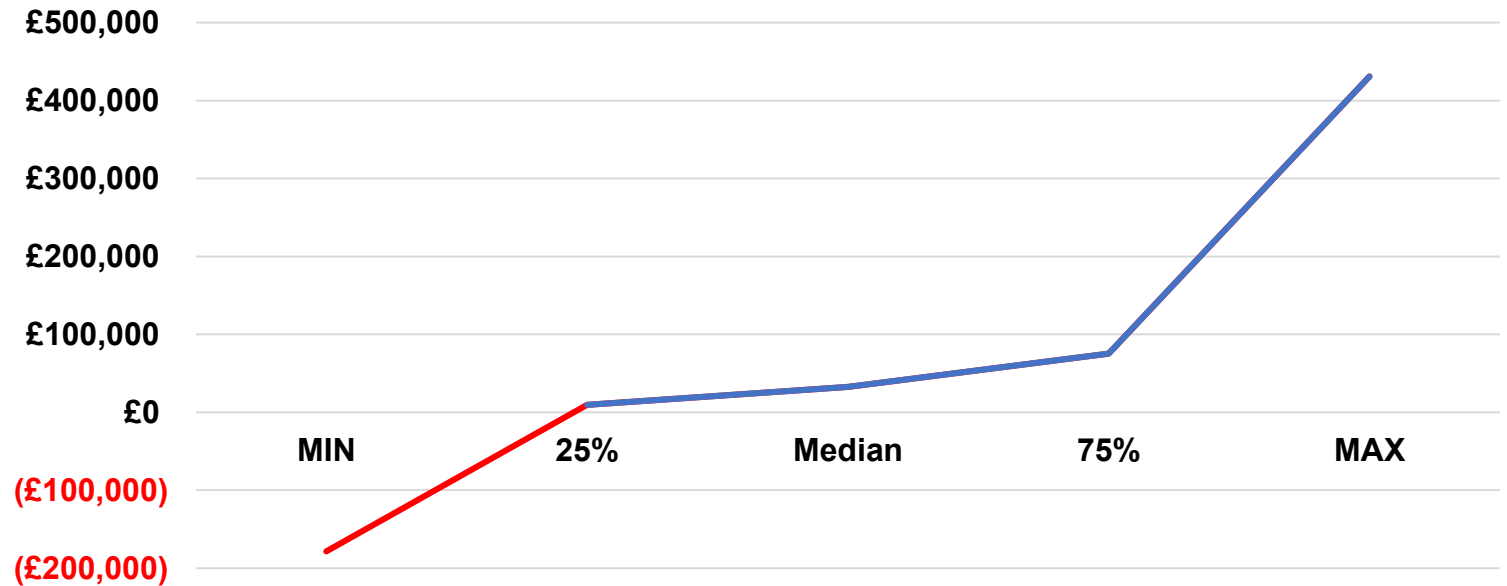
Plus

Capital Income

Minus

Leasing Costs

Figure 21 CFA (£)



Capital Funds Ratio

Example

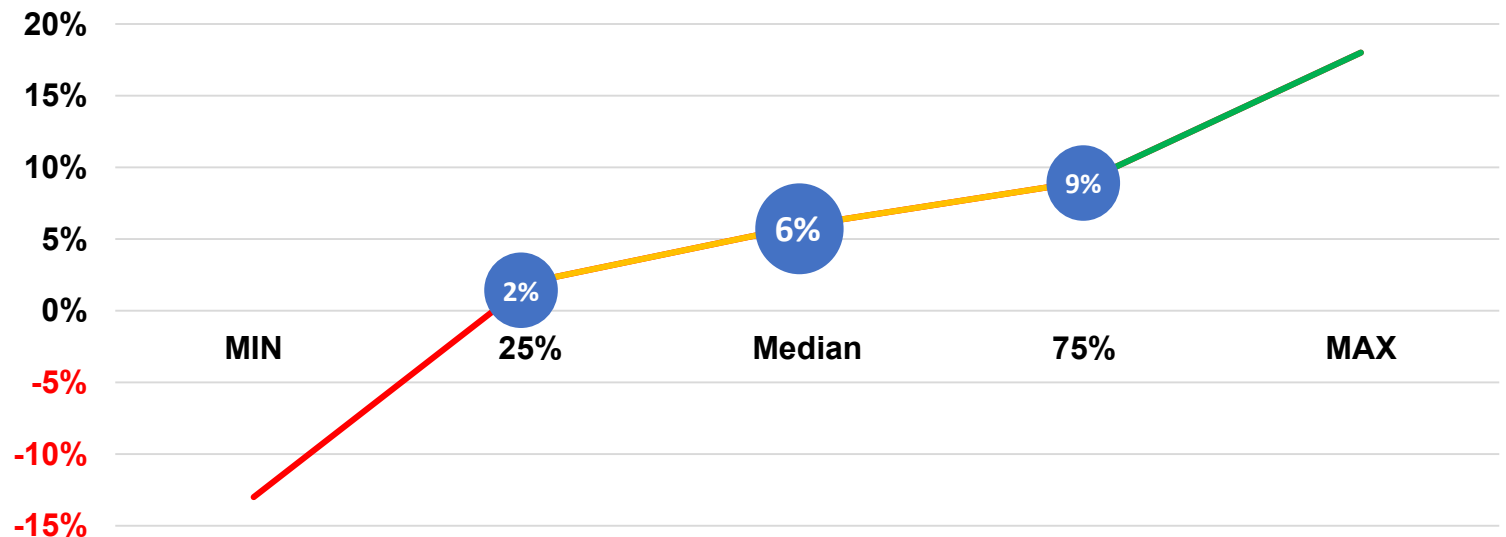
£1,000,000 O.R.

6% CFR

= £60,000

for capital investment

Figure 22: Capital Funds Ratio (CFR)



D – I – K – W

There is no one single metric through which we can measure the progress of a nation. The reality is its more complicated than that.

The same can be said of a golf club.

D – I – K – W

The level of Capital Funds Available is the best indicator of a clubs health, as it represents its ability to –

- Fund its operations & provide enough funds for capital re-investment, to keep the facility attractive to the next generation.

D – I – K – W

Is it time that we followed Americas lead and charge a subscription for operations, and a subscription for capital investment ?

One for “Blood Flow” & one for “Skeleton”

How do I get involved ?

Option 1 - Basic level

- A copy of the current National Report, plus
- An additional 4–page report showing your own club's figures
- Benchmarked against national figures
- & also against clubs within your tier. (Low,Med,High)

Conference Price £350 – (to end of December 2019)

How do I get involved ?

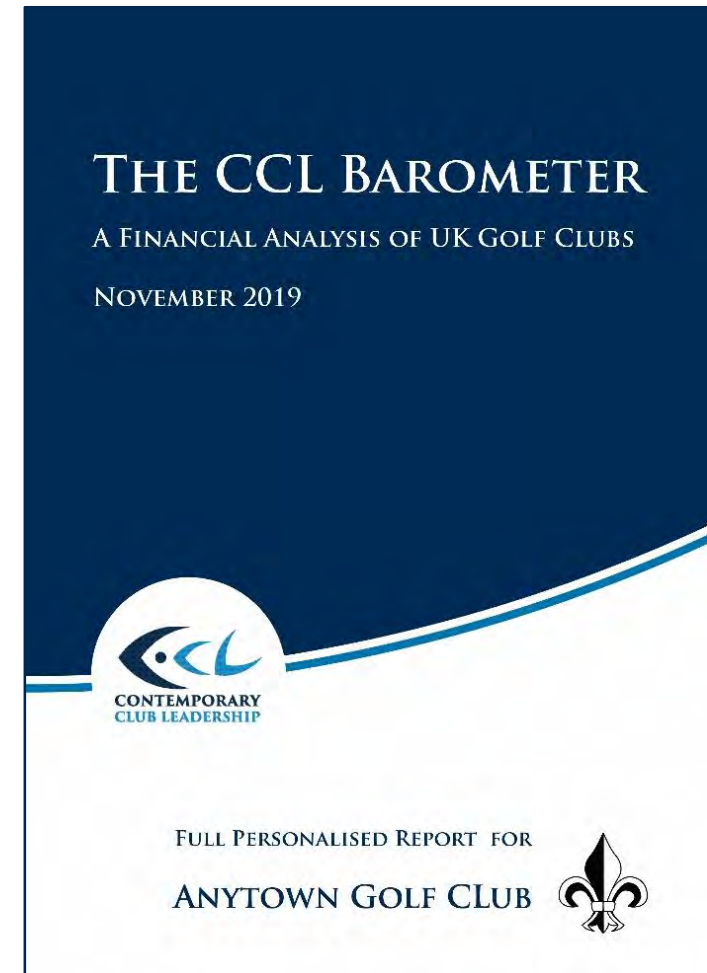
Option 2 - Full Personalised Report

- A full CCL Barometer Report personalised to your club
- Including your club's data plotted on these graphs nationally
- And plotted on additional graphs, within your tier (L/M/H)
- Plus PowerPoint slides containing all of these graphs/charts, which you may choose to share with your board/members
- And a call/conference call with CCL to discuss your figures.

Conference Price £750 – (to end of December 2019)

Enhanced Personalised Report

- **Personalised Report**
- **PowerPoint**
- **Analysis with CCL**



CCL Barometer Report – Conclusions

**Let's replace emotion, with
data-driven decision-making**

**Let's make you the smartest person in the
board room – to help guide decision making.**

Let's continue to build this data together.

Thank You

Kevin Fish CCM

Contemporary Club Leadership

“Helping your club to do the right things right!”



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