



# CLUB MANAGEMENT UPDATE

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SPECIAL 2004 WORLD CONFERENCE EDITION

## CMA at the 2004 World Conference on Club Management

The Club Managers Association of Hong Kong was represented at the World Conference on Club Management by Sandy Macalister, Hong Kong Country Club, and David Brightling from the LRC.

### Allied Association Breakfast



Sandy Macalister was our official representative and made a presentation on behalf of the CMA to Joseph "J.J." Wagner, CCM, President of the Club Managers Association of America at the Allied Association Breakfast. He also gave a brief overview of our experience in managing through the SARS outbreak, highlighting how our day-to-day management lives changed and some of

the measures we put into place. It was a brief, thought provoking presentation.

### The International Symposium

Later, Sandy and David shared the speaking duties at the International Symposium, as Hong Kong was one of three allied associations asked to make a presentation. (The others were the newly formed Club Managers Association of Europe and the Club Managers Association of Singapore.) Sandy began with a PowerPoint slide show presentation, showcasing the many fine clubs in Hong Kong and dispelling the myth that Hong Kong is a concrete jungle. Attendees were stunned with the beauty of the SAR and the amount of green space that we enjoy. David spoke on his experiences as a relative newcomer, making the transition from North America to Hong Kong. Among the points he highlighted were the common issues faced in the two environments, with only a few Hong Kong specific membership issues and managing in a deflationary environment being issues he had not experienced before. His conclusion was



that club management is, now more than ever, a truly global profession. The Hong Kong presentation was very well received by those in attendance.

### Idea Fair

Once again, the Hong Kong Country Club won first place awards at the Idea Fair. Sandy's winning ways continued with awards recognising his unique marketing techniques and club functions menus. These are reprinted in the enclosed special insert. Sandy won in the latter category last year, as well as being the overall Idea Fair Winner. Congratulations to Sandy and the team at the Country Club. 

## Conference Highlights

By Sandy Macalister, General Manager of the Hong Kong Country Club



The words of the great Wayne Gretzky were reiterated several more times during this conference: "Skate to where the puck is going to be, not where the puck is." In these busier times we are seeing an increasing trend, worldwide, that private Club Boards and General Committees are still skating to where the "puck" is.

There remains a pressing importance for clubs to look forward to what is going to

happen and then adapting for it. Clubs everywhere are evolving environments and most must change if they wish to continue and succeed. As one speaker pointed out, its no longer any good to wait for one's customers (members) to tell us what they want – this is now too late because someone else will have already done it. Other points were:

### On Improving

We have constantly heard over the years that to effectively maintain our clubs' positions we must continue to provide better levels of service, food programmes and so forth, for our members. When we look at what we provide for our members today and what we provided only five years ago, for example, this is undoubtedly the case. The problem many of us face today is that our members' expectations have also risen dramatically

and this is in many instances is creating problems. The University Club of Michigan (from where the menu engineering theories of Kasavana originally originated in the mid-90s) had an interesting view of this through their "value" equation and what they call "Value Engineering".

Value through member's eyes is meeting their expectations plus 1, or  $V = E + 1$

On a broader scale "Value" equals "Satisfaction" over "Sacrifice".

$$(V = \frac{\text{Satisfaction}}{\text{Sacrifice}})$$

"Satisfaction" is made up of "tangible" and "intangible" elements. Each of these is equal to three points, producing a total of six.

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“Sacrifice”, on the other hand is what is borne by the club or the management. It comprises of three components: “\$” or cost, “Time” and “Hassle”. Each of these is equal to one point each.

“Value” therefore represents a factor of two. If you are to maintain Value = Expectations + 1, then the factor of “Satisfaction” – (both the “tangibles” and “intangibles”) must also constantly be increased. When these increase the “\$”, “Time” and “Hassle” must increase by proportionally more. This is something familiar to us all. This can of course be offset in some instances by raising the price to reduce the cost, but this also runs the risk of reducing the satisfaction level.

The secret to survival according to the proponents of this theory, is to rework your formula of  $V = E + 1$  to that of  $V = E + 0.01$

By only aiming to exceed members expectations by least possible amount each time can achieve much the same results, and allows you to enjoy success for a longer period for less “\$”, “Time” and “Hassle”.

### On Value

Remember that when a member says the price is too high, they really mean that the value is too low.

### On Leadership

There were some very interesting points made by Stephen Sample, the author of the excellent book *The Contrarian's Guide to Leadership*, whose refreshing ideas are very applicable to club management.

Sample discussed a number of interesting concepts which included:

- Thinking gray: try not to form firm opinions about ideas or people unless and until you have to.
- Experts can be helpful, but they are no substitute for your own critical thinking and discernment.
- Never make a decision yourself that can reasonably be delegated to a department head (he refers to them as lieutenants) and never make a decision today that can reasonably be put off until tomorrow.
- Ignore sunk costs and yesterday's mistakes. Cut your losses and don't waste time trying to recover them; the decisions you make as a leader can only affect the future and not the past.

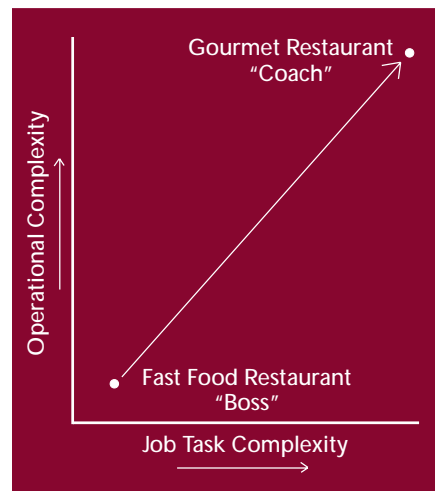
- Many people want to *be* a leader, but few want to *do* leader; if you are not in the latter group then you should stay away from the leader (General Manager) business altogether.

- As the leader you can't really run your club; rather, you can only lead individual followers, who then collectively give motion and substance to the organisation of which you are the head.

Sample discussed many other interesting points, however perhaps one of the most interesting and applicable to Club management was his breakdown of time for the Club General Manager. He advocates that 30% of your time should be spent doing the regular, mundane business of reports, correspondence etc. The remaining 70%, he recommends, should be spent helping your department heads to do their job and make their decisions.

He points out that as the General Manager; you work for those who work for you. He recommends that you recruit the best possible “lieutenants” available and then spend most of your time and energy helping them succeed.

### On Our Supervisors



When upgrading your restaurant or dining services, The University of Denver's Hotel and Restaurant School reminds club managers of the relationship which exists between operational and job task complexity and supervising and managing.

As the graph (above) shows, as complexity increases, there will be a change from the “Boss” supervisor to the role of “Coach”.

To think of this in its extreme, you have a McDonald's with its “Boss” in the lower

left corner and the plotted line rising diagonally up to the fine dining restaurant with its ‘Coach’ in the top right. The point to remember is that when jobs get complex, bosses are no good, you need coaches.

### On Facilitating Club Culture as the GM

The points presented by Hospitality Consultant Tarun Kapoor, included the following:

Our members join a club for the “Community”. We must remember that if we take away the people from the club equation, we have nothing.

Successful Clubs are successful because they have strong and dynamic cultures.

A club's culture is influenced by the members, management and staff. The question is who should influence it the most?

A club's culture emanates from the founder's values and from then on, every ones values. These values are beliefs and guide the member's perceptions.

Evolution will change a club's culture. A club's culture emanates from the evolution of the members and the staff and it is these different values which give rise to the conflicts: Member – member and member-staff, staff-member and staff-staff.

The important point here is that every club member can influence the culture, which reiterates the importance of the proper selection of new members. Once selected it is vital that all new members must be in keeping with the club's culture.

Aside from new members introducing new beliefs and values, it is those brought in by the GM which may have a considerable bearing on the culture. Many clubs have a chairman for only one or two years and even in this short space of time the culture may be changed considerably, not always within their short tenure, but from what they leave behind. Likewise the beliefs held by the current volunteer leadership may differ quite considerably over time from those held by the club's founders.

Kapoor points out that unless interrupted most cultures become tightly woven and that tightly woven cultures can become a handicap over time. The more tight the

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# A Focus On Leadership

By David Brightling, General Manager & Chief Operating Officer of the LRC

The 2004 World Conference on Club Management offered 79 educational sessions and nine full day pre-conference workshops from 12 - 19 February inclusive. The number and variety of professional development options was significant, with workshops on industry trends, finance, governance, strategic planning, marketing and many, many more. If the Conference had one theme, however, it was leadership and the changing roles played by the General Manager as COO and the Board of Directors (General Committee) as the policy making and strategic planning body.

## Management to Leadership: A New Model

Many of the leadership themed courses supported the CMAA's new "Management to Leadership Model", which was

presented at the Conference and was the subject of several workshops. The model was explained in the Spring issue of Club Management Update and was presented at "Leading Change: The Trends Workshop", the CMA's one-day conference held at the LRC.

The model presents a pyramid of the General Manager's responsibilities, beginning with the nine core operational competencies identified by the CMAA and which form the basis of their education and certification programmes. These range from food and beverage operations through accounting and financial management and are summarised under the heading "Operations". The second level of the pyramid is "Asset Management", implying a longer-term management and enhancement of the club's financial, human and physical plant resources. This role is increasingly falling to General Managers as they represent the continuity in club affairs and volunteer time is becoming increasingly scarce. The top

level of the pyramid is "Culture", which encompasses the club's vision, history, tradition and governance. Again, the longer a manager serves his club, the more likely he or she will be the continuity and play a key role in protecting and enhancing club culture. Moving from the broad base of "Operations" to the narrow peak of "Culture" reflects a transition from a managerial to a leadership role, a role which club Boards (or General Committees) increasingly want – and need – their General Managers to fulfil.

## A Focus on Governance

As may be expected in the wake of Enron, Martha Stewart et al, there is a renewed focus on corporate governance in board rooms around the world and this is also the case at private clubs. In our setting, however, the concern is less about corporate malfeasance or managerial abuse, and more about which roles are best played by volunteers and which by professional management. Here are some

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## FACTS & STATS

A round-up of miscellaneous facts and figures

By David Brightling, General Manager & Chief Operating Officer of the LRC

- Top performers and employees under the age of 30 consistently rank professional development as the most important employee benefit.
- Participation in golf in North America declined by three percent in 2003.
- Globally, private clubs are experiencing much less loyalty than they have in the past, particularly among younger members.
- 80 percent of clubs do not have an equity share that can be resold or traded.
- 32 percent of food problems are caused by people not washing their hands.
- 49.6 percent of hospitality organisations have a one day staff orientation programme; 25.9 percent provide less than one day and 14.5 percent provide two days.
- 25 - 40 percent of Fortune 500 companies use executive coaches and coaching is the number two growth industry, right behind IT.
- Only 2 percent of people do what they say they will do regardless of how high or low their commitment level is.
- 71 percent of the British population cite water pollution as their major environmental concern; 57 percent of Americans are concerned with the quality of drinking water.
- A CMAA survey reported that performance appraisals are used for compensation decisions (86.4 percent); to establish employee objectives (78.1percent); for training needs (73.3 percent); and for promotions (65 percent).
- The average listening retention factor is 13 - 17 percent, meaning 83 - 87 percent of what we hear is lost!
- In North America, payroll costs are about 50 percent of private club revenues.
- Serving on a club committee may emerge as a recreational activity for the large group of retirees when the baby boomers begin to retire!

*("Conference Highlights" continues from page 3)*

culture, the more handicapped the club.

Mature clubs, he says, tend to have more sub-cultures. Clubs that embrace change tend to have a loosely knit weave of sub-cultures and respond more quickly to the environment.

The GM is strategically positioned to manage the club's culture, customs and traditions. It is the GM who will interface all of these elements with the club members. He may even need to change the club's culture. There is a direct result from the GM's actions in his attention to details, measures and controls, how he reacts to critical incidences and how he allocates resources. The GM is the pivotal facilitator of club culture.

He would be ill advised to embark upon this course until he has the trust and respect of his board. Once he has he can look at areas such as style and structure while looking for change. Kapoor stresses that any strategies chosen must embrace the club's culture.

The GM cannot lead in this respect unless he or she is willing to take ownership for the success or failure of the club.

Finally Kapoor stressed the importance of feeding the new members the myths and legends of the club – this is vital to

for the continuity of the club culture and the GM should take responsibility for this.

### On Receptionists

Take note of the importance of having good receptionists. They are the first entry to the club and they set the tone for good service and excellence. A good receptionist can dilute complaints.

Carry out your own telephone audits by personally calling your own club or having others do so.

### On Menu Analysis

Examine your most popular items on the menu. Establish why they are your most popular and then see if you can price to make a little more.

The goal is to improve menu value, for instance can you offer smaller amounts? Pasta dishes are declining and are becoming the latest lower sellers due to the low- carb craze. It is advised to hold onto these dishes as they will later come back.

Ask yourselves why you charge the same prices for lunch as for dinner?

Look at your preparation times as an expense. Know which items take the most time to prepare and take off those which take the most time.

Keep your best earning menu items in

the best positions. Statistically the most noticed dish is the second item down on the top right hand side. The next most noticed is at the bottom left.

### On Strategic Planning

The three questions a club must ask are:

1. Where are we now?
2. Where do we want to be?
3. How are we going to get there?

It is number two which is the most difficult and most important to answer.

One year terms for club chairman are generally not conducive to effective strategic planning. It is normal and natural for a chairman to wish to leave something behind or in place during his year, as opposed to long term thinking.

... and finally the best quote of the conference on what makes the job of club manager special.

*"The job of a club manager is one of the few jobs whereby one has the privilege of having close contact and dealings with both ends of our social spectrum. From top executives to our lowest employees."*



Sandy Macalister returns next issue with workshop notes on food hygiene, from a presentation by Abraham Smith.

*("A Focus On Leadership" continues from page 3)*

of the best practices in the industry today:

- The club operates under the General Manager/Chief Operating Officer model.
- The General Manager attends all Board meetings except those where his performance is being evaluated.
- The club requires an individual nominated for the Board to have previous committee experience.
- There is a normal turnover of Board members and a normal movement from Vice-President to President.
- The club has a code of ethics that each director must sign and comply with.
- The club has a written conflict of interest policy that directors must sign and comply with.

- The club has a paid legal counsel that provides advice on an as-needed basis.

- A director serves as chairperson or Board liaison on all club committees.

### Leading Volunteers

To fulfil the every increasing expectations placed upon them, General Managers must adapt to ever changing volunteer committees and learn to lead them, a role one speaker referred to as "invisible leadership". He phrased the question this way "How do I get them to do what they should do, but don't want to do, because I said so?" He then outlined a series of practical techniques to effectively manage volunteers, ranging from focusing on difficult items first and avoiding "back to back" controversies at meetings, to avoiding revisiting issues, a chronic problem at many clubs. Other presenters reinforced these views, highlighting the importance of well structured, well run meetings with

effective and timed follow-up. All the tools in the book, however, will not guarantee success if the General Manager cannot adapt to his changing committees. Fortunately, adaptability is a learnable skill and the Conference held supporting workshops in overcoming sleep disorders and finding balance in life!

### Evolving Responsibilities

The role of the General Manager continues to evolve, encompassing more and more roles and responsibilities with each passing year. As competition for leisure time and discretionary spending increases and as volunteers find their time constraints due to the business and personal pressures on them, more responsibility for the long-term success of the club will fall on the manager's shoulders. This will require new approaches and new skill sets and a shift in paradigm from operations management to leadership. 