Private Club Performance Management

Professional Development

Readings in Leadership & Management 2

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Empowering Employees

Employee empowerment became a corporate buzzword in the Nineties and the consensus in the business press was that it was a good thing. Many companies claimed to empower their employees but claiming to do so and doing it are two very different matters.

So, what are empowered employees and how can they help the club in meeting its mission and vision? In the simplest terms empowered employees are viewed as full-fledged partners in the club's quest for high standards of quality and service.

Instead of the traditional view that employees are easily replaceable elements in an organization, people who must be trained to do narrow, well-defined tasks and who must be closely watched and always supervised, the concept of empowerment says that today's more educated and sometimes more sophisticated employees need and want to contribute more to their employer and workplace. Yet many businesses marginalize their employees by refusing to listen to them and by failing to let them contribute to the enterprise in any meaningful way.

A few companies have truly embraced the concept of empowerment and have discovered the immense power and synergy that can be unleashed when employees participate more fully in their operations. Any employee at a Ritz-Carlton hotel can spend up to $2,000 (no, that's not a typo!) a day per guest to solve problems and not to satisfy their guests, but to wow them with over-the-top service.

Yet it takes more than waving a magic wand over employees' heads and telling them they can spend money to reap the benefits of employee empowerment. Like any complex and detail-intensive issue, establishing a culture of empowerment for employees requires sound leadership, careful planning, well-defined policies, and ongoing emphasis and training to implement effectively.

In private clubs there are three principal areas where empowered employees can contribute significantly to improved operations.

1. Resolving service problems.
2. Helping improve work processes as part of continual process improvement.
3. Taking on certain delegated management functions.

Resolving Service Problems

Line employees who deal most directly with members on a day-to-day basis are in the best position to solve service problems and resolve member complaints in a timely fashion or before they escalate into larger issues. Unfortunately, in many service organizations front line employees are the first line of defense in saying "no" to customers. Only when the patron gets sufficiently angry and demands to see the manager, can the problem be solved. Yet this approach sends two very wrong messages – one to the customer that says we don't trust you and we don't mind wasting more of your time as you explain the problem again to a manager;

and the other message to employees that says while we don't trust you to say "yes," we, the managers, often will, thereby contradicting you and making you look bad.

Since the bottom line in all our dealings with members is to say "yes," there is no reason to put either the member or the employee in the situation described above. A far better solution is to provide useful guidance to employees and give them both the responsibility and the resources to solve service problems. A good start would be to allow employees to decide on their own how to resolve any issue by taking initiative or to "spend" up to $200 to fix the problem – either by "comping" a meal, sending a token of apology, or doing something special for the member.

The $200 cost is insignificant compared to the loss of member goodwill and patronage and is a small price to pay if a lesson can be learned or a work process improved.

Helping Improve Work Processes

Part of our club culture is to foster a process of continual improvement in all aspects of our operations. This means we review systems, standards, policies, procedures, programming, training, and work processes to continually improve the way we do business and provide service. While managers typically have broad industry experience and the big picture of what is necessary to succeed, it is the line employee who is most closely connected with the member and the details of service. Who, then, would be in a better position to recommend improved work processes than the person who works most closely with service and service delivery?

As we have often said before, in our business the devil is in the detail. When you make a commitment to involve your employees in designing and improving work processes, they become energized by the involvement and look for more ways to contribute. The more involved they become in contributing to the success of the club, the more responsibility they will assume for ensuring that success.

Taking on Delegated Functions

As empowered employees take on more responsibility, managers can select individuals, who show both the motivation and ability, to take on some of the management functions of the club. An excellent example is provided again by the Ritz-Carlton Company. They select and train certain individuals to conduct initial screening interviews with prospective employees. These empowered employees relish the task and see themselves as the gatekeepers in keeping the company's hiring standards as high as possible. These employees get paid slightly more for their additional duty and derive prestige in being given this important task.

Summary

Empowering employees is a requirement in any effort to provide remarkable service. Busy managers cannot do it all and need the help of their willing, committed, and empowered employees. While it takes time and effort to establish a culture of empowerment at a club, the resulting improvement in operations, efficiency, and service levels make it well worth the effort.

For more information, see *PCPM, Insights and Ideas, Employee Empowerment, Transforming Service in Your Club.*

Getting the Right People on the Bus

Good to Great, How Some Companies Make the Leap … and Others Don't, a book by Jim Collins, describes the groundbreaking study of run-of-the-mill publicly traded businesses that transformed themselves into great companies, each significantly outperforming the general stock market for fifteen or more years. Jim and his research team at Stanford University's School of Business wanted to know what these companies did that made them so spectacularly successful. The findings are surprising, in some cases at odds with the common wisdom, and are based upon empirical evidence, not management or business theory.

One of the findings is that the good-to-great companies began their transformation by hiring the right people, or as Collins puts it, "getting the right people on the bus," and conversely, "getting the wrong people off the bus." While this concept of finding and hiring the right people seems commonsensical, it is surprising that out of 1,435 companies initially screened for the study, only 11 made the cut as good-to-great organizations – and all eleven sought first to hire the right people before they decided what they must do to transform themselves.

For those of us struggling with the daily challenges of our operations, the question arises, "How do we know we are getting the right people on the bus?"

While there are many different approaches and techniques for trying to find the right person for a position, the Disney Corporation has developed a successful hiring model that weeds out applicants who do not demonstrate the "right stuff" for Disney. They do this with the clear understanding that they only want to hire the bright, energetic, positive, outgoing people that make any visit to Disneyland or Disney World such a pleasant experience.

The CEO of a hospitality and service company wanted to establish a similar model that presented a series of screenings to cull the applicant pool to a smaller group who possessed certain traits. The model devised worked like this:

1. Applications were taken at the Human Resource Office by appointment only or only during designated hours.

2. At the appointment, before applicants were given an application to fill out, they were asked to read the "Company Requirements and Standards" – a printed sheet explaining their high professional standards, how dedicated employees are expected to be, and giving an overview of their corporate culture, dress & grooming standards, and strict accountability for standards and performance.

3. Applications were reviewed for information provided and qualifications.

4. Applications of qualified persons who met the first three steps were sent to the hiring manager for interview consideration. Managers conducted initial telephone interviews and then held mandatory face to face interviews. At that interview, applicants were given a copy of the detailed dress and grooming standards for the position.

5. Once hired, new employees were scheduled for a New Employee Orientation (NEO) before they began working. If the new employee did not come to the NEO on time or in appropriate dress (without compelling reason), they are discharged.

6. Applicants were treated in a perfunctory manner (professional, no-nonsense, somewhat aloof) until they are brought into the fold. Then the "selling" of the company and rah-rah excitement began.

While all of this seems like a lot of effort to hire a server, a housekeeper, or a cart attendant, consider the consequences of hiring a person with an attitude problem, who has issues with company culture or policies, or who doesn't have the character and personality traits to be a successful club employee. At best, the manager will have to hire all over again, possibly after investing considerable time and energy in training; at worst, the employee may create repeated poor service situations that are damaging to the club's reputation.

The real effort in setting up a screening process is the initial organization and set up. Once up and running, the process may save the organization significant man-hours in interviewing, hiring, processing, training, and discharging the wrong people on the bus.

In *Good to Great* Jim Collins finished the chapter on hiring the right people with the following observation:

> *"The old adage 'People are your most important asset' is wrong.
> People are not your most important asset. The right people are."*

And that says it all!

Disciplined Hiring: The Key to Getting the Right People on Your Bus

Hiring the Right People

There is no more critical task for managers than hiring the right employees. Dr. Bradford Smart, in his book *Topgrading*, also speaks of hiring the right people for your organization, whom he calls high performers or "A Players," as opposed to "B" or "C Players."

Dr. Smart says, *"High performers, the A players, contribute more, innovate more, work smarter, earn more trust, display more resourcefulness, take more initiative, develop better business strategies, articulate their vision more passionately, implement change more effectively, deliver higher quality work, demonstrate greater teamwork, and find ways to get the job done in less time with less cost."*

Damage Caused by the Wrong Managers/Supervisors

Dr. Smart lists many downsides of hiring and retaining C players as managers or supervisors. Among other things, he says C Players:

➢ "Embrace tradition over forward thinking.

➢ "Require specific direction.

➢ "Hire mostly C players [as A and B Players are seen as threats].

➢ "Tolerate mediocrity.

➢ "Sporadically meet expectations.

➢ "Have mediocre skills."

Hiring and retaining low performing managers or supervisors can have a long-term ripple effect in an organization. On the other hand, hiring A Players for those critical leadership positions in a club can have long term positive effects on the organization.

Damage Caused by Hiring the Wrong Line Employees

If hiring the right people is particularly critical in hiring leaders, the managers and supervisors of the club, it is also important, though for different reasons, in hiring line employees – those that interface directly with members. The dangers in hiring the wrong people in member-facing positions include:

➢ The damage they can do to member service.

➢ The turmoil they create in your work team while they are with you.

➢ The amount of time that you must spend in training and retraining them.

➢ The amount of time that you must spend in counseling, disciplining, and ultimately discharging them.

➢ The lost opportunity of using your limited time and resources to work with them – time that could be better spent on other initiatives and pressing issues.

➢ The cost of replacing a substandard employee – both in terms of hiring and training a replacement.

➢ And the emotional wear and tear on everyone involved.

While there is no fail-safe method of hiring only the right people, there are common denominators underlying most mis-hires. They include:

Failure to Use Due Diligence

Given the responsibility managers must hire the right people and to avoid hiring the wrong people, hiring supervisors need to exercise "due diligence" throughout the hiring process.

Due diligence is a financial term that means to investigate of a potential investment and/or confirm all material facts regarding a sale. Generally, due diligence refers to the care a reasonable person should take before entering into an agreement or a transaction with another party and is essentially a way of preventing unnecessary harm to either party involved in a transaction.

While the term "due diligence" has come to take on the wider meaning of doing one's homework to prevent mistakes, clearly the original definition applies to hiring employees, that is making an offer of employment to another party.

Lack of Interview Skills

A brief informal survey of club executives reveals that none have ever received formal training in how to screen and interview applicants or in reference-checking techniques. Despite the overwhelming importance of hiring the right people, it seems to be assumed that people can figure out for themselves how best to do it or will intrinsically know or possess such skills. Since Dr. Smart's research and experience points out that 50% of all hires are mis-hires, this is not the case.

At the same time, a survey of hiring managers shows that most managers think they do a good job of interviewing job candidates. Given the sad hiring success rate, which is no better than flipping a coin, there is an obvious disconnect between hiring managers' perceptions and reality.

Not Taking Full Responsibility for the Hiring Process

Before going any further, let us make one thing perfectly clear. There is only one person responsible for hiring the right people and that is the manager or supervisor of the person being hired. The hiring manager or supervisor is the one who is accountable for her department or section's performance and, therefore, is the only person who should make the hiring decision.

Do not for one moment think that hiring is the responsibility of a human resource manager or the personnel administrator. They may assist in the process, but their assistance is no more than consultative and clerical. If any person hired turns out to be a bust, the only person responsible and accountable is the hiring supervisor, and he or she must bear the consequences of mis-hiring.

Failure to Learn from Past Hiring Mistakes

While it is understood that hiring managers will make hiring mistakes, it is essential that lessons are learned from mis-hires. This can only be done if there is sufficient documentation of the hiring process. Without a written record that includes a resume or application, thorough interview notes including questions asked and answers given, and details of each reference checked, there is no way to go back after a mis-hire to try and determine what was missed during screening and interviewing.

With proper documentation, the hiring manager can review the entire screening, interviewing, and hiring process to see what signs were missed to improve those skills during future hiring.

Conclusion

As important as it is to "get the right people on the bus" and the "right people in the right seats on the bus," managers at all levels of club operations must make the effort and develop the skill set to top-grade their staff. While it takes time to do this, one must surely recognize that there is little if anything in this process that is not commonsensical. The major factors, then, for successful hiring are twofold:

1. An understanding of the underlying principles of the hiring process, that the more due diligence you do in screening, interviewing, and checking references for key subordinate hires, the better your success rate in successful hiring.

2. The discipline and persistence to conduct the appropriate due diligence. Given that the only requirement to do both is the time is takes to learn the principles and do the necessary "homework," the only downside to hiring properly is the time investment by the hiring manager.

As Dr. Smart so aptly points out in his book, *"The challenge comes from the front-end investment in time to learn the discipline … The only disadvantage … is that it takes longer … With an improved hiring 'batting average,' however, in the long run you save an enormous amount of time, not only in the entire selection process, but in managing [better performers].*

He concludes by saying, "*Managers who say, 'I don't have [time] for a [structured, chronological] interview,' should finish the sentence … 'so I will waste hundreds of hours when half the time I mis-hire people.'*"

Six Steps to Lower Employee Turnover

Study after study has demonstrated the high cost of employee turnover, particularly in the hospitality industry where the work is so detail-intensive, requiring significant training to meet standards.

Recognizing that the desired outcome of every hiring decision is to find and onboard a qualified and enthusiastic person who will make a positive contribution to the success of the club, it is essential for all managers to make every effort to lower employee turnover rates. Here are six steps to help you do just that:

1. **Hire Well**. Use the techniques of Disciplined Hiring to screen applicants and check references. When possible, use personality profiles to ensure you put the right person in "the right seat on the bus."

2. **Onboard Well**. Use all the club tools to both welcome and orient new hires to the workplace. The employee handbook, club orientation, and departmental orientations are designed to provide and reinforce important information to the new hire. Managers must make sure that orientations are welcoming and make all necessary introductions to both supervisors and peers.

3. **Train Well**. Both initial and ongoing training is essential. Most people want to do a good job and appreciate the efforts made to train them. Without adequate training and the necessary tools and resources to do their jobs well, new hires will quickly become cynical and alienated. Never forget that their success guarantees your success.

4. **Organize Well**. No one wants to work in a chaotic environment. If your department or section is well-organized, if everyone knows where things are, if employees are well-trained in opening and closing procedures, if everyone knows their responsibilities and is held accountable, the workplace runs almost effortlessly. Don't run off good people by putting them through the hell of a disorganized operation.

5. **Communicate Well**. Daily engagement and direction ensure that everyone is informed, knows what is going on, and what they must do individually to accomplish the tasks at hand. It is also instrumental in building teamwork and a sense of shared values and mission. The Daily Huddle, or some other form of pre-shift meeting, is a necessary discipline to ensure ongoing, consistent communication.

6. **Value Them Well**. Remember the ultimate value of people in all you do. Value your employees and they will value you as a leader and their efforts at work.

The bottom line is that your leadership is the essential element in your success. If you have high levels of turnover, there is no one to blame but yourself.

Rules of Engagement – Just how friendly should your employees be?

Club managers are always on the lookout for those rare individuals with engaging personalities – those people who are naturally outgoing and friendly and who can connect effortlessly with members and guests. And while we all would agree that such employees make service and service delivery a snap, it is also important to recognize that some employees need coaching on boundaries and the appropriateness of overly friendly service.

While many members appreciate and enjoy their interactions with service staff, even engaging in playful banter, chit-chat, and teasing with their favorite employees, there are also those members who expect a more formal and detached level of service. It is also often the case where the member who likes to "play" with employees when in the bar after a round of golf, does not want the same level of engagement at Sunday brunch when family and friends are present.

The challenge then for any employee is to assess each service situation and gauge the member's mood and interest in engagement. Here are some of the factors involved:

Time of Day and Day of Week: The time of day can have a great deal to do with a member's interest in engagement. Some members are not morning people and don't appreciate noise, exuberance, or conversation early in the morning. If a member has his nose in the paper, he probably doesn't want any more than polite and efficient service. On the other hand, Friday and Saturday night cocktail hour is a time of conviviality and sociability and an employee might experience a more playful interaction.

Occasion: Dr. and Mrs. Jones celebrating their anniversary will probably appreciate discreet service with as few interruptions as possible. Service should still be prompt and attentive, but servers should take their cue from the intensity and privacy of the couple's conversation. Conversely, a group of ladies coming in for lunch after a morning of tennis are probably keyed up and looking forward to a fun time together. The same group while entertaining their gardening club with many guests would expect a more distant and detached approach. The businesswoman entertaining clients may want formal, correct, and efficient service with as few interruptions as possible so she can conduct her business in a manner that reflects well on herself and her club.

Members in the Party: The makeup of a member's party will have a lot to do with the level of engagement. A group of members and guests just off the golf course are probably more ebullient, particularly if someone shot his low round, had an eagle, or sank a thirty-foot putt to win the match. On the other hand, a member hosting her aged parents for Mother's Day Brunch is not there to "play" with employees. It is also possible that a member who comes in alone for a drink may interact with staff very differently than when he is with his wife and children.

Experience: There is no better predictor of the future than experience. If a member has always been reserved and formal, with little or no personal engagement with staff, employees can expect that he will continue to do so. John, the single junior member, is casual, relaxed and always enjoys playful repartee with the bar staff. No doubt he will be that way when he stops in after work for a few drinks. However, should John arrive with a date, he may not want the same level of engagement from the bartender.

As can be deduced from these examples, there is no hard and fast way of knowing how a member will act, react, or interact with the friendly engagement of employees. Therefore, it's up to the employee to assess the mood and manner of the member. Most people have a good sense of when someone wants to interact with them. Employees should always hold back until a member makes it clear by initiating a greater degree of contact. When in doubt, an employee should go no further than being courteous, polite, and friendly.

Ultimately, though, it's up to managers to train their employees that, "No matter how friendly members may be with you on any occasions, they are not your friends; they are your employer." Keeping this firmly in mind will help everybody from transgressing the Rules of Engagement.

Offense and Defense

Everyone has heard the phrase "a good offense is the best defense." This idea is especially useful on battlefields, football fields, and even chessboards. By keeping your opponent so off balance by relentless attacks, he has no time or resources to plan attacks against your positions. In this way your offense becomes your defense.

People have natural tendencies.   Whether inborn or created by longstanding habit, they are part of our makeup, and we express them without thinking. One such habit is the tendency to personally associate ourselves with that which we do. Just as the farmer has a proprietary interest in the fields, he labors so hard to till and harvest, we all identify with our company, organization, or place of work. A corollary to this sense of association is the natural inclination to protect that which we consider our own or with which are associated.

So, it is natural for us to feel pride in our work and place of employment. When someone attacks it with criticism, disparaging remarks, or complaints, the natural tendency is to defend it, to assume a defensive attitude. This is all well and good unless you depend upon that someone's goodwill for your livelihood. When you work in the service industry, you literally cannot afford to become defensive.

When you become defensive, many things happen physiologically and psychologically. Adrenaline starts flowing; you tense up, ready to repel further attack; your heartbeat and respiration quicken. Likewise, your mind races ahead to your next move or response so you don't hear what is being said and you don't focus on the moment. Reflexively sensing that a good offense is the best defense, it is easy to become antagonistic; even without realizing it, you raise your voice; you develop an attitude; you become abrupt and huffy with the other person. At this point, without even knowing it, you have become offensive; that is by definition, "causing anger, resentment, giving offense; insulting."

So, how can you avoid this natural tendency to become defensive? The first step is to become aware that you become defensive when criticized or listening to a member complaint. Notice the dead giveaways. Do you get tense and nervous? Do your hands shake or your voice quaver? Do you have trouble breathing or feel tightness in your chest? Do you raise your voice? Any of these symptoms reveal your defensiveness.

Realizing this, what can you do about it? First, understand that complaints are not usually directed at you, so don't take it personally. Allow some distance between yourself and the complaint. Not too much, though; you must show a sincere concern to resolve the problem.

In addition, there are some things you can do when confronted with a complaint.

➢ Where there is no conflict, there is no need for offense and defense. Don't allow a conflict to arise. Disarm the situation by cheerfully accepting our problem. Listen carefully to what the member is saying. Apologize sincerely for our shortcomings. If you can solve the problem, cheerfully and quickly do so.

➢ If you find yourself becoming nervous or defensive, take a deep breath. The inflow of oxygen will help quiet your system and the moment you take to breathe has a calming effect on your nerves.

➢ If you find yourself losing control, try to leave the room on some pretext. If you're in the dining room, tactfully excuse yourself "to check with the kitchen." Once there, take a deep breath and get control of yourself. Try to put the member's anger into perspective. It's not the end of the world. Resolve to overcome that anger. Take another deep breath and go back to the member.

➢ Go on the offensive in a positive away. Take control of the situation. Ask pertinent questions about our failure. Take notes as necessary. This taking ownership of the problem demonstrates a proprietary concern and a desire to make things right.

➢ While apologies must always be given, remember that easy apologies and facile excuses do not impress. Our actions speak louder than our words.

➢ Be sincere. You should have a sincere desire to help any member with a need or concern. If you don't, you're in the wrong business.

Two things you must never do:

1. Pass the buck or evade responsibility. You may not have created the problem, but now that it's been brought to your attention, you need to resolve it.

2. Don't become defensive. It is not us against the members. We're on their team!

Responding to member complaints is one of the most difficult things we face in the service profession, but when we avoid becoming defensive, we often can create a turnaround situation where the problem is solved, and the member satisfied. There is no more satisfying situation in service.

Service Recovery – The Seven Step Process

Despite our best efforts to efficiently organize our clubs and train employees, situations will inevitably arise when members are dissatisfied with service and/or products offered. Whether we feel the problem is legitimate or unwarranted is of no consequence. The member is not satisfied, and our only concern is changing the outcome by making a speedy and gracious recovery to the member's complete satisfaction.

To better aid employees in making a gracious recovery, we have developed the following Seven Step Process, which can be divided into two distinct phases. Steps 1 through 4 constitute The On-the-Spot Fix, while steps 5 through 7 make up The Long-Term Repair aimed at correcting the underlying cause of the service failure.

Therefore, when a member approaches you with a complaint or concern, here's what you do:

The On-the-Spot Fix

1. Focus – stop what you're doing and focus entirely on the member and what he is saying.

2. Listen – carefully to fully understand the nature of the problem. Recognize that the underlying problem is not always the one that is being brought to your attention; for example, the complaint may be about the food, but the real issue is slow service. Sometimes you must read between the lines or recognize the issue is larger or maybe different than the one being complained about.

3. Apologize – a sincere apology is necessary. We (the Club) and you (personally) are sorry for any service failure, so we should never be shy about or slow to fully apologize. After apologizing, tell the member what you are going to do to correct the problem. If the member still seems dissatisfied, enquire what we might do to make it right.

4. Make It Right – quickly, efficiently, and discreetly (to avoid any possible embarrassment to the member).

The Long-Term Repair

5. Assurance – after the situation has been made right, approach the member (when convenient) and let him know that the matter will be addressed formally with management.

6. Notification – if the failure is serious enough or the member does not seem fully satisfied, notify your supervisor, department head, or manager on duty so she can also approach the member to discuss the situation and apologize.

7. Report – When you have time, but no later than the end of your shift, fill out a Service Issue Resolution, *PCPM, Operational Resources, Club Form - Form 180*, describing the problem, your assessment of the underlying cause, your efforts to recover, and the member's mood after recovery. This form is used to more formally address the problem and gives the general manager an opportunity to call the member after the fact to apologize again and discuss the issue further.

Unfortunately, in our business, there will always be mistakes and failures, but what has gone wrong is done and is not nearly as important as what we do next. Managers should regularly discuss recovery techniques with staff and share stories of both successful and unsuccessful recoveries so that everyone can learn from our experiences.

Continual Process Improvement

Given the many details associated with managing a quality, high-end club, it is imperative that management commit to and promote a process of continual improvement in all areas of the operation. This requires a positive emphasis on problem discovery, a discipline of constant review, and an understanding that in quality service operations, the devil is in the details. As more and more areas of the club's operations become systematized and routine, management at all levels, with the commitment and assistance of their empowered employees, must continually "peel the onion" to deeper and deeper layers of detail. Further, no detail must be too trivial to warrant management's attention and the establishment of standards and procedures to ensure it is attended to by the staff.

Definition

Continual Process Improvement the discipline and methodology of constant review of all aspects of operations to include work processes, standards, policies, procedures, organizational systems, programming, training, and administration to ensure they attain a new level of performance that is superior to any previous level.

Purpose

The purpose of Continual Process Improvement is to constantly seek better ways of doing things – that is to improve the efficiency, effectiveness, and financial performance of the club while providing a quality of service and level of satisfaction that encourages greater use and enjoyment by members.

The Discipline

The discipline of Continual Process Improvement requires that all managers and supervisors are continually focused on and committed to improving the performance of their club, department, or section. It means that no manager or supervisor should be satisfied with the status quo but should constantly be looking for ways to improve.

In order to ensure the development of such a discipline in the club, the general manager must constantly remind subordinate managers of the need to improve and make improving existing operations a key component of subordinates' annual work plans. Further, the GM should continually enquire, "What are you doing today to improve your department?" When this level of interest is demonstrated by the GM, subordinate managers and supervisors will understand the importance of Continual Process Improvement.

Steps to Continual Process Improvement

Continual Process Improvement does not happen by accident. There are a number of mutually reinforcing and integrated steps necessary for Continual Process Improvement:

➢ The leader's will to make it happen – the "Will."

➢ A continual emphasis on improvement – the "Focus."

➢ The habitual methodologies to examine existing processes – the "Discipline."

➢ Well-defined current processes, standards, policies, and procedures.

➢ Benchmarks to measure performance.

➢ The willingness to formally review existing operations and formulate improvements.

➢ The follow through to make changes.

Continual general manager interest in improvement is the single most important driver of continual process improvement. When the GM requires department heads to demonstrate CPI, and their performance review depends upon it, it will happen. Without the GM's interest, it won't!

Summary

Continual process improvement is a discipline found in most successful enterprises. It is done with the understanding that in a competitive marketplace what you do successfully today, may

not be successful tomorrow. In a world where rapid change and innovation have become the norm, we can only maintain our reputation for quality service by continually working to improve that service. In the words of our members, "What have you done for me lately?"

For more details see *PCPM, Insights and Ideas, Continual Process Improvement – An Essential Discipline of Successful Clubs*.

Benchmarking Operations – A Cautionary Tale

Two airplanes sit on runways separated by 80 years of time and light years of technological innovation. The first plane is a WWI era Gypsy Moth carrying a pilot and passenger, the other a fully loaded 747 with 314 passengers and 52,000 gallons of fuel.

The pilot of the Gypsy Moth looks at his instruments – a fuel gauge, an altimeter, and a compass. He is ready to go and throttles the engine to full power.   He bounces down the runway, is airborne in a few hundred feet and sails off into the morning sky. An hour later the plane crashes into a field killing both pilot and passenger. In examining the wreckage, it was determined that, even before takeoff, the engine was leaking oil causing it to seize in mid-flight.

Meanwhile, the pilot of the 747, as she made final preparations to takeoff, heard an alarm that indicated the hydraulic pressure that controlled his vertical stabilizer was low. Notifying the tower and disappointed passengers, the plane returned to the jet way. Three hours later after a minor, though critical repair, the flight took off and flew safely to its destination.

Flying Blind

These fictional examples illustrate the importance of measuring operating performance. The pilot of the 747, taking advantage of engineering, technology, and aircraft evolution, had a host of gauges, dials, lights, and alarms to keep her informed of the condition and performance of all aircraft systems. The pilot of the Gypsy Moth, blind to the critical details of his plane's condition and performance, flew to his doom. A similar lack of detailed knowledge of a club's performance can be devastating, though without the deadly consequences, for the Board and general manager.

While measuring business performance does not lend itself to dials and gauges, lights and alarms, there are still a host of measurements that describe the performance of a club. First and foremost are the monthly financial statements, though these by design provide summary information. Critical details can be masked by summary data. For instance, food sales are made up of two variables – the number of members eating (volume), and the average amount spent by each member (average check). Not knowing the trends of these underlying variables can lull a manager into complacency if sales are up, when in fact patronage is down but masked by higher menu prices.

Every club department has similar detailed variables that must be measured, tracked, analyzed, and reported on an ongoing basis. While it is each department head's responsibility to do this, general managers must ensure that this is done continually and consistently over the long haul. Like the pilot, the general manager bears the ultimate responsibility and accountability for performance and cannot afford to be flying blind.

See *PCPM, Insights and Ideas, Benchmarking Operations – The Key to Understanding and Improving Your Club* for further discussions.

Hand in Glove – Benchmarking and Budgeting

The first step in establishing an operating budget is to forecast revenues. Until some measure of anticipated income is projected, the level of variable payroll and operating expenses is pure guesswork. For existing operations, it is easy enough to look back at preceding years' revenues and project accordingly. It is far more difficult in start-up operations where even the guesstimates of the most experienced operator can be suspect.

Yet even with operating histories at hand, the person preparing the budget must have some understanding of the interplay of volume and average member expenditure which underlie all revenue projections. This is important because the factors that bring a member to the club are far different than those that influence how much he or she spends. These two factors – volume and average expenditure – are key items to benchmark in any operation and are easily determined from point-of-sale or cash register reports.

As an illustration I shall use a golf course operation, but the same would apply no matter what product or services are sold. In our example, revenues come primarily from green fees, cart fees, merchandise sales, practice range fees, and food & beverage sales. The underlying volume benchmark is how many people use the golf course – the rounds of golf played.

By tracking these key revenues and golf rounds on a daily, monthly, year-to-date, and year-to-year basis, we can derive the following benchmarks:

➢ Green fees per round

➢ Cart fees per round

➢ Merchandise sales per round

➢ Practice range income per round

	Oct	Nov	Dec	Annual
Rounds of Golf	3,135	2,703	2,274	27,484
Revenues				
Green Fees	$66,875	$54,268	$44,569	$607,892
Cart Fees	$39,904	$33,267	$27,224	$352,852
Merchandise Sales	$5,295	$4,726	$6,790	$68,159
Practice Range Income	$4,148	$2,670	$3,323	$37,892
Total	$116,222	$94,931	$81,906	$1,066,795
Revenues/Round				
Green Fee/Round	$21.33	$20.08	$19.60	$22.12
Cart Fee/Round	$12.73	$12.31	$11.97	$12.84
Merchandise/Round	$1.69	$1.75	$2.99	$2.48
Range Income/Round	$1.32	$0.99	$1.46	$1.38
Total Income/ Round	$37.07	$35.12	$36.02	$38.82

Historical Benchmarks Computed by Dividing Revenues by Rounds

By recognizing that absent significant change or abnormal events, the recent past is the best predictor of the future, these benchmarks can help us determine our future rounds per period and revenues by round. All it takes is a little informed judgment and knowledge of upcoming events or trends that may impact the forecast.

By setting up a bank of data entry cells in a spreadsheet (yellow highlighted below), we define the assumptions underlying our revenue projections at the same time we create those projections. Nothing could be simpler – the spreadsheet is set up to automatically multiply the number of rounds by the projected benchmark for each revenue category to forecast future sales. Such clearly stated assumptions make it easy for interested parties who review the budget to understand how the projections were made. It also makes it easy for the manager who has missed his or her projections in each period to go back and see why they were missed – either not enough rounds of golf or lower expenditures per round.

Assumptions	Oct	Nov	Dec	Annual
Projected Rounds	3,300	2,800	2,250	28,550
Green Fees per Round	21.40	20.15	18.75	22.20
Cart Fees per Round	12.75	12.35	12.00	12.90
Merchandise Sales per Round	1.75	1.85	3.05	2.50
Practice Range Income per Round	1.35	1.05	1.50	1.45
Income				
Green Fees	$70,620	$56,420	$42,188	$633,810
Cart Fees	$42,075	$34,580	$27,000	$368,295
Merchandise Sales	$5,775	$5,180	$6,863	$71,375
Practice Range Income	$4,455	$2,940	$3,375	$41,398

Projected Revenues using Rounds and Revenue per Round Benchmarks

Once revenue projections are made, it is easy enough to project operating expenses if they have been benchmarked as a percentage of revenues. Therefore, if office supplies have historically run at say .12% of revenues, then it's a good bet, that absent significant change, they'll continue to run at that level.

Given the magnitude of payroll costs in most operations, payroll can also be projected using volume (number of hours worked) and average hourly wage benchmarks. These are easy enough to track since gross pay is a function of how many aggregate employee hours are worked and what the gross payroll amount is for any given pay period and by extension for the entire year.

My own experience with benchmarking for over 30 years has proven not only the practicality of benchmarking to better understand one's operation, but also as the most effective tool for easy and accurate budgeting. To say they go hand in glove might be an understatement.

See *PCPM, Insights and Ideas, Annual Budgeting Disciplines – An Essential Element of Performance Management* for more details.

How Secure is Your Club?

Security is the overall responsibility of the club general manager but should be delegated to department heads in various areas of the operation. These individuals have close contact with and daily supervision of their areas and are in the best position to ensure their security.

The following areas, because of the value of items maintained therein, should have assigned responsibility for security and written opening and closing procedures to ensure that they are always properly monitored or secured:

Key Control. Clubs are often large and spread out into multiple facilities with different areas operating on different schedules. Different staffs have different needs for access to these areas. For instance, while the dining room is the work area for the food and beverage staff, it must also be accessed by the housekeepers and maintenance staffs. The keying of the doors is first established with the expected needs of these staffs in mind but needs change over time and employees come and go. Without a thorough key control plan and careful monitoring of who has what keys, the security of the club can be quickly compromised.

Retail Shops and Storage Areas. Retail shops have large, expensive, and desirable inventories and should be closely controlled. Those employees responsible for closing duties must be trained and held accountable for properly securing the retail and storage areas. Because of the value of the inventory, retail outlets will normally have security systems to include door contacts, motion sensors, and video cameras.

Food Storerooms and Walk-ins & Alcoholic Beverage Storage. The same applies to any areas that contain food or alcoholic beverage stocks.

Kitchens & Bars. Kitchens and bars not only have stocks of food and beverage, but also valuable equipment and supplies. Further, they are among the last of club facilities to close for business. Assigning responsibility and accountability for security of these areas is of paramount concern.

Cart Barn. The cart barn or storage area contains high value equipment and supplies and is usually open later than the golf shop. Often, employees are left to close without management supervision. This means that closing tasks and responsibilities must be well-defined and monitored closely.

Bag Storage. In some cases, members have thousands of dollars invested in their golf clubs and bag. Further, the club charges an annual fee for storing the members clubs on the premises. Theft of members' equipment is extremely embarrassing to the club and warrants extra efforts to protect the members' investment.

Pools. Swimming pools represent both a security and a safety hazard. While there is some danger of theft of pool equipment and seating, the larger concerns are unauthorized use, vandalism, and access to toxic chemicals.

Golf Course Maintenance Shop. The Golf Course Maintenance facility is filled with expensive equipment. Add to this is its usually remote and often concealed location, and it can be a tempting target for thieves. Having an appropriate and monitored security system is essential to protect the club's large investment here.

Summary

The effort of all security practices and devices should be the prevention of loss and the safety of members, guests, and employees. While well-designed security systems can go a long way to limit the club's risk, it is for naught if employees are not properly trained to operate the system, do not have assigned accountability for security matters, and are not vigilant regarding security matters. In the final analysis, technology can be a great aid to ensuring security, but ultimately the security of a club rests upon the interest and vigilance of its management.

Safety

Of the many responsibilities facing club managers and supervisors, none is as important as maintaining the health and safety of members, guests, and employees.

To this end, it is incumbent upon each department head to ensure the safety of those areas of the operation directly under his or her control. This must be done by conducting regular safety inspections, identifying and correcting safety hazards in a timely manner, properly training employees, establishing a high degree of safety consciousness in the organization, analyzing all jobs for inherent safety hazards, preparing plans to deal with emergencies, and collecting and analyzing safety benchmarks.

General Manager Responsibilities

The club general manager has ultimate responsibility and authority to ensure that the club provides a safe environment for members, guests, and employees. As a result, he or she is responsible for developing a Safety Plan for the club (see *PCPM, Operational Resources, Club Safety Plan* on the PCPM Marketplace store.)

Often, the general manager will appoint a safety manager who is charged specifically with developing and implementing the Safety Plan and ensuring the ongoing safety of club premises and work practices. Other safety related responsibilities include:

➢ Maintaining oversight of the Safety Manager's efforts.

➢ Ensuring the development of a safety "consciousness" among all management and supervisor staff.

➢ Being actively involved in safety issues, supervisory training, and hazard discovery and correction.

➢ Ensuring proper maintenance of all furniture, fixtures, equipment, and machinery.

➢ Monitoring and analyzing safety benchmarks.

➢ Ensuring thorough investigation of all accidents and determination of corrective action.

➢ Meeting all Occupational Safety and Health Administration (OSHA) and local health and safety requirements.

Department Head Responsibilities

Managers and supervisors must meet the following responsibilities:

➢ Identify any safety hazards in their areas of responsibility.

- ➢ Analyze departmental positions for inherent safety hazards.
- ➢ Modify work practices or workspaces to reduce hazard risks.
- ➢ Ensure proper training of employees in all matters relating to safe work practices and work environment.
- ➢ Cooperate with the Safety Manager in conducting routine safety inspections.
- ➢ Correct all deficiencies noted in such inspections in a timely manner.
- ➢ Investigate and analyze accidents to determine unsafe condition and causes of accidents.
- ➢ Promptly and properly complete Accident Reports when necessary.
- ➢ Enforce safe work practices, special safety requirements, and the use of safety clothing, equipment, and protective devices.

Employee Involvement & Responsibilities

Employees by virtue of their intimacy with work practices have a special responsibility to report any unsafe condition or practice immediately. Further, they must work safely and adhere to all safety directions, policies, and procedures. Lastly, they must immediately report any accident or injury to their supervisor.

Employees will meet their responsibilities only if they are assured of management's commitment to a safe workplace and that the safety program is an integral part of club operations. If they sense that management is simply going through the motions, they will too.

Employee involvement means that employees are required to:

- ➢ Work in compliance with the rules,
- ➢ Report all work-related injuries, accidents, illnesses, and near misses, and
- ➢ Report all unsafe condition or work practices.

Individual Accountability

The club Safety Plan will only be effective if everyone is held accountable for their duties, responsibilities, actions, and reporting requirements. Managers at all levels, but particularly the general manager must ensure accountability for plan implementation.

All employees, regardless of title, duties, and responsibilities, must understand their part in establishing and maintaining a safe and healthy work environment and will be held accountable for complying with health and safety policies, procedures, and rules.

Communication

All matters relating to health and safety must be communicated consistently and thoroughly to all employees. A formal system of health and safety communications will encourage employees to inform management about workplace hazards without fear of reprisal. Elements of such a system include:

- ➢ Periodic meetings.

> ➤ Posting all safety related communications, to include agenda and minutes of Safety Committee meetings, on designated bulletin board(s).

> ➤ Safety training program.

> ➤ Use of a suggestion box so that employees, anonymously if desired, can communicate their concerns to management.

> ➤ Document all safety communications so that the record of safety efforts can be reviewed by employees or other interested parties.

A club Safety Committee is an excellent vehicle for establishing and facilitating communication and involvement of all employees in the matters pertaining to health and safety in the workplace.

Safety Training

It is the policy of the club that employees be trained in all matters pertaining to maintaining a safe and healthy workplace.

Safety training is an essential element of any Safety Plan. OSHA rules require each employer to train employees for any job or task to which they are assigned. The Safety Plan must include the following training:

> ➤ For all new employees when hired.

> ➤ For all new employees for each specific task.

> ➤ For all employees assigned new jobs for which training has not already been given.

> ➤ Whenever new substances, processes, procedures, or equipment are introduced into the workplace and present a new hazard.

> ➤ Whenever the club is made aware of a new or previously unrecognized hazard.

> ➤ For all supervisors to ensure they are familiar with the health and safety hazards to which employees under their immediate direction and control may be exposed.

An effective health and safety plan requires safe job performance by everyone in the workplace. As the employer, we must ensure that all employees are knowledgeable about:

> ➤ The materials and equipment with which they work,

> ➤ What known hazards are present, and

> ➤ How they are controlled.

Summary

Safety is not to be taken lightly. Planning for a safe club environment must be done before a serious accident, injury, or death. Afterwards you can only live with the consequences and the nagging sense that there was always more you could have done to prevent it.

For greater detail, see *PCPM, Operational Resources, Club Safety Plan* on the PCPM Marketplace store.

Make It Sparkle!

When one considers all the things that go into making a club distinctive and appealing to its members, one of the most visible is its cleanliness. Whether a club has its own housekeeping staff or contracts with a cleaning service, cleanliness is an essential element of a quality club operation. As with any other aspect of quality, standards must be defined and ensured.

The following list includes some of the essential areas that must be monitored for a high level of cleanliness:

- **Entryways** are one of the most visible areas of the club through which every member and guest will pass, and often make the first impression of any visit to the club. Sidewalks and pavers must be constantly blown or swept. Cigarette butts must be policed continually; trash or butt cans must be cleaned and emptied frequently. The entry door must be appealing. Smudges and handprints on glass doors or sidelight windows are unsightly and require constant wiping. The doorsill or plate has edges and grooves that collect dirt and debris and is often overlooked. Entry walk-off mats need to be removed and cleaned regularly.

- **Restrooms** are areas where members expect the highest level of sanitation and cleanliness. They are used constantly and need constant attention. Sinks and counters need to be wiped down. Mirrors get spattered and must be cleaned. Trash cans, particularly on busy occasions, can overflow with hand towels and waste. Supplies must be checked and replenished as usage levels dictate. When the club hosts large events or parties, a dedicated member of the housekeeping staff should be available to check and refresh the restrooms throughout the event.

- **Dining Rooms and Bars**, because of the food and beverages served, must be kept clean and "appetizing" at all times. Trash cans must be emptied frequently, wiped down, and sanitized to avoid offensive odors. Carpets around tables and chairs receive spills and dropped food items. They must be vacuumed thoroughly daily and shampooed with some frequency. The furniture itself must be cleaned daily to prevent food buildup. Young children can make a mess of highchairs with each use. These must be cleaned and sanitized after each use. Menu covers can quickly get smudged and grimy and should be cleaned or replaced often.

- **Lobby or Seating Areas** often have large, overstuffed furniture. These should be vacuumed daily, particularly the cushions which collect dust and debris, under cushions, and along raised seams. Tables and bookshelves need to be dusted daily.

- **Picture Frames, Paintings, and Window Molding** need frequent dusting and are often overlooked, particularly if high on a wall.

- **Windows** allow light to enter, **and Mirrors** reflect that light. Often one doesn't notice how dirty they can get until light hits them in a certain way, and this will most certainly to be noticed by members and guests.

- **High Ceilings, Chandeliers, and Ceiling Fans** give dramatic effect, but are the perfect place for cobwebs and dust to collect. Inspecting with a keen eye and the use of a telescoping duster should be a daily habit, particularly in dining areas.

- **Verandahs and Porches** require the same discipline, but even greater vigilance given their exposure to the elements.

- **Sanitation**, while not as visible, is of even greater importance given the health and hygiene implications. A recent television report claimed that tests had shown that the handles on grocery carts harbored more germs than toilet seats. While clubs don't use grocery carts, the undeniable implication of this story is the near universal transmission of germs by people's hands. A further story had a doctor saying that the most effective habit in avoiding the flu was constant hand washing.

  These two stories combined point out the necessity of using disinfectant cleaners on any surface touched by human hand. Some surfaces that readily come to mind are doorknobs and handles, banisters and railings, flush handles on toilets, sink handles, golf car steering wheels, armrests on chairs, bar and table surfaces, water fountains, ice machines, dish or glass washers, or any other surface or place frequented by members, guests, and employees – particularly those employees who handle food and drink.

Paying attention to these issues of cleanliness and sanitation will go a long way in creating the very real impression of a quality club operation. While the housekeeping staff or contractor may be charged with the tasks of cleanliness and sanitation, it is still the managers' responsibility to establish the standard and to ensure it is met. Making all employees aware of the need for a clean and sanitized operation and providing the necessary tools and training for each department to clean whenever there is spare or down time, will ensure that everyone recognizes the shared responsibility of keeping your club clean.

And giving it that extra sparkle will help your operation and reputation shine!

About the Author

Ed Rehkopf is a graduate of the U.S. Military Academy and received a Master of Professional Studies degree in Hospitality Management from Cornell's School of Hotel Administration. During his long and varied career, he has managed two historic hotels, managed at a four-star desert resort, directed operations for a regional hotel chain, opened two golf and country clubs, worked in golf course development, and launched a portal web site for the club industry.