



Private Club Performance Management



Professional Development

Readings in Leadership & Management 5

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The Cost of Chaos

Common wisdom tells us that quality costs more, but according to one of the foremost experts on quality this is not the case.

W. Edwards Deming, statistician, professor, author, consultant, lecturer, a man who made significant contributions to Japan's reputation for high quality products and its rise to an economic power in the latter half of the 20th Century, wrote extensively about how a focus on quality reduces costs while providing a number of other benefits. Convincingly, his ideas and methods were proven true by numerous success stories – most dramatically the rise of Japanese manufacturing to world class status after World War II.

How does a club measure or quantify the cost of confusion, mishandled or incomplete information, time to investigate and correct errors, and member dissatisfaction? The bottom line is that poor quality and disorganization is a major driver of costs in club operations. Conversely, an improvement in quality not only lowers costs but also improves service. The combination of lower cost and better service attracts more membership demand and member usage of the club, both of which improve the club's bottom line.

Detailed organizational systems and processes allow the operation to function efficiently. When things happen consistently and routinely in all areas of the operation, employees have the time and the inclination to focus on quality and service. When everything is messed up all the time, employees will find it difficult to care.

So, help yourself and your employees by structuring the routine to happen routinely. This takes both the will and the organizational discipline to make it happen. When 80% of the details happen routinely, everyone can focus on the 20% that will wow your members.

Here are some of the things that the club's food service managers can do to better organize their operations. The same or similar disciplines would apply to all club departments:

- Prepare written procedures for all routine tasks – opening, closing, and cleaning procedures, conducting inventories, replenishing par stocks, making coffee and iced tea, and on and on. Since your staff does these things on an ongoing basis, take the time to write them down in detail so they can be used for consistent training and task completion.
- Prepare and use checklists for both training and accountability.
- Prepare room diagrams of all dining and event spaces. These will save time and avoid misunderstandings when it comes to room set ups. Prepare and save set up diagrams for all types of events – receptions, carving stations, buffets, wedding receptions, etc.
- Organize a filing system for each of the above so you can find them quickly when you need them.



- Anytime you hold a training session, organize and save the material. You'll certainly be using the same material again . . . and again!
- Review all activities and events after the fact and record your observations. You will undoubtedly hold the same or similar events in the future. Your notes for improvement will help continually improve the quality and execution of all you do.
- Prepare written standards and guidance for such basic matters as background music selections for differing meals, activities, and times of day. Make the same effort to define appropriate lighting for differing events and time of day.
- Prepare and use an ever-updated list of project work that can be used to assign to staff in slow moments when you're not prepared to send anyone home early.
- Train yourself in the techniques and disciplines of time management. Time management is not about managing time, it's about managing those task that use up your limited time. When you waste your time, you can't help but waste your employees' time as 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.

Holistic Operations

Club operations are in fact multiple business enterprises – golf operations, golf course maintenance, food and beverage, tennis, aquatics, spa operations, family activities, and others, all supported by accounting, human resources, membership sales and management, and facilities maintenance. Each requires a different set of professional skills to operate successfully. Yet, just as a successful NFL team possesses talented individuals for each skills position; it is the ability to play together as a team according to a game plan designed by the coaching staff that is an essential contributor to success.

The same is true in club operations. Two words are used to describe the necessity of aligning the individual units of club operations into a whole that is greater than the sum of its parts. Those words, as defined by the Merriam-Webster Dictionary are:

- Holistic – relating to or concerned with complete systems rather than with individual parts.
- Integrated – having different parts working together as a unit.

Without a conscientious effort on the part of the general manager to integrate the efforts of all departments, both operating and support, the club functions as a series of distinct businesses reflecting the leadership, values, management disciplines, and service ethic of each individual department head. In such an operation it is unrealistic to expect that members will receive consistent quality, service, and value from these disparate operations.

Achieving an integrated club operation is not that difficult in concept, but it does take a dedicated and determined effort over time to achieve the benefits of a holistic enterprise. The



first step is to develop a rational understanding of what sort of organizational structure will create and support an integrated approach to operating the club – in other words, what are the component parts that must be aligned. While every club manager may have a slightly different approach or interpretation of the necessities, one proven plan is the Remarkable Service Infrastructure. See *PCPM, Insights and Ideas, Remarkable Service Infrastructure – An Overarching Plan for Club Excellence*.

Beyond the plan is the need, even more critical in standalone enterprises with few resources and no economies of scale, to create a Club Operations Plan that describes in detail the many club-wide and departmental operating processes. These are commonly found in Standards, Policies, and Procedures (SPPs). See *PCPM, Insights and Ideas, Beyond Oral History – The Importance of a Club Operations Plan*.

Without such written documentation there is no way to understand or improve processes. As quality expert W. Edwards Deming said, *“If you can’t describe what you are doing as a process, you don’t know what you are doing.”* Joseph M. Duran, author of the definitive Quality Control Handbook, said something similar relating to standards, *“Without a standard there is no logical basis for making a decision or taking action.”*

With a fully developed operations plan place for all areas of the operation, the club then has the capability to embark on an ongoing process of continual improvement – a essential part of any business striving for excellence. As Jim Collins, in his groundbreaking book, *Good to Great: Why Some Companies Make the Leap . . . and Others Don’t*, says, *“Much of the answer to the question of ‘good to great’ lies in the discipline to do whatever it takes to become the best within carefully selected arenas and then seek continual improvement in these. It’s really just that simple.”*

While creating an operations plan is not an easy or quick endeavor, it is doable over time by recognizing that its component elements are the individual SPPs of each club department or function. Each of the standards, policies, and procedures for every club department must be somewhere in the minds of department heads or they have no business holding their position. It simply needs to be organized in a meaningful framework and committed to paper.

The entire operations plan does not need to be created at once. Individual clubs should set their own priorities, though it makes sense to first create the club-wide SPPs – organizational and administrative, human resources or personnel, accounting, facilities maintenance and housekeeping, safety and security, and member relationship management – as they impact the development of departmental SPPs.

As SPPs are being developed, the ultimate requirement is to create a fully integrated, consistent messaging, as well as training material. If the challenging work of defining SPPs has already been done, this step is far easier in that the many areas of expertise and processes that managers and employees must master have already been defined in the SPPs. It simply becomes a matter of determining the best format(s) to present the material. On the Go Training is a proven means of controlling training costs and is highly recommended in the people- and detail-intensive environment of hospitality operations. See various On the Go training resources on the PCPM Marketplace store.

As we have often pointed out, most of what we do is very similar from operation to operation, so why go to the time and expense of re-inventing the wheel. Private Club Performance



Management has created many operational resources and SPPs for many areas of club operations. This material has single authorship and is, therefore, highly integrated in concept and terminology. Clubs can purchase this material from the PCPM Marketplace store and customize it for their own operation.

The modest cost and the discipline achieved by a management team that works through the details of club operations will be an invaluable contribution to the life and vitality of the club; and it will foster that rarest of all club qualities – a holistic operation.

The Tip of the Spear – Leadership and Empowerment

The phrase “tip of the spear,” long associated with military operations, also has implications for club operations. In military jargon the phrase is used to describe the combat forces that do the fighting as opposed to the various support elements that provide food, clothing, equipment, weapons, ammunitions, transportation, administration, etc. These support organizations represent the shaft of the spear, and their critical function is to ensure the warriors have everything they need to succeed on the battlefield. As General John Abazaid, commander of the U.S Army’s Central Command said during the Second Gulf War, *“Our job is to give our troops the resources they need.”*

In club operations the “tip of the spear” analogy could not be clearer. The front-line service employees are the tip of the spear and the function of everyone else in the organization, up to and including the general manager, is to ensure they have all the support they need to successfully complete their important function as the agents of service delivery. The subordinate role of support elements in business has been expressed perfectly by entrepreneur and founder of German grocery chain Aldi, Karl Albrecht, when he said,

“If you’re not serving the customer, you’d better be serving someone who is.”

While the pay grade and limited authority of front-line employees would seem to indicate a general lack of importance in the overall scheme things, such an assessment could not be further from the fact – in truth their functioning is of supreme importance in the success of the enterprise. As author and entrepreneur, Tony Alessandra, says, *“Being on par in terms of price and quality only gets you in the game. Service wins the game.”*

Unfortunately, many service organizations think that one wins the service game by simply hiring the right front-line people, and while this is an important part of the service delivery strategy, it’s a subordinate step to leadership and empowerment. This is so because the right people won’t stay long in an operation that doesn’t have the right leadership and a commitment to employee empowerment.

But the “right” leadership in any organization is not a happy coincidence or sheer luck. I am convinced by a long career in hotels, resorts, and private clubs that it takes a service-based approach to leadership to create both the foundation and environment for high levels of member service. This is so because service-based leadership differs from other leadership styles in its focus on serving the needs of employees to provide them with the proper tools, training, resources, motivation, and empowerment to serve the customer; and most importantly, service-based leadership must be taught and modeled to achieve a consistent understanding and application throughout the organization.



The next and obvious step beyond service-based leadership in establishing a strong service culture is to implement employee empowerment. Why is empowerment so important?

Considering the fast-paced and detail-intensive nature of club operations brings one naturally to the conclusion that leaders cannot do it all themselves to be successful. Instead, they must enlist the support and assistance of their employees through the power of employee empowerment. This foundational focus of leadership, empowerment, and its direct link to member satisfaction and operational success is represented by the organizational structure shown below.



Service-Based Organizational Model

Here the importance of satisfying members is depicted, as is the important role of employees. The club's leaders are placed at the bottom, clearly emphasizing their foundational role in serving the needs of all constituencies.

Here are some operational resources available on the PCPM Marketplace store that clearly make the case for and link between service-based leadership and employee empowerment:

- *The Quest for Remarkable Service*
- *Leadership on the Line: A Guide for Front Line Supervisors, Business Owners, and Emerging Leaders.*
- *Leadership on the Line – The Workbook*
- *The Power of Employee Empowerment*



John Tschohl, author and president of the Service Quality Institute, said, “*Without empowerment, an organization will never be a service leader. Empowerment is the most critical skill an employee can master, and a company can drive in order to lure and keep customers.*”

And let me add, “*Without Service-Based Leadership, an organization will never achieve employee empowerment and therefore will never be a service leader.*”

The Proof Lies Under the Sea

I would normally open the following article with the timeworn phrase, “the proof is in the pudding,” but in this case, the above title is far more appropriate. This is so because the story related below takes place in a U.S. Navy submarine – the USS Santa Fe, a Los Angeles class, fast attack nuclear submarine. Known for some time as an unlucky ship, she had seen her fair share of troubles; so much so that she was viewed as a probable career-ender for those unlucky enough to command her. Enter Captain David Marquet.

In late 1998 Captain Marquet was preparing to take command of the USS Olympia, another earlier submarine of the same class, but a last-minute change in orders sent him to the Santa Fe instead. It seems he had been personally selected by Commodore Mark Kenny, the newly assigned commander of the Pacific Fleet’s Submarine Squadron Seven, as the man who could turn the poor-performing Santa Fe around.

The task was daunting. By nearly every standard the Navy used, the Santa Fe was a problematic ship. Commodore Kenny didn’t sugar coat the challenges – morale was awful, re-enlistments from her crew were pitiful (and costly for the Navy), but Kenny correctly assessed that the problem wasn’t with the ship or her crew, it was a leadership problem, and he was counting on Marquet to turn things around. The Commodore’s direction was simple, Captain Marquet had six months to prepare the Santa Fe for deployment; it was Marquet’s job to figure out what was wrong and get it done.

What follows is this book, *Turn the Ship Around! A True Story of Turning Followers into Leaders**, in a well-told tale reminiscent of a Tom Clancy novel, is Marquet’s assessment of the root causes of the Santa Fe’s malaise and his prescription for renewal. At the heart of his strategy was his belief that the Navy’s top-down leadership structure (leader-follower) could be greatly improved by a more participatory model – “leader-leader” as he styled it.

But this approach went against the grain of Navy command tradition, where the ship’s captain was an all-knowing god who was always heroic in his tough, close-to-the-vest, barking of just the right orders in all emergencies. The sort of naval captain was portrayed by Captain Jack Aubrey in Patrick O’Brian’s popular series of novels about the British Navy set during the Napoleonic Wars. Two of his novels were brought to film with Russell Crowe brilliantly playing Aubrey’s role in the 2003 movie, *Master and Commander: The Far Side of the World*.

Unfortunately, in practice, this heroic, aloof, and often enigmatic figure did little to strengthen knowledge or enhance the development of a vessel’s junior officers. While it may work well for dramatic effect in fiction, film, or fable, it hardly worked in the highly complex, technologically advanced world of a nuclear-powered submarine carrying multiple nuclear warheads on extended undersea missions around the world.



As many other leadership and management authors have pointed out, complex enterprises today are far-too complicated for one person to fully master or oversee. In such organizations there needs to be a more collaborative effort where there is an open flow of communication and understanding as to who will do what and everyone is accountable for their own initiatives and responsibilities. The antithesis of this style of leadership has often been labeled “the genius with many helpers,” and while this approach to leadership can often produce dramatic results, it’s through the drive and will of the leader and not the deeper understanding and performance of the larger management team. No matter what success is achieved in the short run, when the genius departs, the success of the organization often collapses.

Throughout Marquet’s book, he explains the relatively simple steps he took to empower his subordinates, to open a flow of communication, to mentor his fellow leaders in a deeper understanding of their roles, and to give true responsibility to those closest to the task at hand. Remarkably, yet understandably, human nature at all levels of the submarine responded in the most positive ways to these steps toward empowerment. Instead of the captain building a crew of hesitant followers, Marquet created a crew of leaders who knowing what needed to be done took the initiative and sometimes applied creative approaches to completing their tasks. In the process Marquet details the many challenges and traditional ways of thinking that had to be overcome, but once key crew members began to see results, more and more of them got on board.

In the end the Santa Fe became a ship transformed. By almost every metric the Navy uses to measure the performance of its submarines and the crews that sail upon them, the Santa Fe went from a bottom-dweller in the fleet to a shining example of improvements in means and methods of operation. Many of the Santa Fe’s innovations were so dramatic, that they were adopted fleet wide. And while these improvements in performance were noted and Marquet applauded, the greatest impact was on her crew. Not only did re-enlistments improve dramatically, but many of her officers and senior enlisted men moved by rapid advancement to other positions of responsibility.

Lastly, and most importantly, the many improvements made during Captain Marquet’s tenure of command stuck with the ship. It was the changed systems, processes, and leadership model that made the difference, not the personality of a heroic captain. After Marquet’s departure, the Santa Fe continued its dramatic success. So, this tale of empowerment in the tradition-bound world of the U.S. Navy is a shining example of what can happen in any organization that embraces the twin concepts of empowerment and leaders creating leaders and is demonstrable proof that it works. While eating the pudding may be proof to all who taste it, this true story of implausible turnaround under the sea, should be cause for deeper study by all who yearn for a more satisfying and successful leadership model. The truth is out there, even under the sea!

*The book is *Turn the Ship Around! A True Story of Turning Followers into Leaders*, L. David Marquet, Portfolio/Penguin, NY, NY: 2012

The Leader-Leader Model – Unleashing the Power of Your People

Some months back I wrote an article entitled *The Proof Lies under the Sea*, in which I introduced the Leader-Leader Model devised by Captain David Marquet. He described this model and his efforts to affect a turnaround in the performance of the Santa Fe, a failing Navy



nuclear attack submarine, in his 2012 book *Turn the Ship Around! A True Story of Turning Followers into Leaders*.

The results he achieved were profound and lasting with positive impacts beyond the troubled submarine and her crew, with many of his practices being adopted fleet wide. But let's explore some of Marquet's leadership practices which could offer solutions to the challenges general managers face in the club industry.

The Leader-Leader Model was a radical departure from the Navy's traditional Leader-Follower command and control structure and its use in any organization requires a close examination and rethinking of the leader's control mechanisms – those existing practices and techniques used to organize and direct the efforts of employees. Based on his experiences with the Santa Fe, Marquet makes the following suggestions to “find the genetic code for control and rewrite it”:

- Use “I intend to ...” to turn passive followers into active leaders. Stop the practice of subordinates asking your permission for proposed actions. Insist instead that they use the phrase “I intend to ...” This gives you the opportunity to agree, disagree, or provide your thoughts, concerns, alternative actions, or implementing guidance. If you agree, you reinforce confidence in their thinking. Any further thoughts you give will suggest a better course of action or a deeper understanding of your thinking, all of which provides ongoing leadership/management training to subordinates.
- Resist the urge to provide solutions. It's just too easy to give directions. Insisting that your subordinates provide solutions encourages critical thinking and improved decision-making skills on their part.
- Think out loud (both superiors and subordinates). No one has all the answers or all the smarts, nor is there only one way to do things. Thinking out loud fosters conversations, improves understanding of challenges, and provides ongoing instructional benefits to all. It also clearly demonstrates the value the leader places on the subordinates' ideas and input.

Each of these recommendations when put in place and consistently followed will change the way followers see their role and bring them to the realization that they are expected to take the lead and make “meaningful decisions” in their areas of responsibility. Marquet goes on to explain that there are “two enabling pillars” in this process of rewriting the control mechanisms – **Competence on the part of subordinates** and **Clarity of Expectations**.

Under Competence, he provides the following thoughts:

- **“Specify goals not methods. Don't micromanage.”** At best you might miss some great ideas you would never have thought of; at worst you'll rob subordinates of the pride and purpose that comes from conceiving and implementing their own ideas. If the subordinate is new or you have doubts about his skill, ability, or judgment, insist she brief you periodically on her plans and execution. Once you've gained enough confidence in her, she'll require far less supervision and you'll be amazed at what she can accomplish on her own.
- **“Continually and constantly repeat the message.”** Reinforce, reinforce, reinforce the important things all the time – leadership, values, expectations, best practices, thorough communication, empowerment, training and retraining, and accountability for results.



The ongoing repetition of key organizational concepts will make them second nature to your management team.

- **“We learn (everywhere, all the time).”** Stress continual learning, awareness of surroundings, and the good, the bad, and the ugly of your facilities and operation. Talk about problems and solutions. Share incidents, as much can be learned from the experiences of others. Usually, the most impactful lessons come from mistakes, so talk about them. Ongoing review will make errors, misjudgments, and blunders learning moments for all.
- **“Don’t brief, certify.”** Briefings often tell people what they already know, so they quickly tune out. Instead of briefing subordinates on what needs to be done, have each certify to other stakeholders what they are doing and why. Synonyms for “certify” include confirm, verify, endorse, attest, declare, and state. In other words, place the responsibility on each participant to explore all issues involved in the point of discussion. This will bring forth clarity of purpose and execution to all areas of your operation.
- **“Take deliberate action.”** Many mistakes are made by people just going through the motions of something they’ve done many times before. Stress to subordinates and employees that every important action (leadership practices, member service, financial performance, safety matters, etc.) be done with a deliberate present-mindedness. A method Marquet suggests when appropriate is to vocalize each step of the action before taking it. While this may sound like overkill, Marquet found in practice that it improved accuracy and avoided mistakes.

Under Clarity he lists the following actions:

- **“Begin with the end in mind.”** In Stephen Covey’s bestselling book, *the 7 Habits of Highly Effective People*, an entire chapter is devoted to beginning with the end in mind as a means of guiding purpose and action. When you begin with the end in mind, your subordinates know not only where you are taking them, but the value and purpose of the trip.
- **“Use guiding principles for decision criteria.”** Spell out basic principles to guide your subordinate’s decisions and actions. While this may take some effort to formulate, it is supremely important as these principles will shape many essential decisions and initiatives. See *PCPM, Training Resources, Organizational Values on the Go* on the PCPM Marketplace store for examples of such basic guidance.
- **“Encourage a questioning attitude over blind obedience.”** Obedience is only useful when your subordinates have complete understanding. Constantly urge them to ask questions. Not only will this attitude create more understanding and certainty regarding values and expectations, but undoubtedly their questions will point to issues, concerns, and poorly communicated directives. Clarity is the objective and the give and take of questions and answers will help bring you to that goal. If they are hesitant to ask, pose questions yourself. This will foster discussion and set the example that questions promote better understanding.
- **“Build trust and take care of your people.”** Instituting the Leader-Leader Model requires a leap of faith to bring your subordinates out of the box of the Leader-Follower



Model. They will more willingly make that leap when they trust you, when they know you also have their interests at heart, when they see you modeling the organizational values, and when they see your sincere interest in and concern for their welfare and professional growth.

- **“Use immediate recognition to reinforce desired behaviors.”** Everyone likes praise and recognition, particularly when given with an audience. Be in the habit of recognizing not only the extraordinary accomplishments, but also the daily diligence that repeatedly does the right thing in the face of monotony and boredom. Such acknowledgement and appreciation not only reinforce desired behaviors, but it fosters employee dedication and loyalty.

In reviewing the above actions that enabled the dramatic change from the Leader-Follower to the Leader-Leader Model in the Santa Fe, none of them individually is rocket science and all are based on the recognition that one person cannot effectively do it all in a complex and fast paced enterprise. Add to this the commonsense effectiveness of placing both authority and responsibility in the hands of those with the specific skills and experience to properly lead and manage their individual areas of responsibility. Lastly are the nearly unbounded benefits of creating a management team of strong leaders who demonstrate both the initiative and sound judgment to operate their departments and motivate their employees to fulfill the mission and vision of the organization.

In his book Marquet proves that the Leader-Leader Model works, even in the U.S. Navy with its long tradition of top-down leadership. He also provides several logical and commonsensical practices that facilitate it. Towards the end of his book Marquet, who now consults with private industry, summarizes the steps he uses with organizations wishing to implement the Leader-Leader Model.

- First, identify where and how excellence is created in your organization. In the club industry, this usually involves member interfaces (touch points or moments of truth) or in some cases work or service environments that inhibit efficiency or performance.
- Second, examine the decisions the responsible managers would need to make to achieve excellence. Often these are decisions that get bounced upstairs to higher levels of management.
- Lastly, what would it take to enable those managers to make those decisions? Typically, Marquet says, it requires a combination of knowledge, a thorough understanding of organizational goals and values, the clear authority to make the decision, and responsibility for the consequences of the decisions made.

The Leader-Leader Model can be a game-changer for those organizations that haven't discovered the immense value of empowerment in bringing an enterprise to the top of its game. I highly recommend Marquet's book for anyone who is frustrated by the never-ending challenges of the dominant Leader-Follower Model.

A Tale of Two Service Experiences

Most private club general managers intuitively understand the importance of the member experience at their club. To do otherwise is to put their employment at risk. Great effort is expended on providing warm, friendly, courteous, welcoming, personalized service to all



members. Despite this effort though, ongoing service complaints from members seems to be a fact of life in many clubs.

Each complaint starts a familiar cycle of apology; investigation to pinpoint failure; corrective or disciplinary action as necessary; and renewed emphasis on training. Often, the ongoing investment in management time and effort in these service matters precludes adequate focus on larger and more long-term strategic and operational objectives. Yet for all the effort put into resolving service failures, there never seems to be a permanent solution as they continue to crop up again and again.

While there may be a variety of institutional causes for service failures – lack of consistent leadership, lack of organization, lack of well-defined service culture, and lack of training – one of the most damaging can be the attitude and commitment of the service staff as a result of the club's employee experience.

The following story relates my own early experiences many years ago in three different hospitality properties – a club, a hotel, and a fine dining restaurant.

What was most distressing was their similarity – no onboarding, no welcome, no introduction to purpose and means, no spelling out of expectations, no employee handbook, and no adequate training. What little effort put into orientation at the club was a sheath of worn photocopies with disjointed information from a variety of sources that spoke vaguely of service. But this material lacked the larger context of what, when, why, where, or how, and provided no introduction or segue from topic to topic.

Even more disturbing was the introduction to the fine dining restaurant where new employees were treated with open disdain. Unforgettable was the abrupt response to one bold question about treatment and training – that we could leave if we didn't like it, that there were plenty of others who could take our place. In hindsight it was more like induction into the military than working for an organization whose business was predicated on service excellence.

This early introduction to hospitality motivated my leadership and managerial efforts throughout my career. It just seemed commonsensical to provide a more welcoming and supportive introduction to the very people who would deliver service. Instead of alienated and cynical employees locked in an adversarial relationship with management, I wanted willing and committed team members to help advance the aims and purpose of the organization.

In contrast to these experiences is the example of the Ritz-Carlton Company that operates luxury hotels worldwide for the Marriott Corporation. They view their employees as indispensable partners whose daily attitude and actions form the basis for the company's legendary service. As a company, they purposely invest as much focus and effort in their employee experience as they do their guest experience, and the results are remarkable! See *PCPM, Insights and Ideas, Service the Ritz-Carlton Way*.

While the Ritz-Carlton employee experience may be reasonable for a large company with deep pockets and wide-ranging resources, the basic premise of their success is built on the simple notion that if you care for your employees (providing them all the necessary tools, training, resources, inclusiveness, engagement, and leadership example), they'll be motivated to care for your customers.



Foremost in Ritz-Carlton employee experience is the attitude that their employees matter. From this attitude flows a commitment to value and treat employees with the same consideration and respect they provide their guests. The rest is just the details of how to do it consistently in all departments and properties.

With a little creative thinking and a lot of consistent Service-Based Leadership, this model is just as achievable for any private club. The resources to do so consistently are at the heart of most everything provided on the PCPM Marketplace store.

Listening to the Line

Because of my interest in military history, I frequently come across the impact of leadership as the essential ingredient and foundation for winning military campaigns. I recently finished reading Dwight D. Eisenhower's *Crusade in Europe* recounting the Allied military efforts in Europe in World War II.

His perspective is unique in that, as the Supreme Commander of Allied Forces in the European Theater, Eisenhower's authority eventually encompassed three million men and women from over a dozen countries in both fighting and support roles on land, sea, and in the air. The enterprise itself was, in size and scope, the greatest single endeavor of the 20th Century – the defeat of Hitler and the Axis Powers.

While military leadership is distinct in purpose – the winning of wars; the broader role of inspiring and directing followers to the accomplishment of a goal or endeavor is universal in application and entails the same needs that we as club managers face daily in directing a service organization – how to get the best from our workers.

Among the many lessons to be learned in Eisenhower's book is the following quote, *"There is, among the mass of individuals who carry rifles in war, a great amount of ingenuity and initiative. If men can naturally and without restraint talk to their officers, the products of their resourcefulness become available to all. Moreover, out of the habit grows mutual confidence, a feeling of partnership that is the essence of esprit de corps."*

This observation resonated with my firm belief that an open and unimpeded flow of information up from employees to the leaders is just as important as the direction and guidance that goes from the top of the organization to its line staff. This exchange of ideas and information can only come about when leaders at every level inherently recognize that such openness is a critical success factor for the organization.

But senior leadership must understand that this recognition does not spring by happy and universal coincidence from the minds and consciousness of subordinate managers – it must be taught and modeled continually and consistently to everyone who fills a leadership role. Without this effort, the critical concepts of success will not be faithfully communicated to those who serve the club's members and, conversely, the ideas and innovation of front-line employees will never reach the decision makers. The result is a lack of mutual confidence and that spirit of partnership so essential to any effective group effort.

To be successful in the challenging world of club management and to avoid organizational dysfunction, a leader needs every conceivable advantage. None is so important as good leadership and its attendant openness to ideas and innovation. In the words of Bill Robinson,



noted business, technology, and entrepreneurship journalist, *“To be able to regularly solicit, capture and execute upon the strong ideas of those on the front lines who really know what the customers want will be the panacea for the 21st century business world.”*

The Profound and Powerful Persuasion of Principles

Over the years numerous authors have stated and reinforced the notion that leadership is the foundation of organizational excellence. Examples abound in the world of business, in sports arenas, in warfare and battle that sound leadership is the foremost requirement of success. Even in hospitality and service, leadership plays that essential role. As Tony Hyde, Senior Executive Vice President of East West Partners Club Management, said, *“The longer I’m in this business, the more I realize it’s all about leadership.”*

Yet most successful club managers will tell you that no matter the individual skills and talents they possess, there is much more in the way of organization, structure, and management disciplines that must be brought to bear to create and sustain a high-performing operation. Chief among these are well-defined organizational values and a continually reinforced culture of service. Why is this so?

- A leader’s values are those bedrock principles that govern the actions by which she gains the trust and loyalty of her followers. A recent ad for Notre Dame University said it best, *“The value of a leader is directly proportional to a leader’s values.”* Dr. Bob Nelson, founder of a company specializing in management practices improvement, has said, *“You get the best efforts from others not by lighting a fire beneath them, but by building a fire within.”* Leadership is not so much what you do. It’s what you inspire others to do; and nothing inspires like principled action.
- As we have often stressed, a leader must spell out his or her expectations for followers. While these expectations must cover the standards, policies, and procedures of performance and execution, there is nothing so basic, yet so important, as ensuring that all employees, especially managers and supervisors, have a firm grounding in the values of the organization.

This indoctrination is best accomplished by continuing exposure, ongoing example, and constant reminder of the underlying principles by which the club conducts itself in relation to the board, the members, employees, vendors, and the community at large. Without the effort to spell these out in detail, an organization has little hope of modeling and teaching employees what is expected of them in their dealings with others. Yet how many clubs have made the effort to define their organizational values? Some have, others have not.

To assist clubs who may want help in this area, Private Club Performance Management has prepared a wide variety of organizational values covering mission, vision, guiding principles, operating standards, managers’ code of ethics, principles of employee relations, and standards of management professionalism. To assist organizations in teaching these essential principles, PCPM has created *Organizational Values on the Go*, a program designed to present organizational values in brief formats for ongoing training and reminder.

This material (*PCPM, Training Resources – Organizational Values on the Go* is available on Marketplace store) is intended for the management staff, including all employees who supervise the work of others and may be used in any appropriate group setting, but most particularly in the



general manager's weekly staff meeting. By spending a few minutes at each meeting discussing these topics, a general manager can be assured that subordinate managers understand and continually reinforce values and culture. It can also be used to train new management hires in the details of the club's organizational values.

As Mac Anderson, founder of Simple Truths, author of more than 22 books, and inspirational corporate speaker, has said, "*The three keys to inspiring . . . service – Reinforce, Reinforce, Reinforce.*"

Without an effort to model and reinforce the basic values of the club, the general manager is failing to value one of the most invaluable of all leadership qualities – the profound and powerful persuasion of principles.

Motivation and Morale

Employee turnover rates, employee attitudes, body language, and facial expressions speak volumes about an organization. The signals are easy to see – grumbling, fearfulness, under-breath comments, lack of humor or gallows humor, cynical signs on desks or screen savers, and sour, negative attitudes.

Poor morale comes from poor leaders. Employees are not to blame. They are simply responding to a lack of leadership. Poor morale is solved by a genuine interest in the welfare of employees, trust, constant feedback, good two-way communications, clear goals, and positive motivation.

Leaders must motivate their employees to do what needs to be done, not just to get by, but to excel. Leaders are vitally concerned about their employees' morale. Poor morale can cripple the effectiveness of any group of people.

You must set the example and be positive and upbeat. Bad moods can destroy an organization, especially if it is yours. It is your responsibility to keep your employees up. Don't tolerate sour, negative attitudes. Unless you put a stop to them, they will grow like a cancer and be just as destructive.

A vivid memory of mine is of working at a historic hotel where the controller had been "in residence" for over twenty years. Martha never smiled, and she seemingly despised hotel guests, vendors, and other employees. Her isolation, constant grumbling, and obvious contempt for all around her poisoned the day-to-day atmosphere of the operation.

Staff social functions were occasions for Martha to complain about others who had not done their part or had performed poorly. Staff meetings always included diatribes on how planned improvements were pointless because guests always complained, and employees didn't care. Despite her critical and central role in the operation, other employees avoided her like the plague since she was so unpleasant. Naturally this led to all sorts of problems, lack of cooperation, and miscommunication.

Finally, after much fruitless counseling and despite her longevity, we fired Martha. The new controller we hired placed great emphasis on being part of the team, meeting with other department heads to explore their concerns and issues and making a positive contribution to planning and change.



Morale improved immediately. Line employees and managers seemed to have a new enthusiasm for the challenges we faced. Cooperation and consideration became the order of the day. As we gathered steam, improvements in the operation were readily apparent, and we all took pride in our efforts and accomplishments. Even our regular guests noticed the new attitude and complimented us on our many initiatives.

I expected things to improve without Martha's ill humor, yet I was stunned by the difference her departure made. It seems her negativity impacted many on the staff. The collective emotional energy invested in dealing with her was put to better use and everyone was better for it.

While you can't control the mood swings of others, you can expect and require your employees to treat their fellow employees with courtesy and respect. You can insist on a cheerful and positive attitude. Any employee who refuses to make this basic commitment to the group welfare should seek other employment or, if suffering from a medical condition or emotional problem, seek professional help.

In dealing with many issues of motivation and morale, a little sincere human concern goes a long way. The people who work for you are like you, basically good-at-heart, each with his or her own strengths and weaknesses. Be gentle and nurturing and give them the benefit of the doubt. Show understanding in helping and teaching them. Yet be uncompromising and fanatical in your dedication to right attitude and quality of service.

Make employees part of the team, remembering that you are their coach. Share ideas with them, brainstorm with them, and listen to their ideas. A person with a stake in an organization has a greater sense of commitment.

A little praise and recognition will go a long way in building morale and esprit. If employees bring you good ideas, make sure they get recognition for their contribution. Never, ever take credit for an employee's idea. Your superiors will be far more impressed by your self-confidence and generosity of spirit in giving credit where it is truly due. Conversely, nothing will destroy your standing with employees faster than claiming credit for their accomplishments and ideas.

Know and address your employees by name. Meet with your employees frequently, both formally and informally. Talk to them every day. Ask for problems; hound them for problems. If they honestly believe you will try to solve the problems they face, they will tell you.

See PCPM, Operation Resources, Leadership on the Line: A Guide for Front Line Supervisors, Business Owners, and Emerging Leaders.

Consistency is Key to Quality and Service

When it comes to quality and service some clubs are consistently awesome, a few are consistently awful, and most are consistently inconsistent. While there may be many factors that contribute to the comparative performance of clubs, a major underlying difference is consistency, or lack thereof, in the details of their operations.



As I progressed through my hospitality career, I often heard the time-worn remark that while fast food operations don't provide their customers with the highest quality of product and service; they build their success on providing a consistent product.

Private clubs aim higher for their customers – the elite and affluent members of a community who pay a significant amount to belong and enjoy the ambience and personalized service of a club. Yet, just because a club offers more impressive surroundings, higher quality amenities, and a more upscale menu doesn't mean that members don't have a reasonable expectation of consistency whenever they come to their club.

But in contrasting clubs, which are often standalone operations with limited staffs and no economies of scale, with a McDonalds or a Subway with their significant corporate resources is an unfair comparison. This doesn't mean that clubs should not aspire to consistency of operations, but it does mean that clubs must make a concerted effort to institutionalize consistency in all areas, particularly in its relationship with members.

Here are major areas of a club operation where consistency is critical:

Service-Based Leadership. How your management team interacts with employees is critical to their commitment, performance, and engagement with members. Without a consistent conception and application of leadership at all levels of the operation, the quality and service you provide will be as inconsistent as the leadership styles of each manager and supervisor. *Leadership on the Line: A Guide for Front Line Supervisors, Business Owners, and Emerging Leaders* and *Leadership on the Line – The Workbook*, both available on the PCPM Marketplace Store, spell out in detail the principles of Service-Based Leadership and are a great foundation for consistent quality and service.

An Overarching Game Plan. Every endeavor demands a plan to be successful. Without a written plan to guide various departments in the execution of their missions, inconsistencies will abound. *PCPM, Insights and Ideas, Remarkable Service Infrastructure - An Overarching Plan for Club Excellence* is a good starting point in developing your specific game plan.

Organizational Values and Culture of Service. The values your club holds dear and the manner it interacts with members, employees, and the community at large is crucial to its success. As with any nuanced interaction with others, these must be well-defined, taught, and modeled to ensure consistent understanding and application. *PCPM, Insights and Ideas, Organizational Values and Culture of Service* can help you define your own values and culture of service.

Club Operations Plan. How can you possibly determine what employees should be trained to know and do if you have not defined your standards, policies, and procedures? *Club Accounting Standards, Policies, and Procedures* and *Club Personnel Standards, Policies, and Procedures* are both available on the PCPM Marketplace Store. There is no better starting point to prepare your club's customized SPPs in these two critical areas. See *PCPM Insights and Ideas, The Club Operations Plan - A Legacy Contribution for Club Excellence* for more information.

Management Disciplines. In his groundbreaking book, *Good to Great: Why Some Companies Make the Leap . . . and Others Don't*, Jim Collins said, "Much of the answer to the question of 'good to great' lies in the discipline to do whatever it takes to become the best within carefully



selected arenas and then seek continual improvement in these. It's really just that simple." Without disciplined managers at every level of the organization executing best practice management disciplines, a club will never achieve consistency of operations or greatness. *PCPM, Training Resources, Management Disciplines on the Go* covers these in greater detail.

Member Relations. A club's membership is its lifeblood. How the club interacts with its members in all its areas of engagement will determine the memberships' commitment to and use of club facilities. This is an area that cannot be left to chance. To be consistent in how members are engaged and treated, the club must have a comprehensive Member Relationship Management Plan and all employees must be trained in its requirements. *PCPM, Insights and Ideas, Member Relationship Marketing Plan - Romancing Your Members* provides more thoughts on this important topic.

Managerial and Employee Training. If employees are to perform with consistency, all staff, including managers, must be consistently trained in all aspects of their positions and responsibilities, most particularly in the details of service and service delivery. Read *PCPM, Insights and Ideas, Comprehensive Club Training - Executing on Your Promise of Quality and Service* for a broad list of training necessities.

Employee Empowerment. John Tschohl said, *"Without empowerment, an organization will never be a service leader. Empowerment is the most critical skill an employee can master, and a company can drive in order to lure and keep customers."* Creating employee empowerment requires leadership, planning, and training. Consistent empowerment training across all service delivery areas will transform both employee morale and member satisfaction. Read *PCPM, Insights and Ideas, Employee Empowerment - Transforming Your Club's Service* for a greater understanding of this revolutionary means of service.

Planning, Execution, and Review. The operational efforts of the club are encompassed in the ongoing process of planning, execution, and review. When addressed and executed in a disciplined manner, this process can streamline your operation while infusing it with consistency. Any club task that will be repeated (and this means 99.9% of everything you do) can be examined for ways to make it more efficient or replicated with greater ease. This discipline leads naturally into the following one.

Continual Process Improvement. Referring again to the quote from Jim Collins under Management Disciplines above, *"... and then seek continual improvement in these."* In the effort to continually improve, a major and continuing focus should be on improving the consistency of the club's quality and service. See *PCPM, Insights and Ideas, Continual Process Improvement - An Essential Discipline of Successful Clubs* to learn more.

Accountability. Everything we've talked about above to improve consistency of quality and service means nothing without accountability. Without leadership, "the will to make it happen," and strict accountability for results, running a high-quality club is an exercise in futility.

Having discussed the major areas requiring consistency, you must understand that the way to build a high performing, consistent operation is not unknown, but at the same time, there is nothing easy about the effort that goes into it. It requires the hard work, focus, and diligence that Jim Collins described as the Flywheel Effect in building a "good to great" company,



“Sustainable transformations follow a predictable pattern of buildup and breakthrough. Like pushing on a giant, heavy flywheel, it takes a lot of effort to get the thing moving at all, but with persistent pushing in a consistent direction over a long period of time, the flywheel builds up momentum, eventually hitting a point of breakthrough.”

Given the fact that most clubs are similar in their aims and methods, there is no sense in reinventing the wheel. Fortunately, much of the initial groundwork and documentation has already been prepared. Private Club Performance Management has a wide variety of basic resources available to help you organize your club and build an organization focused on quality and service. This material can be used as is or can be customized for your specific operation.

When you recognize that consistency is a significant underlying element of both quality and service, it is obvious that it must be a focus of everything you do to organize the club and train staff. So, do yourself, your employees, and your members a favor and ensure **Consistency of Training** for your club to consistently excel in everything you do.

Is This the Hedgehog Concept for Private Clubs?

In his book, *Good to Great: Why Some Companies Make the Leap . . . And Others Don't*, author Jim Collins said that all good to great companies had a deep understanding of their Hedgehog Concept which guided all their efforts. For Walgreens it was fanatical dedication to convenient locations that enabled them to achieve what Collins termed “one of the most sustained transformations in our study” of good to great companies.

For those of you who have read *Good to Great* (and I strongly recommend it for every club manager) you know that a company’s Hedgehog Concept is “a simple, crystalline concept that flows from deep understanding about the intersection of . . . three circles.”

- “1. What you can be the best in the world at,”
- “2. What drives your economic engine,” “the piercing insight into how to most effectively generate sustained and robust cash flow and profitability” – “a single denominator that has the greatest impact on the company’s financial performance,” and
- “3. What you are deeply passionate about.”

Since reading Collins, I have sporadically turned my attention to trying to determine an appropriate Hedgehog Concept for private clubs and have finally concluded.

But first let me point out an obvious distinction that makes a club different from other companies – that most clubs serve a geographically-limited market and therefore cannot be best in world at what they do, only best in their community or locale. Unless you’re Augusta National or the Ritz-Carlton clubs, your focus is local. You may also think you’re the best in the world, but unless you have a long waiting list to join and members who robustly and enthusiastically support your club with their patronage, you’re probably not.

I would also say that club managers should be deeply passionate about what they do or why are they managing a club?

This leaves #2 – the “single denominator” that drives your economic engine. What single concept that when pursued with fanatical determination as the basis for all club decisions leads to transformative performance?



After much deliberation my candidate for the single denominator for club success is the level of member discretionary spending and the benchmark is Average Member Discretionary Spend per month and annually (computed by dividing non-dues revenue by the number of members*). Here is my reasoning:

- To be viable a club must be profitable, and even non-profit clubs must break even with sufficient set asides for replacement.
- A club with robust member discretionary spending** is by a combination of facilities, programming, and service levels not only satisfying their members, but exceeding their expectations, as evidenced by members supporting their club, that is, frequenting the club and spending their money there.
- As every club manager knows, having a full membership promotes financial health for the club. But what factors lead to strong membership numbers and a waiting list to join? Simply put, it's the same factors that promote frequent use of the club – the quality of facilities and services, compelling programming, and high levels of personalized service. With these in place word of mouth reputation will do more to generate a strong membership than any amount of marketing.

By laser-like focusing on the Average Member Discretionary Spend benchmark and fanatically using member discretionary spending as the basis for business decisions, a club will be on the path to success, even greatness. However, recognizing that a club is made up of multiple businesses – golf, food and beverage, tennis, aquatics, activities, and other revenue generators – I would strongly recommend that the Hedgehog benchmark be tracked monthly and annually for all profit centers. This will focus attention of under-performing departments requiring attention and improvement.

In focusing on Average Member Discretionary Spend as the prime benchmark for both the club as a whole and each revenue-generating department, managers will have boiled down the club's success factors to the single requirement for transformative performance – the frequent, sustained patronage of the club by its membership. You must, however, be keenly aware of the impact of price increases on the average member spend. Don't go patting yourself on the back for improvements in the average member discretionary spend when the increase is a result of higher prices charged to members. One way to ensure the efficiency of your operation is to also track the percentage of net income to total non-dues revenues to see how much of what comes in the door translates to the bottom line.

Whether or not your club is on a good to great trajectory, tracking the Hedgehog benchmark will help you monitor your members' spending habits. If in decline you know something is amiss. If robust and growing across all departments, you can be confident you're on the right track.

Notes:

** I would use month end count of membership for monthly computation and average number of memberships (sum of month end memberships for all months divided by 12) for the annual computation.*



*** The two revenue sources that are problematic for computing discretionary spending are dues and food minimums.*

- *Once a member joins the club, dues are a given regardless of level of patronage and support for the club. As a rule, I would not include dues as part of member discretionary spending in computing the Hedgehog benchmark.*
- *Food and beverage minimums also present a problem in that they can be coercive. Regardless of whether members feel good about the food service, they must spend a set amount per period or be dunned for their shortfall (unspent minimums). My solution to this issue is to include all food and beverage revenues regardless of whether it was truly discretionary spending by members or unspent minimums. But I would separately track the average unspent minimums per member per period as a reality check for the Hedgehog benchmark.*

The #1 Discipline of Success – Mastering the ABCs

As children we all mastered our ABCs, the basic building blocks of language and learning. The term “ABCs” has long since come to signify the basics of any endeavor.

All of us who work in our industry recognize that the profession is made up of mastering the many basics of hospitality and service. Even in an enterprise as seemingly complex as food service, it is the execution of the basics that underpin all our efforts and ultimately leads to success.

Of all the things I’ve learned in my hospitality career spanning over 35 years, the #1 discipline of success is the necessity of executing the basics well.

While there are many innovative, cutting-edge ideas to improve the products, service, and performance of your operation, you must build these enhancements onto a foundation of the basics.

With these thoughts in mind, I’d like to commend to you the most basic, yet ultimate discipline – that as you contemplate the many ways to add service and value to your operation, you must always focus your attention and that of your entire staff on the ABCs, that is ...

Accomplish the Basics Consistently

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.