Report This - The Value of Reports In Club Operations

A while back, while I was discussing the benefits of benchmarking with a club general manager, I was surprised when he said that he "didn't like reports." I was so stunned by this admission that I never did discover his objection – whether he didn't like preparing them for his superiors or didn't like getting and reading them from subordinates. Either way it seemed to me that he was unnecessarily limiting the flow of information and blinding himself to the details of his operation.

Digressing for a moment, imagine a pilot of a commercial airliner in the cockpit of her plane. At any moment of the flight from pre-flight preparation, take off, cruising to destination, to approach and landing, she has a host of dials, gauges, and indicators that keep her informed of the status of all operating systems and external factors affecting the plane – information such as altitude readings, fuel levels, engine oil pressure, status of hydraulic systems, radar signals, navigation beacons, and so on. The pilot, by monitoring this array of displays, assures herself that all parameters of the plane's performance are within desired standards. If something is amiss, alarms will immediately notify her of problems needing her attention, thereby assisting her in taking the appropriate action to assure the safety of plane and passengers.

It may be argued that club operations are just as complex with thousands of details that must be attended to daily (though without the serious safety implications). Yet the person with overall responsibility for operations – the general manager – has limited mechanisms to report on the health and vitality of the club in anything approaching real time. In some operations the only indicator of developing problems is the monthly financial statement that becomes available weeks later. Even then, the summary information in the operating statement provides only a limited assessment of performance at best.

Modern point-of-sale and property management software systems have come a long way in providing the underlying detail of the operations with "drill-down" capabilities and custom reporting, yet how many general managers avail themselves of this trove of information or make a formal effort to analyze the detail in the longer term context of goals and budgets?

This brings me back again to reports. A discipline of formal reporting can and does provide a means of monitoring specific information on a regular basis. As such, reports are an important mechanism for the general manager, as well as department heads, to monitor performance in a timely and efficient way. For the department head tasked with preparing the report, it is a disciplined means of focusing on the important details of departmental operations while creating a record of ongoing initiatives, progress toward goals, and departmental performance. Once established, the discipline of routine periodic reports is the best way for a subordinate manager to influence the boss's perceptions about his or her performance.

For the general manager, regular reporting of key information from department heads is the best way to monitor departmental performance with the least investment of time. Instead of personally digging into the details of the operation, the general manager can review periodic reports and benchmarks and focus time and attention on out-of-line parameters. Also, by putting the responsibility on the department heads to monitor and report key data, they are in the position of primary discovery, allowing them to formulate solutions or initiatives to correct operational deficiencies, as opposed to putting that burden on the general manager.

Lastly, by establishing such a reporting discipline, the general manager is providing a critical reminder to subordinate managers – that they are responsible for the performance of their departments, that they must pay close attention to the details of their operation, and that they are responsible for managing the boss's perceptions of their performance by providing timely and accurate data, analyzing information, and drawing conclusions regarding operational trends.

So, what kind of reports do I like to see? Here are my requirements:

- **Informal daily P&Ls from the operation's most important revenue generators** – food and beverage and golf operations. These "dailies" show key revenues by category, estimated cost of goods sold based on historical percentages, actual labor cost, and estimated other operating expenses based on historical levels. The importance of the daily report is that it pinpoints the absolute importance of revenue generation and the impact of labor on the department's bottom line. Paying close attention to the daily contribution to the monthly performance focuses department heads on ways to augment sales while controlling labor cost.

- **Weekly Revenue Report** prepared by the controller. This report shows key revenues, as well as the key underlying volume and average sale benchmarks, by day of week and summarized for the week and compares them to a year-to-date budget target. The weekly duration of the report summarizes such detail on the shortest and most frequent comparable period of club operations – the weekly business cycle – allowing week by week and seasonal comparisons of member activity and revenues.

  PCPM Form 203, *PCPM, Operational Resources, Club Forms*, is a good example of such a report, though individual clubs may want to create their own.

  As the example below shows, such a report provides a clear week-by-week record of the flow of revenues and details revenue surpluses or shortfalls by department.

Weekly Revenue Report **Food and Beverage**

OAK HILL COUNTRY CLUB								Week #:	43				Dates:	Oct 20-26
Day/Wk	F	S	S	M	T	W	T	X	Wkly Total	Daily Avg	X	Actual YTD	Budget YTD	Surplus (Shortfall)
Date	20	21	22	23	24	25	26	X			X			
Dining Room Covers (#)														
Lunch/Brunch	72	89	129	Closed	44	58	61	X	453	76	X	21,487	20,000	1,487
Dinner	89	101	42	Closed	52	64	61	X	409	68	X	39,874	40,000	(126)
Total	161	190	171	Closed	96	122	122	X	862	144	X	61,361	60,000	1,361
Dining Room Sales ($)														
Lunch/Brunch	489	612	1,789	Closed	299	398	422	X	4,009	668	X	192,457	172,800	19,657
Dinner	1,489	1,687	642	Closed	228	319	530	X	4,895	816	X	502,164	498,000	4,164
Total	1,978	2,299	2,431	Closed	527	717	952	X	8,904	1,484	X	694,621	670,800	23,821
Dining Room Avg Chk ($)									Avg					
Lunch/Brunch	6.79	6.88	13.87	Closed	6.80	6.86	6.92	X	8.85		X	8.96	8.64	0.32
Dinner	16.73	16.70	15.29	Closed	4.38	4.98	8.69	X	11.97		X	12.59	12.45	0.14
Total	12.29	12.10	14.22	Closed	5.49	5.88	7.80	X	10.33		X	11.32	11.18	0.14
Catering Covers (#)														
Sit Down Meal	24	42	120	Closed	0	30	151	X	367	61	X	18,974	17,750	1,224
Buffet/Reception	0	320	0	Closed	0	0	0	X	320	53	X	16,540	16,500	40
Coffee Brk/Contl Bkfst	0	0	0	Closed	20	12	0	X	32	5	X	1,019	1,000	19
Total	24	362	120	Closed	0	42	151	X	719	120	X	36,533	35,250	1,283
Catering Sales ($)														
Sit Down Meal	489	987	2,134	Closed	0	623	2,119	X	6,352	1,059	X	426,915	408,250	18,665
Buffet/Reception	0	9,241	0	Closed	0	0	0	X	9,241	1,540	X	478,668	453,750	24,918
Coffee Brk/Contl Bkfst	0	0	0	Closed	200	100	0	X	300	50	X	5,340	5,000	340
Total	489	10,228	2,134	Closed	200	723	2,119	X	15,893	2,649	X	910,922	867,000	43,922
Catering Avg Chk ($)									Avg					
Sit Down Meal	20.38	23.50	17.78	Closed	#DIV/0!	20.77	14.03	X	17.31		X	22.50	23.00	(0.50)
Buffet/Reception	#DIV/0!	28.88	#DIV/0!	Closed	#DIV/0!	#DIV/0!	#DIV/0!	X	28.88		X	28.94	27.50	1.44
Coffee Brk/Contl Bkfst	#DIV/0!	#DIV/0!	#DIV/0!	Closed	10.00	8.33	#DIV/0!	X	9.38		X	5.24	5.00	0.24
Total	20.38	28.25	17.78	Closed	#DIV/0!	17.21	14.03	X	55.56		X	24.93	24.60	0.34
Total Food Covers	185	552	291	Closed	96	164	273	X	1,561		X	97,894	95,250	2,644
Total Food Sales	2,467	12,527	4,565	Closed	727	1,440	3,071	X	24,797		X	1,605,543	1,537,800	67,743
Overall Avg Chk	13.34	22.69	15.69	Closed	7.57	8.78	11.25	X	15.89		X	16.40	16.14	0.26
Beverage Revenue Sales ($)														
Beer	96	76	164	Closed	72	248	964	X	1,620	270	X	29,782	30,829	(1,047)
Wine	216	184	120	Closed	43	186	165	X	914	152	X	34,567	32,239	2,328
Liquor	350	472	111	Closed	37	44	45	X	1,059	177	X	23,458	25,831	(2,373)
Total	662	732	395	Closed	152	478	1,174	X	3,593	599	X	87,807	88,899	(1,092)
Other Income														
Service Charge	232	152		Closed	98	302	731	X	1,515	253	X	62,487	61,157	1,330

- **Pay Period Summary Report,** PCPM Form 229, prepared by the controller that details payroll hours by category (regular, overtime, holiday, vacation, and sick time) and cost by department and for the club as a whole. This report also includes the key benchmarks of average hourly wage by department which is helpful in establishing payroll budgets for future periods.

- **Monthly Benchmarking Reports** by department *(PCPM, Operational Resources, Club Benchmarking Resources)*. Key benchmarks provide important detail about departmental operations. Prepared by department heads, they not only provide the general manager with underlying detail, but they assure the department heads are paying attention to these numbers as well.

- **Monthly Executive Metrics Report** summarizing key benchmarks prepared by the controller and provided to all recipients of the club's financial statements. An excellent way to keep leaders and decision makers informed of key data underlying the operation's performance (see **Enhance Your Financial Reporting with the Executive Metrics Report**, PCPM, Insights and Ideas, Two Best of the Best Practices for Private Clubs).

- **Monthly Personnel Report** prepared by the HR manager providing employee counts by department by employment category (full time, part time, and seasonal), summarizing key personnel actions (hiring, terminations, and discharges for cause) and the employee turnover rate by department and for the club as a whole. This report will quickly pinpoint departments with potential leadership and morale issues as evidenced by high levels of turnover.

- **Monthly Utility Benchmarks** prepared by the facilities manager tracking utility usage and cost by type (electricity, gas, water). Utility consumption to generate heating and air conditioning should be compared to degree days to adjust for the volatility of weather. Degree day data for a club's local area can be computed by a formula found online (basically, it's the daily plus or minus deviation from 65 degrees - the monthly degree day calculation is the sum of the month's plus and minus degree days) or as reported by the local area weather service.

- **Monthly Departmental Summary** reports prepared by department heads covering basic monthly performance, problems and issues, projects and initiatives, and progress toward annual department goals and the department head's work plan. This short summary report (usually no more than one page) is brought to the Monthly Review of Financial Statements meeting along with the Tools to Beat Budget binder and presented to the general manager. The report is an excellent way for department heads to manage their boss with information and provide the general manager with information and data to complete periodic fact and detail-based performance reviews. It's also an integral part of the **Three Cycles of Performance Management** see infographic in *PCPM Insights and Ideas, Performance Management - An Essential Discipline for Success* for more information.

- **Weekly and Monthly Membership Reports** prepared by the membership director and presenting all membership sales activity, to include prospect contacts, membership sales by category, and progress on the requirements of the Membership Marketing and Member Relationship Management plans.

- **Weekly and Monthly Catering Forecast and Sales Activity Reports** prepared by the catering director and presenting upcoming booked events and all sales activity, to include prospect contacts, types of bookings by category (meeting rooms, catered meals by breakfast, lunch, and dinners, weddings, etc.), utilization of banquet and meeting space, and projected revenues. Given the profitability of catering events and activities, it is important to focus on the sales, revenue, and utilization of club space for catered functions.

While the above list may seem like a lot of paperwork, once the discipline of preparing and submitting these reports is established, department heads will discover that they are just part of operational routine. On the other hand, the benefit of everyone paying attention to key performance indicators is well worth the effort. Ultimately, it makes the general manager's challenging job easier and serves to make the operations more efficient.

One Very Important Missed Report

When I posted the above piece, listing reports that I, as a general manager, liked to see, I missed one of major importance – the Top and Bottom Spenders at the club. This report is obviously important because it keeps the general manager informed of member usage of club facilities.

In the case of the top spenders, they deserve some thanks and special attention from club management and staff – say in the form of a rewards program as part of the club's member relationship management plan, comped or discounted products or services, or at minimum, the recognition by the general manager of their contribution to the club's success by letter or phone. The big spenders must be known to and recognized by all staff.

On the other hand, the bottom spenders are important to know and track because they are the members most at risk of leaving the club. Knowing who they are should set off alarm bells in the membership office, as well as the general manager, and warrant immediate contact to determine the cause of their declining or limited use of the club. In the case of the unhappy or dissatisfied member, it gives the club the opportunity to apologize and make things right. There may be other, more innocuous, reasons for a member's declining use of the club facilities, but in any case, this information is important for the general manager to know.

Of all the reports mentioned in my earlier post, the Top and Bottom Spenders report is the easiest to generate as it is a standard report within club management systems. Typically, the general manager can set parameters like the top and bottom percentages reported and the period of the report. But regardless of desired parameters, this is an important report to monitor on a regular basis.

Bottom Line

For the multitude of reasons mentioned, a routine system of ongoing reports allows managers at all levels to stay focused on key performance indicators and, as such, it is a great tool to monitor the health and vitality of the club.