

# Two Best of the Best Practices For Private Clubs



**Ed Rehkopf**



## Two Best of the Best Practices for Private Clubs

### Enhance Your Financial Reporting with the Executive Metrics Report

Every month the club's board of directors, finance committee, general manager, and department heads receive copies of the operation's financial statement made up of the balance sheet and operating statement prepared by the controller. The intent is to provide all stakeholders with a summary report of the club's financial performance compared to the budget. Additionally, the operating statement is formatted to compare the most recent month's performance to the same month last year and year-to-date performance compared to last year.

While all this is well and good and customary for the industry, this summary information is long on overview, but woefully short on meaningful detail. Further, the presentation of information does little to understand reasons for underperformance and allow analysis of emerging trends.

Certainly, a greater level of detail is available within the financial accounting and reporting system, but it requires special effort to dig it out, format it, and present it for analysis. Given this, doesn't it make far more sense to use a system that routinely presents key underlying detail? Examples would include sales detail such as volume of business and average sale by department, key payroll detail such as overtime hours and benefits cost, membership numbers by category, and month-to-month and year-to-year comparisons of summary operating statement lines.

The simple solution to providing a deeper level of information for ease of analysis is to make the Executive Metrics Report (EMR) a key component of the monthly financial reporting package. The EMR is made up of important operating metrics tracked by the financial accounting and payroll systems, along with key department benchmarks, both of which are formatted to provide month by month and year by year comparisons.

While every general manager, board and finance committee member may have their own ideas of what metrics to include, Private Club Performance Management has developed an Executive Metrics Report that covers key operating data (see the following pages for a sample report sheets). Each operation can use this basic format and customize it for its own needs and preferences. These spreadsheets are available as part of *PCPM, Operational Resources, Club Benchmarking Resources*.

One controller who presented the EMR to her club's finance committee reported that a particularly influential member said he was "thrilled" to see such underlying performance data and looked forward to reviewing it on an ongoing basis.

The Executive Metrics Report is a significant enhancement to an operation's financial reporting and provides all stakeholders with important and timely data regarding the health and financial well-being of their operation. While it takes some effort to set up initially, the ongoing benefits for all concerned make it well worth the effort.



Sample Executive Metrics Report Spreadsheets

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Executive Metrics Report	Club: Willow Creek Country Club					Month to Month Comparisons							2007
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Yr End
<b>Membership</b>													
# of Golf Members	307	310	311	314									0
# of Sports Members	235	235	235	237									0
# of Swim/Tennis Members	320	320	322	325									0
# of Social Members	42	42	44	44									0
# of Community Members	173	177	169	159									0
<b>Total Members</b>	<b>1,078</b>	<b>1,085</b>	<b>1,082</b>	<b>1,090</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total New Members	6	12	8	15									41
Total Resigning Members	2	0	1	2									5
Total Waiting List to Resign	24	22	22	21									0
Membership Turnover Ratio	0.2%	0.0%	0.1%	0.2%	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!
<b>Income</b>													
Golf	54,340	20,383	60,475	77,462									212,680
Food	112,495	147,398	153,708	170,342									583,944
Beverage	30,697	24,814	28,835	45,267									130,553
Tennis	9,424	13,882	24,976	18,035									66,317
Swim & Activities	9,695	3,434	6,191	4,484									23,694
G&A - Dues	290,518	290,119	292,768	292,091									1,165,694
Clubhouse	561	25,912	709	337									28,519
Miscellaneous	12,348	4,651	10,079	25,251									52,334
<b>Total</b>	<b>519,954</b>	<b>531,803</b>	<b>577,741</b>	<b>634,159</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,263,657</b>
<b>Cost of Goods Sold</b>													
Golf	4,567	2,934	9,406	13,335									32,241
Food	34,818	35,009	39,973	49,874									160,674
Beverage	8,771	8,675	9,450	13,826									40,722
Tennis	1,595	1,275	2,993	1,506									7,368
<b>Total</b>	<b>51,751</b>	<b>48,893</b>	<b>61,821</b>	<b>78,540</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>241,005</b>
<b>Gross Margin</b>	<b>468,203</b>	<b>482,910</b>	<b>515,920</b>	<b>555,619</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,022,652</b>
<b>Cost of Goods Sold %</b>													
Golf	7.82%	4.84%	6.12%	5.74%	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	60.2%
Food	48.0%	36.8%	37.6%	41.3%	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	40.4%
Beverage	31.9%	36.0%	33.6%	32.7%	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	33.4%
Tennis	1.21%	8.8%	9.4%	7.1%	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	=DIV/0!	92.4%
<b>Payroll &amp; Related</b>													
A&G	66,137	54,992	55,436	54,446									231,011
Membership	7,499	2,811	2,952	8,908									22,165
Golf	22,208	18,552	28,845	29,846									99,446
Food	119,712	100,976	116,654	116,461									453,808
Beverage	2,979	2,204	2,094	3,495									10,772
GC Maintenance	44,484	32,009	40,001	43,088									159,587
Tennis	16,678	17,869	29,934	25,016									89,497
Activities	12,268	11,385	13,369	12,896									49,913
Clubhouse	29,999	22,226	26,800	23,715									102,740
<b>Total Payroll</b>	<b>321,954</b>	<b>269,024</b>	<b>316,085</b>	<b>317,871</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,218,934</b>
<b>Payroll Cost %</b>	<b>61.9%</b>	<b>49.5%</b>	<b>54.7%</b>	<b>50.1%</b>	<b>=DIV/0!</b>	<b>=DIV/0!</b>	<b>=DIV/0!</b>	<b>=DIV/0!</b>	<b>=DIV/0!</b>	<b>=DIV/0!</b>	<b>=DIV/0!</b>	<b>=DIV/0!</b>	<b>53.8%</b>
<b>Other Expenses</b>													
A&G	43,945	41,982	31,020	38,378									155,285
Membership	4,014	1,086	7,999	2,007									15,106
Golf	7,947	10,550	17,160	21,128									56,785
Golf Tournaments (net)	-1,916	10	-2,923	269									-4,566
Food	13,992	24,088	25,594	21,342									85,016
Beverage	1,474	517	900	889									3,779
GC Maintenance	27,114	42,087	37,336	54,876									161,413
Tennis	581	1,100	9,611	2,633									13,925
Activities	10,511	6,371	13,825	14,188									44,895
Clubhouse	53,746	49,920	51,728	60,078									215,472
<b>Total Other Expenses</b>	<b>161,428</b>	<b>177,711</b>	<b>192,260</b>	<b>215,731</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>747,120</b>
Taxes-Property/Franchise	12,925	13,970	13,885	13,885									59,665
Management Fees	13,000	10,500	10,500	14,500									48,500
<b>Total Other Expenses</b>	<b>197,353</b>	<b>207,181</b>	<b>216,695</b>	<b>244,116</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>855,285</b>
<b>Total Expenses</b>	<b>509,307</b>	<b>470,205</b>	<b>532,720</b>	<b>561,987</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,074,219</b>
<b>Operating Income</b>	<b>(41,104)</b>	<b>12,705</b>	<b>(16,800)</b>	<b>(6,368)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(51,567)</b>



<b>Golf Operations</b>												
Full Golf Mbr Rounds	585	451	1,088	948								3,088
Sports Mbr Rounds	47	31	124	141								343
Total Rounds of Golf	841	651	1,635	1,677								4,804
Cart Fee Rate	\$18	\$18	\$18	\$18								18.00
Green Fees	8,020	5,506	18,288	26,596								58,410
Cart Fees	12,268	8,771	25,160	24,159								68,338
Merchandise Sales	8,975	5,987	15,374	23,239								53,525
Club Storage Income	20,856	-1,584	-993	-132								18,447
All Other Golf Incomes	3,285	-280	0	380								3,365
Total Golf Revenue	53,404	18,350	56,129	74,202	0	0	0	0	0	0	0	202,085
Golf Lesson Inc Payout	935	2,083	4,347	3,261								10,577
Locker Rental Income	0	2,606	99	198								27,208
<b>Golf Benchmarks</b>												
Green Fees/Round	\$9.54	\$8.46	\$11.19	\$15.86	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$12.16
Cart Fees/Round	\$14.59	\$13.47	\$14.17	\$14.39	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$14.23
Merchandise/Round	\$10.67	\$9.12	\$9.40	\$13.86	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$11.14
Rounds/Full Golf Mbr	1.9	1.5	3.3	3.1	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Rounds/Sports Mbr	0.2	0.1	0.5	0.6	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Total Rds Golf & Sports Mbr	1.5	1.2	3.0	3.0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Lesson Golf/Sports Mbr	\$1.95	\$4.17	\$9.06	\$4.75	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Locker Rental G&S Mbr	\$0.00	\$5.25	\$0.21	\$0.41	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Club Storage G&S Mbr	\$43.45	(\$3.25)	(\$1.44)	(\$0.27)	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Inc G&S Mbr	\$6.84	(\$0.57)	\$0.00	\$0.75	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Tot Golf Rev G&S Mbr	\$111.24	\$27.68	\$116.94	\$153.68	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Avg Inventory Level	88,112	82,388	97,847	110,672								94,754
Inventory Turns	0.10	0.07	0.16	0.21	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.56
Golf Payroll Cost %	40.9%	91.0%	47.7%	38.5%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	45.8%
Golf OT Hours	1.5	3.5	31.6	67.9								104.5
<b>Food Income</b>												
A la Carte Food	60,954	63,515	78,759	82,835								286,069
Catering	9,550	32,882	23,501	32,934								98,867
Pool Snack Bar	78	38	57	0								168
Golf Snack Bar	1,374	1,202	3,258	3,029								8,863
Beverage Cart	548	294	783	1,902								3,517
Other Snack Bar	0	0	0	0								0
Subtotal Food	72,499	97,921	106,358	120,700	0	0	0	0	0	0	0	397,478
Unspent Minimum	8,177	11,217	9,669	8,134								37,197
Service Charge	1,819	6,520	4,787	6,944								20,070
Room Rental	4,500	4,000	5,750	5,250								19,500
Dining Fee	24,625	24,575	24,800	24,725								98,725
Equipment Rental	878	1,486	370	4,414								7,148
All Other Charges	0	1,480	1,975	175								3,830
Subtotal Other	39,999	49,478	47,351	48,642	0	0	0	0	0	0	0	185,470
Total Food Income	112,498	147,399	153,709	170,342	0	0	0	0	0	0	0	582,948
<b>Beverage Income</b>												
Beer Revenue	5,181	4,974	7,016	8,791								25,952
Wine Revenue	11,058	12,721	12,323	17,184								53,286
Liquor Revenue	11,238	4,405	8,812	16,350								42,806
Total Beverage Revenue	27,477	24,100	28,151	42,325	0	0	0	0	0	0	0	122,054
Other Inc - Svc Charge	1,550	669	518	3,681								6,418
Other Inc - Cigar Sales	18	20	95	97								230
Oth Inc - Home Wine Sales	1,593	24	70	164								1,951
Subtotal Other	3,161	713	683	3,942	0	0	0	0	0	0	0	8,469
Total Beverage Income	30,638	24,813	28,835	46,267	0	0	0	0	0	0	0	130,553
Total F&B Income	143,136	172,212	182,544	216,609	0	0	0	0	0	0	0	714,501
<b>Food &amp; Beverage Benchmarks</b>												
Food Revenue/Member	\$67.25	\$90.25	\$98.30	\$110.73	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Beverage Rev/Member	\$25.49	\$22.21	\$26.02	\$38.83	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Total F&B Rev/Member	\$92.74	\$112.46	\$124.32	\$149.56	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A la Carte Sales/Member	\$56.54	\$58.54	\$72.79	\$76.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Catering Sales/Member	\$8.86	\$30.81	\$21.72	\$30.21	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Golf Snack Bar Sales/Mbr	\$1.27	\$1.11	\$3.01	\$2.78	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Pool Snack Bar Sales/Mbr	\$0.07	\$0.04	\$0.05	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Bev Cart Sales/Mbr	\$0.51	\$0.26	\$0.72	\$1.74	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Other Snack Bar Sales/Mbr	\$0.00	\$0.00	\$0.00	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Liquor Sales/Mbr	\$10.42	\$5.90	\$8.15	\$15.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Wine Sales/Mbr	\$10.26	\$11.72	\$11.39	\$15.77	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Beer Sales/Mbr	\$4.81	\$4.58	\$6.48	\$8.07	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Food Svc Charge %	2.5%	6.7%	4.5%	5.8%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	5.0%
Beverage Svc Charge %	5.4%	2.8%	1.8%	8.7%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	5.3%
Combined Svc Charge %	3.4%	5.9%	3.9%	6.5%	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	5.1%
Golf Snack Bar Sales/Round	\$1.69	\$1.85	\$1.99	\$1.81	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$1.84
Bev Cart Sales/Round	\$0.65	\$0.44	\$0.48	\$1.13	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	\$0.73
Pool Snack Bar Sales/Mbr	\$0.07	\$0.04	\$0.05	\$0.00	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!





## Why Our Workweek and Pay Cycle?

Some time ago I was asked about our club's work week that went from Friday to Thursday and why we paid every two weeks instead of semi-monthly or monthly as some operations do. There are several important reasons for this that every manager should know, as they relate to the needs of employees and the efficiency of the operation.

- With the bi-weekly pay period every employee can look forward to a paycheck every two weeks on Fridays. Most, if not all, employees live paycheck to paycheck and a more frequent schedule of paychecks makes it easier for them to budget and allocate their income to cover ongoing expenses.
- Given the overtime pay requirements of the Fair Labor Standards Act where non-exempt employees are paid time and one half for all hours worked over 40 in a week, we start our work weeks on Friday to have our historically busiest days of the week (Friday, Saturday, and Sunday) early in the period.

This way, if we incur employee shifts of greater than 8 hours on those days due to high business levels, we can adjust schedules or send employees home early on our traditionally slower days (Monday through Thursday), thereby avoiding overtime costs. Over the life of an operation, this could potentially save hundreds of thousands of dollars in overtime pay.

- As we have often said, payroll costs are the single largest expense in club operations and require the greatest vigilance to control. The best tool managers can use to understand and control those costs is to benchmark payroll hours and costs on a pay period basis.

With semi-monthly or monthly pay periods, a manager cannot compare like to like – a primary caveat of benchmarking. With a semi-monthly pay period the number of days in a pay period can vary from 14 to 16 depending upon month and leap years. Also, since pay periods can start and end on any day of the week depending upon the calendar (instead of the constant and comparable Friday through Thursdays in bi-weekly pay periods), there may be some pay periods with anywhere from 4 to 6 weekend (busy) days. This makes it impossible to compare pay periods on a like to like basis, thereby diminishing the value of benchmarking. The same applies to monthly pay periods.

- While reading Richard H. Thaler and Cass R. Sunstein's bestselling book *Nudge, Improving Decisions About Health, Wealth, and Happiness*, I came across this interesting statement:

*"It is true, of course, that some nudges are unintentional; employers may decide whether to pay employees monthly or biweekly without intending to create any kind of a nudge, but they might be surprised to discover that people save more if they get paid biweekly because twice a year, they get three pay checks in one month."*

What a pleasant surprise to find that our club, though unintentionally as it may have been, had created a "nudge" to help its employees save more for their futures!

*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.