

Beyond Oral History

The Importance of a Club Operation Plan



Ed Rehkopf



Establishing Standards

Ultimately, the governing board determines a private club's standards for quality and service. The problem for board members, though, is that seldom do these individuals have the in-depth knowledge or experience of hospitality operations to do this effectively.

So, it is the general manager who, in consultation with the board, determines the desired standards. This is challenging in three ways. First, board members may have difficulty articulating their quality and service desires since the perception of quality is the culmination of a great number of operating details. Second, each board member has his or her own expectations for quality, thereby making for an imprecise common standard. Third, boards change over time and the changing agenda of new boards may require changes in priorities and allocation of resources, which may ultimately impact standards.

Given these realities it is essential for the general manager to "manage" the process by establishing standards of quality and service for the operation based on his or her best professional judgment and sounding out board members periodically to ensure expectations are being met.

The common wisdom in our industry is that the higher the standards of quality and service desired, the greater the cost of operations – most noticeably in payroll cost from higher staffing levels, extended hours of operation, more personal services, and more intensive training. While these are all contributing factors, there are the operating inefficiencies as a result of standalone operations with few economies of scale, limited resources, weak or inconsistent leadership, poor organization, staff turnover, and inconsistent training that are also significant drivers of higher costs.

A further challenge arises from the need for management to consistently communicate operating standards to employees. Regardless of age, background, education, experience, training, personality, and habit, all employees must have a common understanding of what is expected in all service situations. This can come about only through clear standards, policies, and procedures consistently communicated to employees during onboarding, ongoing training, and day-to-day operations.

It is also essential that the training, particularly for values and service standards, be consistent across all operating departments. It does not reflect well on the operation to have the head golf professional and food and beverage director modeling and reinforcing different values and standards to their respective staffs. Ultimately, the only solution is to create a common service standard that is consistent across all areas of the club.

Creating Standards, Policies and Procedures

The terms "standards," "policies," and "procedures" are used in business to describe the what, why, and how's of a club's organization and work processes.

The following definitions are found in The Random House College Dictionary. For convenience sake, we have only included those definitions that apply to our purposes.



Standard

Something considered by an authority or by general consent as a basis for comparison, an approved model.

Morals, ethics, habits, etc., established by authority, custom, or an individual as acceptable.

In a manufacturing setting, product standards usually include material specifications, manufacturing tolerances, quality measurements, and the functionality of the finished product. In the hospitality industry, however, the establishment of a standard is usually made by management based upon an understanding or expectation of what will satisfy or impress the member.

Often this satisfaction is based upon the way some service or action is performed. Therefore, the standard is a description of the desired outcome of that service or action and/or the way it is performed, for instance the approved way of presenting and opening a bottle of wine, or the correct way to fill out a form used for documenting personnel actions, the way month-end inventories are conducted, or the level of professionalism of management and operations.

In the case of club operations, standards are the model for the optimum way of doing things. They are established by the general manager as the acceptable model of performance by which members judge proficiency and professionalism. They apply not only to the daily performance of individual duties, but also to the way the club's business is conducted.

Policy(ies)

A definite course of action adopted for the sake of expediency, facility, etc.

Action or procedure conforming to or considered with reference to prudence or expediency.

Policies and standards are so closely interwoven it is often hard to tell them apart. Policies most often apply to those areas of the operation where consistency is key and there can be little or no leeway in how you do something, for instance in the area of human resources where so much is dictated by law and the need for correct action to avoid litigation, or in accounting where exactness and consistency are necessary to ensure the correctness, accuracy, and transparency of financial reporting and fiduciary responsibilities.

Policies also apply to operations. For example, policies are established to ensure consistency and the fair treatment of members, for instance in how you take tee times or dining reservations. The need for policy here is to ensure that every member has equal treatment and the same opportunity to enjoy the club's amenities. Nothing will upset a member faster than believing he or she is not getting a fair shake from the operation.

Procedure(s)

An act or a manner of proceeding in any action or process; conduct.

A course of mode of action.

Procedures are the "how to's" of the club's business. Sometimes they flow from standards and sometimes from policies, but they are the exact instructions of how to do or complete a process, act, or event. Whereas policies are often the big picture of why something is done, procedures are the detail of how it is done.



Standards, Policies, Procedures

It is essential to develop detailed, written standards, policies, and procedures for every area of operations. Not only are these the basis for developing training material, but they serve as the foundation for developing a culture that is consistently taught to new hires and reinforced by both management and other employees.

When everyone understands what is expected and how things are done, there is less opportunity for freelance behavior. Eliminating freelancing or employee discretion fosters consistency of product and service delivery. As Harvard Professor Theodore Levitt says in his book, *Marketing for Business Growth*, "Discretion is the enemy of order, standardization, and quality."

Taken together standards, policies, and procedures form the bulk of the material that employees must master to satisfactorily complete all their job functions, duties, and responsibilities. Without taking the time to define, explain, and clarify standards, policies, and procedures, how can management realistically know what it is that employees need to learn? Without well-defined (i.e., written and reviewed) standards, policies, and procedures, any attempt to train will be disorganized and inconsistent.

While department heads and junior managers are typically responsible for developing the operating standards, policies, and procedures for their departments, the general manager is still responsible for ensuring the overall quality of the operation and must therefore review all operating standards, policies, and procedures. But how can this be done if they are not in writing and available for the GM's review?

Since different department heads will be developing different parts of your overall standards, policies, and procedures, establishing a standard format will give your finished product a more professional look and will make it easier for employees to navigate and understand when all materials have a common look and feel.

The below example provides a standard outline and presentation of these documents.

Set up standard headers and footers. Use specified font and font size.



<p>STANDARD HEADER w/ Establishment Name and Type of Policy</p> <p>Subject: Personnel Data Sheets (PDS) P-900.05</p> <p>A. Policy. It is the policy of the Company that individual employee personnel actions be initiated and documented using a Personnel Data Sheet (PDS).</p> <p>B. Discussion</p> <p>1. The following personnel actions must be initiated and documented by means of a Personnel Data Sheet (PDS). [SF Form 104]:</p> <ul style="list-style-type: none">a. Hiring - new or rehires.b. Terminations.c. Changes in pay.d. Transfers to other departments.e. Leaves of absence.f. Changes in employment status.g. Suspensions without pay. <p>2. The Personnel Administrator will not process these actions without a properly completed PDS. Failure to prepare a PDS in a timely manner may prevent the action from being completed when the Department Head wants.</p> <p>C. Responsibilities</p> <ul style="list-style-type: none">1. The Personnel Administrator is responsible for effecting personnel actions upon the receipt of a properly completed PDS. The Personnel Administrator will also coordinate with the facility Controller to enter changes in the payroll system, if necessary.2. Department Heads are responsible for initiating personnel actions by properly completing and submitting a PDS to the Personnel Administrator in a timely manner.3. The facility Controller is responsible for taking completed personnel actions and entering all necessary information and changes into the payroll system. <p>D. Procedures. Sample PDS forms are attached demonstrating the correct way to fill out the form for various types of personnel actions.</p> <p>STANDARD FOOTER w/ copyright and page number</p>	<p>Subject Line and Policy Number on top line.</p> <p>Double Space between paragraphs.</p> <p>Paragraphs can include: Policy Discussion Responsibilities Procedures Others to include: Background Examples Or any other topic that makes sense.</p> <p>Outline format: A. 1. a. (1) (a)</p> <p>Indentation: Two ruler ticks per indent. Note second paragraph line margin lines up under first.</p> <p>Paragraphs with no subparagraphs set up like this.</p> <p>Paragraphs with subparagraphs set up like this. If you use a subparagraph, you must have a least two. Otherwise, it should look like this.</p> <p>Write clearly, precisely, and sequentially, particularly when describing a procedure.</p> <p>See existing PCPM Personnel or Accounting Policies for examples.</p>
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Two Critical Areas for Policies and Procedures

While club operations should avoid becoming overly bureaucratic, there are clearly areas where the repercussions of not following set policies and procedures present a significant risk. Two of these are human resources and accounting. In the former, there are federal and state laws that dictate how employment and personnel matters must be handled and, if not scrupulously followed, they can create significant legal and liability exposure for the organization. In the latter area where exactness is critical to financial reporting and performance, it is crucial that managers understand and meet their responsibilities in an exact and timely manner.

Regarding accounting policies and procedures, one of the most frequent findings by auditors when performing annual audits is that an organization does not have written accounting policies and procedures – and often this finding appears year after year. PCPM has developed a series of 175 Accounting Standards, Policies, and Procedures (SPPs), along with 47 related forms, available for easy customization in digital form. Likewise, we offer 157 Personnel Standards Policies and Procedures and 45 related forms. Both can be found on the PCPM Marketplace store.



Setting Up a Linked Policies Database at Your Club

Communications among the management staff of a club operation is critical to keeping everyone informed, on task, and functioning as a team with a common vision. But other than a weekly staff meeting it is often challenging for managers to get together given their varying schedules.

The advent of emails and the Internet has made it easier for managers to communicate among themselves, but the power of computers and the operation's intranet can be harnessed to truly improve communication and consistency in operations. This can be done by setting up a linked intranet of values, standards, policies, procedures, training material, benchmarks, and other operating and organizational material.

While opening a new club, department heads were writing standards, policies, procedures, and training material for their departments. By establishing a basic layout template, we were able to create a great deal of material with a common look and feel.

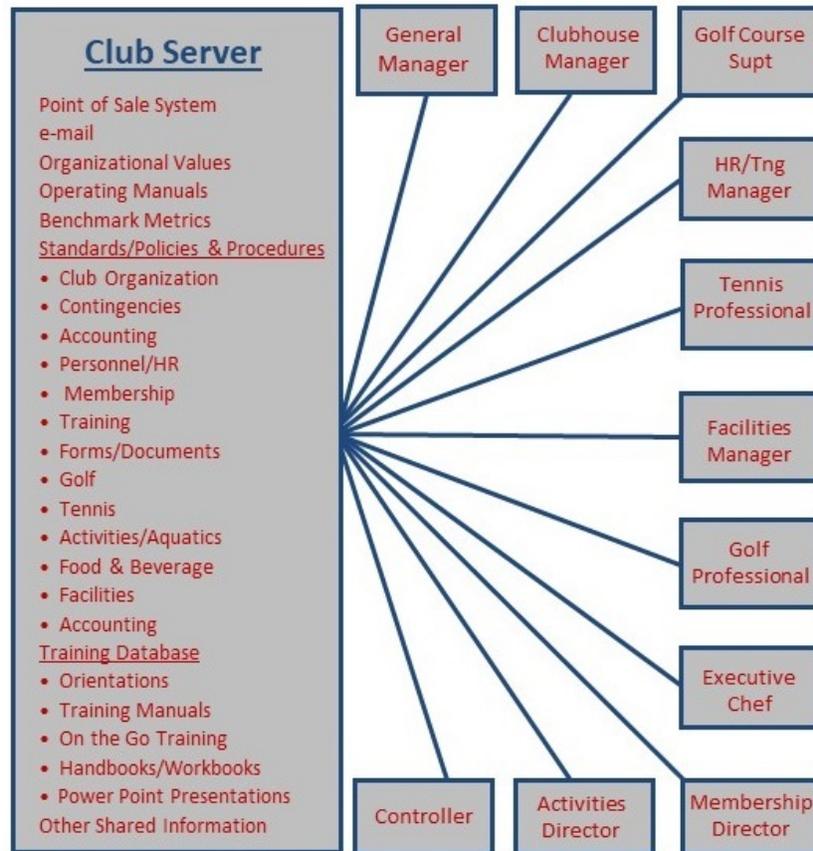
But after creating this material, we took it a step further by creating the linked database on our club's server. This meant that as an individual was reading a golf policy and it referenced a specific form, the reader could click on the hyperlinked form number in the text so that she could automatically view it and, if desired, print it out.

This was simple to do by using MS-Word and the link button on the toolbar at the top of the Word document. The link button is the little symbol of the earth with a chain link at the bottom. You simply select the word or phrase you want to link, highlight it by dragging the cursor over it, click on the link button, and scroll through your folders and files until you find the file you want to link. When you finished selecting the file, you will have a hyperlink to that file from the selected (and underlined) word(s) in your document.

The beauty of this linked intranet is that all your operation's key documents, standards, policies, procedures, and training material are easy-to-find and readily accessible to any manager who may need them. Further, any changes or upgrades can be made in one place and all managers notified of the change via an email.



Sample Club Linked Policies Database



The power of computers and the club's intranet can be harnessed to improve communication and consistency in operations by setting up a linked database of values, standards, policies, procedures, training material, and other operating and organizational material. With a linked database all of your operation's key documents, standards, policies, procedures, and training material are easy-to-find and readily accessible to any manager needing them. Further, any changes can be made in one place and all managers notified of the change via an email.

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Steps to Building an Intranet at your operation:

- Purchase and download desired material from the PCPM Marketplace store. Modify it to suit the needs of your operation. As an alternative, use your own created material.
- Set up a Main Index Page in a Word file. Usually this will be set up by department, so that if someone wants to go to Food & Beverage, they click on the Food & Beverage link, and it takes them to the F&B Index Page. Each department's index page is nothing more than a Word file with the numbered policies and procedures linked to the individual files.



- For uniformity sake, the GM should set a standard design template (font type, size, header, footer, and text formatting, see example above) so that every file has a common look and feel.
- While each department head can set up their own department's policies and procedures and index page, it is helpful to have someone – usually the organization's administrative assistant set up the Main Index Page and create the necessary links from file to file.

While building such a policies database takes time, it provides the organization with a cohesive set of operating standards and policies that will make everyone's job easier. Having set one up, I can tell you it's well worth the time and effort – and ultimately not that difficult. As with so many other things, it's really a matter of discipline and organization.

Franchising Your Operation

The underlying theme of much that we have written about is the need to document all aspects of your operation. This is especially true of standalone enterprises with limited resources and no economies of scale. Without an effort to establish expectations, standards, and processes, you'll be forever reacting to daily crises and addressing issues and challenges on an ad hoc basis, which inevitably creates inconsistent and chaotic operations.

Compare this to the success of franchised operations which are built upon carefully crafted and well-documented processes for all aspects of the business.

Michael E. Gerber in his best-selling book, *The E-Myth Revisited* [E for entrepreneur], describes the strength of franchised operations based on the depth and quality of their written operations plans and says,

*"To the franchisor, the entire process by which the business does business is a marketing tool, a mechanism for finding and keeping customers. Each component of the business system is a means through which the franchisor can differentiate his business from all other businesses in the mind of his consumer. Where the business is the product, **how the business interacts with the consumer is more important than what it sells.**"* (emphasis added)

And ensuring that every employee knows how to interact with customers in every situation is what ensures the success of the franchise. Gerber goes on to say,

*"... without a franchise no business can hope to succeed. If, by a franchise, you understand that I'm talking about a proprietary way of doing business that differentiates your business from everyone else's. In short, the definition of a franchise is **simply your unique way of doing business.**"* (again, emphasis added)

The obvious implication for clubs is that to be successful you must define your expectations, standards, policies, procedures, and work processes and organize your club as if it were a franchise – one where how it interacts with its members and how service is delivered sets it apart from all others.

While the effort to establish such a "franchised operation" is significant, the major benefit of such an approach is that much of the day-to-day functioning of the enterprise takes place routinely, allowing senior management to focus on strategic issues, managing the deliberations



and direction of the board, and providing extraordinary levels of personalized service to the membership.

To assist club managers in their efforts to document their operations, PCPM has created many operational resources that can be purchased at reasonable cost from the PCPM Marketplace store.

Here's some of the feedback we have received from satisfied clubs:

"I cannot tell you how valuable I have found the [accounting] policies and procedures manual. I was wondering if the Personnel policies manual is also available?"

Deborah Brumitt, CPA, Controller, Hermitage Country Club

"As a new club manager, I was delighted to find [PCPM] on the web. I have been looking for a way to adapt and streamline existing club policies and procedures for quite some time now and [PCPM] helped us do just that. I love your product!!! It is simple to use and will eliminate hours of redundant work and endless editing."

Attila Harai, General Manager/COO, The Army and Navy Club

"As a new owner/manager in the club business I was starting to develop our operational systems. When I came across [your materials], I was amazed at the complete system that was put together. After getting and implementing the entire program in our operation, it has become an invaluable resource by which we run our entire business."

Joe Godfrey, President, Foxland Harbor Club

How Much Time Does Your Club Waste Reinventing the Wheel?

Jim Muehlhausen has written an essential book for every small business entitled *the 51 Fatal Business Errors and How to Avoid Them*. It's a book that every club manager should read and act on in his or her own operation. In it he lists Fatal Error #43 as Reinventing the Wheel Daily. To quote from the book:

"Every day a CEO with no written operation plan walks through the door, she says to herself, 'Hey, I wonder how we should run the business today?' This process of reinventing the wheel will end up consuming all the valuable time of the organization and the CEO. In the name of flexibility and custom one-off solutions to problems, the CEO has doomed herself to a firefighting existence."

The solution to the problem according to Muehlhausen is to have a written operations plan. While most club executives have heard of an operations plan, few clubs have them. As Muehlhausen says,

"If writing an operations plan is so powerful, why don't 100% of businesses have one? Well, writing an operations plan is a REAL pain. It requires hard work, sacrifice, and a deep understanding of your business."

And it's coming to grips with a lack of understanding of your business and how it works in all its details that is the real value of writing an operations plan. This is especially true in clubs which operate a variety of specialized businesses requiring specific knowledge and expertise. Further,



the intensive detail involved in delivering a quality service experience to members requires that the methods and processes of service and service delivery be spelled out in detail. W. Edwards Deming, the 20th Century's renowned advocate for quality, recognized the importance of process when he said, "If you can't describe what you are doing as a process, you don't know what you are doing."

When you truly understand this, you recognize that to be successful in the challenging world of club management, you must define your standards, policies, procedures, and work processes and organize your club as if it were a franchise – one where how it interacts with its members and how service is delivered sets it apart from all others.

So, what exactly is an operations plan and how can you go about preparing one for your club?

While this author found several definitions in searching the Internet, they all revolved around the concept of documenting the way an enterprise conducts its business. To produce a more club-specific definition, I offer the following:

A club operations plan is the fully integrated and detailed description of the organizational structure, systems, and processes that enable the multiple operating departments of the club to deliver a seamless, consistent, and high-quality private club experience to its members.

The key words and phrases in this definition are:

- **Fully integrated** meaning consistent across all operating departments.
- **Detailed description** of all the club's individual standards, policies, and procedures.
- **Organizational structure** describing the interrelationship among all functional areas of the club.
- **Systems** meaning the integrated body of standards, policies, and procedures supporting each functional area or department.
- **Processes** are the individual standards, policies, and procedures to consistently accomplish required actions.

While I think Mr. Muehlhausen is spot on with his advocacy of the importance of an operations plan, I disagree with him (at least when it comes to club operations) when he says, "There are no template programs to create an operations plan. The plan is custom to your business, so you cannot 'borrow' someone else's and modify it. You have start from scratch."

I say this because PCPM has created a large number of standards, policies, and procedures that can act as a template and be customized for individual operations. After all, what we as club managers do is similar from club to club and industry best practices are well-known and widely used (see *Insights and Ideas - The Club Operations Plan* for more information).

Beyond Oral History

The term "oral history" is used to describe the practices of early societies to pass on historical and cultural information to succeeding generations to preserve the knowledge and traditions of the group. More recently it has come to describe the recording of personal impressions from witnesses of historic events. But as valuable as these methods were to ancient cultures, as well



as to modern day historians, they should never, by default, be the basis for preserving and distributing the organizational values and operational methods of a business enterprise.

The danger of doing so has long been revealed by a demonstration of the unreliability of verbal communication. In this lesson a simple written message is given to the first person in a group and then whispered sequentially through a number of individuals to a final recipient. The transmitted message is then read to the group and compared to the original note. The result is a surprising and often incomprehensible jumble of words in no way resembling the original message. If this isn't proof positive of the unsuitability of oral transmission of important information, I don't know what is!

Yet this is what many private clubs do when they fail to create written expectations for the performance and behavior of their employees or provide thorough and consistent training based on those expectations. This is even more egregious when one recognizes the complexity and nuance involved in quality and service – a far cry from the simplicity of the mangled message from the previous paragraph.

Often it seems that when a club hire someone who has worked in hospitality or service positions before, their experience is viewed as proof that they know what to do in all important and expected service situations. Such an assumption borders on lunacy. The error of such thinking is exposed in a few ways:

- Service employees come from a variety of backgrounds, cultures, learning environments, and experiences. What constitutes manners, norms of behavior, and the expectations inherent in quality and service are by no means commonly understood. Expecting that they are is equivalent to playing slots and hoping for a triple 7 with every spin of the wheels – very long odds indeed!
- Even an applicant with a strong service resume at another club does not in any way ensure he or she will meet the standards of your operation.
- Many clubs have significant turnover, meaning that successive generations of employees can move through the doors with mind-numbing speed. Without well-defined (read “written”) training materials, your expectations and standards will be just as fragile and fleeting as the whispered message mentioned above.
- Since hiring for the service ranks is rarely done in bulk, but rather piecemeal as employees come and go, there is seldom the opportunity for the consistency that results from group training. The danger here is that any new hire(s) may not get the same orientation and training as previous hires due to the busy-ness of the season and the other priorities of distracted managers.
- All the dangers in the faulty assumptions concerning line employees are just as real, only with far greater consequences, in the hiring of new managers and supervisors. Don't for a moment expect that they possess from prior experience the unique values, leadership methods, expectations, or standards of quality and service of your club.
- Lastly, how can the general manager who is ultimately responsible for the club's performance be sure that the various departments have established the expected standards of quality and service without the ability to review these and modify them as necessary. While personal observation is helpful, it does nothing to ensure consistency



of message and practice. The only sure way is to have all the essential details of your operation in writing and available for review while also forming the basis for consistent training and transmission of important information throughout the organization.

So, what can the conscientious manager do to ensure his or her club is not operating from oral history. Here are some suggested priorities:

- Establish and continually reinforce organizational values as the consistent code for how the club's staff is expected to relate to and interact with all constituencies.
- Create written standards, policies, and procedures (SPP's) for all areas of the operations. Provide easy access to these by use of some sort of linked policies database. Use these SPP's to develop onboarding and training materials to ensure consistency of message.
- Spell out performance and behavior expectations to managers and employees alike through a variety of onboarding, ongoing training, and reinforcement tools and techniques, such as New Hire Orientations, Employee Handbook, Managers' Handbook, Training on the Go, Notable Quotables, Daily Huddles, Values Pocket Cards, and ongoing discussion of important quality and service topics (each of these resources is available at the PCPM Marketplace store.
- Prepare formal annual plans for the club, each department, and individual managers to guide the management team to uniform accomplishment of goals and performance.
- Use ongoing review and continual process improvement in all areas of the operation to solidify achievements, improve processes, and deeply implant organizational values and best practices in the club's DNA.
- Routinely provide ongoing feedback, both formal and informal, on performance and progress. Reinforce desired performance and behaviors by celebrating "wins" with recognition and expressions of appreciation.

All the above are common sense solutions to the ongoing challenges of club management. If so, why aren't they more prevalent in club operations? I suspect that the primary barrier to their implementation is the effort and work involved for busy managers coping with the many challenges of busy operations. But if there is to be any progress beyond an unsatisfactory status quo, out-of-the box thinking, and action is necessary.

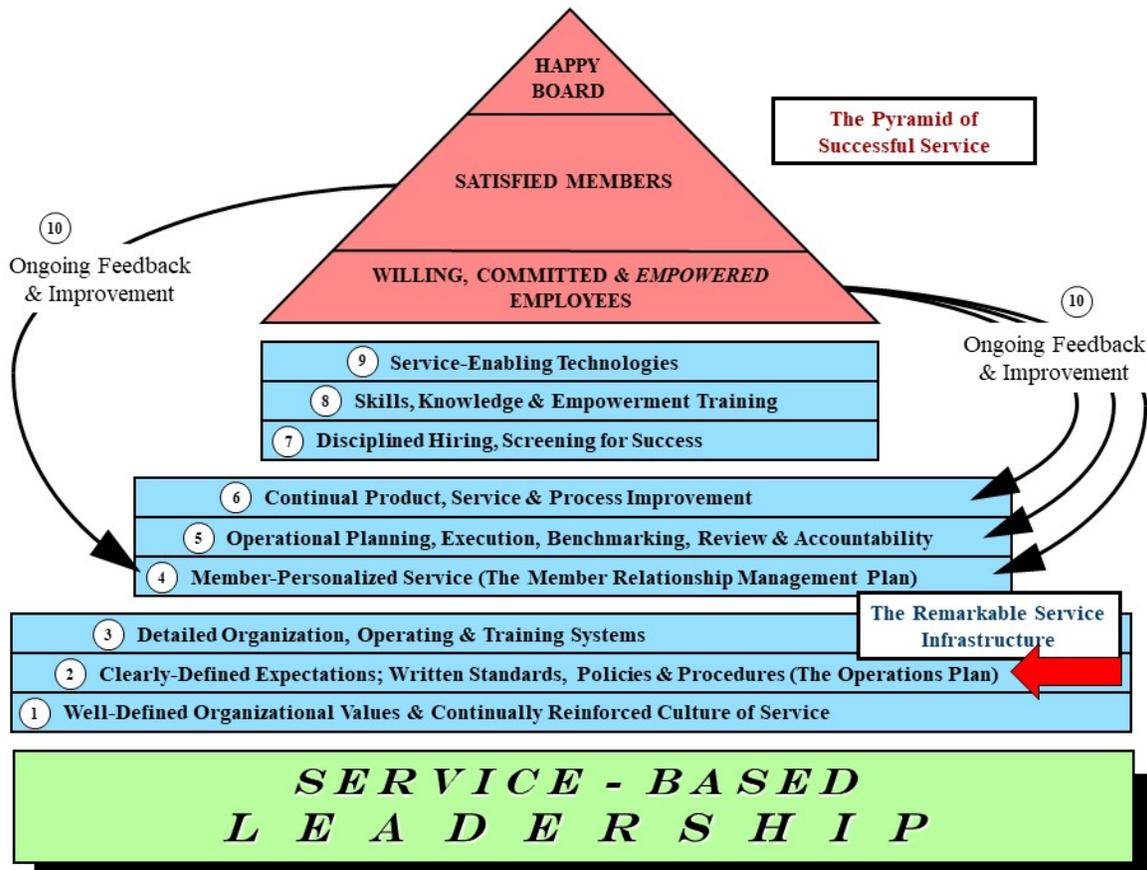
PCPM has developed and offers a wide variety of resources to assist in improving the current operating paradigm of club operations. Certainly, there is a cost and effort involved, but the reasonable investment in ready resources to move beyond the oral history foundation of so many operations is a small price to pay to the immense benefits to be reaped from the effort.

A good starting point is to read the overarching plan described in *The Remarkable Service Infrastructure* (see *Insights and Ideas - Remarkable Service Infrastructure - An Overarching Plan for Club Excellence* for more information).



Remarkable Service Infrastructure

The Remarkable Service Infrastructure provides an overarching plan for structuring your club to provide remarkable service to members and guests, as well as depicting the important role of clearly defined expectations; standards, policies, and procedures; and the club operations plan. See below:



The Quest for Remarkable Service

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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.