By Peter Nanula

The BOARDROOM
December 2017

Bring Back the Waitlist, and Fast

Despite the many challenges faced today by private clubs and their boards), waiting lists are, in fact, achievable. We have them in place at two private clubs that we acquired in just the last few years.

Most clubs today, while they'd kill for a wait list, would settle for strong new membership sales flow — and member-owned clubs (and their boards) can turn this trick. But they need to fully understand the terrain, their own staff capabilities, their own behavior and their own markets.

Here are the issues:

1) Member-owned clubs struggle with several real impediments to membership sales success. First are Internal Revenue Service rules limiting the kinds of marketing in which a 501(c)(7), not-for-profit entity can engage. A professional club hospitality firm like ours, for example, operates on a for-profit basis and, like the best hotels and restaurants, is not subject to these strictures. This a big leg up for companies like ours and a big impediment to member-owned 501(c)(7s).

2) Next, many member-owned clubs are fighting for a small pool of "clubbable members" in their area with outdated approaches. Sometimes there is no membership director at all. Often a part-time, volunteer group of members with very busy day jobs tries to manage the membership effort by committee. Some do better than others but compared to a highly qualified, well-paid membership sales person (someone who frankly commands professional-grade compensation), these member-owned clubs are working from another serious disadvantage.

3) Often the challenges run deeper, to board culture and leadership. For example, the elected president and executive committee may dictate a golf-only or highly golf-centric ethos at a club, where another market imperative (such as appealing to younger families with a broader set of amenities) is called for.

Some boards are truly savvy, flexible and opportunistic — but forgive me when I say, it's rare. What's more, board leaders may run a club with an ultra-exclusionary mindset, "posting" new member applicants in the lobby, requiring six rounds of golf with the membership committee, or giving veto rights to 250 other members.

These clubs routinely wonder aloud why their memberships are flat or shrinking. We politely point out their visible “please do not apply here” reputations locally.

4) Skilled membership marketing consultants can help with membership sales. These efforts often generate new leads and new memberships by helping boards combat the issues cited above. However, after six to 12 months this sort of progress is typically not sustained. I don’t blame the consultants.

The good ones tell board members they need capital expenditures to update their facilities and to modernize their approaches to dining and to families with kids. Consultants are likely to advise clubs to eliminate their debt and eliminate (or greatly curb) member assessments, which are enormous membership sales barriers.

They are spot on with all these directives, but it’s been my experience that boards seldom connect membership initiatives with capital investment (and balance sheet) initiatives. A new membership drive can only take your club so far without the capital and professional hospitality to sustain it.

When a club finds a truly talented membership sales consultant, that club really needs that person in place for three to four years — to help institute these broad institutional changes. Problem is, consultants are lone wolves for a reason. They do a job and move on. It’s very expensive to convince them to stay for the long term.

The bottom line here: Creating a membership waiting list is really hard work. Individual equity clubs can get this done. We have seen that sort of success at member-owned Amarillo Country Club in Texas, where the board utilized a leading membership consultant and passed a combination of dues increases and assessments — to fund capital improvements that, let’s face it, are part of the membership sales process.

There remains board concern about the future in Amarillo, as the next list of capital projects is now being discussed and there is anxiety about how the new members will respond. This is just part of the terrain clubs face today on the membership front. Attitudes toward membership (and assessment-paying) have changed. Full stop. We’ve all seen it. And here’s another stark reality: Many markets were overbuilt in the course-development boom (1990-2005).

Part of the membership crisis we see at member-owned clubs is attributable to supply exceeding demand. But waiting lists need not go the way of the dodo. Clubs can still get this done, through their own savvy and flexibility, skilled consultants, or an experienced owner/operator with deep pockets and a track record.