

CONFERENCE PREPARES CLUB LEADERS FOR CHANGE

BY MARIQUE NEWELL

“Change is coming,” declared Douglas T. Howe, ClubCorp’s executive vice president and NCA’s vice chairman, “whether we’re ready for it or not, and we, as an industry, must get ahead of the trends.”

At this year’s National Club Conference on March 30–April 1 in Washington, D.C., Howe’s remarks perfectly captured a resounding theme: *change*.

A TURN OF THE TIDES

Throughout his conference presentation on private club trends, Howe repeated the question: “Is your club relevant to today’s market?”

For example, he explained how ClubCorp began offering water parks, kid-friendly golf carts, game rooms, and playgrounds to address members’ interest in having a safe, enclosed area for their children to play. He talked about the rise in clubs offering concierge services to help busy members manage their hectic schedules. He also noted the new trend in to-go food from the club dining room and how the “demand for these programs is worth the effort” to fulfill member needs.

“Clubs must ask whether the club is relevant to a member’s lifestyle and family,” Howe noted. “Where are your members dining? What do they do for entertainment? Where are their kids going to school? What kinds of food do they like?”

William P. McMahon Sr., founder of the McMahon Group, also touched on these questions in his presentation on club membership marketing. McMahon noted how today’s target membership group is aged 46 to 64, and clubs must determine how best to appeal to the 46 and under crowd while still satisfying older members’ wants and needs.

“Times are changing,” McMahon stated, “and the club has to figure out how to weave itself into the entire family’s life by staying relevant with all age groups. Our challenge is making sure we can serve each market.”

To do this, McMahon discussed various strategies for both membership recruitment and retention, including establishing “ambassadors programs” and creating a “very satisfied” club membership who is eager to share their superior club experience. Also, McMahon emphasized the need for long-term strategic plans, which are “a critical aspect for success in today’s changing club market.”

Conference attendees learned today’s club market isn’t the only thing changing—the economy is also rounding another corner, according to Chad Moutray, the chief economist and director of economic research for the U.S. Small Business Administration.

Despite recent recession worries, Moutray gave attendees a





somewhat optimistic overview of today's economic climate. He noted the dollar is weaker and the housing marketing is hurting but also pointed out unemployment is still at historic lows and policy makers are aggressively trying to rebuild consumer confidence with lower interest rates and stimulus packages.

The political landscape is shifting dramatically and unpredictably, too, according to Jeff Burton, the chief of staff for Rep. Mike Conaway (R-Texas), who participated in a Capitol Hill panel discussion.

Burton provided perspective on the upcoming election, including predictions on open House and Senate seats and the rebuilding efforts within the Republican Party.

And although he comes from a staunchly conservative GOP district, Burton bridged party lines, saying, "Both parties are in a state of flux right now. We need to look carefully at each individual candidate to make sure we're electing better people."

Burton also urged constituents to get involved in the election process. "Everyone should be in touch with his or her representative on Capitol Hill," he said. "Everyone should be involved. That's how the government runs best."

TAKE ACTION—NOW

Burton's call to action was another current running through this year's Club Conference. The message of change was clear, as was the message, "Take steps to get ahead of the change."

Pete Diffendal, vice president of marketing at MembersFirst Inc., particularly emphasized this point in his presentation. According to Diffendal, Web usage is at an all-time high among affluent Americans, considering the American millionaire is online seven days a week, 3.2 hours a day. People ages 18–49 are online the most (84 percent), followed closely by those ages 14–18 and those ages 30–49 (80 percent). Baby boomers, ages 50–69, trail at 67 percent, while only 26 percent of those over age 65 are online.

"Today's club members are increasingly Web savvy," Diffendal remarked. "They're looking for online bill payment and registration options, as well as interactive features, menus, blogs, and so on."

FACING PAGE, TOP: Jay Lane from the Arizona State Golf Association asked a few targeted questions during the Q&A session of the Club Conference's "Views from Capitol Hill" panel.

FACING PAGE, BOTTOM: Attendees gather for the Club Conference's welcome reception, held on Sunday night at the University Club in Washington, D.C.

ABOVE LEFT: The National Club Conference featured two days of informative, back-to-back education sessions.

ABOVE RIGHT, TOP: On Monday evening, attendees enjoyed a tour of Mt. Vernon, followed by dinner.

ABOVE RIGHT, BOTTOM: This year's conference coincided with Washington, D.C.'s annual cherry blossom festival.

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Diffendal also remarked on the importance of creating a club Web site that connects with members and doesn't just target potential members. "Your site should be living and breathing," he noted, "and you have to remember you only have one shot at making an impression, to both your members and target members." Attendees were reminded it's important to think about the environment you're creating on a Web site, not just the end product.

"Experiences don't just happen—they need to be planned," Diffendal concluded. >>>

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ACT CAREFULLY AND APPROPRIATELY

Acting cautiously, carefully and judiciously as a club and as a business was another conference theme, with several presentations focused on liability, disciplinary practices, audits and economic indicators affecting the private club industry.

In a joint presentation on member discipline, Robyn Nordin Stowell of Jennings, Strouss & Salmon and Ted M. Benn of Thompson & Knight reviewed several real cases in which members acted inappropriately or broke rules and explained the legal framework of member discipline, noting how clubs act as rule maker, rule enforcer, and judge and jury.

More importantly, Stowell and Benn emphasized how clubs should follow their bylaws and ensure due process; update member files; adopt clear, consistent policies that are provided to members; and empower staff to report inappropriate member behavior. As Stowell noted, establishing a set process for member discipline is as important to a club as revising bylaws or governing documents.

Equally important is ensuring your club is staying compliant with the IRS' privacy and tax-exemption standards.

In his presentation on tax and financial issues for clubs, Kevin F. Reilly, a director at PKF Witt Mares, explained traditional vs. nontraditional activities and restrictions on non-member income.

Reilly also discussed record-keeping requirements and advertising and marketing restrictions clubs face. Attendees were particularly interested in Reilly's comments and perspective on the new auditing environment, given the new audit standards and the redesigned Form 990.

Ronald Schultz, senior technical advisor to the commissioner for tax exempt and government entities division of the Internal Revenue Service, outlined in his presentation how and why Form 990 was redesigned. First, Schultz provided background on the development of compliance checks and compliance studies and noted several club-related topics, including unrelated business income, discrimination, nonmember income and sales of clubs assets, were of particular interest. However, several attendees pressed Schultz for reasons why Form 990 is now a public document.





FACING PAGE, TOP: This year's Club Conference sponsors had the chance to exhibit their materials, speak directly to attendees, and attend the education sessions.

FACING PAGE, MIDDLE: Robyn Nordin Stowell and Ted M. Benn discussed several key issues related to membership discipline.

FACING PAGE, BOTTOM: Pete Diffendal, vice president of marketing at MembersFirst Inc., presented attendees with new figures on Web site usage among affluent Americans.

ABOVE LEFT, TOP: Burt Ward, CCM, the Metropolitan Club Foundation's chairman, presented a \$25,000 donation to Robert C. James CCM, the NCA Foundation's chairman.

LEFT: Rep. Adam Putnam (R-Fla.) delivered a keynote address during the conference's final luncheon.

ABOVE: Capitol Hill panelists Jeff Burton and George Fishman responded to myriad questions from attendees eager to hear an insider's perspective on immigration legislation, the election and the economy.

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Another presenter who offered a big-picture perspective was George Fishman, the chief minority counsel for the House Judiciary Committee's Subcommittee on Immigration, Citizenship, Refugees, Border Security and International Law, who participated in the Capitol Hill panel discussion.

Fishman gave a comprehensive overview of the current immigration situation, noting the United States now has 12 million illegal immigrants, 7 million of which are working.

"We're working from outdated immigration laws and trying to build on a program from 1996," he remarked.

Both Capitol Hill panelists predicted no new immigration reform would pass until at least late next year, when a new president was in the White House.

THE KEYNOTE ADDRESS

The Club Conference's keynote speaker, Rep. Adam Putnam (R-Fla.), the third-ranking Republican in the House, also predicted that immigration legislation—as well as most other major legislation—was at a standstill until next year.

Putnam focused on the H-2B visa discharge petition, then shifted to economic issues and a few brief perspectives on the upcoming election. In a questions and answers session, Putnam also addressed ethanol-related energy issues, food prices, the

presidential election, potential vice presidential nominees, water usage, Sarbanes-Oxley, the housing market and mortgage laws.

He also gave his insider's perspective on the upcoming election, noting "every state will be a key player" and shifting population demographics in the West and Southwest are dramatically changing those areas' political landscapes.

ALL EYES AHEAD

Putnam's predictions, alongside the other presenters' forecasts, gave this year's conference attendees unique insight on what's ahead for the private club industry and for their individual clubs.

And clubs need this insight, considering the conference's tune was one of change—what has changed, what will change and what clubs can do to get ready. ■

Marique Newell is NCA's managing editor.