

# CLUB LEADERS' DIGEST



October 2009

In This Issue ...

"Let's Talk Finances"

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**Current economic times demand that the GM/COO prepare an Executive Summary that offers a succinct overview of all club operations. This Summary should be in the hands of every Board member prior to any Board Meeting.**

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## FINANCIAL QUESTIONS AND ANSWERS

### Lots of Questions May Come to Mind During a Down Economy

While every Board member may have his or her own particular area of focused interest in club operations, they all share a common interest in the financial condition of their club.

One of the basic obligations club management has to every board member is to **MAKE SURE** that he or she is always in an informed position to respond appropriately to their fellow members who understandably cast questions their way along the lines of, "Hey, you're on the board. How is the club doing?"

During strong economic times, it may seem that some members are not much more than *casually* interested in the numbers. During more challenging economic times, the interest in numbers understandably becomes more *serious*.

But, regardless of economic times, whatever they might be...all successful clubs function well because their board members are fully informed by an effective club manager who makes it their personal/professional business to ensure that the leadership of the club is on top of all finances. No "ifs"... "ands"...or "buts." **Period.**

Club Managers definitely do not have the luxury of suggesting that their club is oftentimes subject to micromanagement because their Board is not on top of things. Effective Boards are on top of things simply because their management team is.

**New Board Member Confidence is Mandatory.** Some Board members may initially look upon the opportunity to review the finances of their club in great detail as a primary reason for accepting/seeking a position on the board.

Once elected, they should be able to see a consistent "audit trail" of accurate, meaningful summaries of current situations being routinely presented by the GM/COO.

They should become immediately privy to constantly updated cash flow charts and projections. Bottom line...they should be able to comfortably answer any financial question from

a fellow club member knowing that the information provided and analyzed by management is timely, accurate and logical.

In the eyes of Board members, the financial statement is more than a record of dollars and cents. It tells them whether or not their management team has business expertise.

Do not make the mistake of assuming that a financial statement which indicates a dramatically improved bottom line does not require any sort of brief explanation from management. Conversely, do not make the mistake of thinking that a significant unfavorable variance to budget can somehow slip by with no explanation. Make certain the entire board is exposed to a professional analysis of every financial statement provided by the GM/COO.

Remember, oftentimes conflict cannot be avoided, but it can almost always be resolved. The time to resolve conflict is before a meeting; avoid having it thrown onto the table during a meeting.

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#### Upcoming Symposiums

Great Country Clubs  
of the South  
October 6th - 8th  
San Antonio, TX

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Great Country Clubs  
of the Midwest  
November 1st - 3rd  
Minneapolis, MN

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2010

MCA's Conference Symposium  
February 18th  
San Diego, CA

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Large Club Symposium  
March 28th - 30th  
Atlanta, GA

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Jewish Club Symposium  
April 13th - 15th  
New York

### **THE GREATEST ASSET BOARD AND MANAGEMENT CAN ASPIRE TO AND MAINTAIN IS THE CONFIDENCE OF THE MEMBERSHIP THEY SERVE**

It is not financial statement results (be they good or bad) that necessarily dictate the tone at board meetings, but rather the confidence the Board has in the management team to fully understand and convey how those numbers came about, what they mean and what steps are planned for the future. Then of course, the whole process repeats itself. Each time it does, there MUST be a clear, unmistakable pattern of consistent follow-up that keeps the club on track and ultimately headed towards the desired goal.

The preliminary monthly financial statements should be on management's desk for scrutiny and analysis before being shared with others - including the President and Treasurer. Management will not be in a position to address any concerns if they are seeing the numbers for the first time along with the board members. The GM/COO and the club's Controller should scrutinize every line item, coordinating with department heads when need be - making sure accuracy is uncompromised and that no "timing" issues are allowed to needlessly create perceptions that are not based on solid ground.

### **THE BOARD NEEDS TO SEE THE BIG PICTURE**

There will always be isolated ebbs and flows that are due to timing issues and other influences that can sway an isolated thirty-day report one way or the other. But unless a clear trend is indicated that is going to impact the entire fiscal year - it is best to stay focused on the bigger YTD picture. Otherwise, it is easy to

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### Quote of the Day

*Life is built on character, but character is built on decisions. The decisions you make, small or great, do to your life what the sculptor's chisel does to the block of marble. You are shaping your life by your thoughts, attitudes, and actions.*

-Warren Wiersbe

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### We Welcome Your Comments and Suggestions!

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**If you haven't already done so, please take a moment to visit the MCA website by clicking [HERE!](#)**

### FOR MEMBERS ONLY!

**To establish a username and password for the MCA site, please go to the log in page and click "Need Login Help" then follow the instructions that are provided.**

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**Should you have information to share with your fellow club managers, please feel free to contact us.**

**We welcome your comments and suggestions!**

**Thanks for your support!**

rollercoaster between popping champagne corks or passing sedatives when all that is really needed is a steady vision.

Many very strong clubs do not even distribute the detailed monthly financial statements at board meetings and view such actions as being overly mired down in details.

Instead, they must be confident that the YTD numbers are accurately tracking close to plan and that an explanation of any significant variance is always provided and proactive plans are in place.

Department heads and mid-management, not the board, are expected to spend the appropriate amount of time every day paying attention to operational details.

An ideal model of how an Executive Summary can be a mandatory component of productive club leadership is detailed in the following passage taken directly from a well-known club's written "New Board Director Orientation" booklet:

*"The General Manager/Chief Operating Officer prepares for the Board an Executive Summary that brings everyone up to speed on current Club issues. This is distributed by email to the Board several days prior to any meetings. It includes an overview of YTD Club Finances as well as insights that cannot be ascertained simply by looking at raw numbers."*

Accompanying the Executive Summary should be a cover letter discussing any unusual numbers (positive or negative) and commenting on the statement highlights. You might also take the time to add personal notes to certain individuals, such as, "Mr. Smith, please feel free to call me before the meeting should you have any questions or require further clarification."

Every Board member deserves to have a full understanding of the financial condition of the club, how it got there, what current projections indicate, and any adjustment plans for the future that are in the works.

The groundwork that covers all of these things MUST be done in advance of the Board meeting. This ensures that all members of the Board have had adequate time to thoroughly review all numbers and will allow them to hit the ground running - being already familiarized with the details rather than starting from ground zero.

Do not fall prey to the silly notion that it is the obligation of the Club Treasurer to offer information which is primarily management's responsibility. Perhaps it is a

good idea to have the Treasurer report on any delinquent accounts or major changes in financial policy (changing the club mortgage, for example), but the basic numbers that are the direct result of budgeting and day-to-day operations of all club departments are the responsibility of management!

In light of current recessionary challenges, a club deserves the full attention and focus of their Board of Directors to be unwavering in dealing with concerns such as: What is the optimum range of the club's initiation fee structure? Do we need to revisit the Long Range Plan? Should we investigate new membership categories to better position our club? Are we in a position to completely update some of our longstanding club rules and traditions to better reflect the times? What policies need to be changed? What plan do we need to implement in order to address future capital needs if initiation fee income is insufficient? What are we going to do to have the average age of our members be in a desired range? How can we best address member equity? Etc.

**Needless to say, all of the questions listed above are important, but one of the most important is: "DO WE HAVE THE RIGHT GM/COO?" There is only one acceptable answer.**

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