

**Club Resources**  
INTERNATIONAL

**Readings in Basic  
Leadership and Management**

*Author: Ed Rehkopf*

© 2009 – Club Resources International

### Table of Contents

Leadership . . . . .	1
Managers' Code of Ethics . . . . .	2
Management Professionalism . . . . .	3
Principles of Employee Relations . . . . .	6
Authority, Responsibility, Accountability . . . . .	7
Two Leadership Lessons . . . . .	8
Leadership: Respect, Not Like . . . . .	9
Leadership and the Bully Pulpit . . . . .	11
Morale Matters . . . . .	12
Freedom to Fail . . . . .	13
Active and Engaged Management . . . . .	15
Managers' Fiscal Responsibilities . . . . .	17
Legal Compliance and Liability Issues . . . . .	19
Passively Creating a Hostile Work Environment . . . . .	21
Managing Your Boss . . . . .	23
Creating a Lasting Organizational Culture . . . . .	25
Empowering Employees . . . . .	27
Getting the Right People on the Bus . . . . .	29
Disciplined Hiring . . . . .	31
Six Steps to Lower Employee Turnover . . . . .	35
Service the Ritz-Carlton Way . . . . .	36
Romancing Your Members . . . . .	38
Rules of Engagement – Just How Friendly Should Your Employees Be? . . . . .	40
Thoughts on Offense and Defense . . . . .	42
Service Recovery – The Seven Step Process . . . . .	44
A Discipline of Planning . . . . .	45
Continual Process Improvement . . . . .	47
Benchmarking Operations . . . . .	51
Hand in Glove: Benchmarking and Budgeting . . . . .	53
How Secure is Your Club? . . . . .	55
Safety . . . . .	57
Make It Sparkle! Making your Operation and Reputation Shine . . . . .	62

### Leadership

It all starts with leadership. Strong and stable leadership is the single most important requirement to successful club operations. While there are many styles of leadership suited to any industry or endeavor, experience over many years in the club business makes it clear that a service-based approach to leadership works best in the service industry. This style of leadership, variously called “servant leadership” or “enlightened leadership,” has as its primary motivation service to others – to members, to the owners of the club, **and** to the employees.

This leadership style differs from others in its **focus on serving the needs of employees** to provide them with the proper tools, training, resources, motivation, and empowerment to serve the club’s members. In simplest terms, when leaders serve the club’s employees, they will serve the members, who by their continuing enthusiastic patronage will serve the bottom line of the club and its owners. An understanding of the importance of this style of leadership can be summed up by the simple saying,

*“How can employees provide quality service if they are not properly served by the leadership and example of their managers?”*

Being a serviced-based leader requires many different skills, but two are so important to providing quality service that they bear special mention. First is the **will to make it happen**. Building a Remarkable Service Infrastructure is not a one time event or a single set of instructions to employees. It is a challenging and ongoing endeavor that may take years to fully implement.

This is so because, at its root, building a RSI is about changing people’s attitudes and behaviors. Even in a start-up operation where there is no tradition or ingrained institutional habits to overcome, newly hired managers and employees bring their own service experiences with them. Given the inconsistent and relatively poor state of service throughout the industry, most often they simply bring bad habits or those they practiced in their previous jobs. This multitude of experiences and habits must then be forged into a unified system that supports the discipline of quality.

The second necessary skill is **communication**. To build the infrastructure the leader must communicate service values at every opportunity and continually reinforce the culture of service. The leader must be both patient and persistent. Instructions and reinforcement will have to be given over and over again. Training and implementation must be repeated at intervals until every employee gets the message and provides consistent quality service in every situation.

While it is recognized that the General Manager must be a strong leader, it is also critical that the club’s subordinate managers and supervisors are also trained to be strong service-based leaders. While some degree of a leader’s skill-set seems to be inborn, such as personality and an analytical mind, and others (confidence, judgment, and basic communication abilities) are developed early in life, the great majority of a leader’s skills are learned. Unless junior managers are systematically trained to develop the skills which have to do with **building and sustaining meaningful work relationships**, their leadership development will be haphazard and the General Manager’s vision and message of service will not be communicated consistently or faithfully to line employees.

### Managers' Code of Ethics

1. As a representative of my club, I understand that my actions and behavior, both at and away from work, reflect on the organization that provides me employment. I will, therefore, do everything in my power to represent them faithfully and professionally in all my dealings with members, guests, employees, vendors, and the community at large.
2. I will organize the work areas for which I am responsible and thoroughly train the employees I supervise to ensure the most efficient operation with the highest levels of service possible.
3. I will not use or remove club property for personal use and will protect the assets and resources of the club as if they were my own. My vigilance and example will ensure the employees I supervise do likewise.
4. I understand that my leadership and example set the standard for my employees. I understand that a manager who shirks responsibilities, cuts corners, fails to give an honest time commitment, pilfers food and supplies, fails to secure inventories, or is not personally productive in time or commitment, can expect his or her employees to do the same.
5. I will not exchange club goods or services for personal favors or services from members, non-members, or vendors. Further, I will not accept personal favors, gifts, or rebates from vendors in any form. Such items benefit me at my employer's expense and are appropriately considered kickbacks. My only interest is to get the best price for my place of business and will make every effort to do so by seeking competitive pricing from several vendors.
6. While I may direct employees' work, their productive effort and well-being serve the interest of the club. Therefore, I must work hard to ensure their maximum contribution to the mission and goals of the club. I can only do this if I value each employee as an individual whose contribution to the collective effort is directly dependent upon my leadership, as well as the tools, training, resources, and support I provide them.
7. I will never use my position or authority to request or require personal services or favors, sexual or otherwise, from employees.
8. I will never enter into personal or intimate relations with any employee who works under my direction or is directly or indirectly supervised by me. Such an inappropriate relationship damages the organization by implications of favoritism and clouded judgment. Ultimately, it irretrievably harms both my ability to lead and my personal and professional reputation.
9. While maintaining a positive interest in and influence over the efforts of my employees, I recognize the importance of maintaining a professional distance from them. I will not socialize or party with those I supervise, except while attending club-organized social events or in the furtherance of club business.
10. Finally, I recognize that my integrity is at the core of my personal and professional standing. It is the most important ingredient of my leadership and is the foundation for any success I will achieve in my career and life. I will never be tempted to squander this most precious possession for the sake of expediency or inappropriate gain.

### **Management Professionalism**

Certain actions on the part of managers and supervisors will cause problems for you and the club. The following basic guidelines will help you avoid problems and set the proper example for those you lead.

#### **Consistency in all personnel actions**

In today's litigious society it is essential that all personnel actions from screening interviews, to hiring, to providing opportunities for training and promotion, to counseling, disciplining, and terminating be consistent, fair, and professional.

#### **No retaliation**

Employees have a right to come forward with their problems and concerns. While you may expect that they will come to you first, they may feel that you are part of the problem.

Should employees go over your head or file complaints against you, do not retaliate against them. The best way to avoid this is to have open communications with employees and be approachable for their problems and concerns.

#### **No sexual harassment**

Sexual harassment is defined as unwelcome sexual advances, requests for sexual favors, and other verbal or physical conduct of a sexual nature when:

- Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment,
- Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting the individual, or
- Such conduct has the purpose or the effect of interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment.

Sexual harassment is against the law, and it is the policy the club that any incident of alleged sexual harassment be reported to management immediately. Allegations must be quickly and thoroughly investigated.

#### **No discriminatory practices**

Biases, prejudice, disparaging remarks or jokes on the basis of race, creed, religion, gender, national origin, ethnic group, age, handicap, or sexual orientation cannot be tolerated. There is no place for bigotry or personal and cultural insensitivity in the workplace. While each person has his or her own biases and prejudices, do not let them interfere with your conduct and decisions as a leader. There are two good reasons for this:

- Senior management will deal swiftly with leaders who exhibit such behavior, and
- This behavior demeans people. It demeans those who do it and those who are subjected to it. Since your club is the sum of its parts, words or actions that attack the self esteem of any employee damage the club's efforts as a whole.

### **No favoritism**

Scrupulously avoid any appearance of favoritism. The fact or perception of favoritism creates serious problems among employees. Many employee complaints stem from perceptions of unfairness on the part of leaders. Time, money, and energy are spent responding to these complaints, which take away from the club's focus on member service, improving operations, and planning.

In addition to the problems created for the organization as a whole, the perception of unfairness creates dissension and poor morale and destroys motivation within your work team.

### **No fraternization with employees**

As a leader you must not, under any circumstances, enter into personal, intimate relations with employees under your direction.

Should you feel drawn to such a relationship, you must take steps to ensure that one or the other party in the relationship resigns his or her position. Just as nepotism creates problems in an organization, personal relationships can interfere with the performance of your official duties.

### **No fraternization with members**

Leaders should avoid fraternization with members beyond the bounds of their jobs. It is always necessary to have some professional distance from any person or group to whom you have work-related obligations. While you should always treat members with friendliness and courtesy, avoid socializing with them. Such personal relationships may create subtle obligations on your part and will certainly create the appearance of favoritism and/or compromised judgment among other members. These will ultimately lead to resentments and antagonisms, further complicating your already challenging position.

With the exception of club-sponsored events, activities, trips, or the normal socializing as part of the job, invitations from members to private dinners, cocktail parties, card games, and other social activities should be courteously declined. Managers must always remember that they are not members of their clubs, nor do they have equal social standing with their members within the context of the club.

### **No waste, fraud, or abuse**

Abide by the highest ethical standards. If you cut corners and bend the rules when it comes to safeguarding the assets of the club, you can expect your employees will do likewise.

This is particularly important in regards to your personal productivity. Don't expect your employees to work hard if you don't set the example. Abuse any privilege associated with your position and risk the loss of your employees' respect.

Ethical standards are at the very heart of what you do – your personal and professional integrity. Often the appearance of wrongdoing can be as damaging as the reality. Follow the spirit as well as the letter of ethical requirements and set an unassailable example of conduct for those you lead and serve.

### **No disclosing confidential information**

Never share confidential personnel or disciplinary information. What happens at the workplace should stay there. While it is impossible to control all the rumors and gossip circulating among staff, you can maintain confidentiality and not engage in this activity yourself.

Information about the club, such as financial statements, operating statistics, and internal problems should not be disclosed to persons or organizations external to the business. If a request for information seems legitimate, pass it on to your General Manager who will make the appropriate determination.

### **No complaining to employees**

Leaders shoulder the burden of many responsibilities. When things are not going well, it is all too easy to seek out someone with whom to share the burden. This someone should never be one of your employees.

A major requirement of leaders is to possess the maturity to understand the potential negative consequences of confiding anxieties, doubts, and grievances to subordinates.

### **No favors from vendors**

Frequently, managers will be offered favors and gifts by vendors. These may be in the form of seemingly small personal items, free products for personal use, gifts at holidays or on birthdays, tickets to concerts or sporting events, or invitations to parties to thank you for your patronage. While these may be genuine expressions of appreciation, they create problems for the leader.

Even in subtle ways they cloud your judgment, making it difficult to be truly objective in your purchasing decisions. Accepting even small favors starts you down a slippery path. At what point do you say no, when you have repeatedly said yes?

### Principles of Employee Relations

It is the intention of the club to create and sustain a work environment that promotes happy and satisfied employees, thereby ensuring positive member and guest experiences. Therefore:

1. All employees will be treated with dignity and respect. We will not tolerate discrimination or harassment in any form, or any conduct that is unseemly, unprofessional, or reflects poorly on the club.
2. Rules, regulations, and policies will be applied uniformly and fairly to all employees. We will not play favorites. We pledge to conduct our employee relations in an honest and straightforward way. Any necessary criticism or counseling will be conducted in private in a constructive manner with the intention of instructing and correcting rather than blaming.
3. Every employee contributes to the overall success of our operation. The only difference among employees is their level of authority and responsibility. Every employee is important.
4. The great majority of people want to do their jobs well and they take pride in their work. When an employee fails, it is often a failure of management to properly train or communicate performance expectations. In other words, we can't expect employees to do something properly unless we have properly shown them how to do it.
5. Employees have no idea what goals management has for them unless those goals are communicated. They have a need and the right to know how their performance is contributing to the achievement of those goals. Continuous feedback is essential.
6. Management must make every practical effort to keep employees informed on matters concerning policy, procedures, long range plans, projects, work conditions, compensation, and benefits. An informed employee is a better employee. Supervisors should be available at reasonable times to answer questions and hear employee concerns.
7. Recognition is important to all of us. If we have the authority to correct, we also have the responsibility to praise. We cannot have one without the other.
8. Every one of us has a responsibility to help our fellow employees. We do not work alone. Rather we work together for a common purpose. We owe it to ourselves and everyone we work with to be personally pleasant and mutually supportive. One unpleasant personality or negative, non-cooperative attitude can ruin the workplace for all of us.
9. We must empower our employees through meaningful contribution, while striving to make our workplace interesting, challenging, and rewarding. We can do this only by involving employees in decision-making and continual process improvement. The ideas and energy of our employees are truly the driving force behind any success we may achieve as an organization.
10. Our workplace must also be pleasant, enjoyable, and even fun. Too much of our lives are given to work for it to be viewed as a necessary drudgery. Each employee is challenged to do everything possible within good taste and reason to make their workplace a more enjoyable experience for us all.

### Authority, Responsibility, and Accountability

“Authority,” “Responsibility,” and “Accountability” are three terms that are used frequently to describe positions of leadership. What exactly do these terms mean and how are they related?

Authority is defined as “a power or right, delegated or given.” In this sense, **the person or club that hires a manager vests him with the authority to manage or direct a particular operation.** It is expected that this individual will exercise the full scope of his authority to properly, profitably, and professional manage the operation.

Responsibility is defined as “a particular burden of obligation upon a person who is responsible.” Responsible is defined as “answerable or accountable, as for something within one’s power or control.” Therefore, **a manager is responsible and has responsibility for the operation for which he has been given authority.**

Accountability is defined as “subject to the obligation to report, explain, or justify something; responsible; answerable.” **A manager is answerable for the performance of the operation for which he has authority and is responsible.**

Authority may be delegated to subordinates. For example, a general manager may delegate the authority to collect delinquent accounts to the club controller. The club controller then has the right to perform tasks associated with collection, such as sending past due notices, charging finance charges on delinquent accounts, and suspending membership privileges for seriously overdue accounts. However, even though the general manager delegated the authority, he or she still has the responsibility to ensure that collections are done properly. As the saying goes, “You can delegate authority, but not responsibility.” As the delegating manager, you are ultimately responsible for your organization’s performance.

As a manager, you are accountable for those functions and tasks that have been delegated to you. Likewise, should you delegate any functions or tasks to subordinates; you must ensure that they are held accountable for properly performing them. This requires that you properly explain your expectations to that subordinate. This is most easily done when performance parameters are objective, say telling a football coach that he must win 6 games or else he’ll be replaced. More often, performance parameters are more complex and involve subjective evaluations. Regardless of the difficulties in defining these parameters, it must be done. Otherwise, there is no way to hold a subordinate accountable for results. It is for this reason that performance standards must be defined.

### Two Important Leadership Lessons

When I first joined the military, I was drilled repeatedly that the proper answer for any questioned failure was “No excuse, Sir!” While this response seemed to be a martinet-like reply when being chewed out for poorly-shined shoes, an unpolished belt buckle, or for failing to accomplish some impossible task, the underlying message was an important one – that **there is no excuse for failure**.

Properly understood it means that there is always more that I, as a leader, could have done to succeed – I could have paid closer attention, devoted more resources, better juggled the demands upon my time and attention, done a better job of planning or preparing, selected better teammates or subordinates, delegated more or better, supervised closer, or any other more appropriate action or initiative that would have ensured success.

The concept of no excuse for failure is an important one in fighting wars, running companies, or any other important or worthwhile endeavor. Further, the concept of no excuses implies that you cannot blame others for your failures – **there is always something more you could have done**. Wouldn't such a sense of personal responsibility be a breath of fresh air in the current economic crisis where highly-paid executives and CEOs take little or no responsibility for their organization's failures?

The second lesson the military taught is that **a leader is responsible for everything his unit does or fails to do**. While this lesson is closely tied to “no excuse for failure,” it brings some important distinctions with it – that no matter what role others are supposed to play in the endeavor – **it is the leader who is ultimately responsible for the outcome**.

Some examples to illustrate the point: Too often, managers wash their hands of personnel issues because they have a Human Resource department. The same is true when the club has a training department or is provided training materials. Suddenly, the manager is no longer responsible for the training outcome because “someone else has that covered.” Such attitudes set the manager up for failure.

Remembering that “**you can delegate authority, but not responsibility**,” the manager must take personal responsibility to ensure that not only he or she is knowledgeable about HR issues and labor laws, but that all subordinate managers are as well. Likewise, the manager must be intimately familiar with training materials and whether subordinate managers are properly training front line employees. To do otherwise is to avoid the very responsibilities for which a manager is hired.

While these leadership lessons from the military may seem overly stringent, even harsh, they are, in fact, the essence of leadership – taking personal responsibility. If anyone doubts this, just ask any NFL coach what leadership standard he is held to.

### Leadership: Respect, Not Like!

One of the basic tenets of leadership is that being a leader is not a popularity contest. Leaders need to make tough, often unpopular, decisions and can't be swayed by group opinions. It is often said that followers don't have to like their leader; they just have to respect him.

There is truth in these maxims which are wonderfully dramatized in the classic World War II movie, *Twelve O'Clock High*, a film widely used to teach leadership principles. Gregory Peck, in the starring role, plays General Frank Savage, an Army Air Corps officer sent to take temporary command of an underperforming and demoralized bomber squadron.

In a telling scene that clearly demonstrates the "role playing" element of leadership, Savage enjoys a last, quiet cigarette with his driver just outside the gate of the air base, before putting on the mantle of demanding leadership to whip the squadron into shape. His tough, heavy-handed approach to the exhausted and battle-weary flight crews creates a backlash of resentment, leading all the crews to put in for transfers out of the unit. The unit's adjutant, a peacetime lawyer played by Dean Jagger, realizes that the new commander is trying to shake the men out of their self-pity and stalls for time – just enough time for Savage to begin rebuilding the men's pride and fighting spirit.

Another movie that touches on the same themes is *Hoosiers*, in which Gene Hackman plays a disgraced college basketball coach, Norman Dale, who comes to small town Indiana to coach a high school basketball team. His focus on the fundamentals of the game, unorthodox style, and early season losses turn the town against him, but he ultimately prevails by winning the state championship, becoming the smallest school ever to win the title.

The lead characters in both of these movies followed leaders who were popular with their subordinates, but both Frank Savage and Norman Dale were more interested in eventual success, not whether they were popular or liked.

Yet there are many things that a successful leader does to ensure success that are both appreciated and liked by their followers. Consider that most people:

- Like to do a good job and take pride in their work.
- Like to know that what they do contributes.
- Like to receive feedback on their efforts.
- Like to know the major decisions that affect their organization, their work, and their jobs.
- Like a tough, but fair and consistent boss; one who demands excellence of himself and others.
- Like to understand the big picture.
- Like to be treated with dignity and respect.
- Like to work for a competent and dynamic boss.
- Like to be properly trained to do their job.
- Like to have an interest taken in them as individuals.
- Like to work for a successful and efficiently operated enterprise.

So workers may not like their boss in the sense of being a buddy, but they certainly respect a boss who by the exercise of strong leadership improves their work life, recognizes their efforts, and makes their enterprise successful.

Do the right things as a leader and your followers will respect and admire you – which, in the final analysis, is far more important and satisfying than being liked!!

### Leadership and the Bully Pulpit

According to Wikipedia “A bully pulpit is a public office of sufficiently high rank that provides the holder with an opportunity to speak out and be listened to on any matter. The bully pulpit can bring issues to the fore that were not initially in debate, due to the office's stature and publicity.”

The term was coined by President Teddy Roosevelt who frequently used the word “bully” to mean “superb” or “wonderful” and who recognized the power of his position in advancing causes or promoting ideas such as the expansion of the National Park System.

While club leaders from General Managers to front line supervisors do not hold public office, the concept of a “bully pulpit” for leaders is just as real and can be just as effective in swaying the minds of employees. This is particularly so when the leader is respected by her employees.

Some topics or areas where leaders can use the bully pulpit with their employees include:

- Creating and fostering a club culture of service.
- Building and sustaining a sense of commitment and teamwork.
- Encouraging and advising employees on education and advancement opportunities.
- Instilling a sense of ethics and professional behavior through the example of word and deed.

Using the bully pulpit is usually not a one time event. An important idea or issue often requires ongoing promotion to make an impact on employees. Take the case of President Gerald Ford's *Whip Inflation Now* campaign. After immediate ridicule of the idea and the “Win Buttons” in the press, the plan was dropped, never to be mentioned again. Needless to say it never went anywhere despite the pressing nature of the issue.

On the other hand, take the example of Al Gore's persistence in advocating green energy alternatives, even in the face of withering long-term criticism. Whether you agree with his politics or not, it ultimately won him the Nobel Prize and green is now on everyone's agenda.

Leaders, particular those who are effective and respected, have a wonderful opportunity to use the power of their positions to influence employees for their own good and the good of the organization. Don't miss an opportunity to make a difference by failing to recognize the power of your own “Bully Pulpit.”

### Morale Matters

In 1951 General Dwight David Eisenhower was tasked with the nearly overwhelming challenge of rallying the European democracies to the need for a common defense force – NATO – to counter the threat of the Soviet Union and its 175 Division Red Army. The mood in the European capitals was one of deep pessimism. Having seen two world wars on their continent in three decades, having suffered death and destruction on a massive scale, facing home populations with deep distrust and antagonisms toward their neighbors – especially Germany and Italy – the situation was not promising for the necessary cooperation and effort to confront the Soviet menace.

While Eisenhower knew that the rearmament of Europe would be costly and take time, he saw as his greatest challenge the need to rebuild European morale and confidence. At the time he told Averell Harriman, “The last thing that a leader may be is pessimistic if he is to achieve success.” In his diary he wrote, “Civilian leaders talk about the state of morale in a given country as if it were a sort of uncontrollable event or phenomenon, like a thunderstorm or a cold winter . . . (while) the soldier leader looks on morale as the greatest of all his problems, but also as one about which he can and must do something.”

Morale has always been, and will always be, an important concern to military leaders. The effectiveness of their fighting force demands it. But it is not just in armies that morale is important. Athletic coaches know that dissension, bad attitudes, and pessimism will destroy all chances for victory and work hard to build the confidence and morale of their teams. The same is true in business or any group endeavor. Morale matters!

One dictionary defines morale as “the moral or mental condition of a person or group with respect to cheerfulness, confidence, etc.” Another says, “the mental and emotional condition (as of enthusiasm, confidence, or loyalty) of an individual or group with regard to the function or tasks at hand; a sense of common purpose with respect to a group” and “the level of individual psychological well-being based on such factors as a sense of purpose and confidence in the future.” A synonym is listed as *esprit de corps* – a French term dating from 1780 meaning, “the common spirit existing in the members of a group and inspiring enthusiasm, devotion, and strong regard for the honor of the group.”

Attitude and morale are also important ingredients in hospitality operations where friendliness, good cheer, and enthusiasm are bedrock requirements for success. While hiring the right people with the right personal qualities has always been a safe bet when building service teams, the very act of creating teams brings its own challenges. As we explain in *Passively Creating a Hostile Work Environment*, the group dynamic often creates its own problems and can interfere with the smooth functioning of the work team.

So . . . just how does a leader go about ensuring good morale within his or her team? First and foremost, are the requirements of service-based leadership – of the need to communicate well with the team; of interacting daily with team members and providing direction; listening to and addressing their concerns; providing the tools, resources, training, and support for employees to do their jobs well. Beyond that is the need to recognize the ultimate value of people and act on that principle; to be an active and engaged manager; to treat all employees with dignity and respect; to lead by example and address concerns promptly; to ensure closure on issues; and to be open and approachable to employees.

When all these things are done conscientiously and consistently by the leader, good morale is a natural by-product. By focusing on being the best service-based leader you can be, morale and its attendant group enthusiasm and good cheer will come naturally.

### Freedom to Fail

Pete Dawkins (West Point class of 1959, Heisman Trophy winner, First Captain of the Corps of Cadets, in the top of his class in academics, with a distinguished military career) as a Captain wrote a seminal article entitled “Freedom to Fail” which was published in Infantry Magazine.

In this article Dawkins said that the Army’s Officer Efficiency Report (OER) system that demanded perfection of officers who wished to advance their careers, was actually damaging the effectiveness of the officer corps. Any officer who did not repeatedly score either 98 or 99 out of 100 on his OER could not expect choice assignments or rapid promotion. This commonly known fact, he argued, ran the danger of creating a system that favored the advancement of timid officers whose fear of failure kept them from bold, innovative actions and decisions – just the opposite of what the Army would want in combat leaders.

As Dawkins aptly pointed out, failure can be the greatest teacher we have. It fosters critical review of the actions leading to the failure, while success breeds complacency and acceptance of the status quo.

Another military example: in July 1863, Confederate General James Longstreet watched two of his divisions severely repulsed in the disastrous Pickett’s Charge at Gettysburg. Longstreet had been opposed to Lee’s plan for a multi-division assault on a broad front, but was overruled by his superior.

Several months later, Longstreet used the lesson learned from that defeat to launch a successful attack against Union lines at Chickamauga. This time he formed his attacking force into columns of divisions to deal a sharp and irresistible blow that shattered the Union line and routed nearly a third of Rosecrans’ Army of the Cumberland.

So what does this lesson from military history have to do with hospitality management? Plenty! Leadership is leadership no matter what the enterprise or situation. Any leader who creates an organization where leaders are not given the freedom to fail, risks the larger failure of mediocrity.

Leaders should give their subordinates plenty of latitude to figure out how to solve problems or plan projects without being micro-managed by their bosses. Subordinates should be encouraged to formulate and execute bold and innovative ideas. Certainly failure will occur, but rather than blaming those responsible, encourage subordinates to conduct rigorous in-depth reviews of what went wrong and how things might have been done differently. The critical review process is the opportunity to learn and grow. Serious and sincere soul-searching for answers will inevitably lead to understandings that will improve future performance.

Having extolled the upside of mistakes let me also add that some errors are so egregious and obviously foolish that they call into question the subordinate’s judgment. While no leader can ensure that all his subordinates have basic common sense and good judgment, he can monitor their work to avoid the worst mistakes.

Such monitoring is made much easier when there is good, open communication between the leader and subordinates. Conversely, an uncommunicative leader helps create the environment where subordinates acting on their own are afraid to approach the leader to seek advice and guidance. In this situation the failure is the leader’s.

Things every leader/manager should do:

- Do not micro-manage. Give subordinates broad directions and desired outcomes, but allow them to formulate and execute the details.
- Foster good two-way communications so that subordinates keep you informed of progress and are unafraid to seek advice.
- When giving guidance, explain the why's as well as the how's so that subordinates gain a broader understanding of your thought processes.
- When mistakes are inevitably made, do not get angry. Instead, be supportive and require subordinates to conduct a post mortem to determine what went wrong and what might have been done differently.
- Don't be afraid to give the failing subordinate new opportunities to prove his or her abilities. In other words, when he gets thrown from his horse, make sure he gets back up on it again.

Failing is an inherent and useful part of human growth. Make sure your subordinates have the "freedom to fail."

### **Active and Engaged Management: Adding Value to Your Organization**

If you are interested in advancing your career, the easiest and quickest way to do so is to add value to your employer. When you consistently demonstrate your ability to take initiative, solve problems, and make your boss' job easier, you will be recognized as one who adds value to the organization. The following principles, embodied in the concept of "Active and Engaged Management," will allow you to stand head and shoulders above your peers and will ultimately lead to greater and greater successes in life.

#### **Reject the Status Quo**

Every organization has its way of doing things. Often its methods are a result of stopgap measures implemented over time to deal with various problems that arose. Seldom are its policies and procedures formalized in writing; and even less often are they well-thought out from a big picture standpoint. Despite the haphazard nature of most methods, they are considered sacred and untouchable by employees because "we've always done it that way."

An Active and Engaged Manager, however, does not accept this status quo. He or she shines the fresh light of reason on the organization; continually asking questions – Is there a better way to do this? Does this make sense? Does this really serve our members' interests? Can I do this more efficiently another way?

This willingness to look for new ways to do things allows the Active and Engaged Manager to realize the next principle . . .

#### **Seek Continual Improvement**

Every aspect of an operation – from product and services to standards, policies, procedures, work methods, and training material – should be analyzed for ways to do them better, faster, more efficiently, and with higher levels of service.

When a manager is dedicated to continual improvement and seeks the input of his or her employees, the entire department becomes energized with ideas, innovation, and enthusiasm. And while the organization as a whole and its members benefit from the improvements, the employees gain the greatest benefit – knowing that their efforts contribute in a meaningful way to the success of the organization.

#### **Be Proactive**

Managers should also be looking ahead to ensure his or her department is ready for any contingency. While most businesses have a seasonal routine, the Active and Engaged Manager reviews past activity for ways to improve and continually seeks new ideas, events, and activities to keep the club interesting and fresh for its members.

Managers should always be looking ahead – at least three months for routine operations, and further for major club activities, events, or projects. This continually advancing planning horizon allows all planning requirements to be completed in a timely manner and allows sufficient time to order all supplies and materials while putting advance notice of the activity in the club newsletter.

### **Have a Plan**

Every event, activity, project, or initiative demands a plan. Without a proper plan you approach everything helter-skelter, waste valuable resources and time, and subject your employees to your own disorganization and lack of discipline.

By putting your plan in writing – even as simple as a one page outline of timing and responsibilities – you are better able to communicate your plan to your employees and to other affected departments. Such a written plan also broadcasts your competence and abilities to everyone who sees it.

The Army had a phrase to express the need for planning. The sanitized version of the six P's is:

*“Prior Planning Prevents P. . .-Poor Performance”*

### **Follow Through and Follow Up**

Whatever he or she undertakes, the Active and Engaged Manager will follow through to ensure that all details are covered and all actions completed. Often follow through requires modification in the original plan when unexpected situations arise.

Lastly, the Active and Engaged Manager will follow up on all completed actions or projects to learn from mistakes and to ensure that the initiative met the expectations of members, other managers, and employees.

### **In Closing**

Being an Active and Engaged Manager is more of a mindset than possessing specific skills. It involves the willingness to tackle any problem, the understanding that every problem has a solution, and the realization that problems are opportunities in disguise.

The choice to be an Active and Engaged Manager is up to you. On the one hand, you'll add value to your organization and ensure your future success; on the other, you'll tread water and wonder why your career isn't going anywhere.

### Managers' Fiscal Responsibilities

Managers are responsible for the financial performance of their areas of responsibility. There are a number of specific elements associated with this responsibility, which we have broken down into the following broad categories:

**Budgeting.** Budgeting is the process of establishing a financial operating and capital plan for a future fiscal year. Budgets are formulated using past history, benchmarks, knowledge of upcoming events or trends, and one's best professional judgment.

**Comparing Actual Performance to Budget.** Once approved, budgets are the fiscal plan for the year. Managers are responsible for comparing actual performance to budgets on a monthly basis and intervening as necessary to achieve budget goals.

**Achieving Revenues.** Achieving revenue projections is one of the two primary means of meeting budgets (the other being controlling expenses). Managers are responsible for monitoring revenues daily and aggressively intervening when revenues fall short.

**Controlling Cost of Goods Sold.** Departments with retail operations (Golf, Food, Beverage, and Tennis) must also control the cost of goods sold and investigate high cost of goods sold by Cost of Goods Sold Analysis. Managers can do this by ensuring accurate Monthly Resale Inventories, carefully tracking Departmental Transfers and Adjustments, and using an Annual Retail Buying Plan.

**Controlling Payroll Costs.** Payroll is the single largest expense in Club operations. Payroll costs are the most significant expense that Managers must control. The Pay Period Summary Report and the Departmental Payroll Summary Analysis are effective tools to compare actual to budgeted payroll costs.

In order to control payroll costs, it is essential that Managers have timely and accurate data regarding their departmental payroll cost. Essential to getting this data is correctly following timekeeping procedures, setting schedules to meet forecasted levels of business, and the dogged determination to track payroll expenses closely to ensure that budgets are not exceeded.

**Controlling Other Expenses.** Other Expenses comprise all of the other departmental operating expenses. Managers can control these expenses by carefully reviewing expenditures on a monthly basis, using Tools to Beat Budget to monitor expenses by expense category, and by periodic in-depth reviews of significant expense accounts.

**Benchmarking.** Benchmarking is the act of measuring operating performance. Each Department Head is required to track detailed benchmarks for his area of the operation

**Pricing.** The starting point for meeting revenue projections is proper Pricing of Products and Services to ensure a sufficient markup to cover associated expenses. Pricing should be reviewed on a periodic basis to ensure that budgeted margins are being maintained.

**Purchasing.** Managers are responsible for purchasing materials, supplies, and inventories for their departments. Managers must be familiar with all Club purchasing policies to properly fulfill these responsibilities.

**Expense Coding.** Managers are responsible for ensuring that invoices for all purchased items are coded to appropriate expense accounts in a timely, accurate, and consistent manner.

**Inventory Management and Security.** Given that high inventory levels tie up capital that might be put to better use elsewhere, managers must use common sense and good business judgment to maintain inventories at levels that balance business demands, lower pricing for bulk purchases, perishability of stock, and available warehousing space.

Inventories must be kept secured with access limited to as few individuals as possible. Storerooms must be kept neat, clean, and organized to facilitate physical inventory counts and minimize damage and spoilage.

Merchandise inventories should be purchased using an Annual Retail Buying Plan and be benchmarked thoroughly, thereby continually monitoring inventory levels and product mix while minimizing markdowns. All special sales of merchandise during the year should be noted and marked down items analyzed in comparison with the Annual Retail Buying Plan to ensure that lessons are learned from buying mistakes.

**Asset Management.** Managers are responsible for protecting the assets assigned to their departments and in their care.

**Inventories.** Periodic inventories are required for various assets:

- Resale inventories—monthly to determine cost of goods sold.
- Supply inventories, such as linens, china, glassware—quarterly to ensure you have sufficient stock on hand. Some consumable items, such as warewashing chemicals, cleaning supplies, and paper products should be done more frequently.
- Furniture, Fixtures, and Equipment inventories—annually to ensure accountability.

**Internal Controls.** Internal Controls are defined as the systems and procedures established and maintained to safeguard a business' assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

Internal control, while often considered an accounting function, is actually a function of management. The ultimate responsibility for good internal controls rests squarely with managers.

**Point of Sale Transactions.** The initial entry for all revenue data is through point of sale systems. Managers are responsible for training their employees to correctly use the POS system and to retrain as necessary when a pattern of errors is evident in their departments.

**Accounting Standards, Policies, and Procedures.** Managers should be familiar with all aspects of Club Accounting Standards, Policies, and Procedures. Managers are expected to follow all Accounting Standards, Policies, and Procedures and recommend changes as necessary.

**Summary.** The thoroughness and professionalism with which you meet these fiscal requirements will have much to do with your success. Consider which ones you currently do well and which ones could stand improvement. Then get to work improving your performance in those areas where you are weak.

### Legal Compliance and Liability Issues

Managers at all levels of the club must be familiar with a number of legal compliance and liability issues. Some that are directly related to employment and staff (such as the Fair Labor Standards Act, Hiring/Firing, Workers' Compensation, Sexual Harassment, and Youth Employment) are made more challenging by the sheer number of employees, the youthful nature of the workforce, and the typical levels of turnover in the industry.

**State Alcohol Laws.** Individual states establish and enforce laws pertaining to the licensing and sale of alcoholic beverages. In addition to adhering to these laws that govern on and off premise sales, the hours alcohol may be served, the age of servers, purchasing, and disposal of empty bottles, there are strict requirements and penalties for over-serving patrons and serving underage persons.

In recent years there have been a number of highly-publicized cases involving liability for the deaths of individuals killed by drunk drivers. The courts have held that both the serving establishment and the server may be held liable when they over-served an individual who then got behind the wheel and killed someone.

**Youth Employment.** The federal and state governments have laws regarding youth employment. These laws specify industries and professions in which youth employment is banned or restricted. Further, they specify the hours that youths of particular ages may work and require youths to obtain a work permit before beginning work. A recent high-profile lawsuit against Wal-Mart resulted in a large fine for allowing underage persons to work with cardboard baling equipment.

**Sexual Harassment.** Sexual harassment is a significant concern in the hospitality industry because of the youthful, mixed-gender workforce.

**Hostile Work Environment.** Often, but not always related to sexual harassment and/or discrimination, ensuring that the workplace does not become a hostile environment for any employee requires the continual vigilance on the part of club management.

**EEO/Discrimination.** The Civil Rights Act of 1964, commonly referred to as Equal Employment Opportunity, requires employers to provide equal employment opportunities and bans discrimination on the basis of race, color, religion, age, gender, national origin, disability, or veteran status. This law covers all aspects of the employment relationship, including hiring, training, promotion, job assignments, compensation, discipline, termination and application of all of the club's policies, procedures, and benefits.

**Americans with Disabilities Act (ADA).** The Americans with Disabilities Act provides civil rights protections to individuals with disabilities similar to those provided to individuals on the basis of race, color, gender, national origin and religion. It guarantees equal opportunity for individuals with disabilities in public accommodations, employment, transportation, state and local government services, and telecommunications.

**Occupational Safety and Health Act (OSHA).** The Occupational Safety and Health Act of 1970 establishes standards and enforcement mechanisms for ensuring safe workplaces. This legislation and the federal and state agencies established to implement and enforce it have created a comprehensive array of requirements affecting the small business. At the core of a business' responsibilities are ensuring a safe workplace, reporting and investigating all accidents and incidents, training of staff in safe work practices, and recordkeeping to protect against claims of negligence.

**Uniformed Services Employment and Reemployment Rights Act (USERRA).** Certain requirements are placed upon employers whose employees are members of the Armed Forces Reserves or National Guard called to active duty or meeting their annual service requirements.

**Fair Labor Standards Act (FLSA).** The Fair Labor Standards Act addresses a number of compliance issues associated with payroll recordkeeping, overtime, exempt and non-exempt status, and various other compensation-related requirements.

**Family Medical Leave Act (FMLA).** The Family and Medical Leave Act (FMLA) provides certain employees with up to 12 workweeks of unpaid, job-protected leave a year, and requires group health benefits to be maintained at the employee's discretion during the leave. The details of this act require careful administration.

**Hiring/Firing/Wrongful Termination.** Hiring, counseling, dealing with misconduct and work performance, and terminations are fraught with legal issues and can become a major headache for the club that does not take reasonable and appropriate steps to train its management staff.

**Workers' Compensation.** Employees injured on the job are entitled to Workers Compensation. This state-administered program is specific in accident reporting procedures and level and length of benefits. Employers with high incidence of Workers' Comp claims can expect to pay higher insurance premiums.

**Unemployment.** This federally-mandated, but state administered protection for employees who become unemployed through no fault of their own, can become an expensive program for employers who are lax in documenting employee discharges or who do not consistently challenge unmerited claims. The higher an employer's unemployment experience, the higher the tax rate.

**Hazardous Material Handling & Storage.** Clubs utilize a wide variety of hazardous materials such as the pesticides, herbicides, and fertilizers used in turfgrass management; chemicals to test, treat, and balance the water in swimming pools; and various cleaning compounds used in housekeeping, maintenance, and kitchen warewashing. In addition to training employees in the correct handling, cleanup, and storage of these chemicals, each facility is required to maintain up-to-date Material Safety Data Sheets (MSDS) for each hazardous material and to disclose the presence of such materials to employees.

**Food Sanitation.** In this day and age food sanitation is sometimes taken for granted by diners, but ensuring food safety requires careful training of staff and constant vigilance on the part of food service managers. Not only can food-borne illness open the club to liability issues, but the damage caused by an outbreak can ruin the club's reputation, as well as causing significant damage to its bottom line.

**Public Health – Aquatics.** There are significant safety, public health, hazardous material, and liability issues associated with operating aquatics facilities. Without prepared operating standards, policies, and procedures, as well as a thoroughly trained staff and carefully documented testing and treatment of water quality throughout each day, clubs are exposing themselves to water-borne contaminants, injuries due to toxic chemicals, and death by drowning.

**Summary.** The legal compliance and liability issues involved in club management are significant, requiring a General Manager who is alert to all of the ramifications and subordinate managers who are thoroughly and consistently trained. Even with sufficient initial training, there is always the need for ongoing refresher training to ensure that all concerned are up-to-date and fully aware of their responsibilities.

### **Passively Creating a Hostile Work Environment**

#### *Leadership and a Failure of Communication*

Most leaders readily understand the negative impact of a hostile work environment on employees. Employees who aren't properly trained, who aren't given the tools and resources to do their jobs, and who are demeaned by the abusive actions of supervisors or other employees, cannot contribute effectively to the team effort and the success of their organization.

Often the hostile work environment is created by bullying, teasing, or insensitive remarks or actions that center on:

- Gender – sexually suggestive remarks, posting inappropriate pictures in the workplace
- Race or ethnicity – “Polish” jokes, making fun of accents or racial and ethnic stereotypes
- Religious beliefs – not respecting a person’s religious or moral values by telling “dirty” jokes or making fun of another’s religious symbols or practices
- Age – “over the hill” comments or pranks centered on the young, inexperienced “rookie”
- Sexual orientation – using disparaging words to characterize someone with a different orientation
- Disabilities – mimicking a person’s stutter or limp
- Differentiation – drawing attention in a demeaning way to anything that isolates and mocks someone who is different from the norm in any way

When an enterprise is trying to build a team focused on a common vision and shared goals it cannot afford for any team member to be demeaned, handicapped, or marginalized by words or actions that exclude. Leaders at all levels are expected to intervene to ensure that this does not happen. If they don't get actively involved to stop such behavior, they are abetting it and allowing a hostile work environment.

A more subtle factor in creating a hostile work environment is the supervisor who does not communicate well or often with his or her team or who doesn't pay attention to what is going on in his or her section or department. Consider that:

- Individuals in any group setting rarely have neutral feelings toward or about the others in the group. They like some and dislike others, usually for their own, sometimes hard to discern, reasons.
- People are naturally attracted to and spend time with those they like and avoid those they don't. This results in cliques of the included and, outside the cliques – the excluded.
- The excluded often feel jealous, resentful, and fearful because of their exclusion.
- In the absence of ongoing timely and accurate information, fearful people assume the worst. Fearful people can be paranoid and perceive discrimination and favoritism where it may not exist.
- A fragmented work team cannot perform effectively.

When a supervisor does not engage daily with team members, give specific directions regarding who is to do what, and communicate thoroughly about all matters affecting the team, the fragmented team will gossip,

backbite, and bicker among themselves. Seldom will they work together and often their antagonisms affect members, guests, and co-workers. Sometimes their behavior is passive-aggressive – trying to sabotage the efforts of others, all the while acting helpful and friendly.

If all this seems outlandish or too much like Psych 101, let me say that a number of times in my career I have taken jobs in dysfunctional organizations – operations that were failing for a host of obvious reasons, but underlying every one was a previous manager who did not communicate well with his or her staff. In the absence of communication employees vying for advantage or position continually fought and intrigued among themselves, even to the exclusion of doing their jobs. In every case, the problems went away quickly by building trust based upon daily direction, constant communication, and forcefully putting an immediate stop to inappropriate behavior.

If a manager doesn't understand this important point and fails to communicate and interact daily with all employees, he or she may be responsible for passively creating a hostile work environment. Such inattention to the daily functioning of the organization is just as destructive as a supervisor who actively engages in demeaning, disparaging, and abusive behaviors.

### Managing Your Boss: Five Easy Steps to Positive Perceptions

Just as a leader must manage available human, capital, and material resources to accomplish the mission, to be truly successful you must also manage the perceptions of superiors, in particular your immediate boss.

Why is this important? Shouldn't the boss be able to clearly recognize a subordinate's performance and progress? Not necessarily so. The boss:

- May work in another building, city, or state and may not have many first hand impressions.
- Is certainly busy with his own priorities.
- May have a number of other direct reports and can't focus sufficiently on any one.
- Is often focused on problems and underperforming areas, not on those operations that are running relatively smoothly.
- May be subject to the persuasive opinions of others who are not familiar with your performance or who may not have your best interests at heart.
- May have mistaken impressions based upon limited, partial, or biased perceptions.
- Can't be expected to be aware of all you are working unless you tell him.

Ultimately, if the boss has a bad impression of you and your performance, you have no one to blame but yourself. So why leave it to chance. A leader must be as proactive about managing your boss as you are with other important areas of your life – family, church or community, and hobbies and sports.

So how should you manage your boss' perceptions of your performance? The short answer is "information," but for practicality sake, here are five sure fire ways to make a favorable impression.

1. Give your boss an honest, critical "State of the Union" report outlining the current realities of your operation. Never be afraid "to confront the brutal facts" as Jim Collins says in his book, *Good to Great*. Support your analysis and the report with current operating benchmarks.
2. At the same time, present your "plan for improvement." I prefer to do this as an Annual Plan that will be updated each year as the state of the operation changes.
3. Provide brief monthly reports that update your boss on progress toward Annual Plan objectives and milestones.
4. Develop, track, and present your boss with meaningful benchmarks and analysis that demonstrate trends. Obviously, positive trends should be discussed, but negative ones also warrant discussion of planned corrective action.
5. When presenting or discussing problems in reports or in person, always present proposed solutions and plans of action at the same time. A boss, who continually receives a subordinate's problems without proposed solutions, may eventually realize he doesn't need the subordinate.

A few caveats:

- Honestly identify and discuss problems. Overly optimistic or continual rosy assessments invite skepticism and may undermine your efforts. Remember that all operations have problems and the first step in problem solution is problem discovery.
- Don't over-promise and under-deliver. You must have a clear grasp of what improvements you and your team can realistically make.
- When reporting operational successes, share the credit liberally with your staff. When reporting or discussing failures, reserve the blame for yourself. There is always more you could have done.

Managing the boss is a skill like any other. Each boss may be a little different in how he wants information presented and you should take your cues from him. Ultimately, a leader's job is to make a boss' job easier. To the extent that you manage your operations successfully, make continual improvements, and provide him with meaningful, timely, and useful information, you will relieve the burden of his responsibilities while making him look good. The usual outcome of doing this is to gaining your boss' trust and support for all that you do – and this is a great start and ongoing boost to a successful career!

### Creating a Lasting Organizational Culture

We frequently talk about the importance of developing a Company or club culture in our organizations. What exactly do we mean by an organizational culture?

The dictionary defines “culture” as *the sum total of ways of living built up by a group of human beings and transmitted from one generation to another*. With a slight modification of this definition we come up with the following working definition of organizational culture.

*The sum total ways of working and interacting built up by a group of people within an organization and transmitted from one generation of employees to another.*

The major benefit of establishing an organizational culture is that once adopted by the majority of people in an organization the culture takes on a life of its own and permeates the workplace. As normal turnover takes place, new hires quickly learn that to be accepted in their new surroundings, they must embrace the culture and make it their own.

In the absence of a culture developed and disseminated by the organization’s leadership, a culture will arise on its own, usually fostered by a vocal few and often cynical and at odds with the purpose of the organization.

So how do you create a culture in your organization?

First, you have to define clearly and succinctly the aims of your organization and what it aspires to be. These are most often found in Mission and Vision Statements. Beyond these basic statements of intent, one must clearly spell out standards of behavior and performance. These can be in the form of Guiding Principles, Operating Standards, Leadership Principles, Service Ethic, Customer Bill of Rights, Principles of Employee Relations, Organizational Values, Service Pocket Cards, a Code of Professional Ethics, or any other formal statements describing the “What, How’s, and Why’s” of how organizational business should be conducted.

#### Eight Steps to a Lasting Culture

1. *Define and embrace values.*
2. *Set the example.*
3. *Constantly and enthusiastically remind and reinforce – especially to subordinate leaders.*
4. *Indoctrinate new hires into culture.*
5. *Praise and reward those who uphold and foster the culture.*
6. *Correct and counsel those who don’t. Terminate as necessary.*
7. *Do not let anyone disparage or ignore the culture – especially subordinate leaders.*
8. *Preach the message at every opportunity.*

Yet publishing such principles and statements, no matter how inspirational and well-written, will only foster employee cynicism if the values are not enthusiastically embraced by the organization’s leadership. On the other hand, when leadership demonstrates their commitment to the organization’s values by their daily example, employees will do likewise.

With well-defined values and the enthusiastic example of leaders, the ground has been prepared for the fruits of organizational culture, but just as in growing a garden, preparing the soil is only the first step. The real work for a successful harvest is the daily tending – watering, fertilizing, pruning, weeding, and pest control. In the case of an organizational culture, it is daily reinforcement at every opportunity with all employees that continues to focus individual attention on the values that underlie everyone’s efforts. In some cases, it’s publicly recognizing an employee for embracing and utilizing the values in their work relationships or service rendered to members.

In other cases, it's privately correcting an employee who has ignored or transgressed the culture. In extreme cases, it's terminating the employee who refuses to accept the group norm. The key is to continually remind employees of the organization's values and elevate them from words on a page to an animating spirit that permeates every aspect of the organization and its work.

From the process of continually accentuating and reminding one achieves a breakthrough similar to that described in Jim Collins' book, *Good to Great*.

*“Sustainable transformations follow a predictable pattern of buildup and breakthrough. Like pushing on a giant, heavy flywheel, it takes a lot of effort to get the thing moving at all, but with persistent pushing in a consistent direction over a long period of time, the flywheel builds momentum, eventually hitting a point of breakthrough.”*

This breakthrough is reached when the organization achieves a critical mass of employee buy-in. Though the process of establishing an organizational culture requires patience and persistence as well as leadership and example, when breakthrough is achieved, the culture takes over and is self-sustaining – with the employees holding the bar high and policing their own ranks.

In such an organization, employees understand what must be done and how. Motivation and morale are sky-high as employees are empowered by their participation and contribution. The leader, relieved of the burden of constantly following behind employees to ensure they are doing the right things, can focus on strategic issues and the future of the organization.

The importance of a well-defined and promoted organizational culture cannot be overemphasized or underestimated in its impact on quality, performance, and member service. The only thing that can screw it up is for the leader to fail to show an ongoing interest or set an uncompromising example of the organizational culture and its values.

### Empowering Employees

Staff empowerment became a corporate buzzword in the Nineties and the consensus in the business press was that it was a good thing. Many companies claimed to empower their employees, but claiming to do so and actually doing it are two very different matters.

So what are empowered employees and how can they help the Club in meeting its Mission and Vision? In the simplest terms empowered employees are viewed as full-fledged partners in the club's quest for high standards of quality and service.

Instead of the traditional view that employees are easily replaceable elements in an organization, people who must be trained to do narrow, well-defined tasks and who must be closely watched and supervised at all times, the concept of empowerment says that today's more educated and sometimes more sophisticated employees need and want to contribute more to their employer and workplace. Yet many businesses marginalize their employees by refusing to listen to them and by failing to let them contribute to the enterprise in any meaningful way.

A few companies have truly embraced the concept of empowerment and have discovered the immense power and synergy that can be unleashed when employees participate more fully in their operations. Any employee at a Ritz-Carlton hotel can spend up to \$2,000 (that's not a typo!) a day per guest to solve problems and not to satisfy their guests, but to wow them with outside-the-box service.

Yet it takes more than waving a magic wand over employees' heads and telling them they can spend money to solve problems, to reap the benefits of employee empowerment. Like any complex and detail-intensive issue, establishing a culture of empowerment for employees requires sound leadership, careful planning, well-defined policies, and ongoing emphasis and training to implement effectively.

In clubs there are three principal areas where empowered employees can contribute significantly to improved operations.

1. Resolving service problems.
2. Helping improve work processes as part of Continual Process Improvement.
3. Taking on certain delegated management functions.

#### Resolving Service Problems

Line employees who deal most directly with members on a day-to-day basis are in the best position to solve service problems and resolve member complaints in a timely fashion or before they escalate into larger issues. Unfortunately, in many organizations front line employees are seen as the first line of defense in saying "no" to customers. Only when the patron gets sufficiently angry and demands to see the manager, can the problem be solved. Yet this approach sends two very wrong messages – one to the customer that says we don't trust you and we don't mind wasting more of your time as you explain the problem again to a manager; and the other to employees that says while we won't let you say "yes," we, the managers, often will, thereby contradicting you and making you look bad.

Since the bottom line in all our dealings with members is to say “yes,” there is no reason to put either the member or the employee in the situation described above. A far better solution is to provide useful guidance to employees and give them both the responsibility and the resources to solve service problems. A good start would be to allow employees to decide on their own how to resolve any issue by “spending” up to \$200 to fix the problem – either by “comping” a meal, sending a token of apology, or doing something special for the member.

The \$200 cost is insignificant compared to the loss of member goodwill and patronage and is a small price to pay if a lesson can be learned or a work process improved.

### **Helping Improve Work Processes**

Part of our Club Culture is to foster a process of Continual Improvement in all aspects of our operations. This means we review systems, standards, policies, procedures, programming, training, and work processes to continually improve the way we do business and provide service. While managers typically have broad industry experience and the big picture of what is necessary to succeed, it is the line employee who is most closely connected with the member and the details of service. Who, then, would be in a better position to recommend improved work processes than the person who works most closely with service and service delivery?

As we have often said before, in our business the devil is in the detail. When you make a commitment to involve your employees in designing and improving work processes, they become energized by the involvement and look for more and more ways to contribute. The more involved they become in contributing to the success of the organization, the more responsibility they will assume for ensuring that success.

### **Taking on Delegated Functions**

As empowered employees take on more responsibility, managers can select individuals, who show both the motivation and ability, to take on some of the management functions of the organization. An excellent example is provided again by the Ritz-Carlton Company. They select and train certain individuals to conduct initial screening interviews with prospective employees. These empowered employees relish the task and see themselves as the gatekeepers in keeping the company’s hiring standards as high as possible. These employees get paid slightly more for their additional duty and derive prestige in being given this important task.

### **Summary**

Empowering employees is a requirement in any effort to provide remarkable service. Busy managers cannot do it all and need the help of their willing, committed, and empowered employees. While it takes time and effort to establish a culture of empowerment at a club, the resulting improvement in operations, efficiency, and service levels make it well worth the effort.

## Getting the Right People on the Bus

*Good to Great*, a book by Jim Collins, describes the groundbreaking study of run-of-the-mill publicly-traded businesses that transformed themselves into great companies, each significantly outperforming the general stock market for fifteen or more years. Jim and his research team at Stanford University School of Business wanted to know what these companies did that made them so spectacularly successful. His findings are surprising, in some cases at odds with the common wisdom, and are based upon empirical evidence, not management or business theory.

One of the findings is that the good-to-great companies began their transformation by hiring the right people, or as he puts it, “getting the right people on the bus,” and conversely, “getting the wrong people off the bus.” While this concept of finding and hiring the right people seems commonsensical, it is surprising that out of 1,435 companies initially screened for the study, only 11 made the cut as good-to-great organizations – and all eleven sought first to hire the right people before they decided what they must do to transform themselves.

For those of us struggling with the daily challenges of our operations, the question arises, “How do we know we are getting the right people on the bus?”

While there are many different approaches and techniques for trying to find the right person for a position, the Disney Corporation has developed a successful hiring model that weeds out applicants who do not demonstrate the “right stuff” for Disney. They do this with the clear understanding that they only want to hire the bright, energetic, positive, outgoing people that make any visit to Disneyland or Disney World such a pleasant experience.

The CEO of a large hospitality and service company wanted to establish a similar model that presented a series of screenings to cull the applicant pool to a smaller group who possessed certain traits. The model devised worked like this:

1. Applications were taken at the Human Resource Office (HRO) by appointment only or only during designated hours.
2. At the appointment, before they were given an application to fill out, they were asked to read our “Company Requirements and Standards” – a printed sheet explaining the high professional standards we have, how hard we are expected to work, and giving an overview of our corporate culture, dress & grooming standards, and strict accountability for standards and performance.
3. Applications were reviewed for information provided and qualifications.
4. Applications of qualified persons who passed the first three screenings were sent to the hiring manager for interview

<i>First screening</i>	<i>Could the applicants follow direction? Were the applicants interested enough in working for us to make an appointment?</i>
<i>Second screening</i>	<i>Were applicants on time for the appointment? Were they professionally or appropriately dressed and groomed? Were they scared off by our standards and requirements? What was their attitude and demeanor while interacting with the HRO staff?</i>
<i>Third screening</i>	<i>Was the application complete and legible? Did an applicant have the right qualifications for the position?</i>
<i>Fourth screening</i>	<i>How was their telephone presence? Did they walk into the interview with purpose and introduce themselves with a handshake and a smile? Were they enthusiastic and positive in describing their experience and what they could bring to our company? Did they have any hesitation or issues with the dress and grooming standards?</i>
<i>Fifth screening</i>	<i>Are they dependable and understand the appropriate professional dress?</i>

consideration. Managers could conduct initial telephone interviews and then held mandatory face to face interviews. At that interview they were given a copy of the detailed dress and grooming standards for the position.

5. Once hired, new employees were scheduled for a New Employee Orientation (NEO) before they began working. If the new employee did not come to the NEO on time or in appropriate dress (without compelling reason), they are terminated.
6. Applicants were treated in a perfunctory manner (professional, no-nonsense, somewhat aloof) until they are brought into the fold. Then the "selling" of the company and rah-rah excitement began.

While all of this seems like a lot of effort to hire a server, a housekeeper, or a cart attendant, consider the consequences of hiring a person with an attitude problem, who has issues with our culture or policies, or who doesn't have the character and personality traits to be a successful hospitality employee. At best, the manager will have to hire all over again, possibly after investing considerable time and energy in training; at worst, he may create repeated poor service situations that damage his business.

The real effort in setting up a screening process is the initial organization and set up. Once up and running, the process may actually save the organization significant man-hours in interviewing, hiring, processing, training, and terminating the wrong people that got on the bus.

In *Good to Great* Jim Collins finished the chapter on hiring the right people with the following observation:

*“The old adage ‘People are your most important asset’ is wrong. People are not your most important asset. The **right** people are.”*

And that says it all!

### Disciplined Hiring: The Key to Getting the Right People on Your Bus

#### Hiring the Right People

There is no more critical task for managers than hiring the right employees. As Jim Collins says in his groundbreaking book, *Good to Great*, which delved into the reasons some companies outperform their competitors, that getting the right people on your team or, as he says, “getting the right people on the bus,” was an essential ingredient in all good to great companies. Further, he went on to say that

“The old adage ‘People are your most important asset’ is wrong. People are not your most important asset. The right people are.”

Implied in this statement is the requirement that companies **identify and only hire** the right people. The “wrong” people can be damaging to your business. Dr. Bradford Smart, in his book *Topgrading*, also speaks of hiring the right people for your organization, whom he calls high performers or “A Players,” as opposed to “B” or “C Players.”

Dr. Smart says,

*“High performers, the A players, contribute more, innovate more, work smarter, earn more trust, display more resourcefulness, take more initiative, develop better business strategies, articulate their vision more passionately, implement change more effectively, deliver higher quality work, demonstrate greater teamwork, and find ways to get the job done in less time with less cost.”*

#### Damage Caused by the Wrong People

##### Managers/Supervisors

Dr. Smart lists the many downsides of hiring and retaining C players as managers or supervisors. He says C Players:

- Embrace tradition over forward thinking.
- Have difficulty coping with new and complex situations.
- Prefer the status quo.
- Lack credibility, so others are hesitant to follow them.
- Require specific direction [from superiors].
- Hire mostly C players [A and B players are seen as threats].
- Tolerate mediocrity.
- Are inaccessible, hypercritical, stingy with praise, and late or shallow with feedback [for subordinates].
- Drain energy from others; their [inaction or] actions prevent synergy.
- Sporadically meet expectations.

- “Bend the rules.”
- Have mediocre skills [and seldom seek self-improvement].

Hiring and retaining low performing managers or supervisors can have a long term ripple effect in an organization. On the other hand, hiring A players for those critical leadership positions in a club can have long term positive effects on the organization.

### **Line Employees**

If hiring the right people is particularly critical in hiring leaders, the managers and supervisors of the club, it is also important, though for different reasons, in hiring line employees – those that interface directly with members. The dangers in hiring the wrong people in customer-interface positions include:

- The damage they can do to member service.
- The turmoil they create in your work team while they are with you.
- The amount of time that you must spend in training and retraining them.
- The amount of time that you must spend in counseling, disciplining, and ultimately terminating them.
- The lost opportunity of using your limited time and resources to work with them – time that could be better spent on other initiatives and pressing issues.
- The cost of replacing a substandard employee – both in terms of hiring and training a replacement.
- And the emotional wear and tear on everyone involved.

### **Hiring the Wrong People**

#### **Why Are The Wrong People Hired?**

While there is no fail safe method of hiring only the right people, there are common denominators underlying most mis-hires. They include:

1. The failure of hiring managers to use “due diligence” in hiring applicants. This includes:
  - Failing to analyze and identify the requirements of a vacant position.
  - Failure to carefully screen applicants to ensure that their experience, skill set, and personality is appropriate for the vacant position.
  - Failure to conduct adequate interviews, particularly face to face, with applicants.
  - Failure to carefully check references.
2. Lack of supervisor’s screening, interviewing, and reference-checking skills.
3. Hiring managers not taking full responsibility for the hiring process by assigning or delegating the responsibility of hiring to another person who may not understand the needs of the position or who has no vested interest in a successful hiring outcome.
4. Failure to learn from past hiring mistakes.

### **Reason #1: Failure to Use Due Diligence**

Given the responsibility managers have to hire the right people and to avoid hiring the wrong people, hiring supervisors need to exercise “due diligence” throughout the hiring process.

Due diligence is a financial/accounting term that means to conduct an investigation of a potential investment and/or confirm all material facts in regards to a sale. Generally, due diligence refers to the care a reasonable person should take before entering into an agreement or a transaction with another party and is essentially a way of preventing unnecessary harm to either party involved in a transaction.

While the term “due diligence” has come to take on the wider meaning of doing one’s homework to prevent mistakes, clearly the original definition applies to hiring employees, that is making an offer of employment to another party.

### **Reason #2: Lack of Interview Skills**

A brief informal survey of club executives reveals that none have ever received formal training in how to screen and interview applicants or in reference-checking techniques. Despite the overwhelming importance of hiring the right people, it seems to be assumed that people can figure out for themselves how best to do it or will intrinsically know or possess such skills. Since Dr. Smart’s research and experience points out that 50% of all hires are mis-hires, it is clear that this is not the case.

At the same time, a survey of hiring managers shows that most managers think they do a good job of interviewing job candidates. Given the sad hiring success rate, which is no better than flipping a coin, there is an obvious disconnect between hiring managers’ perceptions and reality.

### **Reason #3: Not Taking Full Responsibility for the Hiring Process**

Before going any further, let us make one thing perfectly clear. There is only one person responsible for hiring the right people and that is the manager or supervisor of the person being hired. The hiring manager or supervisor is the one who is accountable for his department or section’s performance and, therefore, is the only person who should make the hiring decision.

Do not for one moment think that hiring is the responsibility of a Human Resource Manager or the Personnel Administrator. They may assist in the process, but their assistance is nothing more than clerical or consultative. If any person hired turns out to be a bust, the only person responsible and accountable is the hiring supervisor, and he must bear the consequences of mis-hiring.

### **Reason #4: Failure to Learn from Past Hiring Mistakes**

While it is understood that every hiring manager will make some hiring mistakes, it is essential that lessons are learned from mis-hires. This can only be done if there is sufficient documentation of the hiring process. Without a written record that includes a resume or application, thorough interview notes including questions asked and answers given, and details of each reference checked, there is no way to go back after a mis-hire to try and determine what was missed during screening and interviewing.

With proper documentation, the hiring manager can review the entire screening, interviewing, and hiring process to see what signs were missed in an attempt to improve those skills during future hirings.

### Conclusion

As important as it is to “get the right people on the bus” and the “right people in the right seats on the bus,” managers at all levels of club operations must make the effort and develop the skill set to topgrade their staff. While it takes time to do this, one must surely recognize that there is little if anything in this process that is not commonsensical. The major ingredients, then, for successful hiring are twofold:

1. An understanding of the underlying key principle of the hiring process, that  
*the more due diligence you do in screening, interviewing, and checking references for key subordinate hires, the better your success rate in successful hiring.*
2. The discipline and persistence to conduct the appropriate due diligence.

Given that the only requirement to do both is the time it takes to learn the principles and do the necessary “homework,” it is clear that the only downside to hiring properly is the time investment by the hiring manager. As Dr. Smart so aptly points out in his book, *Topgrading*,

*“The challenge comes from the front end investment in time to learn the discipline . . . The only disadvantage . . . is that it takes longer . . . With an improved hiring ‘batting average,’ however, in the long run you save an enormous amount of time, not only in the entire selection process, but in managing [better performers].”*

He concludes by saying:

*Managers who say, ‘I don’t have [time] for a [structured, chronological] interview,’ should finish the sentence . . . ‘so I will waste hundreds of hours when half the time I mis-hire people.’”*

### Six Steps to Lower Employee Turnover

Study after study has demonstrated the high cost of employee turnover, particularly in the hospitality industry where the work is so detail-intensive, requiring significant training to meet standards.

Recognizing that the desired outcome of every hiring decision is to find and bring aboard a qualified and enthusiastic person who will make a positive contribution to the success of the club, it is essential for all managers to make every effort to lower employee turnover rates. Here are six steps to help you do just that:

- 1. Hire Well.** Use the techniques of Disciplined Hiring to screen applicants and check references. When possible, use personality profiles to ensure you put the right person in “the right seat on the bus.”
- 2. Onboard Well.** Use all of the club tools to both welcome and orient new hires to the workplace. The Employee Handbook, Club Orientation, **and** Departmental Orientations are designed to provide and reinforce important information to the new hire. Managers must make sure that orientations are welcoming and make all necessary introductions to both supervisors and peers.
- 3. Train Well.** Both initial and ongoing training is essential. Most people want to do a good job and appreciate the efforts made to train them. Without adequate training and the necessary tools and resources to do their jobs well, new hires will quickly become cynical and alienated. Never forget that their success guarantees your success.
- 4. Organize Well.** No one wants to work in a chaotic environment. If your department or section is well-organized, if everyone knows where things are, if employees are well-trained in opening and closing procedures, if everyone knows their responsibilities and is held accountable, the workplace runs almost effortlessly. Don’t run off good people by putting them through the hell of a disorganized operation.
- 5. Communicate Well.** Daily interaction and direction ensures that everyone is informed, knows what is going on, and what they must do individually to accomplish the tasks at hand. It is also instrumental in building teamwork and a sense of shared values and mission. The *Daily Huddle*, or some other form of pre-shift meeting, is a necessary discipline to ensure ongoing, consistent communication.
- 6. Value Them Well.** Remember the ultimate value of people in all you do. Value your employees and they will value you as a leader and their efforts at work.

The bottom line is that your leadership is the essential element in your success. If you have high levels of turnover, there is no one to blame but yourself.

### Service the Ritz-Carlton Way

I recently had the opportunity to attend a one-day training seminar at the Ritz-Carlton Leadership Center in Chevy Chase, MD, to learn how they provide their “legendary service.” The seminar was eye-opening and impressive. The Ritz-Carlton Hotel Company is a management company that operates 61 properties worldwide for the Marriott hotel chain. As most of you know, they serve the international luxury market and are celebrated for their high service levels and attention to detail.

While the instructor provided ample handouts to explain and illustrate the Ritz-Carlton way, I took over fifteen pages of notes. I shall try to summarize the main elements of how they consistently provide such high level service.

**First**, Ritz-Carlton has a well-defined corporate culture of service built upon:

- Mission and Vision statements,
- Key Success Factors, revised and refined each year, and
- What they call their “Gold Standards Foundation,” which is made up of the following:
  - The Credo
  - The Motto
  - The Three Steps of Service
  - The Service Values, and
  - The Employee Promise

The company culture is so important to Ritz-Carlton that they review aspects of it every day, every shift, in every property worldwide during what they call their “Daily Line Up.” By this discipline all employees from the CEO and President down to each line employee are constantly reminded of their “reason for being.”

**Second**, Ritz-Carlton has devised a new hire screening process that focuses on 11 basic talents and every position in the company is indexed on how much of each talent that position needs. For example, a housekeeper position needs high levels of “exactness” (attention to detail) because there are over 150 items or details that must be checked in every room every day; on the other hand, front desk and guest service employees need high levels of “relationship/engagement” skills to interact and engage guests in a multitude of ways.

The hiring process with Ritz-Carlton can take up to eight separate phone and face-to-face interviews to ensure they hire people with the right set of talents for the positions they seek. One impressive element of the interview process is that specially-trained line employees conduct the first telephone screening interview to ascertain the candidates “Talent Index.” If the candidate does not meet certain minimum levels in this interview they are eliminated from consideration.

The success of their screening process can be seen by their employee turnover rate. When they first started the company in 1983, they experienced a 73% turnover rate. In 2005 it was 23% with 15 of that 23% being voluntary resignations for a variety of non job-related reasons.

**Third**, Ritz-Carlton invests in training. Each new employee receives a two-day orientation which is heavy on company culture and values, then 20 days of on-the-job skills training for their position. The trainers of the skills training are line employees who have been trained to train and who derive prestige and a higher compensation level for their role as trainers.

On day 21 of the initial training period, each employee without exception receives a recap of the values and culture, benefits enrollment, training in guest recognition and how to handle difficult guests. The end of the day is a celebration of their completion of the initial training. Finally, they are asked to fill out a questionnaire to ensure that the promises made to them at the outset of training have been kept.

Leaders are responsible for ensuring that all employees are certified in their positions. Employees must be certified within 21 to 30 days of their orientation. As Ritz-Carlton says, “We never want to practice on our guests.”

Each year, line employees receive 320 hours (or 15% of a full time employees annual work time) of ongoing and refresher training. Leader/Managers receive 250 hours of training per year.

At the end of an employee’s first year, on day 365, each employee has a one-day refresher session designed to “psychologically engage” with employees and “figuratively hire” them all over again. At the end of this day, they receive their one-year service pins.

**Fourth**, the company trains and empowers each employee to solve problems. Any Ritz-Carlton employee can spend up to \$2,000 a day per guest to solve problems and, not to just satisfy their guests, but to wow them with outside-the-box service.

Here’s an example: an international guest at the Ritz-Carlton, Washington DC, checked out and flew to NYC to catch an international flight. Upon arrival at JFK airport, he realized he had left his overseas flight tickets at the hotel. He called the Ritz-Carlton in a panic. The desk clerk with the OK of her supervisor and the hotel General Manager, took a flight to New York and personally delivered the guest’s tickets in time to catch his plane.

**Fifth**, Ritz-Carlton is heavily invested in benchmarking all areas of their operation to include conducting random surveys of guests each thirty days. The results of their ongoing measurements of processes and guest feedback are used for continual improvement of their products and services.

**Sixth**, Ritz-Carlton has designed a proprietary software and database package called “Mystique,” to record guest preferences. Each property has two designated individuals, the Mystique Manager and Mystique Coordinator, who have access to this confidential database. Every employee carries a pad of “Guest Personal Preference Communiqués” with them at all times. Any time an employee notices a personal preference of a guest or overhears a guest mentioning some detail that would enable the company to better serve them, the employee fills out and submits the communiqué to the Mystique staff, who enter the information in the database. This system, designed to better help the company personalize their service to individual guests, is a central part of their building a strong service identity and a loyal base of clientele.

Overall, I was impressed with the thoroughness of the Ritz-Carlton systems; their training, treatment, and empowerment of their employees; and the degree to which everyone from the highest executive to the most recently hired line employee is dedicated to service – not just to their guests, but to each other in the performance of their duties. As one employee said during our late-afternoon Q&A with line employees from the Washington DC property, “I’ve never worked anyplace where I feel like I’m such an integral part of the team, where my ideas and input matter so much, and where I feel like I’m part of a big, caring family.”

While there are clearly aspects of the Ritz-Carlton way that are beyond our reach in the private club business due to budgetary constraints and economies of scale, there is also much we can learn from them – probably the most important being their absolute dedication to high levels of service and their will to make it happen.

## Romancing Your Members – Member Relationship Management

I recently read a book called *Romancing the Customer, Maximizing Brand Value through Powerful Relationship Management* written by two British authors. While its message was targeted to large businesses, often in the retail and service sectors, it contained the seeds of important ideas for private club managers.

First, the book makes the point that “Brands are Relationships. People don’t buy products; they buy brands.” They go on to say that, “Brands are:

- **Experiences.** A good experience with anything fuels the desire for more, while a poor experience kills the appetite.
- **Very personal.** They give exclusivity of feeling and association. (*as private clubs are supposed to do*)
- **Evoke emotions.** Emotion is at the very heart of power brand strategies, aiming to capture both the rational and emotional aspects of the target customer.
- **Live and evolve.** Brands are very much like people. Many have their own distinctive personalities, and these personalities evolve over time, just as ours do.
- **Communicate.** Like people, brands listen, receive feedback, and send messages. They talk to different people in different ways, just as we do. Brands that are successful tend to be those that create a dialogue with consumers.
- **Create equity and loyalty.** It is the way in which brands interact, and the friendship they give that engenders loyalty and a long-lasting relationship.
- **Above all, add friendship and romance.** The greater the emotional involvement on the part of the consumer, the greater the friendship and loyalty that results.

Next the authors state categorically that Customer Relationship Management (CRM) is the quickest way to establish a brand.

“What is CRM? It’s all about collaborating with each customer, adding value to each customer’s life. In return, you get their loyalty. Further, it’s about dealing with each customer individually, because all customers are not equal and should not be treated equally. A small percentage of your customers contribute far more to your revenues and to your profit. But as compelling as the economics of focusing on your best customers, a good CRM program should not ignore the others. In fact, good CRM programs encourage less profitable customers to become better customers. There is no doubt that by turning your organization into one that is centered around the customer, every single customer will ultimately benefit.

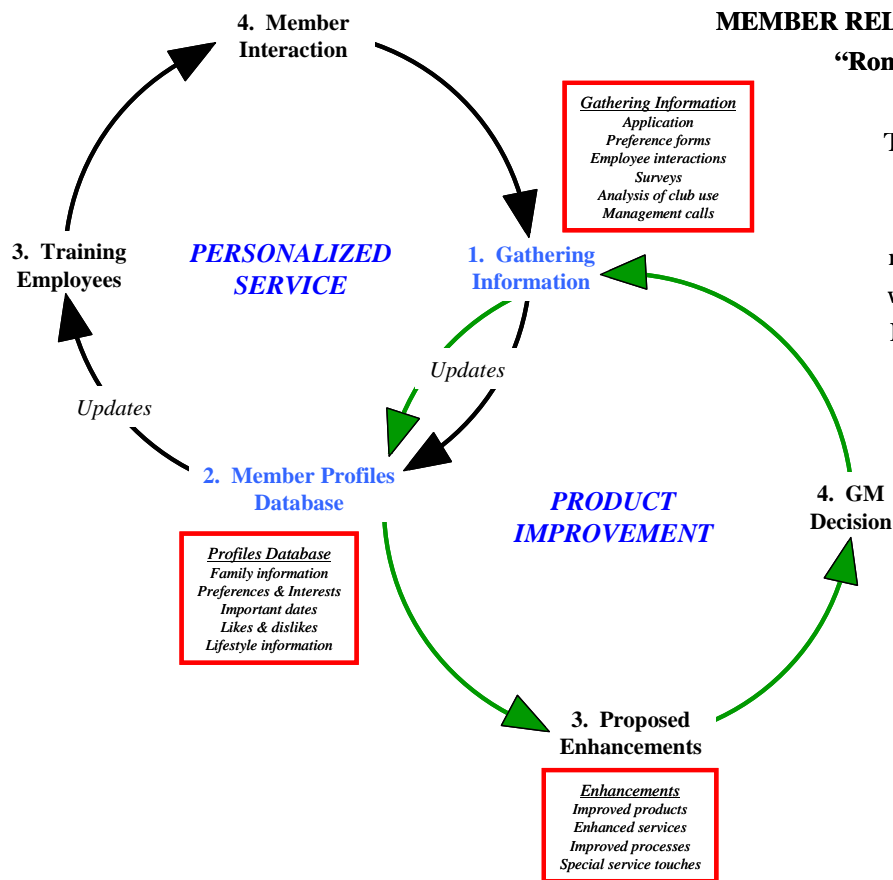
“Effective CRM is about using the knowledge you have about your customer, and applying it in such a way that, every time they interact with you, you do something different, better, or more relevant to that person.”

“But the focus must be on capturing ‘share of heart,’ not ‘share of wallet.’ While money-grubbing will certainly build short-term sales, it will not ensure that you build an enduring relationship.”

Traditional marketing theory says that it's all a numbers game. The more you market, the more people you contact, the greater your sales. The authors point out that what makes marketing a numbers game "is the lack of specific information about individual customers." Today, though, with the rapid growth in computing power and data capture, it is possible to know each of your customers far better. And that information provides the power to romance your customers. "Instead of focusing your efforts on your product, focus on your customers. By building up that body of information on each customer over time, you can increase the degree of tailoring of your product or service and, in the process, strengthen the emotional bond between the customer, your brand, and your company."

Ultimately, "Customer Relationship Management builds strong brand by creating the right blend of **organization, systems, and processes** that allow your people to understand your customers as individuals, and potentially tailor every interaction with a customer to their specific needs."

What does this mean for us as private club managers? Simply put, the more we know our members, the more we understand their needs, the better able we will be to provide the individualized service that people join clubs to receive.



The purpose of Member Relationship Management is to build and institutionalize a system that will replicate the personalized service that was the hallmark of the best "Mom & Pop" operations of old. Such service was based upon the trust and accumulated knowledge of years of day to day contact and personalized service.

"Given that all club revenues come from members, shouldn't as much effort be placed on encouraging their use of the club as any other discipline of club management?"

### Rules of Engagement

*Just how friendly should your employees be?*

Hospitality managers are always on the lookout for those rare individuals with engaging personalities – those people who are naturally outgoing and friendly and who can connect effortlessly with members and guests. And while we all would agree that such employees make service and service delivery a snap, it is also important to recognize that some employees need coaching on boundaries and the appropriateness of overly friendly service.

While many members appreciate and enjoy their interactions with service staff, even engaging in playful banter, chit-chat, and teasing with their favorite employees, there are also those members who expect a more formal and detached level of service. It is also often the case where the member who likes to “play” with employees when in the bar after a round of golf, does not want the same level of engagement at Sunday brunch when family and friends are present.

The challenge then for any employee is to assess each service situation and gauge the member’s mood and interest in engagement. Here are some of the factors involved:

**Time of Day and Day of Week:** The time of day can have a great deal to do with a member’s interest in engagement. Some members are not morning people and don’t appreciate noise, exuberance, or conversation early in the morning. If a member has his nose in the paper, he probably doesn’t want any more than polite and efficient service. On the other hand, Friday and Saturday night cocktail hour is a time of conviviality and sociability and an employee might expect a more playful interaction.

**Occasion:** Dr. and Mrs. Jones celebrating their anniversary will probably appreciate discreet service with as few interruptions as possible. Service should still be prompt and attentive, but servers should take their cue from the intensity and privacy of the couple’s conversation. Conversely, a group of ladies coming in for lunch after a morning of tennis are probably keyed up and looking forward to a fun time together. The same group while entertaining their gardening club with a number of guests would expect a more distant and detached approach. The businesswoman entertaining clients may want formal, correct, and efficient service with as few interruptions as possible so she can conduct her business in a manner that reflects well on herself and her club.

**Members in the Party:** The makeup of a member’s party will have a lot to do with the level of engagement. A group of members and guests just off the golf course are probably more ebullient, particularly if someone shot his low round, had an eagle, or sank a forty foot put to win the match. On the other hand, a member hosting his aged parents for Mother’s Day Brunch is not there to “play” with employees. It is also possible that a member who comes in alone for a drink may interact with staff very differently than when he is with his wife and children.

**Past Experience:** There is no better predictor of the future than past experience. If a member has always been reserved and formal, with little or no personal engagement with staff, employees can expect that he will continue to do so. John, the single junior member, is casual, relaxed and always enjoys playful repartee with the bar staff. No doubt he will be that way when he stops in after work for a few drinks. However, should John arrive with a date, he may not want the same level of engagement from the bartender.

As can be deduced from these examples, there is no hard and fast way of knowing how a member will act, react, or interact with the friendly engagement of employees. Therefore, it's up to the employee to assess the mood and manner of the member. Most people have a good sense of when someone wants to interact with them. Employees should always hold back until a member makes it clear by initiating a greater degree of contact. When in doubt, an employee should go no further than being courteous, polite, and friendly.

Ultimately, though, it's up to managers to train their employees that, "No matter how friendly members may be with you on any or all occasions, they are not your friends; they are your employer." Keeping this firmly in mind will help everybody from transgressing the Rules of Engagement.

### Offense and Defense

Everyone has heard the phrase “a good offense is the best defense.” This idea is especially useful on battlefields, football fields, and even chessboards. By keeping your opponent so off balance by relentless attacks, he has no time or resources to plan attacks against your positions. In this way your offense becomes your defense.

People have natural tendencies. Whether inborn or created by longstanding habit, they are part of our makeup and we express them without thinking. One such habit is the tendency to personally associate ourselves with that which we do. Just as the farmer has a proprietary interest in the fields he labors so hard to till and harvest, we all identify with our company, organization, or place of work. A corollary to this sense of association is the natural inclination to protect that which we consider our own or with which are associated.

So it is natural for us to feel pride in our work and place of employment. When someone attacks it with criticism, disparaging remarks, or complaints, the natural tendency is to defend it, to assume a defensive attitude. This is all well and good unless you depend upon that someone’s goodwill for your livelihood. When you work in the service industry, you literally cannot afford to become defensive.

When you become defensive, many things happen physiologically and psychologically. Adrenaline starts flowing; you tense up, ready to repel any further attack; your heartbeat and respiration quicken. Likewise, your mind races ahead to your next move or response so you don’t hear what is being said and you don’t focus on the moment. Knowing that a good offense is the best defense you sometimes become antagonistic; you raise your voice; you develop an attitude; you become abrupt and huffy with the other person. At this point, without even knowing it, you have become offensive; that is by definition, “causing anger, resentment, giving offense; insulting.”

So how can you avoid this natural tendency to become defensive? The first step is to become aware that you become defensive when criticized or listening to a member complaint. Notice the dead giveaways. Do you get tense and nervous? Do your hands shake or your voice quaver? Do you have trouble breathing or feel tightness in your chest? Do you raise your voice? Any of these symptoms reveal your defensiveness.

Realizing this, what can you do about it? First of all, understand two important things: Complaints are not usually directed at you, so don’t take it personally. Allow some distance between yourself and the complaint. Not too much, though; you must show a sincere concern to resolve the problem.

In addition, there are some particular things you can do when confronted with a complaint.

- Where there is no conflict, there is no need for offense and defense. Don’t allow a conflict to arise. Disarm the situation by cheerfully accepting our problem. Listen carefully to what the member is saying. Apologize sincerely for our shortcomings. If you can solve the problem, cheerfully and quickly do so.
- If you find yourself becoming nervous or defensive, take a deep breath. The inflow of oxygen will help quiet your system and the moment you take to breathe has a calming effect on your nerves.

- If you find yourself losing control, try to leave the room on some pretext. If you're in the dining room, tactfully excuse yourself "to check with the kitchen." Once there, take a deep breath and get control of yourself. Try to put the member's anger into perspective. It's not the end of the world. Resolve to overcome that anger. Take another deep breath and go back to the member.
- Go on the offensive in a positive way. Take control of the situation. Ask pertinent questions about our failure. Take notes as necessary. This taking ownership of the problem demonstrates a proprietary concern and a desire to make things right.
- While apologies must always be given, remember that easy apologies and facile excuses do not impress. Our actions speak louder than our words.
- Be sincere. You should have a sincere desire to help any member with a need or concern. If you don't, you're in the wrong business.

Two things you must never do:

- Pass the buck or evade responsibility. You may not have created the problem, but now that it's been brought to your attention, you need to resolve it.
- Don't become defensive. It is not us against the members. We're on their team!

Responding to member complaints is one of the most difficult things we face in the service profession, but when we avoid becoming defensive, we often can create a turnaround situation where the problem is solved and the member satisfied. There is no more satisfying situation in service.

### Service Recovery – The Seven Step Process

Despite our best efforts to efficiently organize our clubs and train employees, situations will inevitably arise when members are dissatisfied or unhappy with service and/or products offered. Whether we feel the problem is legitimate or unwarranted is of no consequence. The member is not satisfied and our only concern is changing the outcome by making a speedy and gracious recovery to the member's complete satisfaction.

To better aid employees in making a gracious recovery, we have developed the following Seven Step Process, which can be divided into two distinct phases. Steps 1 through 4 constitute The On-the-Spot Fix, while steps 5 through 7 make up The Long-Term Repair aimed at correcting the underlying cause of the service failure.

Therefore, when a member approaches you with a complaint or concern, here's what you do:

#### The On-the-Spot Fix

1. **Focus** – stop what you're doing and focus entirely on the member and what he is saying.
2. **Listen** – carefully to fully understand the nature of the problem. Recognize that the underlying problem is not always the one that is being brought to your attention; for example, the complaint may be about the food, but the real issue is slow service. Sometimes you have to read between the lines or recognize the issue is larger or maybe different than the one being complained about.
3. **Apologize** – a sincere apology is absolutely necessary. We (the Club) and you (personally) are sorry for any service failure, so we should never be shy about or slow to fully apologize. After apologizing, tell the member what you are going to do to correct the problem. If the member still seems dissatisfied, enquire what we might do to make it right.
4. **Make It Right** – quickly, efficiently, and discreetly (to avoid any possible embarrassment to the member).

#### The Long-Term Repair

5. **Assurance** – after the situation has been made right, approach the member (when convenient) and let him know that the matter will be addressed formally by management.
6. **Notification** – if the failure is serious enough or the member does not seem fully satisfied, notify your supervisor, department head, or manager on duty so she can also approach the member to discuss the situation and apologize.
7. **Report** – When you have time, but no later than the end of your shift, fill out a Service Issue Resolution, CRI Form 180, describing the problem, your assessment of the underlying cause, your efforts to recover, and the member's mood after recovery. This form is used to more formally address the problem and gives the General Manager an opportunity to call the member after the fact to apologize again and discuss the issue further.

Unfortunately in our business, there will always be mistakes and failures, but what has gone wrong is done and is not nearly as important as what we do next. Managers should discuss recovery techniques with staff frequently and share stories of both successful and unsuccessful recoveries so that everyone can learn from our experiences.

### A Discipline of Planning

Managing a club without a plan is like driving through a strange land without a road map. Given the size, complexity, and money invested in making a club successful, why would anyone consider operating it by the seat of one's pants? Yet, this is exactly what managers do when they fail to establish a discipline of formal planning. And make no mistake about it, **it is a discipline** – requiring managers and supervisors at all levels to conceive and document their plans for upcoming periods and specific events. It also requires that the General Manager review all planning documents, as well as review progress toward completing those plans on an ongoing basis.

Every enterprise demands a plan. Without a formal, written plan to focus attention and action upon the completion of specified goals within a specified time period, the club will lack clear direction and purpose. By putting plans in writing, the responsible manager formally commits to its accomplishment. Further, there is a common understanding on the part of both the subordinate manager and the General Manager of what will happen and when.

Often, the planning and execution of one department will impact other departments or the club as a whole. Written plans ensure that all managers and department heads are fully informed about where the club is going and when things are supposed to happen. Taking all this into account, planning is not a luxury, but a necessity for efficient operations.

#### Types of Plans

Planning is necessary on many levels and in many settings. Formally, the club should have the following:

- A Strategic Plan covering a period of 3-5 years and updated annually. This plan looks at the club's strengths, weaknesses, threats, and opportunities. Its primary purpose is to ensure the competitive position of the club in the marketplace. Strategic Planning is also a tool to focus ever-changing boards on a long-term approach to guiding the club.
- A Club Annual Plan covering a period of 12 months, coinciding with the budgeting cycle. This plan lays out the specific goals to be accomplished during the year as part of the club's efforts toward continual improvement.
- A General Manager's Work Plan for the 12 months covered by the Club Annual Plan. This plan lays out measurable accountabilities for the General Manager and is the basis the GM's performance appraisal.
- Departmental Plans for the 12 months covered by the Club Annual Plan. These plans lay out the goals and objectives of each operating department.
- A Work Plan for each Department Head for the same 12 months. These plans do the same for the club's department heads.
- Plans for major project and events. These are plans developed for specific major tasks or activities such as purchasing new golf carts, renovating a facility, or preparing for the Member-Guest Tournament.

### Planning Tips

There are a number of things managers can do to improve their planning:

- **Start early.** Procrastination results in poor, disjointed planning.
- **Involve your staff.** Departmental plans for the coming year usually impact the overall Club Annual Plan and budget. Also, since no department works in isolation, one department's plan may affect others – either materially or in the timing of events and accomplishments.
- **Challenge staff.** General Managers should explain the big picture of club direction and progress and then challenge Department Heads to work on specific initiatives within their departments, for example, implementing Benchmarking, setting up Tools to Beat Budget, reviewing departmental training material and plans, Continual Process Improvement.
- **Planning is a process.** No plan is completed after one pass. Back and forth discussion between the General Manager and Department Heads and among the different departments will further refine plans insuring a well-integrated club plan.
- **Use planning as a team-building exercise.** Given the preceding tips, I encourage General Managers to use the annual planning process as a team-building process. Call an early planning meeting with all Department Heads to lay out the purpose, process, and planning timeline. Then establish a series of planning meetings at which each Department Head presents his or her plans to the rest of the staff for input and feedback. One Department Head's ideas may spark others to similar accomplishment. Encourage critical review of plans and challenge groups of Department Heads to work together to work on larger club or departmental initiatives.

Lastly, plans must not be a one-time task not to be looked at again. To be truly useful departmental and Club Annual Plans should be reviewed often. I recommend a brief review of plans and accomplishments during the Monthly Review of Operating Statements. This ongoing review and discussion of planning will ensure timely completion of tasks and keep the club on target to meet all of its Annual Goals.

### Summary

The importance of disciplined planning cannot be overstated. Haphazard planning results in haphazard operations and equally haphazard performance.

### Continual Process Improvement

#### Introduction

Given the many details associated with managing a quality, high-end club, it is imperative that management commit to and promote a process of continual improvement in all areas of the operation. This requires a positive emphasis on problem discovery, a discipline of constant review, and an understanding that in quality service operations, the devil is in the details. As more and more areas of the club's operations become systematized and routine, management at all levels, with the commitment and assistance of their empowered employees, must continually "peel the onion" to deeper and deeper layers of detail. Further, no detail must be seen as too trivial to warrant management's attention and the establishment of standards and procedures to ensure it is attended to by the staff.

#### Definition

Continual Process Improvement (CPI) is the discipline and methodology of constant review of all aspects of operations to include work processes, standards, policies, procedures, organizational systems, programming, training, and administration to ensure they attain a new level of performance that is superior to any previous level.

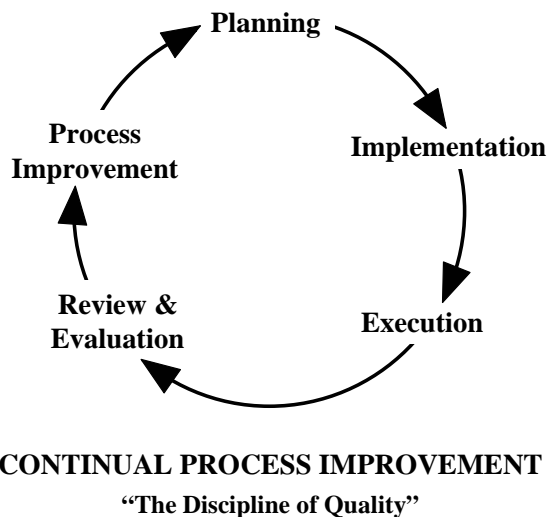
#### Purpose

The purpose of Continual Process Improvement is to constantly seek better ways of doing things – that is to improve the efficiency, effectiveness, and financial performance of the club while providing a quality of service and level of satisfaction that encourages greater use and enjoyment by members.

#### The Discipline

The discipline of Continual Process Improvement requires that all managers and supervisors are focused on and committed to improving the performance of their club, department, or section at all times. It means that no manager or supervisor should be satisfied with the status quo, but should constantly be looking for ways to improve.

In order to ensure the development of such a discipline in the club, the General Manager must constantly remind subordinate managers of the need to improve and make improving existing operations a key component of subordinates' annual work plans. Further, the GM should continually enquire, "What are you doing today to improve your department?" When this level of interest is demonstrated by the GM, subordinate managers and supervisors will understand the importance of Continual Process Improvement.



### Steps to Continual Process Improvement

Continual Process Improvement does not happen by accident. There are a number of mutually reinforcing and integrated steps necessary for Continual Process Improvement:

- The leader's **will to make it happen** – the “Will.”
- A **continual emphasis on improvement** – the “Focus.”
- The **habitual methodologies** to examine existing processes – the “Discipline.”
- **Well-defined current processes**, standards, policies, and procedures.
- **Benchmarks to measure performance.**
- The **willingness to formally review** existing operations and formulate improvements.
- The **follow through** to make changes.

### Examples of Continual Process Improvement

- Review of Revenue Generation or Payroll Cost during monthly budget review. Formulation of initiatives to increase revenue such as promotions, specialty dining nights, additional golf programming, tennis clinics, etc. Establishing a formal business forecasting system to improve staff scheduling.
- Post-costing buffets to determine profitability and member food preferences. By determining how much food was consumed on a buffet, the Chef can compare food cost with revenues to ensure his pricing is appropriate. Also, by reviewing what quantities of various food items were consumed, he can improve the offerings at future buffets.
- Review of retail benchmarks by the Head Golf Professional can help him improve his future retail buys. By knowing what sold and what didn't sell, and what percentage of overall sales were soft goods versus hard goods he can make informed determinations about purchasing and merchandising.
- The Personnel Administrator can review employee turnover rates and exit interviews by department to determine which Department Heads need further training in Disciplined Hiring or counseling on better treatment of employees.
- All involved Department Heads conducting a post mortem or after-action review of the Member-Guest Tournament to determine what went well and what could be improved in future years.
- Annual review of club standards, policies, and procedures by department to see what worked and what didn't. Brainstorming modifications of same to improve operations.
- Monthly review of major costs by Department Heads to see if there is a better or cheaper alternative to current expenditures. The Controller can do the same for Administrative and General expenses.
- Review of forecasted business levels and actual staffing by day of week and meal period to improve future F&B staff scheduling.
- Review of training material with new hires after their introductory period. Determine how well initial skills training met the actual needs of new employees.
- Examine and propose modifications to equipment placement or work flow in kitchen or food pantry areas to increase the efficiency of staff.

### Methodologies

Methodologies for Continual Process Improvement include:

- Preparing in-depth subordinate managers' work plans and performance reviews. The time spent continually improving the work performance of your subordinates will allow you to focus on more strategic issues, delegate more day-to-day tasks to subordinates, and plot and follow the improvement of your club – department by department.
- Reviewing major events, activities, and programs. Formal meetings after the Member-Guest Tournament, Mothers' Day Brunch, 4<sup>th</sup> of July Festivities, Summer Camp, Swim Team season, etc., will allow all Department Heads to review execution and performance from their individual perspectives. The best time to do this is the week following the event when all is fresh in everyone's mind. Have your Administrative Assistant sit in and take notes which are then distributed to all interested parties. Next year, as planning starts, pull out the notes from the previous year and make adjustments as necessary.
- Selecting one department per month and conducting an in-depth review. In the course of a year all departments would be reviewed. Take a half day for the review and include other Department Heads in the process. Start by having the selected Department Head give an overview briefing regarding the department's operation. The overview should be an honest "State of the Union" about where the department is and where it is going. Cover goals, both short and long-term, challenges and obstacles, key member interfaces, special services touches, review of training process, and review of departmental financial performance and benchmarks. Give a tour of work spaces describing issues with work flow, storage, telecommunications, etc. After the briefing and tour, ask other Department Heads to help brainstorm ideas for improving departmental performance. To be most effective, the subject Department Head should set the agenda and guide the discussion. After the session, the Department Head should draw up an action plan to implement ideas with a timeline and milestones for completion. The effort put into a monthly departmental review should provide multiple benefits such as continually "confronting the brutal facts" of departmental operations, fostering a sense of teamwork among Department Heads, and, of course, Continual Process Improvement.
- Conducting individual event reviews using CRI Form 817 for each event and activity. This form should be filled out routinely after each event by Activity Leaders or the Activities Director and filed for future use.

Continual **General Manager interest** in improvement is the single most important driver of Continual Process Improvement. When the GM requires Department Heads to demonstrate CIP, and their performance review depends upon it, it will happen. Without the GM's interest, it won't!

### The Absolute Importance of Benchmarks in Continual Process Improvement

Without a means of measuring improvements, it is impossible to gauge the benefits of any changes to the operation. But before you can evaluate the impact of any changes, you must know what the operating standard is (i.e., the existing benchmark or "baseline" of any operation, event, or process). When you know your operating standard, you can then compare changes in the standard as a result of new initiatives or changes to the operation. For example:

The Food and Beverage Director determines that with improved product training servers will be better able to "upsell" members on wines. Because she tracks her numbers of bottles of wine sold per day, week, and month, she knows that the club typically sells 71 bottles of wine per month at an

average sale of \$16.43. After several weeks of intensive wine training for her staff, she begins to see the number of bottles sold creep up, along with the average sale. After four months, her new operating standard is an average of 132 bottles of wine sold per month with an average sale of \$19.12. Further, because she benchmarked which particular wines were selling well and coordinated her wine purchases with the chef's new menu offerings, she was able to offer a new selection of higher margin Chilean and Australian reds.

### **Summary**

Continual Process Improvement is a discipline found in most successful enterprises. It is done with the understanding that in a competitive marketplace what you do successfully today, may not be successful tomorrow. In a world where rapid change and innovation have become the norm, we can only maintain our reputation for quality service by continually working to improve that service. In the words of our members, "What have you done for me lately?"

### Benchmarking Operations

Imagine two professional baseball teams. One team measures every aspect of every player's performance – the number of at bats; number of hits, walks, and strikeouts; batting averages against right- and left-handed pitchers; slugging averages; and fielding percentages. They also measure each pitcher's earned run average, number of base on balls, strikeouts, wild pitches; and so on. The other team decides it's too much trouble and keeps no statistics whatsoever.

These two teams will meet each other twenty times a season. While well matched in player talent, hustle, and desire and though each team possesses competent management and coaching, one team dominates the other season after season. Would anyone be surprised to discover which is the dominant team?

As everyone knows this example is ludicrous because every baseball team measures players' performance and uses this information to make crucial game decisions. What is it that baseball managers understand that some club managers don't seem to grasp? The fact that everything in life follows patterns. When patterns are tracked and analyzed, they can be used to predict future performance.

Benchmarking, the act of measuring and analyzing operating performance, seeks to understand the patterns underlying a club's operation. Reasons to benchmark include:

- Establishing the baseline or 'benchmark' of existing operational performance.
- Comparing future performance to the benchmark.
- Establishing realistic performance goals for future periods.
- Comparing a particular period's performance with past periods, other similar operations, or the industry as a whole.
- Identifying under-performance or best practices.
- Improving the accuracy of budgets.
- Forecasting business levels.
- Measuring member response to new products/services and initiatives.
- Providing hard numbers to support decisions and requests for additional resources.
- Establishing the condition of the operation when a new manager assumes charge.
- Establishing parameters for bonuses and other performance-based incentives.

A club manager, like the pilot of a plane or the captain of a ship, needs to know that all systems are operating within desired parameters. How will he or she know without detailed measures of performance? The club's monthly operating statements provide good basic information, but these summary numbers can mask troubling trends within the operation. For instance, higher food revenues can be a result of less patronage, but each member spending more because of higher menu prices. The manager is happy with the higher revenues, but is blissfully ignorant of declining member usage.

Benchmarking is best accomplished by club department heads who have bottom line responsibility. They have an absolute need to know and understand the underlying factors that affect their revenues and expenses. Each department head will need to decide what is important data to track. Most performance measures will fall into the following broad categories.

- Revenues, both aggregate and by type
- Expenses, particularly payroll as the single largest expense
- Inventories
- Retail sales mix to determine buying patterns of members
- Processes to track specific tasks or events

Most of the raw data necessary to benchmark comes from point-of-sale (POS) reports. Much of the lode of daily information gets looked at briefly by department heads or the accounting office and is then filed away, rarely to be seen again. The real value of this information comes from tracking it over time to determine trends by day of week, week to week, month to month, and year to year. This makes it necessary for managers to pull the daily information from POS reports and enter it into spreadsheet software.

Even without sophisticated POS systems, benchmarking can still be done. Cash registers offer a fair amount of data, but state-of-the-art POS systems provide the most information and the greatest flexibility of reports. Despite these reports, it is still necessary to transfer daily data into electronic spreadsheets that allow archiving of data for future analysis.

A few caveats:

- There are as many aspects of an operation to measure as time, resources, and ingenuity will allow. Focus on those most critical to a department's operation.
- Data used in benchmarking must be defined and collected in a consistent manner.
- When comparing data, always compare like to like.
- Ensure benchmarks measure practices and processes with only one underlying variable.
- Do not draw conclusions from too small a sample. The larger the sample, the more accurate the conclusion.
- When two pieces of data are compared to generate a benchmark, both a small sample size and/or extreme volatility in one or the other, can skew the resultant benchmark.

Benchmarking is not complicated, but it does require organization and persistence. It is best accomplished by setting up routine systems to collect, compile, report, and analyze the information collected. Like a baseball team, the knowledge gained by benchmarking will bring a club to the top of its game.

### Hand in Glove – Benchmarking and Budgeting

The first step in establishing an operating budget is to forecast revenues. Until some measure of anticipated income is projected, the level of variable payroll and operating expenses is pure guesswork. For existing operations it is easy enough to look back at preceding years' revenues and project accordingly. It is far more difficult in start up operations where even the guesstimates of the most experienced operator are suspect.

Yet even with operating histories at hand, the person preparing the budget must have some understanding of the interplay of volume and average member expenditure which underlie all revenue projections. This is important because the factors that bring a member to the club are far different than those that influence how much he or she spends. These two factors – volume and average expenditure – are key items to benchmark in any operation and are easily determined from point of sale or cash register reports.

As an illustration I shall use a golf course operation, but the same would apply no matter what product or services are sold. In our example, revenues come primarily from green fees, cart fees, merchandise sales, practice range fees, and food & beverage sales. The underlying volume benchmark is how many people use the golf course – the rounds of golf played.

By tracking these key revenues and golf rounds on a daily, monthly, year-to-date, and year-to-year basis, we can derive the following benchmarks:

- Green fees per round
- Merchandise sales per round
- Food sales per round
- Cart fees per round
- Practice range income per round
- Beverage sales per round

	Oct	Nov	Dec	Annual
<b>Rounds of Golf</b>	3,135	2,703	2,274	27,484
<b>Revenues</b>				
Green Fees	\$66,875	\$54,268	\$44,569	\$607,892
Cart Fees	\$39,904	\$33,267	\$27,224	\$352,852
Merchandise Sales	\$5,295	\$4,726	\$6,790	\$68,159
Range Income	\$4,148	\$2,670	\$3,323	\$37,892
Food Sales	\$6,436	\$6,245	\$5,247	\$64,268
Beverage Sales	\$3,624	\$3,139	\$2,876	\$35,698
Total	\$126,282	\$104,315	\$90,029	\$1,166,761
<b>Revenues/Round</b>				
Green Fee/Round	\$21.33	\$20.08	\$19.60	\$22.12
Cart Fees/Round	\$12.73	\$12.31	\$11.97	\$12.84
Merchandise/Round	\$1.69	\$1.75	\$2.99	\$2.48
Range Income/Round	\$1.32	\$0.99	\$1.46	\$1.38
Food Sales/Round	\$2.05	\$2.31	\$2.31	\$2.34
Beverage Sales/Round	\$1.16	\$1.16	\$1.26	\$1.30
Total Income/Round	\$40.28	\$38.59	\$39.59	\$42.45

**Sample Benchmarks Computed by Dividing Revenues by Rounds**

By recognizing that absent significant change or abnormal events, the recent past is the best predictor of the future, these benchmarks can help us determine our future rounds per period and revenues by round. All it takes is a little informed judgment and knowledge of upcoming events or trends that may impact the forecast.

By setting up a bank of data entry cells in a spreadsheet (shaded below), we define the assumptions underlying our revenue projections at the same time we create those projections. Nothing could be simpler – the spreadsheet is set up to automatically multiply the number of rounds by the benchmark for each revenue category to project future sales. Such clearly stated assumptions make it easy for superiors who review the budget to understand how the projections were made. It also makes it easy for the manager who has missed his or her projections in a given period to go back and see why they were missed – either not enough rounds of golf or lower expenditures per round.

Assumptions	Oct	Nov	Dec	Annual
Projected Rounds	3,300	2,800	2,250	28,550
Green Fees per Round	21.40	20.15	18.75	22.20
Cart Fees per Round	12.75	12.35	12.00	12.90
Merchandise Sales per Round	1.75	1.85	3.05	2.50
Practice Range Income per Round	1.35	1.05	1.50	1.45
<b>Income</b>				
Green Fees	\$70,620	\$56,420	\$42,188	\$633,810
Cart Fees	\$42,075	\$34,580	\$27,000	\$368,295
Merchandise Sales	\$5,775	\$5,180	\$6,863	\$71,375
Practice Range Income	\$4,455	\$2,940	\$3,375	\$41,398
<b>Projected Revenues using Rounds and Revenue per Rounds Benchmarks</b>				

Once revenue projections are made, it is easy enough to project operating expenses if they have been benchmarked as a percentage of revenues. Therefore, if office supplies have historically run at say .12% of revenues, then it's a good bet, that absent significant change, they'll continue to run at that level.

Given the magnitude of payroll costs in most operations, payroll can also be projected using volume (number of hours worked) and average hourly wage benchmarks. These are easy enough to track since gross pay is a function of how many aggregate employee hours are worked and what the gross payroll amount is for any given pay period and by extension for the entire fiscal year.

My own experience with benchmarking for over 30 years has proven not only the practicality of benchmarking to better understand one's operation, but also as **the most effective** tool for easy and accurate budgeting. To say they go hand in glove might be an understatement.

### How Secure is Your Club?

Security is the overall responsibility of the Club General Manager, but may be delegated to Department Heads in various areas of the operation. These individuals have close contact with and daily supervision of their areas and are in the best position to ensure their security.

The following areas, because of the value of items maintained therein, should have assigned responsibility for security and written opening and closing procedures to ensure that they are properly monitored or secured at all times.

**Key Control.** Clubs are often large and spread out into multiple facilities with different areas operating on different schedules. Different staffs have different needs for access to these areas. For instance, while the dining room is the work area for the food and beverage staff, it must also be accessed by the housekeepers and maintenance staffs. The keying of the doors is first established with the expected needs of these staffs in mind, but needs change over time and employees come and go. Without a thorough key control plan and careful monitoring of who has what keys, the security of the club can be quickly compromised.

**Retail Shops and Storage Areas.** Retail shops have large, expensive, and desirable inventories and should be closely controlled. Closing employees must be trained and held accountable for properly securing the retail and storage areas. Because of the value of the inventory, retail outlets will normally have security systems to include door contacts, motion sensors, and video cameras.

**Food Storerooms and Walk-ins & Alcoholic Beverage Storage.** The same applies to any areas that contain food or alcoholic beverage stocks.

**Kitchens & Bars.** Kitchens and bars not only have stocks of food and beverage, but also valuable equipment and supplies. Also, they are among the last of club facilities to close for business. Assigning responsibility and accountability for security of these areas is of paramount concern.

**Cart Barn.** The cart barn or storage area contains high value equipment and supplies and is usually open later than the golf shop. Often, line employees are left to close up without management supervision.

**Bag Storage.** In some cases members have thousands of dollars invested in their golf clubs and bag. Further, the club charges an annual fee for storing the members clubs on the premises. Theft of members' equipment is extremely embarrassing to the club and warrants extra efforts to protect the members' investment.

**Pools.** Swimming pools represent both a security and a safety hazard. While there is some danger of theft of pool equipment and seating, the larger concern is of unauthorized use and vandalism.

**Golf Course Maintenance Shop.** The Golf Course Maintenance facility is filled with high-priced equipment. Add to this its usually remote (and often concealed) location, and it can be a tempting target for thieves. Having an appropriate and monitored security system is essential to protect the club's large investment here.

### Summary

The effort of all security practices and devices should be the prevention of loss and the safety of members, guests, and employees. While well-designed security systems can go a long way to limit the club's risk, it is for

naught if employees are not properly trained to operate the system, do not have assigned accountability for security matters, and are not vigilant regarding security matters. In the final analysis, technology can be a great aid to ensuring security, but ultimately the security of a club rests upon the interest and vigilance of its management.

### Safety

Of the many responsibilities facing club managers and supervisors, none is as important as maintaining the health and safety of members, guests, and employees.

To this end, it is incumbent upon each manager to ensure the safety of those areas of the operation directly under his or her control. This must be done by conducting regular safety inspections, identifying and correcting safety hazards in a timely manner, properly training employees, establishing a high degree of safety consciousness in the organization, analyzing all jobs for inherent safety hazards, preparing plans to deal with emergencies, and collecting and analyzing safety benchmarks.

#### General Manager Responsibilities

The General Manager has ultimate responsibility and authority to ensure that the club provides a safe environment for members, guests, and employees. As a result, he or she is responsible for developing a Safety Plan for the club.

Often, the General Manager will appoint a Safety Manager who is charged specifically with developing and implementing the Safety Plan and ensuring the ongoing safety of club premises and work practices. Other safety related responsibilities include:

- Maintaining oversight of the Safety Manager's efforts.
- Ensuring the development of a safety "consciousness" among all management and supervisor staff.
- Being actively involved in safety issues, supervisory training, and hazard discovery and correction.
- Ensuring proper maintenance of all furniture, fixtures, equipment, and machinery.
- Monitoring and analyzing safety benchmarks.
- Ensuring thorough investigation of all accidents and determination of corrective action.
- Meeting all OSHA and local health and safety requirements.

#### Management Responsibilities

Managers and supervisors must meet the following responsibilities:

- Identify any safety hazards in their areas of responsibility.
- Analyze departmental positions for inherent safety hazards.
- Modify work practices or work spaces to reduce hazard risks.
- Ensure proper training of employees in all matters relating to safe work practices and work environment.
- Cooperate with the Safety Manager in conducting routine safety inspections.
- Correct all deficiencies noted in such inspections in a timely manner.
- Investigate and analyze accidents to determine unsafe condition and causes of accidents.

- Promptly and properly complete Accident Reports when necessary.
- Enforce safe work practices, special safety requirements, and the use of safety clothing, equipment, and protective devices.

#### **Employee Involvement & Responsibilities**

Employees by virtue of their intimacy with work practices have a special responsibility to report any unsafe condition or practice immediately. Further, they must work safely and adhere to all safety directions, policies, and procedures. Lastly, they must immediately report any accident or injury to their supervisor.

Employees will meet their responsibilities only if they are assured of management's commitment to a safe workplace and that the safety program is an integral part of club operations. If they sense that management is simply going through the motions, they will too.

Employee involvement means that employees are required to;

- Work in compliance with the rules,
- Report all work-related injuries, accidents, illnesses, and near misses, and
- Report all unsafe condition or work practices

#### **Individual Accountability**

The Club Safety Plan will only be effective if everyone is held accountable for their duties, responsibilities, actions, and reporting requirements. Managers at all levels, but particularly the General Manager must ensure accountability for plan implementation.

All employees, regardless of title, duties, and responsibilities, must understand their part in establishing and maintaining a safe and healthy work environment and will be held accountable for complying with health and safety policies, procedures, and rules.

#### **Communication**

All matters relating to health and safety must be communicated consistently and thoroughly to all employees. A formal system of health and safety communications will encourage employees to inform management about workplace hazards without fear of reprisal. Elements of such a system include:

- Periodic meetings.
- Posting all safety related communications, to include agenda and minutes of Safety Committee meetings, on designated bulletin board(s).
- Safety training program.
- Use of a suggestion box so that employees, anonymously if desired, can communicate their concerns to management.
- Document all safety communications so that the record of safety efforts can be reviewed by employees or other interested parties.

A Club Safety Committee is an excellent vehicle for establishing and facilitating communication and involvement of all employees in the matters pertaining to health and safety in the workplace.

### **Hazard Discovery & Control**

It is the policy of the club that a continual and conscientious effort be made to identify workplace hazards and that such hazards, when identified, be controlled by timely and effective action. Hazards can be any work practice, work environment or condition, or use of chemicals, equipment, utensils, tools, etc., that could cause injury to employees or others in the vicinity.

Hazard discovery and control is an ongoing responsibility of the club. Therefore each Department Head is required to review his or her areas of responsibility on a quarterly basis to identify potential job hazards. This requirement is usually challenging the first time it is done. Thereafter, absent significant change in the work environment or work practices, the review should be routine.

The easiest way to identify job hazards is to review employee job descriptions. Make sure they are accurate and complete and then review each duty to determine whether or not there are associated hazards. If so, note them on the job description. It's also a good idea to discuss potential job hazards with employees. Often they are in the best position to notice safety hazards.

Employees are instrumental in this process if they are encouraged to report possible hazardous conditions or situations.

- But unless employees see the club make prompt efforts to address reported hazards, they will soon lose interest and faith in our commitment to safety.
- Therefore, a major and positive emphasis will be placed on hazard identification and managers and supervisors at all levels are expected to continually remind employees of the importance of their vigilance and input.

### Reporting and Tracking Job Hazards

Any employee can report a job hazard by filling out a Hazard Alert, CRI Form 659. This completed form will then be passed to the Safety Committee where it will be assigned a number and tracked.

A written hazard control tracking system is an integral part of Safety Committee operations and is used to monitor the progress of hazard correction. The Hazard Tracking Log, CRI Form 660, is used for this purpose.

### Control of Job Hazards

Once a job hazard has been identified, it is the responsibility of the Department Head to notify and work with the Safety Manager to design corrective action to control the hazard. Job hazards can be controlled by any of the following:

- Engineering Controls – There are numerous engineered safeguards used to protect employees and prevent exposure to hazards. Examples of engineering controls are machine guards, safety controls, isolation of hazardous areas, monitoring devices, etc.

- Administrative Controls – These controls involve the use of procedures, assessments, inspection, records to monitor and ensure safe practices and environments are maintained. Examples of administrative controls are periodic inspections, equipment operating and maintenance procedures, hazard analysis, selection and assignment of personal protective equipment, etc.
- Training Controls – This aspect of hazard control is used to ensure employees are fully and adequately trained to safely perform all tasks to which they are assigned. No employee is to attempt any task without proper training in the equipment used, required personal protective equipment (PPE), specific hazards and their control and emergency procedures. Examples of training controls are new hire safety orientation, job specific safety training, and periodic refresher training.
- Personal control – Issuing personal protective equipment, where needed, instructing the employee as to proper use and maintenance, and posting warning or caution signs at the point of hazard.

Department Heads and the Safety Manager will seek the General Manager's approval before implementing any costly control efforts.

### **Accident/Incident Investigation**

It is the policy of the club that all work-related accidents or incidents be investigated thoroughly for the purpose of preventing future occurrences.

#### Definitions

- Accidents are unplanned, unwanted events that causes injury, illness, or property damage.
- Incidents are unplanned, unwanted events that do not result in injury, illness, or property damage. Often an incident is referred to as a "close call" or "near miss."

Accident prevention and control of hazards is the result of a well-designed and executed health and safety program. One of the keys to a successful program includes unbiased, prompt, and accurate accident investigations. The basic purpose of these investigations is to determine measures that can be taken to prevent similar accidents in the future.

Supervisors are required to investigate accidents and incidents. The Safety Manager will ensure that supervisors are properly trained to conduct investigations and will review each accident report.

The focus of investigations is on determining the cause(s) of accidents and incidents so that actions can be taken to preclude reoccurrence. The focus is always on solutions, not on placing blame.

Investigation findings will be in writing and will adequately identify all proximate causes. Findings will be forwarded to General Managers for review and action as necessary.

### **Safety Training**

It is the policy of the club that employees be trained in all matters pertaining to maintaining a safe and healthy workplace.

Safety training is an essential element of any Safety Plan. OSHA rules require each employer to train employees for any job or task to which they are assigned. The Safety Plan must include the following training:

- For all new employees when hired.
- For all new employees for each specific task.
- For all employees assigned new jobs for which training has not already been given.
- Whenever new substances, processes, procedures, or equipment are introduced into the workplace and present a new hazard.
- Whenever the club is made aware of a new or previously unrecognized hazard.
- For all supervisors to ensure they are familiar with the health and safety hazards to which employees under their immediate direction and control may be exposed.

An effective health and safety plan requires proper job performance by everyone in the workplace. As the employer, we must ensure that all employees are knowledgeable about:

- The materials and equipment with which they work,
- What known hazards are present, and
- How they are controlled.

### **Summary**

Safety is not to be taken lightly. Planning for a safe club environment must be done before a serious accident, injury, or death. Afterwards you can only live with the consequences and the nagging sense that there was always more you could have done to prevent it.

### Make It Sparkle!

When one considers all of the things that go into making a club distinctive and appealing to its members, one of the most visible is its cleanliness. Whether a club has its own housekeeping staff or contracts with a cleaning service, cleanliness is an essential element of a quality club operation. As with any other aspect of quality, standards must be defined and ensured.

The following list includes some of the essential areas that must be monitored for a high level of cleanliness:

**Entryways** are one of the most visible areas of the club through which every member and guest will pass, and often make the first impression of any visit to the club. Sidewalks and pavers must be constantly blown or swept. Cigarette butts must be policed continually; trash or butt cans must be cleaned and emptied frequently. The entry door must be appealing. Smudges and handprints on glass doors or sidelight windows are unsightly and require constant wiping. The doorsill or plate has edges and grooves that collect dirt and debris and is often overlooked. Entry walk-off mats need to be removed and cleaned daily.

**Restrooms** are areas where members expect the highest level of sanitation and cleanliness. They are used constantly and need constant attention. Sinks and counters need to be wiped down. Mirrors get spattered and must be cleaned. Trash cans, particularly on busy occasions, can overflow with hand towels and waste. Supplies must be checked and replenished as usage levels dictate.

**Dining Rooms and Bars**, because of the food and beverages served, must be kept clean and “appetizing” at all times. Trash cans must be emptied frequently, wiped down, and sanitized to avoid offensive odors. Carpets around tables and chairs receive spills and dropped food items. They must be vacuumed thoroughly on a daily basis and shampooed with some frequency. The furniture itself must be cleaned daily to prevent food buildup. Young children can make a mess of highchairs with each use. These must be cleaned and sanitized after each use. Menu covers can quickly get smudged and grimy and should be cleaned or replaced often.

**Lobby or Seating Areas** often have large overstuffed furniture. These should be vacuumed daily, particularly the cushions which collect dust and debris, under cushions, and along raised seams. Tables and bookshelves need to be dusted daily.

**Picture Frames, Paintings, and Window Molding** need frequent dusting and are often overlooked, particularly if high on a wall.

**Windows** allow light to enter and **Mirrors** reflect that light. Often one doesn’t notice how dirty they can get until light hits them in a certain way and this will most certainly be noticed by members and guests.

**High Ceilings, Chandeliers, and Ceiling Fans** give dramatic effect, but are the perfect place for cobwebs and dust to collect. Inspecting with a keen eye and the use of a telescoping duster should be a daily habit, particularly in dining areas.

**Verandahs and Porches** require the same discipline, but even greater vigilance given their exposure to the elements.

While not as visible, **Sanitation** is of even greater importance given the health and hygiene implications. A recent television report claimed that tests had shown that the handles on grocery carts harbored more germs than toilet seats. While clubs don't use grocery carts, the undeniable implication of this story is the near universal transmission of germs by people's hands. A further story had a doctor saying that the most effective habit in avoiding the flu was constant hand washing.

These two stories combined point out the necessity of using disinfectant cleaners on any surface touched by human hand. Some surfaces that readily come to mind are door knobs and handles, banisters and railings, flush handles on toilets, sink handles, golf car steering wheels, armrests on chairs, bar and table surfaces, water fountains, ice machines, dish or glass washers, or any other surface or place frequented by members, guests, and employees – particularly those employees who handle food and drink.

Paying attention to these issues of cleanliness and sanitation will go a long way in creating the very real impression of a quality club operation. While the housekeeping staff or contractor may be charged with the tasks of cleanliness and sanitation, it is still the managers' responsibility to establish the standard and to ensure it is met. Making all employees aware of the need for a clean and sanitized operation, and providing the necessary tools and training for each department to clean whenever there is spare or down time, will ensure that everyone recognizes the shared responsibility of keeping your club clean.

And giving it that extra sparkle will help your operation and reputation shine!