

The Club of the Present (and Future): What Members Want

By Scott Kauffman

Throughout America, many of the country's most successful private golf and country clubs are recapitalizing and reimagining their club assets like never before. For the most part, these investments are an ongoing effort to stay relevant and attractive to existing and/or prospective members in what continues to be a competitive private club industry.

By one measure, golf course renovation projects alone have totaled an estimated \$3 billion at 986 facilities since 2006, according to recently released data from the National Golf Foundation. Examining major renovations over the last several years (where courses closed a minimum nine holes for a minimum three months to complete the project), the average capital investment was approximately \$3 million per 18 holes. And this is a conservative figure, the NGF report added, taking into consideration a wide range of facilities, project types and geographic locations.

What the Jupiter, Fla.-based group doesn't take into account are the vast number of clubs committing millions of dollars behind newly improved clubhouses alone. Then, there are the ubiquitous brand new or upgraded health and wellness centers being built all across the country, world-class resort-style pools or aquatic facilities getting constructed, and, of course, all of the newly enhanced clubhouse dining venues and food-and-beverage options opening up.

Safe to say the days of golf-centric clubs are over, except for those rare clubs with certain cachet or golf pedigree and prestige. In other words, for clubs to retain members and add new ones these days, they have to be multi-dimensional in what they offer and represent a more comfortable and hospitality-like look and feel. And equally as important in its survival, golf and country clubs must cater amenities and services to the entire family unit if it wants to thrive in the new-age club demographics.

So what does a model golf and country club look like these days? Perhaps it's the newly relaunched Rolling Hills Country Club overlooking the Los Angeles basin in Palos Verdes.

Established in 1965 as a 9-hole club, Rolling Hills did just fine for much of its existence. But once the Great Recession set in, club leaders struggled to keep and attract new members for a golf-centric facility that cost \$25,000 to join. In fact, longtime general manager Greg Sullivan, CCM, says the club had a waiting list of about 100 members wanting to leave just a few years ago.

That's when Sullivan and the Rolling Hills board embarked on an aggressive campaign to reinvent itself as a "world-class, full-service golf and country club" that not only begins with a new David McLay Kidd-designed golf course under construction, but new clubhouse amenities that will rival any five-star resort.

After assessing willing members \$40,000 to be a part of the 'new' club in 2014, closing the original course a year later and investing some \$70 million into a new clubhouse and array of amenities, Rolling Hills reopens this fall as one of the most sought after clubs in America. How

else can one describe a club where the sold-out initiation fee is now \$175,000 and there is a waiting list to get in.

“Unless you’re Augusta National or L.A. Country Club where you have that history or prestige and people will come far and away to be a part of and join, it’s exceptionally rare,” says Sullivan, in reference to golf-only clubs. “Back in early 2000, the McMahon Group helped us with our vision and direction of where we wanted to go, being a family-friendly, full-service country club. That influenced all of our design decisions.

“Over the years, we spent a lot of time together with consultants looking at best practices of the most successful clubs in the country and southern California, and the most common denominator for successful clubs was appealing to the entire family unit. Not just the golfer, but to the wife and the kids.”

To be sure, Sullivan and other peers agree that golf is still paramount at many top clubs. It’s just increasingly becoming a lesser part of the big-picture priorities.

“If I were to rank them, No. 1 is still the golf course far and away,” adds Sullivan, whose membership is ecstatic about having one of the world’s limited McLay Kidd courses to call home. “Having a great golf course and having a great practice facility is the No. 1 driver. But it can’t be out there alone, otherwise you’re only getting people interested in golf. Then, what’s really close behind (golf) is what we found out with our new clubhouse amenities.

“We’re building is a 6,000-square-foot fitness center and spa, and we have an aquatic complex that has a resort-style swimming pool, adult-only section, fire pits, bocce balls, cabanas and big event lawn. All of the things you would see in a five-star resort, we incorporated in what we call our member’s private resort. So that’s really driven a lot of the demand. The golf course is important. ... But the social aspect and the fitness and the aquatic is really allowing us to go to the second level. Not only in price, but to have an extensive waiting list to get in. Those elements really drove that.”

Indeed, it’s a far cry from what was once a modest neighborhood club on 90 acres with a 9-hole layout. Now, 450 equity members will soon be enjoying 160 acres of luxurious club life thanks in part to strategic land partner, The Chadmar Group, who is developing and building more than 100 multi-million residences adjacent to the club.

Aubie Goldenberg, a 10-year member of Rolling Hills and current RHCC president, is one of the club’s avid golfers and biggest advocates of the club’s new vision. When asked what influences his Rolling Hills membership, Goldenberg said it’s all about the “community, friends and family.”

“It’s about creating and participating in a place,” says Goldenberg, 50, and father of two teen-aged children. “I want to play a great golf course but you can play great golf courses anywhere. Access to golf was critical and having rounds that can be played in under four hours - that was critical to me. But all that does is allow you to be a member of a golf club.

“We really, from a family perspective, wanted that country club experience. We want great food; we want access to great member events and activities. We want access to a fitness center and the social opportunities at the pool or bocce court. Some of the best times you can have are meeting a group of guys or friends, couples, whoever it is, on a Thursday after work to grab dinner. And having a bottle of wine sitting outside where you’re able to relax and enjoy everything we have to offer. We have tremendous weather, got spectacular views and we’ve got incredible members. Who wouldn’t want to spend time here? That sense of belonging and community is invaluable.”

In other words, building and having all of the finest amenities and infrastructure is just part of the success quotient. What is really valued and desired by members as much as anything is that sense of ‘community,’ or other intangibles that cannot be built such as “experience.” As a leading developer of private resort-style club communities once put it, anybody can build the hardware; it’s the software that matters.

Henry DeLozier, an Arizona-based partner with Global Golf Advisors, says one fundamental characteristic all successful clubs have is a “platform for socialization.”

“Make it easy to meet and get to know new friends,” DeLozier adds. “Create memorable experiences. People join clubs to make new friends and to share new experiences. Also, to have fun.

“The decision-maker in most membership joining decisions is the female partner and she wants to fit in, have friends and fun. Clubs that offer a facilitated lifestyle which helps her to accomplish both of her objectives are going to be successful.”

Most importantly, all of this is one way clubs ultimately create greater “value” for its constituents. And value, members and experts agree, doesn’t necessarily start with the physical assets of a place.

According to Pipeline Marketing co-founder and president Shannon Herschbach, “lack of value” is almost always the top reason resigning members cite on their exit surveys.

“The problem is that clubs have generally focused much of their time and energy on managing the price side of the equation,” added Herschbach, who is based out of the greater Los Angeles area. “But that’s the easy part. And most clubs will change pricing to react to a competitor without an adequate test of their value proposition to their target audience using storytelling campaigns. Prospects provide the best market intelligence, not competitors.

“Without a corresponding increase in value, clubs that raise dues every year risk creating an out of balance value proposition. To combat this, clubs must first focus on perceived quality – as this is the most essential element of value. Beyond quality, clubs should look for ways to enhance value in ways that foster a stronger sense of connection and belonging.”

For instance, two ways clubs can go about achieving the latter, and in return, more value, are through charity and family.

“Clubs are great vehicles for social impact through charitable giving,” Herschbach said. “Another way to create value is to make membership an heirloom that can be passed to future generations within a family.”

In the North Carolina region locals call the Piedmont Triad, Forsyth Country Club is another model club for success when it comes to reinventing a place with decades of golf-rich history. Founded in 1913 and featuring a Donald Ross-designed course, Forsyth started its strategic master plan about five years ago and began delivering on its new amenities and services in 2014 when the Winston-Salem club added a lounge/bar area as part of a more “casual grill operation,” according to longtime chief operating officer Lee Smith, CCM/CCE.

Then, in late 2015, the club opened a new state-of-the-art, 17,000-square-foot health and wellness center that Smith says is getting double the foot traffic compared to his golf course each day. This latter amenity, as well as the hip new dining venue led by a top graduate from the Johnson & Wales College of Culinary Art, are just a couple reasons Forsyth quadrupled its 40-and-under members in the last eight years. Another major stimulus: A new tiered membership plan geared towards younger families or professionals, allowing them to enter at a fraction of the club’s \$35,000 initiation fee and enjoy the club at a fraction of the monthly dues.

“There’s no silver bullet,” says Smith, whose club has about 970 member families. “I will say having things in particular that cater to women and their families are important. I think golf is our core business and will be for the foreseeable future. But there’s also needs to be a number of other attractions for the families and ladies who aren’t so golf centric. The member has got to have a way to feel valued in today’s world.”

For retired business executive Benjamin T. King Jr., an avid golfer and past president at Forsyth, that value is partly measured by the growing sense of community being developed and experienced at his longtime club.

“Central to everything a club does needs to be grounded in a value proposition, and that value proposition has to be grounded in quality in everything you do,” adds King, a professor in the school of business at nearby Wake Forest University. “There’s a very classic equation in business that asks people what value is, and value is always defined as quality in the numerator and price in the denominator. You can’t focus on the P; you have to focus on the Q.

“You get the ‘Q’ right and everything else is right. So we’ve don’t that. Our value proposition is very grounded in quality in everything we designed and built. Starting with our fitness center. When we articulated our design principles to our architect we said we wanted a fitness center to be our ‘in-town resort.’ So now our members can’t find a better fitness center at a Ritz-Carlton in Atlanta or Four Seasons in Hawaii.”

As King puts it, this concept became the cornerstone of the reborn Forsyth’s every amenity and service. For instance, when they sought to hire a new sous chef for the redesigned dining and lounge options, the club hired someone the Dean of Johnson & Wales described as their best culinary talent in years.

“We hired the man, and guess what,” says King. “You can’t get a seat in our restaurant now. It’s the best restaurant in town. It speaks again to that value proposition and how it translates in terms of facilities and other things. ... This to me is the centerpiece of being a very healthy club and attracting all types of members.

“Then, if you take this approach, you start building communities around all these high-quality facilities and opportunities. Whether it’s around golf, the dining, fitness whatever. You’re starting to build communities with whom these value propositions resonate.”

What is clearly resonating across the country’s private club landscape are flexible stepped-up membership plans or social memberships targeting young professionals and families who might want to test-drive or lease the lifestyle rather than make a full membership purchase up front.

“With a multi-generational membership, we encourage clubs to think about the work styles and lifestyles of their target membership group,” says Whitney Reid Pennell, president of RCS Hospitality Group. “For example, if they’re targeting young families under the age of 35, many clubs are offering payment plans for initiation fees and reduced dues for a period of time to encourage membership.

“The idea is that this group has not yet built up the cash reserves for a large initiation fee. Nor do they have a lot of time to golf and use the club. But want a place to be for holidays, celebrations and family events.”

Reid Pennell agrees with others that it’s about the “value proposition,” much more so than just the cost.

“If the club is providing something the member wants at a good price, they will find a way to join,” she adds. “It just has to serve their needs and encourage frequent use to create that value proposition.”

Another historic golf club that had to address a stagnant and aging membership was Belle Haven Country Club in Alexandria, Va., just outside the nation’s capital.

“The number one constant is change,” says Belle Haven general manager/chief operating officer Bob Gusella, CCM/CCE, whose full-service golf club opened in 1924. “Any established club like Belle Haven that’s been around as long as we have in a dynamic market that’s changing, knows this. The club of today is not the club of the past; and the club member of any club as old as ours is not the club member of the past.”

So one of the strategic moves under Gusella’s leadership at the four-and-five-generation club was embracing the proverbial private club family elephant in the room.

“We jumped in the pool in the deep end with both feet to be a family-oriented, family-friendly and family-focused club,” Gusella says. “Not just family tolerant, but legitimately embrace the families and with that comes every bit of what it means to have a family and some kids. What I mean by that is if you’ve ever had kids or observed them, you’ll know it’s not all like a Norman Rockwell painting.

“Kids like to run around and sometimes kids get a little crazy. And sometimes the parents do and grandparents. ... So there’s this notion of being a family-friendly club and knowing there’s got to be some guidelines and space for parents and kids to have some fun. And quite frankly, as younger parents join the club, part of it is these new members of the club – as adults – are behaving properly. That’s all part of the mix. So one thing for sure that is helping our club to thrive is that lock, stock and barrel we are a family club.”

Moreover, using Belle Haven’s Legacy Membership offering as a basis, where children or grandchildren of members can join and enjoy the \$82,000 club at a reduced rate, Gusella’s team has been able to reach outside the membership roster and successfully grow a similarly youthful new membership base through its Young Executive plans

For instance, designed for individuals or families between the ages of 21-40, this segment of the population can join Belle Haven and enjoy all of the various recreational activities with some golf restrictions and no voting privileges. Once the initiation fee is paid in full, these restrictions are lifted. Segmented by ages 21-29, 30-35, and 36-40, these individuals basically get to enjoy this club community starting at a younger age with reduced initiation fees and monthly dues.

“This entry point has really struck a vein for young professionals ages 45 and under,” Gusella says. “We basically built a membership for them. We’ve got 40 new members in the last 18 months.”

Again, industry experts stress while some marketing strategies might seem successful if there is a ‘cost-effective’ element associated with the plan, clubs that compete mainly on “price,” Herschbach says, whether it’s through relatively low-set pricing or through discounts and incentives, tend to struggle with retention, as these members are “only loyal until there is a better deal somewhere else.”

Moreover, clubs equally tend to struggle with new member recruitment when they compete mainly on utility as they often “fail to adequately differentiate themselves from their competitors’ products, facilities, amenities and location – shifting the value proposition back towards price,” according to Herschbach.

“We’ve been contacted by several clubs recently that have invested in mid-to=large-scale capital improvement projects only to find that just because they build it, doesn’t necessarily mean the new members will come,” Herschbach adds.

In her travels, Herschbach says the most successful clubs are the ones ultimately using “experience” as their key advantage.

“These clubs can charge more for the same basic utility because they utilize themes that create a sense of identity, purpose, and adventure,” she says. “Fundamentally, clubs help us gain a sense of ‘identity’ through specialized programs and activities that perpetuate our common interests, and unifying experiences that bring like-minds together.

“They help us realize a greater sense of ‘purpose’ by providing opportunities to become part of something bigger than ourselves, and help our intentions to become actions. They give us a sense of ‘adventure’ by providing a fun, enticing atmosphere that helps us feel more alive.”

Does this sound like your club today? If not, maybe the following feedback from Forsyth County Club’s longtime COO might have meaning.

“Today, the member experience and lifestyle has to be absolutely spot on,” says Smith, a member of the Carolinas CMAA Chapter since 1995. “I think name recognition is No. 1. It’s passion of the staff and delivering on that experience every day. You’re only good as today.

“It’s the moment of truth always. When you have a chance to wow that member, and make ‘em feel good. That’s value. That’s what’s going to make a business model work. That value proposition, which helps somebody decide whether I’m going to stay or move on.”

It’s a principle that might just help Forsyth survive another century.