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PLUTONIUM ENDORSEMENTS

"I appreciate all that Michael has done in assisting us in making strides to take our club to the next level. His input and analysis have been spot-on and most appreciated. My entire board had access to The ABC's of Private Club Leadership!"

Tommy Brennan — President — Tchefuncta Country Club — Covington, LA

"Very compelling. Wished I had this information years ago! Easy and fun to read."

Jody Clor, GM/COO — Old Overton Club — Vestavia Hills, AL

"The ABC's of Plutonium Private Club Leadership is thought provoking, enjoyable and a must read for volunteer directors and industry professionals with a keen interest in gaining a deeper understanding and perspective of the Private Club Industry."

Frank Cordeiro, COO — Diablo Country Club — Diablo, CA

"This book is awesome! The 'ABC's' is a comprehensive private club leadership handbook that everyone should keep on their nightstand. I love that you thought it important to cover not only the core competencies, but touched on the nuance subjects that make club leadership the challenge it is. Thank you for believing this project was worth pursuing."

John R. Finley, CCM — Managing Partner — Paisano Performance Partners

"The expertise found in The ABC's of Private Club Leadership accurately encapsulates Michael's approach. He delivers the highest quality member experiences with impeccable integrity."

Jere Fonda — Past President — Thunderbird Country Club — Rancho Mirage, CA

"The ABC's of Private Club Leadership has so much useful information and hits on topics that some Clubs would rather not address and kick that can down the road. I plan on making this book a part of Board orientations, as well as available to committee members."

 ${\it Tim Mervosh, COO/GM-Thornblade\ Club-Greer,\ SC}$

"A very comprehensive and fun read with valuable information for any manager, CEO, or member involved in committees or Board of Directors. Michael's passion and knowledge of business, organization and the critical personal touches permeates his 'A to Z' approach!"

Andy Pavlovich – Past President, Hallbrook Country Club — Leawood, KS

"A thought provoking and insightful book of step by step for boards, managers, and staff alike! This is clearly not a "one and done" read! Thank you for capturing all of this information in one area in an easy to read format!" Steven Rosen, GM — Indian Wells Golf Resort — Indian Wells, CA

A "must have" reference manual for Managers, Assistant Managers and Wanna-Be-Managers. The BIG issues are addressed, insights provided and guidance given in an easy to digest, easy to reference, easy to "thumb through" and enjoy format. "Plutonium" is a must-read because it's delivering "the meat" in a fun-to-read format that's energized with The BUZZ!!! Boring it ain't — USEFUL it is. For anyone wanting to manage clubs, this is the one book that should be chewed on at least once-a-day, every day, forever. Good stuff!!!"

Gregg Patterson — Founder and President — "Tribal Magic!!!"

"As a past president, as well as a current member of multiple top-tier clubs, I can say that volunteer board members should read The ABC's of Plutonium Private Club Leadership as a routine component of their orientation and that private club GM/COO's and key department heads should all have their own personal copies as well. I have observed Michael's impact at multiple private clubs, ranging from small town country clubs to major resort clubs over a long period of time and his "ABC's" empowers everyone to produce a higher level of member experience."

Walt Sinclair — Boise, Idaho

"This book tackles many private club issues with unique insight, fun and superb understanding of the challenges Club leaders face. The understanding of what Club leaders should expect from their GM and also what their fellow members should expect from the BOD's is some of the best I have seen in any business. I worked very closely with Michael on a management transition in our Club, and he provided sound advice and leadership that we are benefitting from to this very day. However, most importantly, serving in Club leadership is fun and rewarding again."

 ${\it Gary\ D.\ Smith,\ President-Mission\ Hills\ Country\ Club-Mission\ Hills,\ KS}$

"This book is a 'must read' and reference item for any private club leader that wants to understand how an excellent Club should be run. Many insights provide a road map to problem solving for executives in the Club field."

Sal V. Spano — Former Arvida/Disney CFO — President, Palm Beach Polo

Sal V. Spano — Former Arvida/Disney CFO — President, Palm Beach Polo Golf and CC.

INTRODUCTION

The inspiration for *The ABC's Of Plutonium Private Club Leadership* came during a taped-live program on *Private Club Radio*. The featured guest that day was Michael Crandal, CNG — being interviewed by host, Gabriel Aluisy.

Just prior to closing the show, Michael asked Gabe if he'd be interested in a piping-hot bowl of "Today's Special." Gabe quickly confirmed, and here is what Michael served up.

TODAY'S SPECIAL IS ALPHABET SOUP!

Assessments are a "No – No". Board members are kept in the know. Capital reserve plans are firmly in place. Depreciation funded means assets don't go to waste. Equity memberships need to go. Food minimums — also. Golf is for all genders and the whole family. Hospitality indeed extends to the tee. Initiation income is slowly on the rise, while Junior Programs are starting to thrive. Kids are kept busy while young parents exchange high-fives. Legacy memberships are proving a pipeline to survive. Members & management are in constant harmony. The Nominating committee is renowned for selecting quality. Operations are such that all feel pride. People are in the right places — deep and wide. Quality is never left to chance. Restaurants serve nothing but excellence. Sacred cows are not allowed to graze. Traditions are respected, while simultaneously the bar is continually raised. Unbelievable stories abound of great staff anticipation. Visitors covet members extending invitations. Wait staff service is top-tier. X-tra attention is given to all members and guests. Younger members, yes they see — Zee club — Zee club! Is the place to be.

The "Special" that day proved wildly popular, as private club leaders nationwide requested hard copies to distribute at board meetings. Thus, Michael and Gabe conspired to further expand the recipe to cover from "A" to Z" many of the "secret sauce" ingredients of *PLUTONIUM PRIVATE CLUB LEADERSHIP*.

DISCLAIMER: This is **NOT** a **textbook** that one would study in order to prepare for some sort of a written exam. Instead, think of this as a **handbook** of insights that bring all of that boring (yet vitally important) textbook data to life.

THE ABC'S OF PLUTONIUM PRIVATE CLUB LEADERSHIP

Many individuals in varied careers study those textbooks to pass written exams (just look at all those certificates on the wall, and the letters behind their names to prove it) And perhaps in the corporate world, book knowledge is often enough.

HOWEVER—the world of private club leadership spins on quite a different axis. Book knowledge alone, no matter how deep, is simply not enough.

Book knowledge, facts, figures, charts, SOP's and KPI's (as important as they may be) are, frankly — boring. The

THERE ARE MANY VERY CAPABLE IN-DIVIDUALS IN POSITIONS OF LEADER-SHIP AT PRIVATE CLUBS. PRESIDENTS, BOARD AND COMMITTEE MEMBERS. GM/COO'S, DEPARTMENT HEADS AND STAFF MEMBERS. YET, THE COLLEC-TIVE EFFORTS OF ALL ARE OFTEN "CAPPED" AT A CERTAIN LEVEL, EVEN AT SO-CALLED TOP LEVEL CLUBS.

greatest private club leaders (volunteer and paid) bring far more to the table than that. Boredom is not allowed. It is indeed exciting to go to that next level.

So, don't forget all those **textbooks** full of knowledge sitting on the credenza behind your desk so you can cram for that next exam. But keep this little **handbook** on your nightstand to flip through frequently when it comes to bringing to life **The ABC's of Plutonium Private Club Leadership**.

HERE'S THE DEAL: Simply look through the alphabet for a subject of interest and instantly find meaningful insights. Unlike textbooks, you need not start at the front and systematically work your way through each chapter. Instead — open any page at random, and immediately pick up on a few insights to helping build your team towards PLUTONIUM CLUB LEADERSHIP status.

ABOUT THE AUTHORS

GABRIEL ALUISY

Gabriel Aluisy is the founder of The Private Club Agency, a Tampa, Florida based design, marketing and consulting firm focused on membership development and retention strategy at private clubs. He is the author of The Definitive Guide to Membership Marketing and the best selling book Moving Targets: Creating Engaging Brands in an On-Demand World. Each week, Aluisy hosts the Private Club Radio Show, the industry's premier podcast dedicated to private club education. Learn more at aluisy.com



MICHAEL CRANDAL, CNG

I have a great professional passion for the private club industry, and an even greater personal affection for the people that bring it to life.

There are many very capable individuals in positions of leadership at private clubs: presidents, board and committee members, GM/COO's, department heads and staff. Yet, the collective efforts of all are oftentimes "capped" at a certain level, even at so-called top-level clubs.



I am convinced that private clubs are an honorable calling, representing the highest opportunity to continually bring out the very best in people — board, committees, members, staff and management. ALL should be Plutonium Club Leaders in their own right — within their own unique sphere of authority and influence.

There are approaches to club governance (Board) or operations (Management) that exist solely for historical reasons, which are no longer relevant in today's world and lifestyles. These can keep a club locked in an orbit around a world that no longer exists. Gone are the days where all the Board had to do was make simplistic popular policy adjustments every so often, and all Management had to do was to occasionally make "low hanging operational fruit" decisions.

BUT —for those clubs proactive and confident enough to make the strategic policies (Board) and operational (Management) decisions necessary to reflect

the times and build upon the rock of solid leadership — there can be plenty of good days ahead.

Yup — now we are talking The ABC's of Plutonium Private Club Leadership!

"It makes no difference whatsoever how good something sounds, looks on paper, adheres to budget or even seems logical. In an absence of Membership Satisfaction – you can forget everything else. Period.

Membership Satisfaction is "Mission Critical." It is the only reason people JOIN, the only reason they will STAY, the only reason they will INVITE others to become part of it all. Actual member experiences MUST be the focus in order to see clearly!"

Oh, and one more thing, just in case you were wondering. The letters after our author's name *Michael Crandal, CNG* stand for: Certified Nice Guy. Self-certified by the way. But, a nice guy nonetheless. *Michael can be reached directly in regard to consulting or speaking engagements.* (760) 464-6103

MUCH APPRECIATION AND RESPECT FOR THE EXPERTISE OF OUR CONTRIBUTING PLUTONIUM CLUB LEADERS:

MARK BADO

"Fitness / Wellness in Private Clubs"

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JACKIE CARPENTER

"Employees are the Most Important People"

RAY CRONIN

"The Balance Sheet"

PAGE 144

DAVE DOWNING

"Get Better NOW!"

DAVE DUVAL & JOE ABELY

"Debt in Private Clubs"

PAGE 88

JOHN EMBREE

"The Importance of Tennis Programming"

PAGE 355

BUD GRAVETTE

"Dual Roles of a Plutonium GM/COO" **PAGE 102**

ALAN JACOBS

"It's Showtime!"

PAUL MUELLER

"Capital Reserve Significance" **PAGE 59**

BILL SCHULZ

"The Evolution of F&B in Private Clubs"

PAGE 129

ROBERT SERECI

"What's In A Name"

JOHN SIBBALD

Honorary Tribute

PAGE 401

NORM SPITZIG

"Strategic Planning in 2 Questions"

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HENRY WALLMEYER

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ZEE CLUB! IS THE PLACE TO BE!



ASSESSMENTS ARE A "NO - NO".

ATTITUDE

IN ORDER TO BE A WILDLY SUCCESSFUL PLUTONIUM CLUB LEADER — START RIGHT HERE AND NOW!

YOUR ATTITUDE is the single greatest asset, or albatross, at your disposal.

While it is an intangible force – one that cannot be seen, touched, or heard—there is no question that its very existence is the most dominating factor in determining your position in life.

While you can't see it with the naked eye, your attitude has the unique ability to always be seen anyway. Run as any of us may, or hide it as we might try — our attitude lights or dims every path before us. And, in many cases, it shapes how we are viewed by those around us.

Every individual views the world through a different and unique set of filtered glasses. If you have a negative, pessimistic attitude, you will view the world as a threatening place where all your efforts are in vain.

If your attitude is negative, your world is negative.

However, if you have a healthy, optimistic attitude, then you have a rich understanding of our world as a wonderful place in which to live, learn and grow—a place where opportunities abound.

The degree of success and satisfaction you achieve is in a direct 1-to-1 ratio to your attitude toward yourself, others, and the world around you.

Your attitude is the key to (or the lock on) your personal door of success.

1 THE FIRST STEP toward developing your own unique positive attitude is accepting the fact that you have a PERSONAL RESPONSIBILITY for your position in life.

For our purposes here, "personal responsibility" means that you, and only you, are 100% in charge of who you are and what you do. Personal mediocrity and negative results can often be traced back to a lack of accepting personal responsibility.

Rationalizations Cop-Outs Pointing Fingers
Defenses Lame Excuses Establishing Blame

All are just weak attempts to justify the fear of accepting personal responsibility for the mental, spiritual and physical world in which you live. You must accept personal responsibility for the cause-and-effect attitude in which you view the world and your role in it.

Our weak club "leader" drives to the club complaining audibly to themselves about:

- The micro-managing president, the inept manager or grumbling members.
- Hourly staff that cannot afford to live close to the club.
- "Sacred Cows" grazing throughout the club.
- Committees out of control.
- Meetings that don't really matter.
- Unrealistic operating budget.
- No overall Master Plan in place.
- Outdated bylaws and club rules not reflecting the times.
- Artificially low dues.
- The long hours.

All these and other irritants **MAKE** time spent at the club less enjoyable than it should be, and when at home, negative thinking just seems pervasive.

At home — a non-communicative posture and a pervasive low fever of grumpiness at least take some consolation in "knowing" that this is not their fault. After all, it is all those other things that **MAKE** them that way. (Really?)

- Marge keeps a dirty house because her mother yelled at her too much as a child.
- Eric drinks too much *because* his wife doesn't have confidence in him.
- John goes aimlessly from job to job *because* his boss does not understand him.

- Ethel overeats and is obese **because** her parents always paid more attention to her sister.
- Eleanor continues to go into debt **because** her brother was killed in a plane crash.
- Ray is withdrawn and non-communicative *because* his friends plan activities without him.

And on and on and on it goes. "I am not responsible for what I am and the way I act!" — all these people are saying to themselves.

They have convinced themselves that other people and situations that they have no control over MAKE them act as they do. (Really? C'mon – really?)

As the saying goes, you really do "reap what you sow". It is impossible to plant petunias and grow potatoes. Or to do nothing, and expect a harvest.

It is equally impossible to shirk the reality of personal responsibility and expect anything more than negative results due to your attitude toward life.

Show me a weak person in a position of leadership, and I'll show you a philosopher. Show me a *PLUTONIUM LEADER*, and I'll show you someone who accepts personal responsibility for their own success or failure in life. 100% of *Plutonium Club Leaders* embrace this fact! There are no exceptions.

YOU must take total personal responsibility for causing the effects in your own life!

The vast majority of things that happen in your life are a reflection of those things that you allow your mind to linger on the most. In any business, there is no substitute for quality. So why settle for less in your attitude towards your own life? Grow up!

YOU ARE IN THE DRIVER'S SEAT OF YOUR LIFE. NOT THE CLUB. NOT THE GOVERNMENT. NOT THE DAILY HOROSCOPE. NOT YOUR FAMILY. NOT YOUR FRIENDS.

2 THE SECOND STEP in developing a positive attitude is to EXPECT THE BEST from yourself

Engage in the self-talk of a winner. Expect good things from yourself — for in the long run, you will live up (or down) to your own expectations. Your own expectations of yourself should be far greater than any of those around you.

Every moment of your life, awake and sleeping, you are constantly talking to yourself, reaffirming and justifying your beliefs and attitudes toward yourself.

Your mind is like a garden, and whatever seeds you plant there will grow. So, be careful about the seeds that you are planting in the form of such phrases as:

- "I can't do this or that very well."
- "I don't have the aptitude to do that."
- "I'm not as smart as most people."
- "I make mistakes all the time."
- "I never know how to say the right things."
- "I'm not very good at doing things like that."
- "I have a poor memory."

Make a personal commitment RIGHT NOW to eliminate these types of negative assertions in your attitude toward yourself.

By continually repeating negative assertions, you are actually using a form of self-hypnosis, and perpetually reinforcing a negative attitude toward your own efforts.

Bill Bradley, an All-American basketball player and Rhodes Scholar from Princeton University, who later went on to star in the NBA and serve as a United States Senator from New Jersey, was once asked why he practiced so very many hours on the basketball court — when he was clearly already one of the very best at what he did.

He responded along the lines of, "Remember, when you are not practicing, someone, somewhere is. And, when you meet them, they will defeat you."

Keep in mind the importance of practice.

Be certain that the words and phrases you practice for hours upon hours in your mind are of a positive nature.

Develop a "can do" attitude toward the challenges of day-to-day living. Reaffirm your expectations of yourself by using positive statements such as:

- "I will be a positive mentor."
- "I can provide meaningful input."
- "I am improving in those areas I need to."
- "I feel confident in building a solid team."

And then: Practice, Practice, Practice!

However, success does not find its greatest rewards in practice alone. Now is the time to put all of your efforts into action. "Walk the Talk".

3 THE THIRD STEP in fully developing your newly acquired positive attitude is accepting that in order to be of any real value, attitude must be transformed into ACTION!

A large crowd at a major college basketball game was dumbfounded when a team came back from a 14-point deficit with only 3 minutes left to win in overtime by one point. Afterwards, a reporter stated how remarkable it was that the team was able to avoid losing the game.

The coach replied, "You know, that is one thing we have not covered in practice. We never practice losing."

You must put your positive attitude to work for you through your words and ACTION, in all you do.

Go out and kick up a little dust in the world. Put into action some of the very things that you may have been telling yourself for years that you were not capable of doing.

I have a close friend who, years ago, was employed in a large printing plant which mass produced Christmas cards and employed 100+ people to run the various presses. The process was a simple one, in which the heavy stock paper was loaded into a machine and all of the red-colored ink was applied. The paper was then loaded into a second machine, and the green-colored ink was applied.

This process continued for as many times as there were colors. After going through the machines, then being cut and folded, the finished Christmas cards were packaged for distribution. There were dozens of machines and each one required three operators.

One morning management called a meeting of all the machine operators to inform them that modern technology had developed a new piece of machinery — one that was capable of printing all the colors at one time and would also cut, fold and package the cards in the same operation.

This meant that a total of only three machines would be needed to get the same production as before. It also meant that only a handful of employees would be needed to operate the new machines.

Then management explained that the operation of these new machines was much more complicated and would require a highly trained technician to be at the controls.

Seizing the opportunity, one man stepped forward and announced that he was capable of operating that type of sophisticated machinery, and was looking forward to the opportunity.

This individual was one of but a few who were retained.

You must put your positive attitude to work for you through your words and ACTION, in all you do.

While the above true story may not be as dramatic as scoring the winning basket with a half-second left on the clock, it is an example of putting a positive attitude into action in real day-to-day living.

In order to "activate" your new positive attitude, you must put it into action. If you want "to be" then act "as if." If you want to be a person of high character and integrity, then start acting that way in all you say and do. If you want to be successful, then start behaving like a successful person behaves. If you want to be accepted and respected as a caring individual, then start caring and behaving in that light.

A positive attitude with great expectations of yourself frees you from all of the self-imposed limitations you have been living with, perhaps for years.

Recognize that your altitude in life is the result of your attitude towards it.

- 1. ACCEPT PERSONAL RESPONSIBILITY FOR YOUR LIFE.
- 2. PRACTICE THE POSITIVE AFFIRMATIONS THAT SHAPE YOUR ATTITUDE.
- 3. TRANSFORM YOUR ATTITUDE INTO ACTION.

Success is indeed an attitude.
ALL Plutonium Leaders have their's right!



BOARD MEMBERS ARE KEPT IN THE KNOW.

BOARD EXPECTATIONS THEIR IDEAL PLUTONIUM GM/COO ROLE MODEL

BOARD EXPECTATIONS OF THEIR GM/COO

'Member Experience' Focused

- Productive Board Meetings
- Professional Guidance & Leadership
- Personal Character & Integrity
- Membership Confidence & Support

The GM/COO Role in FIDUCIARY RESPONSIBILITY 'Member Experience' Focused

- Zero Based Operating Budgets
- Capital Reserve Study / Funding Depreciation
- Strategic Plan Constantly Monitored for Progress & Relevancy
- Master Plans: Golf Course Consistency/Clubhouse Aesthetics
- Reliable 'Executive Summaries' & Proactive Mindset

The GM/COO Role in EXEMPLARY CLUB OPERATIONS 'Member Experience' Focused

- Standard Operating Procedures Throughout
- An Undeniable Palpable 'Positive Energy' Prevails
- A Dedicated, Highly Qualified Professional Staff
- Consistent/Reliable F&B Experiences
- Renowned for THE BEST Creative & Over-The-Top Club Events

The GM/COO Role in MEMBERSHIP RETENTION & RECRUITMENT 'Member Experience' Focused

- ENSURE the Club Remains Relevant to the Lives of All Ages
- Operating a Club Where Members are Proud to Bring Guests
- Represents Club Favorably in the Local Community. (Church/Chamber/Rotary/Etc.)
- Renowned for THE BEST Creative & Over-The-Top Club Events

Would you like more details? Great! Check out: DECONSTRUCTING THE IDEAL GM/COO ROLE MODELS. Here you will find visual models as well as key definitions to all the above.

BOARD OF DIRECTORS THEIR RESPONSIBILITIES, ROLES AND STANDARD DECORUM

THE FOLLOWING SHOULD BE COPIED AND INSERTED INTO EVERY BOARD MEMBER'S OFFICIAL "BOARD BOOK." AS PART OF THEIR ORIENTATION, ALL NEW BOARD MEMBERS SHOULD ROUTINELY GET THEIR OWN PERSONAL COPY OF THE ABC'S OF PLUTONIUM PRIVATE CLUB LEADERSHIP!

Congratulations on being asked to serve on your Club's Board of Directors!

This is an honor, just as much as it is work. The time you spend on the Board should be enjoyable, as you work in concert with other volunteer members and professional management for the betterment of the entire club.

Making decisions that are consistently in the best interests of the Club, both presently and in laying a sound foundation for the future, should always be foremost in every deliberation.

CONFIDENTIALITY

- *Directors must maintain a balance* between transparency with the membership and confidentiality within the boardroom.
- While there is never anything to "hide" during early deliberations, prior to consensus being fully reached, conversations should appropriately be kept within the confines of the leadership of the Club.

- It can be damaging to everyone if a sensitive pending matter is "leaked" or if a potentially unpopular (yet ultimately necessary) decision is allowed to be poorly presented.
- Respecting confidentiality is important at times in our own homes, in business, and in charitable organizations. Your own Club is no exception.

BASIC RESPONSIBILITIES

- Be thoroughly familiar with the Bylaws and Club Rules.
- Make and enforce rules for member conduct. Should serious or repetitive behavior by a member infringe on club policies, any reprimand should be administered by the Board not the Club staff who will obviously handle any day-to-day isolated infractions.
- Employ a GM/COO who has the talent to accept responsibility and authority for successfully operating the entire club, and to whom all department heads report directly.
- Utilize an annual written performance review with the GM/COO. The President and Vice President should play the primary roles in working directly with the GM/COO after first seeking the confidential input of all other Board members. This input helps maintain continuity.
- Examine, give input, and ultimately approve realistic Operating and Capital Budgets that are prepared and presented by the GM/COO in tandem with your Finance Committee.
- Establish initiation fees, dues, and assessments that seamlessly interface with the approved budgets. NEVER "back-in" to a desired level of dues.
- Acknowledge that postponing needed major improvements, or deferring any needed dues increases for even a few years in a row, predictably causes "everything needing to be fixed at once," putting a heavy burden on the membership in the form of seemingly significant dues increases or assessments. This is not fair to future BOD's, management, or the members.
- Don't "kick the can down the road." Get done what needs to be done. Period.

APPROVING BUDGETS

- THE OPERATING BUDGET MUST have sufficient Dues Income to provide the level and availability of services and facilities that are desired by the membership. PERIOD. Any cutbacks in the offering or quality of member experiences should be very carefully scrutinized if being considered necessary to "balance the budget."
- THE CAPITAL BUDGET MUST reflect sufficient Initiation and Transfer fees to fund itself.

THE CAPITAL RESERVE FUND — MUST be in keeping with the ongoing needs of addressing depreciation and replacement of existing club assets — never to be applied to any new projects or to subsidize Club operations. Retain the professional services of an outside firm to orchestrate your Capital Reserve Plan. Any approved major new capital projects beyond the scope of any of the above must be funded by assessment and/or debt according to the Club Bylaws.

WORKING IN SUPPORT OF MANAGEMENT

- The GM/COO has full charge and control of business operations and of all Club personnel, subject to the Bylaws and the policies established by the Board.
- The GM/COO attends all Board meetings in their entirety and is expected to give a comprehensive opening report (Executive Summary) near the top of every agenda. S/he also attends all Committee meetings and in both cases, takes (or ensures someone takes) accurate summarized minutes.
- The GM/COO reports directly to the President and works in tandem with the full Board.
- Management prepares the annual budgets and, after Finance Committee and ultimate Board approval, manages operations to attain the overall desired net result.

WORKING FOR THE MEMBERSHIP

- Listen to members. Keep things in perspective. Appreciate that their perspective is their reality. Know your facts before you speak.
- Your role is to help guide your Club. To do this effectively, concern yourself with the major policy concerns facing the Club not so much on daily operations.
- Often a vocal minority's input (top and bottom 10%) on any issue (while perhaps being well intended) may not reflect the vast majority that could very well be quite satisfied with the status quo, or in accepting necessary changes in policy to better prepare the club for the future. Be wary of a proclivity of some seeking the tail to wag the dog!
- Directors MUST NOT act independently of the Board. Criticism should be expressed in private. After thorough discussion and analysis clear thinking always prevails, and the Board as a whole is then able to move forward with confidence after all input is heard.
- Feel free to discuss any ideas with the GM/COO, who is intimately familiar with the workings of the club.
- "Vote as an informed membership would vote today." However, the

issues of the future membership (thus the Club itself) must also be considered. The very best overall interests of the Club must always prevail.

WORKING IN SEAMLESS TANDEM WITH YOUR FELLOW BOARD MEMBERS

You have two major roles:

- 1. **As a Director:** Provide your own input, opinions and judgment (and ultimately your vote) on all matters that require formal Board action.
- 2. As a Chairman of a Committee: Keep your committee focused and productive. Make sure all know their role is advisory only no authority to direct club employees. Should your committee feel strongly about any issue, request it to be on a future agenda to formally present any recommendations to the Board.

WORKING THROUGH COMMITTEES

- If a potential issue falls within the scope of a committee you chair have thorough analysis and discussion at that level and if warranted, request time on the next Board meeting agenda to succinctly report and make a solid recommendation to the Board.
- If a potential issue falls within the scope of a fellow Board members committee — they will appreciate hearing about it, and then s/he will follow through with the same process.
- The President is an ex officio member of all committees and is invited to all meetings. S/he may not have time to attend every meeting during the year, and therefore relies on committee minutes and reports.
- The President appoints chairpersons subject to confirmation by the Board.
- Committees have no authority to direct Club staff. The Board has the authority to set Club Policy. The GM/COO then has the responsibility to manage the day-to-day activities of the Club in keeping with Board-approved policies.

Wondering how to make all this happen?
Check out: BOARD MEETINGS THAT MATTER.

BOTTOM LINE CONTRIBUTORS ARE WHAT MATTERS NOT NECESSARILY TOP LINE DEPARTMENTAL REVENUES

NO CLUB GETS TO THE TOP — UNLESS THEY START LOOKING FROM THE BOTTOM UP.

Often clubs will concentrate on the least efficient business models within their departmental operations to drive GROSS top line revenue — when what floats the boat is NET bottom line contribution to margin.

Those who don't have a firm grasp on what a successful private club business model is driven by (i.e., Dues & Initiation Fees) will lose focus and spin their wheels contriving ways to drive top line F&B sales (erroneously thinking that top line revenue in this inefficient business model will contribute meaningfully to the bottom line).

And while there is this constant pressure on driving F&B sales, at the same time there are oftentimes numerous committees who unwittingly concentrate on ways to actually DECREASE net bottom line results!

They do this by conjuring up ideas such as:

- 1. "How can we make it cheaper to take part in the annual member/guest event?" (Translation: Let's reduce our income.)
- 2. "This club party MUST be the best ever. BUT we can't charge more than last year!" (Translation: Or the year before that. Or the year before that. Or ...)
- 3. "I was a guest at XYZ Club, and we have to keep our entry price as low as theirs!" (Translation: Let's compare ourselves to others, rather than just being the best at who we are and can be.)
- 4. "We must book the hottest band in town! BUT we can't have a cover charge!" (Translation: Let's simply increase our costs with no offsetting income.")

And, have you noticed another inexplicable conundrum? Committees, **ANY COMMITTEE** — if allowed to talk long enough — will predictably morph into an unrelated debate about food & beverage? The names of these committees would suggest that conversations focus upon concerns such as: tri-plex mowers, wind screens, comfort stations, or maybe bocce balls. And still, if allowed to talk long enough, F&B is inevitably discussed.

Conversely — does the House/F&B Committee ever morph into elongated debates about tri-plex mowers, wind screens, comfort stations, or bocce balls? No! They are too focused on ways to lower menu prices and increase

complimentary bar snacks and Arnold Palmers at the tennis courts to worry about other amenities offered at the club.

Then there is the archaic F&B Minimum Spending policy.

Basically, it is "pitched" as a means by which all those members who are not "paying their fair share" by regularly using the ala carte dining outlets will be encouraged to SPEND more there because they will be penalized if they don't! Really?

If we are indeed looking to drive the net bottom line results — why embrace punitive policies that supposedly drive members to arguably the least efficient business model in all of operations?

(That would be ala carte F&B for those of us scratching our heads.)

Aha! The fact is that F&B minimums do generate net bottom line revenue! But, in the form of "UNSPENT Minimum Income" that falls right to the bottom line.

And — that's the point.

The point is: clubs needing to stabilize their financial ship need Plutonium Leaders who understand the difference between those areas directly contributing dollars to the bottom line, and those areas that are really just amenities the club offers to its membership.

• "Amenities" are great as far as what they are. However, they are truly bad business models that you can't "grow" yourselves out of.

YOU CANNOT TAKE A BAD BUSINESS MODEL AND MAKE UP FOR IT IN VOLUME." THE TRUE PURPOSE OF DEPARTMENTAL CLUB OPERATIONS is to create such visceral day-to-day memorable experiences that

members are willing to continue paying the NECESSARY DUES to ensure these memorable experiences remain available to them.

The most efficient source of operating revenue that falls to the net bottom line results is Dues. Followed by numerous fees. And, lastly, the dreaded "A" word — Assessments.

Just remember that members greatly dislike the feeling of being "nickel and dimed." What they really want to know is how much it is going to cost them to belong to the club — bottom line!

So — take a look at your entire club operations and consider how you might engraft the following concepts:

- 1. Get rid of punitive F&B minimum spending.
- 2. Eliminate as many fees as possible. (All of 'em?)
- 3. Ascertain what Dues level you really need to operate w/o the above.
- 4. Insist on a true "Zero Based" operating budget and then perform!

REFOCUS ON WHAT THE BOTTOM LINE IS REALLY ALL ABOUT: CONSISTENTLY DELIVERING DAY-TO-DAY MEMORABLE EXPERIENCES FOR THE MEMBERSHIP.

If you accomplish this — the dreaded "A" word is then never necessary.

Here's looking at you — from the bottom up!

HMMM... AFTER THE DEPARTMENT HEADS WERE DIRECTED TO PRESENT ZERO BASED OPERATING BUDGETS THAT THEY WOULD "TAKE OWNERSHIP" OF AND BE ACCOUNTABLE FOR ... THE BOARD (OF COURSE) ULTIMATELY "BACKS INTO" A DUES NUMBER THAT THEY PRETTY MUCH KNEW ALL ALONG.



STAFF IS THEN GIVEN THE TASK OF DEVELOPING NEW MOTIVATIONAL SLOGANS TO BE POSTED IN THE EMPLOYEE LUNCHROOM THAT THEY NEED TO MEMORIZE.



BUDGETSWHY ZERO-BASED IS WORTH IT

Good morning everyone!

Thank you for allowing me to be your guest instructor for the day. Before we get down to work here - are there any basic questions that any of you may have?

Yes sir, right there in the middle, waving your hand. Do you have a question?

Q: I think I might be in the wrong session cuz I've already been using Zero Budgeting for years at my club. We budget and break even every year and I always make our budget. I just budget all revenue and expenses to net out to zero. In fact - I'm not bragging - but, I've earned a nice bonus every year for always achieving budget! Maybe I should be giving this seminar because that is what Zero Based Budgets are all about. Right?

A: No. Zero Based Budgeting has nothing to do with what the Net bottom line results may be (break even or otherwise).

ZBB has everything to do with the process of making sure every line in your revenue and expense reflects relevant information that is backed-up with measurable details.

Suddenly - hands are waving all over the room! And from that point on, questions came one right after the other.

Q: What do you mean "relevant and measurable?"

My club keeps very accurate historical results from the previous fiscal years and in every ensuing budget cycle we make sure that only approved percentage adjustments are made from year to year. Are you suggesting basing a budget on something other than actual historical results? Huh?

What could be more relevant than reliable historical results - and then building from there?

A: What you have just described is commonly called "Traditional Incremental Budgeting." TIB is indeed based on history. It assumes that the "baseline" for the coming fiscal year is established by prior year historical actual results.

Using this approach, the only explanations needed to be presented to gain approval for subsequent budgets relate to what variances/adjustments are deemed acceptable to last year's results.

Major focus is given to proposed variances to past results, rather than whether or not the baseline is viable or not to start with. This all but assumes that the baseline is automatically approved and deemed reflective of efficient operations. The "powers that be" may never think of it in those exact terms. But that is exactly what is happening.

Q: Yeh. So? You didn't answer my question! What could be more relevant than reliable historical results?

What is the difference between TIB and what you are suggesting, ZBB?

A: ZBB's are built upon starting from a clean slate (ZERO) every budget cycle - rather than starting from where the prior year left off. This means that every line item of the requested budget must be backed-up with measurable details and approved - rather than only variances from the previous year. ZBB requires the budget request be re-evaluated thoroughly, starting from the zero-base.

The difference is that any "hidden" operational inefficiencies or "that's the way we have always done it at our club" thinking is often, knowingly or not, engrafted into the TIB approach - while the ZBB approach quickly identifies any operational inefficiencies. Thus, the thinking is looking forward, not backwards.

Q: This ZBB stuff sounds very time consuming - almost like building the club budget from scratch every year! Are you serious?

A: Yes. And, you are right on both counts!

- 1. YES! -It is time consuming. Especially when compared to just quickly adjusting prior results by "acceptable" percentage points here and there. And...
- 2. YES! You basically are building the budget from scratch every year. However it is seriously worth the time to root out otherwise undetectable inefficiencies that perhaps weigh down operations like an anchor in a ship.

Q: What do you mean by using the analogy of an anchor?

A: Anchoring is a common psychological predisposition where some old information can stick in our mind and is referenced to the point that it influences our thinking about incoming information - even if we are unaware of it happening.

When it comes to budgeting - becoming "anchored" in the same numbers from year to year with only minor adjustments (TIB) is easy unless you force yourself to instead start anew and do the work necessary to justify all data (ZBB).

As an example, I've read of one study where two groups of people, in separate rooms, were asked to estimate how old Confucius was when he died. But - before being allowed to answer, they were asked another question to see if their thinking could unknowingly be influenced by some other piece of basically irrelevant information.

- One group was asked if they thought Confucius was younger or older than 12 when he died.
- The other group was asked if they thought Confucius was younger or older than 130 when he died.

Keep in mind that both of these questions are really not relevant and, in fact, each of them is nonsensical. It would be logical to think that the respondents would dismiss this and then get back to giving their best estimate as to just how old Confucius actually was when he died.

However, the two groups, on average, gave estimates of his age at death that varied by a quarter of a century.

BTW — for those who just have to now know the real answer (and I KNOW you are out there) he died at the age of 72.

If people can be "anchored" by such obviously irrelevant input, imagine in the budgeting process the somewhat compelling reliance of simply accepting whatever operational inefficiencies may be unwittingly baked into prior year results and subsequently approved budgets based on TIB!

Add to this the fact that this cyclical process, if left unchecked, builds upon itself year after year after year...

ZBB, by design, rids us of any anchors, and instead encourages justifying every line item.

- ZBB starts from a "zero base" and every line item is analyzed for its justifiable needs and costs.
- Budgets are then built around what is actually needed for the upcoming period regardless of whether the budget is higher or lower than the previous fiscal year budget or actual results.

 All revenue and expense starts from scratch, and must be justified from the ground up.

Q: You gotta be kidding me! The time this would take would be significant! I can see there may be some advantages to ZBB - but isn't the exorbitant time it takes significant?

A: Yes. But, it is significantly worth it! There are indeed many advantages and disadvantages in fully moving away from TIB's to totally Zero Based Budgeting.

Q: This whole thing seems ominous in scope. If we did want to move towards ZBB - where would we even start?

A: Great question! My answer is to not necessarily tackle it all at once. Instead - start specifically with your payroll and subsequent indirect expenses. Typically, 60%+ of private club expenses are directly related to payroll. That is where you start.

THE NEW GM/COO IS GIVEN A MANDATE TO CREATE AND PRESENT A TRUE ZERO BASED OPERATING BUDGET THAT ACCURATELY IDENTIFIES PROJECTED DEPARTMENTAL REVENUES, EXPENSES AND THE ELIMINATION OF ARTIFICIALLY LOW DUES. S/HE MUST BE UNDAUNTED IN THE TASK AT HAND.



Now, granted, depending upon your specific club culture, your payroll (staffing levels and rates of compensation) should reflect accurately the needs that member usage and income levels would demand. This means it is best to start your new ZBB with payroll and revenue. And, my guess is that you will quickly move towards that once you see the striking advantages of a ZBB approach to payroll.

But — you asked me where to start. My answer is if you are just beginning - start with payroll.

Then, as quickly as is possible, depending upon your particular situation, do the same ZBB approach to revenue and you will then get an even clearer payroll analysis. The sooner you do both, the better.

Ultimately, you will definitely see the benefits of ZBB and will want to take steps to have your entire chart of accounts and budget process receive the same analysis and scrutiny.

Q: Do you really think that it is possible to do an entire operating budget zero based?

A: Yes, it is possible. But, in some instances not entirely practical for everyone.

So, as I recommended - just start with payroll and build from there.

Also - depending upon the size and complexity of your club operations, it may not be necessary to do a detailed ZBB every year.

But, you are definitely going to want to do it at least every other year.

By doing this, it precludes the opportunity for any inefficiencies to become accepted or baked into the process.

Q: OK. We appreciate your being honest about there being both advantages and disadvantages. Can you point a few out for us?

A: There are many advantages and disadvantages. So rather than talk about them all - let me give you something in print that will summarize what they are. I've started with the disadvantages.

ZERO BASED BUDGET: DISADVANTAGES:

- It makes it impossible to "back into" any predetermined desired numbers.
- It is much more time consuming.
- Justifying every line item can be problematic for those who have never been asked to do it.
- Due to the increased complexity, it requires department heads to really understand and take ownership of the fiscal needs of their area — rather than simply managing to a board approved budget handed to them by their GM/COO, Department Head or the accounting department.
- In order to be successfully implemented, managers at all levels of the organization are ultimately responsible for the management, decision-making and the budget process. In some organizations, there may be managers who have never been challenged in this manner or are incapable of understanding how budgets are created without mentoring or education.
- In a very large club, the amount of detailed information backing up the budgeting process may be overwhelming.
- It may be stressful to those who are used to establishing unrealistic expectations and then simply throwing it to management and saying, "Just make the numbers work so it supports the budget I want. Management will just have to figure things out."

ADVANTAGES:

- It makes it impossible to "back into" any predetermined desired numbers.
- Increases efficiency due to being rooted in specifically identified and measurable needs.
- **Stimulates analysis** where some tasks might make more sense if outsourced altogether.
- Detects any past (otherwise undetectable) gradually inflating historical budgets that were based on "spend it or lose it" budget mentality.
- Requires management to specifically identify/justify staffing levels based on approved days, hours, levels of service, and compensation rates — rather than "because that's the way we've always done it."
- Elevates department head responsibility because of direct engagement in the decision-making process. In other words, they truly have some degree of ownership. Translation: accountability and responsibility.
- *Identifies and eliminates* any historical staffing that is wasteful or included "ghost" employees.
- Improves communication and coordination between those actually responsible for operations (management) and those monitoring fiscal performance (accounting).

 Makes it possible to specifically identify the reasons for any actual budget variances — rather than only being able to see the resulting dollars involved.

Now, if a detailed ZBB is presented for approval and someone demands, "Just cut a lump sum of "X" dollars out!" It is completely logical to ask, "Oh really? Specifically — where?"

In the absence of a detailed, backed-up, line-by-line ZBB that was built from the ground up, it is impossible to legitimately answer the above question.

Conversely, with a ZBB you simply lay it out on the table and are able to identify specifically what positions would have to be eliminated, what rates of pay need to be reduced, what days and hours of service need to be cut back, etc. With a TIB in hand, the ability to engage in this exercise is severely compromised.

Also — a true ZBB may show that staffing and/or compensation levels have been inadequate for years and need to be increased to truly reflect the service levels the membership deserves. It is NOT all about cutting expenses! It IS all about identifying truly legitimate, essential staffing and compensation levels.

Right from the start — nothing is sacred. Every facet of operations has to be proposed, justified, and weighed on its own merits — without any support from engrafted inefficiencies, unrealistic expectations, or anchor mentality.

The entire process is totally transparent and independent of whether the total budget or specific line items are decreasing or increasing. Providing every dollar is proven justifiable — the budget simply is what it is.

It makes it impossible to "back into" any predetermined desired numbers. (Oh - have I already mentioned this before?)

SPECIFICALLY, ANY CLUB THAT FULLY EMBRACES A ZBB PROCESS IMMEDIATELY DISTINGUISHES ITSELF. IT BECOMES A PLACE WHERE NEWER MANAGERS AND DEPARTMENT HEADS CAN TRULY LEARN, AND ULTIMATELY GROW INTO FULLY CAPABLE EXECUTIVES. IN FACT, THOSE THAT CAN'T ARE QUICKLY IDENTIFIED AND REPLACED WITH THOSE THAT CAN.

Well — we have just scratched the surface, but, we have run out of time today!

Before we end, I'd like to share with you what I personally believe is the greatest benefit of the entire ZBB process — and it has nothing to do with revenue, expenses, or even dollars.

Instead - it has to do with people.

It is a fact that a fully embraced ZBB professional environment demands people that have an understanding and believe in the process. It is easy to mindlessly "manage" within a budget handed to you that has baked-in inefficiencies from prior years. On the other hand, it is hard work to really analyze and then provide leadership in improving efficiency in operations.

Wondering how to make all this happen? Check out: BOARD MEETINGS THAT MATTER

ZBB is an operating, planning and learning environment which requires each manager to justify their entire budget request in detail from scratch. In other words, they simply have to know what they are doing!

The burden of proof shifts from the accounting department to department heads to justify why s/he should spend any money at all — and how they might eliminate the transfer of any inefficiencies from the past into the future. (THEIR future!)

IMAGINE, IF YOU WILL, APPEARING IN THE REALITY TV SHOW "SHARK TANK" - MAKING YOUR BEST PITCH FOR FUNDING, AND THEN HAVING MR. WONDERFUL DIRECTLY ASKING YOU, "WHY DO YOU NEED THIS SPECIFIC AMOUNT OF MONEY AND WHAT ARE YOU GOING TO DO WITH IT?"

If you have a detailed ZBB where every line of projected revenue and expense reflects relevant information that is backed-up with measurable details—questions like this provide no threat whatsoever, and you would stand an excellent chance of being funded.

Without a ZBB — Mr. Wonderful, and all other Sharks, would simply look at you and say, "I'm out."

ONCE UPON A TIME, IN A LAND FAR, FAR AWAY - CLUB OPERATING BUDGETS WERE DRAWN UP ON THE BASIS OF THE PREVIOUS YEAR'S BUDGET. TO THE RESULTS FROM LAST YEAR, MANAGERS WOULD ADD OR TAKE AWAY CERTAIN POLITICALLY CORRECT PERCENTAGES. THE PERCENTAGES WOULD BE RELATED IN SOME INDETERMINATE MANNER TO THE RATE OF INFLATION, THE OVERALL STRATEGY OF THE BOSS, OR THE FRAME OF MIND THAT DAY.

Further imagine that your own real-life Finance Committee or Board of Directors all looked like Mark Cuban staring at you! Don't you think that they deserve the exact same level of confident answers that Mr. Wonderful and The Sharks got — where every line of projected revenue and expense reflects relevant information that is backed-up with measurable details?

Don't they deserve to know exactly why your proposed budget requests specific amounts of money (at clubs, we are talking about dues levels)?

Of course they do! And, if you fail to give them the type of verifiable answers that are only justifiable via a ZBB — they will ultimately say to you, "You're out!"

Gone are the days where the President would proudly proclaim at the annual meeting that there will be only an itsy-bitsy "X" percentage adjustment to the prior year dues, and that all-but-arbitrary performance bonuses have been approved for management, for again achieving baseless, board-approved operating budgets.

And, oh, by the way — let's not forget the applause for management for always coming in on budget! (Yeh. Right.)

Confucius say: "Those days are over."

Plutonium Private Club Leaders make sure of it!

SINCE BOARD AGENDAS ARE OFTENTIMES DRIVEN BY DECISIONS MADE AT THE COMMITTEE LEVEL ... THE ATMOSPHERE CAN GET QUITE CHILLY.



BOARD MEETINGS THAT MATTER PLUTONIUM CLUB LEADERS PROFESSIONALLY GUIDE AND INFLUENCE

MORE CLUBS DIE A SLOW DEATH IN THE BOARD ROOM THAN IN THE DINING ROOM

Q: Is your club finally ready to energize and bring things to life during routine 90 minute focused and productive BOARD MEETINGS THAT MATTER—rather than rehashing again and again the same old dead issues for hours upon hours—with seemingly nothing ever getting fully resolved?

A: GREAT! Because if your club is truly serious about ensuring the Board of Directors are informed and positioned to address the business of establishing policy and overall direction for the club — instead of drowning in minutia — the answer is forthcoming!

PREFACE

It is worth your time to *first read through and digest the whole big picture* as presented. Then — go back and strategically "tweak" the concepts and connect the dots so that you can create an "Action Plan" within your own unique existing culture that will best position a successful starting place.

However, make no mistake about it — the goal is to ultimately arrive where ALL of the dots are fully synchronized and are actually formally approved by the board as official polices of standard procedure. It is in that environment where successful clubs ensure their committee/board/management structure is aligned to consistently create productive and meaningful meetings.

DO NOT be discouraged in thinking you could never get all this done at your club! Instead — just start where you are, make the most of it, develop your best strategy to slowly enact what you can — and go from there. The important thing is to get serious about it and get started.

BOTTOM LINE: Devise a plan that works for you. Then, get moving on that plan!

NO MORE EVENING BOARD MEETINGS! This is important!

They have a tendency to needlessly extend into the late-night hours — oftentimes facilitated by consumption of thought-provoking libations.

Instead — breakfast can be ordered at 7:15 AM — followed by every meeting starting promptly at 8 AM. (BTW - just in case you were wondering: skip the Bloody Mary's & Mimosa. I know this is a tough one. But, just try it!)

THE BOARD MEETINGS are ALL scheduled on the third or fourth Friday or Saturday of every month. Pick which day best works within your club's unique culture. All financial information should be fully complete from the prior month by the end of the first week of the following month. This allows appropriate time for analysis and a complete operational overview/executive summary to be prepared by management.

Supporting back-up exhibits, along with all committee minutes, and a meaningful agenda are packaged and distributed two days before any meeting.

Special meetings of the board may be called where a project is of a size/issue of such importance that it requires the single-minded focus of the board outside of a regular meeting.

THE PRESIDENT must be in control.

- The president is responsible for ensuring that discussion is orderly, focused, polite, in harmony with the agenda, and moves at the pace they desire.
- The president generally keeps the committee reports within the time frame requested by the committee chairs as printed on the agenda (this is explained further below). If need be, the committee chairs may request more time if it seems in the best interests of the issue at hand.
- The president will not allow "blind siding." It is inappropriate to expect any board member or the GM/COO to have detailed data on an item that is not on the agenda, or that they had not been specifically asked to prepare for in advance. "Blind-siding" will not be tolerated and the president has the authority to limit the questions and discussion in the unlikely event this occurs.
- The President's goal is to have focused, productive meetings that consistently accomplish great things for the club in an effective fashion making the best use of everyone's time.

BUT WAIT A MINUTE! What if none of the above describes your current president?

Now then — THIS IS IMPORTANT — if you are shaking your head because you perceive you are stuck with a president who is a poor leader and you can do nothing about it — you may be dead right on the first point — but, dead wrong about the latter!

Simply by fully digesting the ABC's in this handbook and then making it YOUR business to do the behind the scenes work to orchestrate it all — your seemingly "out of control" president/board can be guided and influenced to seeing the benefits of having meetings that matter.

"SUDDENLY" — with your patience and behind the scenes support — s/he is in control and a strong leader. Hang in there!

Don't kid yourself. It IS your job to make the club president look good! One of the best ways to do this is to make it easy for him/her to chair meetings that matter.

And — for those who don't think it IS your job to make your president look good — ask yourself what happens if you don't. Well? What happens? Hmmm — with that dose of reality — let's move on with what you CAN do within your sphere of influence to truly make the president look good — simply because YOU are!

THE GM/COO attends ALL board meetings in their entirety and is expected to present a comprehensive opening report (executive summary) near the top of every agenda. The GM/COO attends ALL committee meetings and ensures accurate summarized minutes are taken.

THE GM/COO'S EXECUTIVE ASSISTANT should receive any possible policy issues and all committee reports no later than noon the Friday prior to the board meeting (a full week before).

ADVANCE PREPARATION: The office will have all information prepared for management review by Monday afternoon. After management scruti-

"90% OF HOW WELL MEETINGS GO IS DETERMINED WELL BEFORE THEY EVEN BEGIN"

ny, a preliminary draft is discussed with the president for any final input. After presidential approval, this information is appropriately packaged and made available to the entire board two days before the meeting.

ALL BOARD MEMBERS are expected to thoroughly familiarize themselves with all handouts, committee reports, minutes from the previous meetings, and other information before the board meeting itself.

THE COMMITTEE MEETINGS all need to be scheduled during the first week of every month. This will allow appropriate time for a draft of the minutes to be prepared for the chair's approval, then discussed with the president by management, and ultimately distributed before every board meeting as scheduled below.

Give it a try to schedule them for 55 minutes each — back-to-back-to back — in the same meeting room. This all but guarantees they are direct and productive, since they know other members are waiting to use the same room for their committee meeting. Try it. It works.

- Committee chairs (board members) must be organized. And, they
 always will be simply as a direct result of management (however
 subtly) behind the scenes, making it easy for them to be.
- Committee chairs should not hesitate to rely on management to help prepare written reports or analysis upon request. Plutonium GM/COO's orchestrate the process to the satisfaction of every committee chair.
- Committee minutes will be emailed along with the agenda and any supporting documents/exhibits before the board meeting. Better still if this info can be secured in a drop box.
- It is understood and accepted that a committee chair/board member may postpone being on the formal agenda until fully prepared to make a timely report.
- Committee requests that may have financial implications beyond
 the board approved operating or capital budget should first be reviewed by the GM/COO to determine availability of funds, cash flow
 implications and other considerations before being presented to the
 board for action.

HERE'S HOW TO HAVE A MEANINGFUL AGENDA — EVERY MEETING

Only those committee chairs that request formal Board time will be on the agenda!

Never again print out a meaning-less agenda that includes an obligatory listing of every committee. It is a waste of the Board's time for any Committee Chairman to read minutes or reports that have already been provided two days earlier. Committee discussions must take place at the committee level before board meetings — NOT during board meetings.

THE AGENDA IS "MISSION CRITICAL": NO GM/COO CAN, OR SHOULD EVEN DESIRE, TO "CONTROL" THE MEETINGS OF THE BOARD OF DIRECTORS. DEFINITELY NOT THE PROPER ROLE.

HOWEVER — EVERY PLUTONIUM GM/COO CAN, AND SHOULD, PROFESSIONALLY "GUIDE AND INFLUENCE" THE BOARD OF DIRECTORS.

THIS IS MOST EFFECTIVELY AND PROP-ERLY DONE BY PERSONALLY MAKING SURE EVERY MEETING HAS A WELL-PLANNED AND MEANINGFUL AGENDA.

Early in the week before a meeting, every board member will be personally contacted by the GM/COO's office to ask whether or not they are available to attend the meeting.

IF ABLE TO ATTEND THE MEETING — they are asked several questions.

- Do you wish to be included on the agenda in order to offer a formal report?
- If so, what specific items would you like to cover in your report? If there are no specific items there is no need to be on the agenda at all.

- Is there anything management might do or prepare specifically for you in advance that would be of value in your preparing for the meeting?
- How many minutes would you like on the agenda to fully present your report? (This number of requested minutes will actually be printed on the agenda. This is VERY important! Trust me on this one.)

IF UNABLE TO ATTED THE MEETING — they are asked just one question.

• Is there anything that you would like the GM/COO to report on or to make the Board aware of in your absence?

WITH ALL OF THE ABOVE INFORMATION IN HAND - The GM/COO will develop a rough draft agenda to review with the President.

At this juncture, the GM/COO is able to keep the President informed as to:

- 1. Specifically what Committees want to be on the Agenda.
- 2. Specifically what items each would like to bring before the Board.
- 3. Specifically how much time they estimate they will need.

The preliminary agenda items will be prioritized and developed in light of: prior minutes, committee chair reports/requests, presidential concerns, correspondence, matters that have a timeline, any bylaw requirements, etc.

It is important that the GM/COO be very near the top of every agenda to offer a comprehensive opening report (Executive Summary) that consistently helps set the tone of the rest of the meeting. When professionally executed, any minor issues are proactively and quickly addressed to full Board satisfaction that used to needlessly morph into non-productive "off the agenda" banter, gobbling up 20+ minutes per issue.

NOTE: A professionally prepared and presented GM/COO executive summary should routinely take no more than 5 to 8 minutes. Also, keep in mind that the GM/COO has already previously provided a more detailed report in the packet of information provided all Board members a few days earlier. All those items or specific Committee reports that are deemed important for this particular meeting — should be near the top of the agenda, *prioritized in a meaningful order* — immediately following the GM/COO report.

NEVER make the mistake of having housekeeping items or less important things first. It is unwise to think that minor things will be quickly addressed, then leaving the remaining time to devote to more important matters. This sounds good in theory, but has been proven faulty in practice.

THE BOARD NEEDS TO BE ALERT AND FULLY FOCUSED ON FIRST THINGS FIRST. MAKE SURE THE AGENDA ALWAYS REFLECTS THIS FACT. HOUSEKEEPING ITEMS AND ANY LESS IMPORTANT THINGS ARE ALWAYS TOWARDS THE BOTTOM OF THE AGENDA.

Near the end of every agenda, specifically have a place for "any open discussion." Suggestion: print 10 minutes next to it, just for starters.

This provides an informal time for any matters that may not be ready for formal presentation to the board. This way, good healthy discussion will not fall between the cracks.

You may think that this leaves the barn door open for longer meetings. But if all the other pieces are in place as presented — you will be pleasantly surprised to see that this is not the case at all.

However, should any "open discussion" appear to be taking on a life of its own, yet clearly not be ready for any formal board action — the president should either direct the GM/COO to follow up, or request that an appropriate committee chair be prepared to be on the next agenda in order to make a formal presentation/recommendation.

EVERY TIME — NO MATTER WHEN — A DISCUSSION ENSUES WHERE THE BOARD IS CLEARLY FRUSTRATED AND APPEARS TO BE GOING NOWHERE — a Plutonium GM/COO is confident and able to professionally guide and influence the process by simply getting the attention of the President at an opportune moment and offering something like this:

"Mr. President, there appears to be some genuine interest in this issue. And it deserves sufficient factual data to bring it into better focus. So, with your permission, I'd like to prepare a detailed analysis complete with back-up and supporting data that I can coordinate with the XYZ Committee. We could then put this near the top of the formal agenda next meeting. Of course, the full report will be available for you and the Board to review a few days before the meeting. Would this meet with your approval?"

By having the above type of mindset, the GM/COO is able to play an ongoing significant role (to whatever degree behind the scenes) in streamlining meeting time while at the same time routinely having meaningful agendas enabling the Board to systematically make informed decisions based on facts rather than emotions.

And, after this repeatedly happens with favorable results — a pattern emerges where the GM/COO will have to interject less and less frequently simply because it will be the President or other board member who will offer: "You

know — let's just let our GM/COO coordinate with the XYZ Committee. We'll be better prepared to make a solid decision at our next meeting."

Then — at the next meeting, an informed Committee Chairman on the agenda will carry the ball.

The GM/COO will actually need to say very little if s/he has done a good job in providing solid behind-the-scenes analysis and backup support to the appropriate Committee Chairman, then the President, and ultimately to the full board in an advance Executive Summary.

What used to be vague and repetitive issues that seemed to come out of nowhere and gobbled up board time like an out of control Pac-Man, can now be orchestrated into succinct recommendations on the Agenda that take only minutes each.

THIS IS NOT EXERTING "CONTROL" THAT ANY BOARD MEMBER WILL RESENT. INSTEAD, IT IS INJECTING SOLID "PROFESSIONAL INFLUENCE AND GUIDANCE" THAT EVERY BOARD MEMBER WILL APPRECIATE AND RESPECT.

All of the detailed analysis and backup work is orchestrated and coordinated by management behind the scenes, mostly at the committee level, BETWEEN board meetings not DURING!

The highest and best use as a board is to thoughtfully consider policies and issues that are timely, thoroughly developed, "scrubbed down" by the appropriate committee and management in advance, and then included on the agenda for board action.

The agenda will be made available to all members of the board with appropriate supporting documentation at least two days before each board meeting.

LET'S WRAP UP WITH THREE BASIC REMINDERS:

- The board serves at the pleasure of the membership. They are expected to maintain and establish prudent policies, make wise decisions, and ultimately present their club in a manner that pleases the current membership and best positions them for the future as well. Other than hire a great GM/COO this is what a Plutonium BOD does.
- 2. The GM/COO serves at the pleasure of the board.
- 3. The membership finds it a pleasure to be served by a Board who employs a GM/COO known for exhibiting professional guidance and influence enabling them to consistently: maintain and establish

prudent policies, make wise decisions, and ultimately present their club in a manner that pleases their current needs and best positions them for the future as well. Again — this is what a Plutonium BOD does.

PLUTONIUM CLUB LEADERSHIP ORCHESTRATES MEETINGS THAT MATTER.

If all this is new to the culture of your club, it may seem harsh. But, by no means is it overly rigid and in fact, it flows effortlessly once given a trial run of 2 or 3 meetings.

The intent is to have the board truly function as a board by: (1) Not assuming the responsibility at board meetings of doing work that should more appropriately be done at the committee level between the board meetings. (2) Not becoming overly involved in actually operating the club, as this is clearly the responsibility of the GM/COO.

The highest and best use of a Plutonium Board of Directors' time and talent is to thoughtfully consider policies and issues that are timely, thoroughly developed, and "scrubbed down" by the appropriate committee and management in advance. Agendas become meaningful. Meetings streamlined and focused. The president, board and committees are all looking good — as a direct result of their collective Plutonium Private Club Leadership being great.

Now then, it has just taken you 18 minutes to read this. How would it feel to know that if this were a board meeting — you'd only have 72 minutes to go?

BRIGHT IDEAS

PICK THOSE THAT BEST SERVE YOUR UNIQUE MEMBERSHIP — AND MAKE THEM HAPPEN!

One of the real luminaries of the business of private clubs is HARVEY WEINER. A tremendous beacon of excellence and Plutonium Leadership long before we thought it just might be fun to use such an explosive word. Harvey has made a significant difference in the private club industry.

But – this is not about Harvey. So, we will resist the impulse to pontificate about him. Instead we'll immediately share some of the very best advice we've ever come across for anyone who has just accepted a new GM/COO position.

Harvey's advice here is so simple and basic that it is brilliant. Here it is:

When you take over as the club's new GM/COO — the first things you want to do (at little or no cost) are:

- Pressure clean the entrance monument sign.
- Plant colorful flowers at the entrance.
- Polish the brass on the entrance doors.
- Shampoo the carpets.
- Wax the floors.
- Replace all missing light bulbs in the clubhouse.
- Place a new flower arrangement in the entrance.
- Schedule a "Meet the GM" board-sponsored cocktail reception.
- Show up at the bag drop early Saturday mornings with coffee for the golfers.

MAYBE I AM EASILY IMPRESSED, BUT I WAS BLOWN AWAY BY THE WISDOM OF WHAT HARVEY OFFERED ABOVE. BUT — WHAT CLUB MEMBERSHIP WOULD NOT ALSO BE JUST AS "EASILY" IMPRESSED BY THE WISDOM OF A NEW GM/COO WHO FOLLOWED UP ON WHAT HARVEY HAS SUGGESTED?

Members WILL notice, "Wow — something is actually happening around here!"

One of the seminars I present is: BRIGHT IDEAS TO KEEP A SUCCESS-FUL CLUB CAREER ON TRACK. Or better yet – simple reminders that we all need in order to keep a career path from growing dim.

In this particular presentation I offer a total of 18 points (and expand upon each) for those who have already followed Harvey's advice as a new GM/COO and are now further along in their career.

So — based on the groundwork that Harvey has laid for us — in no particular order or priority, as only YOU can establish that at your own unique club.

Here are 18 "BRIGHT IDEAS" for you to consider. Let's GO!

- If need be "Reinvent" the club by seeking professional facilitation in fine-tuning a fresh Mission Statement, Vision, and Core Values that reflect the times.
- 2. Seek professional assistance in creating and analyzing a meaningful membership survey to find what they currently enjoy and really want for the future.
- Seek professional assistance in a Capital Reserve Study that will preclude deferred maintenance and keep your club in perpetual top condition.
- 4. **Professionally update Bylaws and Club Rules** with the goal of having them better reflect reality and perceptions of a new generation of members.
- 5. The new generation of members doesn't write checks! Seriously consider member online payment and member use of a pre-authorized credit card (NOT for quests!)
- 6. **Start looking for ways to appropriately say "YES"** to younger generation potential members (Nice denim? lpads? Smartphones?).
- 7. Look for approaches to make the club a cool place, where kids beg their parents to take them.
- 8. Forget the old standard mark-up and create an exciting "Wine Program" that screams tremendous perceived value for members to dine at the club.
- 9. Eliminate the antiquated "All the Wrong Messages" F&B minimum. Replace it with built-in program that rewards use of the club not punishes non-use.
- 10. *Eliminate any "Service Charges"* on all ala carte dining. Replace it with a new monthly, quarterly, or annual (precisely identified!) amount embedded in dues.
- 11. Look for ways to eliminate any seasonal cash flow concerns by successfully packaging "discounts" for annual dues rather than monthly.
- 12. Demand from yourself a rock-solid ZERO BASED OPERATING BUD-GET! Never again just increase or reduce meaningless %'s backing into a desired/artificial dues level.
- 13. **Get serious about eliminating debt!** If cash is indeed king (and it is) then debt is an enemy. No longer tolerate kicking the can down the road this is very important.
- 14. **Streamline the volunteer leadership.** Does the club really need that many Directors and Committees that may have been established decades ago? Really?

- 15. **Put in place "Board Approved" job descriptions** for all Committee and Board positions. Make sure, in writing, every volunteer leader knows their role.
- 16. **Get serious about management** providing the leadership, organization and communication, enabling productive board meetings of 90 minutes to become routine.
- 17. Invest in your greatest operating assets. In every department, have a budgeted line item for "Team Development & Motivation."
- 18. Understand that the purpose of club operations is to consistently establish the quality and service expectations of the membership to the point that they will pay dues increases when necessary. Because IT IS DUES INCOME THAT FLOATS THE DEPARTMENTAL OPPERATIONS BOAT, MEMBERSHIP SATISFACTION IS PRICELESS.

If you are brand new on the job – take Harvey's tremendous advice and get off to a great start.

Once you start getting some traction, gain more confidence/support from the board and membership — now it is time to seriously take the 18 points above, prioritize them to your own unique needs and to get the wheels turning wherever deemed most appropriate.

Perhaps you are at a club where much of the above has long since been in place. Many of them may be due to your own expertise gained over the years. But in any case, get a plan and implement it.

Why not take Harvey's points and make a habit out of them — no matter how many great years you have under your belt at your current club?

READY FOR MORE?

THERE ARE 350 MORE INSIGHTFUL PAGES TO GO

GET YOUR COPY AT: http://plutonium.club