

Business Intelligence



STRATEGIC INTELLIGENCE

The Premier Business Intelligence Suite for Private Clubs

CRITICAL THINKING FOR CLUBS

Upper Midwest Chapter, CMAA

TPC TWIN CITIES

November 13th, 2018



**UPPER
MIDWEST
CHAPTER**
CLUB MANAGEMENT
ASSOCIATION OF AMERICA



CMAA BUSINESS PARTNER



CONSULTING FIRM

Impartial and **Confidential** Advice.

Valuable Statistical **Data** and Empirical **Insights**.

Successful **Solutions** and Professional **Services**.



Derek Johnston / PARTNER

Manages GGA office in Toronto.

Directs GGA's **Business Intelligence** Globally.

Previously: **Arthur Anderson, Deloitte**.

SESSION OBJECTIVE

Outline critical **Strategic Intelligence** for Clubs to enhance **Strategy** and increase likelihood of **Success**.



Strategy relies upon INTELLIGENCE



BUSINESS INTELLIGENCE

Often Misunderstood | Definition is categorically imprecise.

Business Intelligence relies on the use of data to derive insights.
An effective data strategy relies on understanding what you are trying to accomplish.



What is the primary type of BUSINESS INTELLIGENCE used at your club?



Financial and operating data is typically top of mind



93% of club managers reference financial and operating data as their primary type of business intelligence used at their club.



We encourage you to think

BIGGER!





Common Characteristics of BI in Corporate World



DATA TYPES

Internal and external data combined for unique insight.



DATA SOURCES

Data from multiple sources is synthesized for analysis.



APPLICATION

Experience and assumption is applied.



ENABLED

Data acquisition and analysis is enabled by technology.

Barriers for Clubs



TIME

Time from senior executive team is required to set plan.



RESOURCES

Knowledgeable resources are required to execute plan.



COST

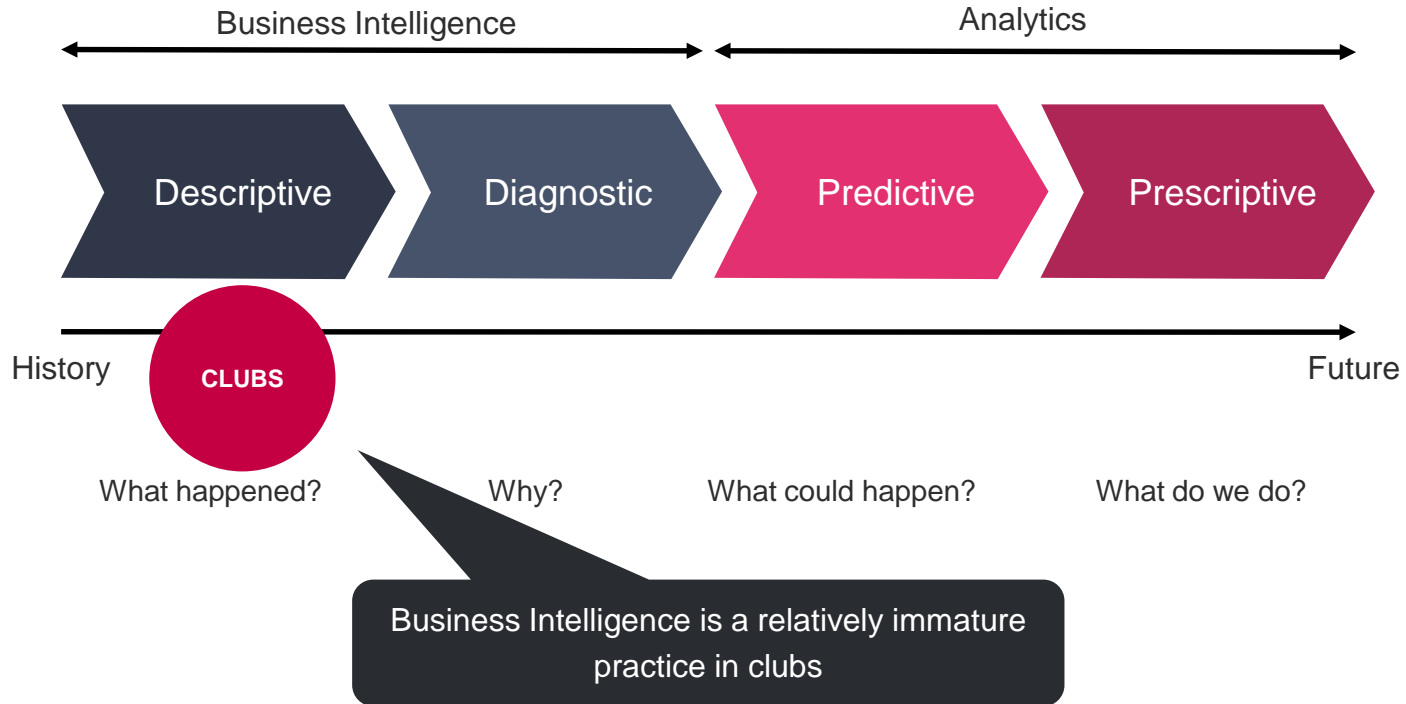
Time, resources and technology all come with a cost.



CULTURE

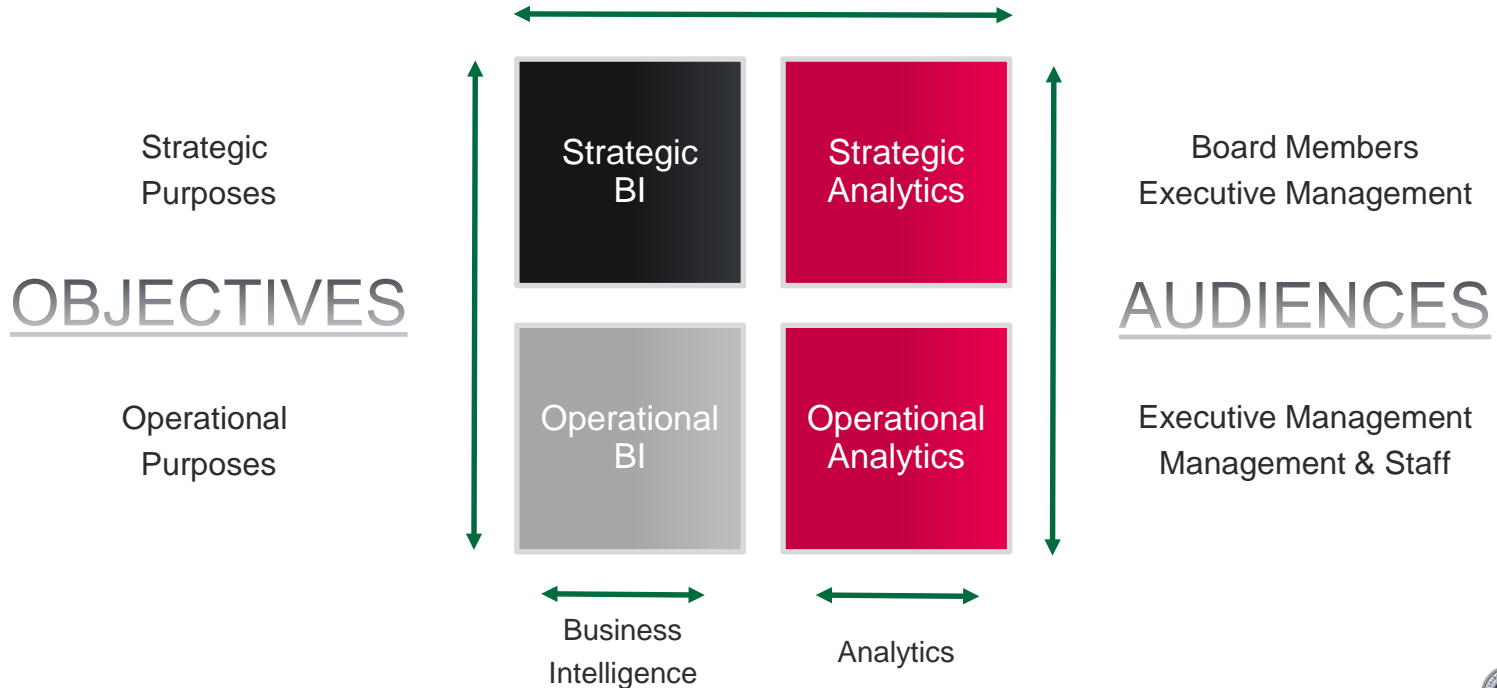
Data driven decision making in clubs is not ingrained.

Business Intelligence and Analytics: A CONTINUUM





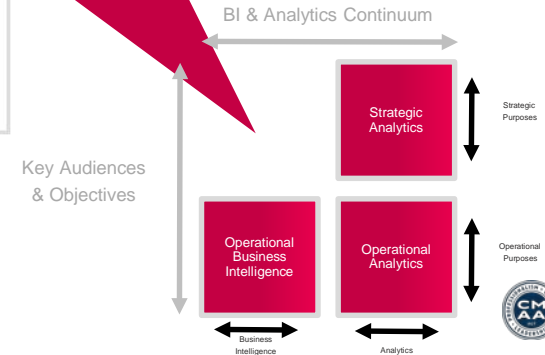
DIFFERENT TYPES OF BI AND ANALYTICS





Research and Analysis is Required For Strategic Intelligence

Designed to provide club leaders with critical intelligence to effectively set and adjust strategy.



STRATEGIC INTELLIGENCE PROCESS



1. DEFINE KPMS

2. GATHER DATA

3. VISUALIZE



What do you
need to
know?

What do you
need to do to
gather what
you need?

How do you
go about
presenting
what you
gathered?



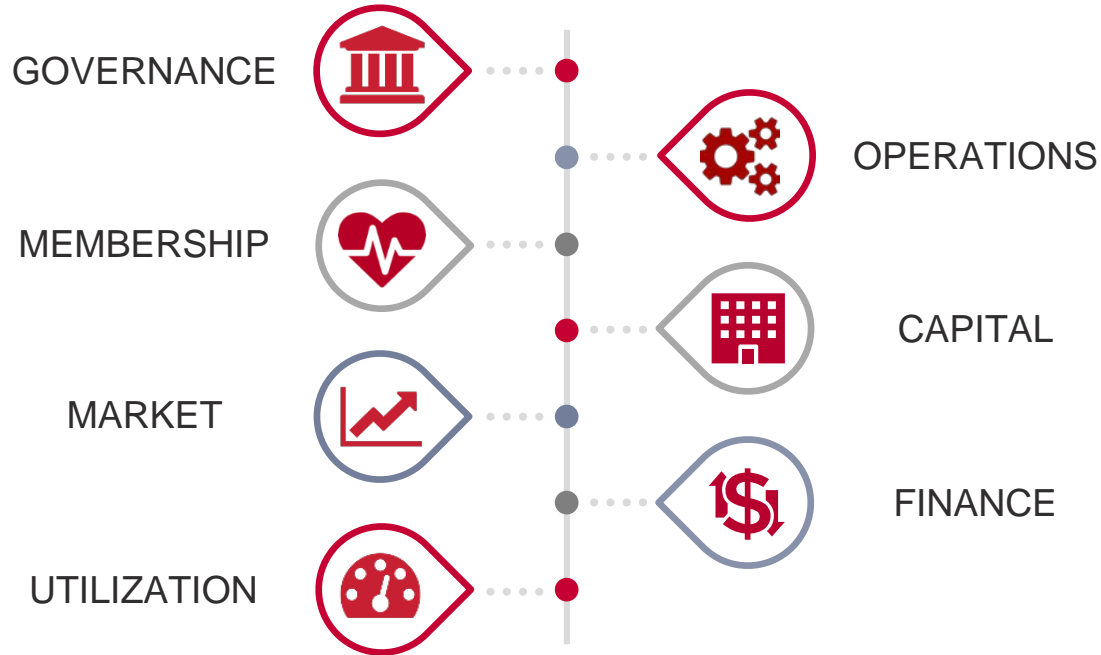
1. DEFINE KPMS

1. DEFINE KEY PERFORMANCE MEASURES



Critical Categories of Intelligence

Define Important Metrics in Each Category





1. DEFINE KEY PERFORMANCE MEASURES



GOVERNANCE

Track and monitor, consistency is crucial.

Performance and trust in board

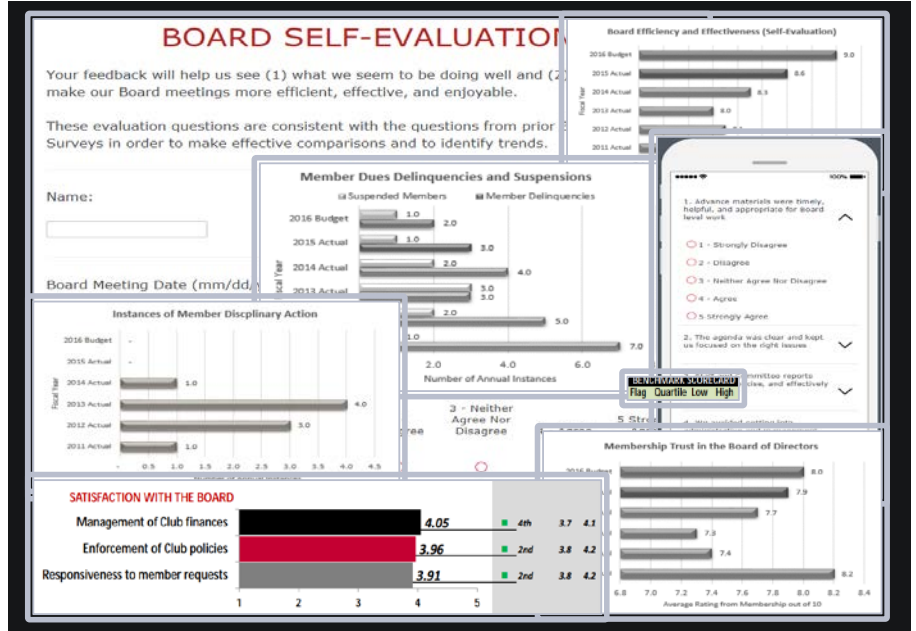
- Self-assessment
- Member feedback

Compliance with rules and regulations

- Instances of member disciplinary action
- Member payment delinquencies and suspensions

Compliance with laws and regulations

- Instances of non-compliance (workplace safety, annual audit results, etc.)
- Emerging issues and trends that may impact your club



1. DEFINE KEY PERFORMANCE MEASURES



MARKET

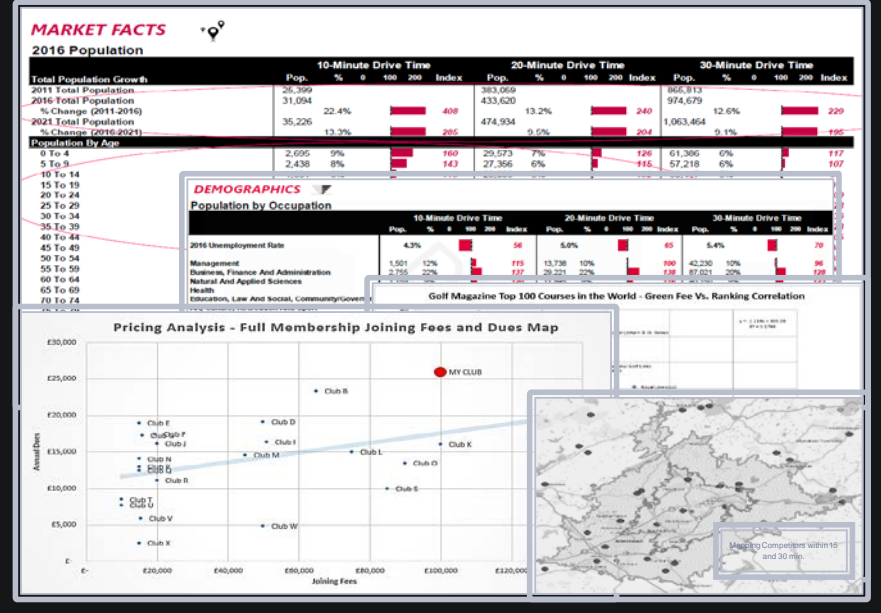
Understand Historic Patterns to Forecast the Future.

General Demographics and Psychographics

- Traits, preferences and trends
- Source-of-origin
- Projected changes
- Past, present and future market to membership overlay

Competition

- Supply of clubs and market position
- Key competitor strategy and brand
- Membership categories, rules and regulations
- Pricing and packaging
- Marketing and communications



1. DEFINE KEY PERFORMANCE MEASURES



UTILIZATION

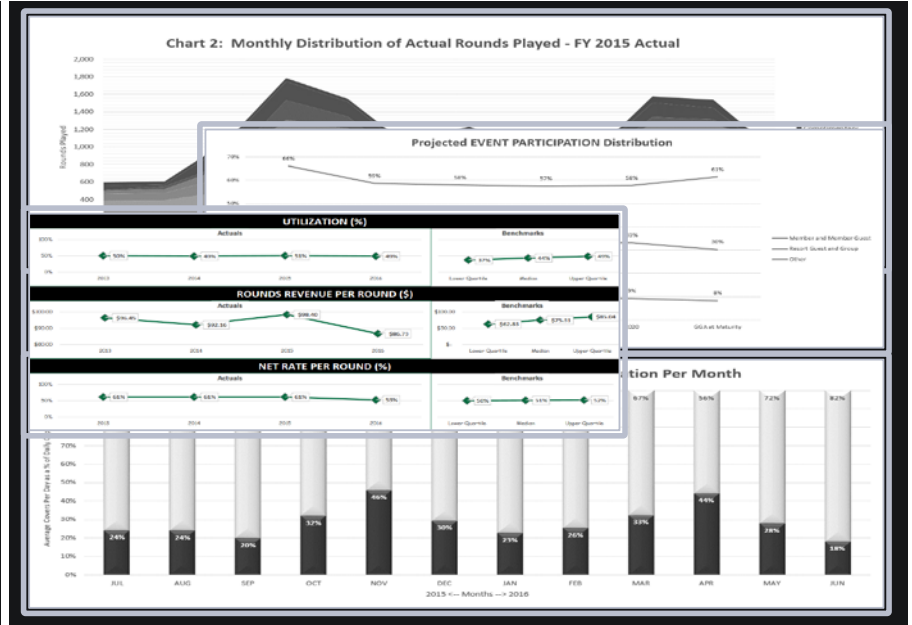
Important measures of your club's relevance to it's members.

Utilization

- Operating use statistics
- Measurement of utilization versus capacity
- Average spend per use measurements

Participation

- Events and tournaments
- Reservations and cancellations/no shows
- Average spend per event and tournament
- Net change in number of events





1. DEFINE KEY PERFORMANCE MEASURES



OPERATIONS

Track dollar amounts, average growth rates and trends.

Profit and Loss

- Revenue and Expense by department
- Gross profit and gross margin
- EBITDA and EBITDA Margin

Human Resources

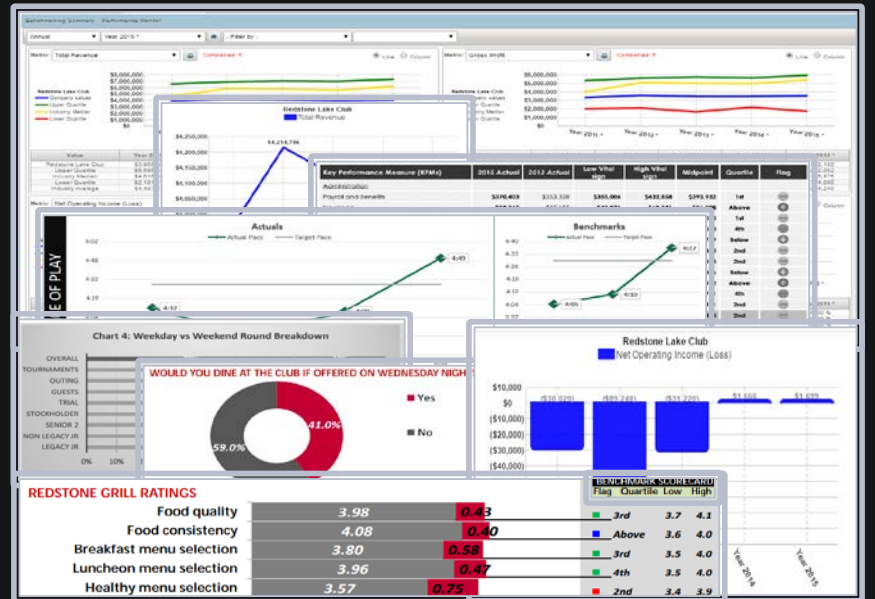
- Total Payroll and Benefit Expenses, % of Total Expenses
- Head Count and Full Time Equivalents, Average Expense Per

Operational Feedback

- Member AND Employee satisfaction and engagement
- Ratings versus expectations

Amenity Access

- Operating hours and offerings
- Ratings versus expectations
- Measurement of unfulfilled requests





1. DEFINE KEY PERFORMANCE MEASURES



CAPITAL

Evaluate elements on an aggregate basis and per member.

Sources

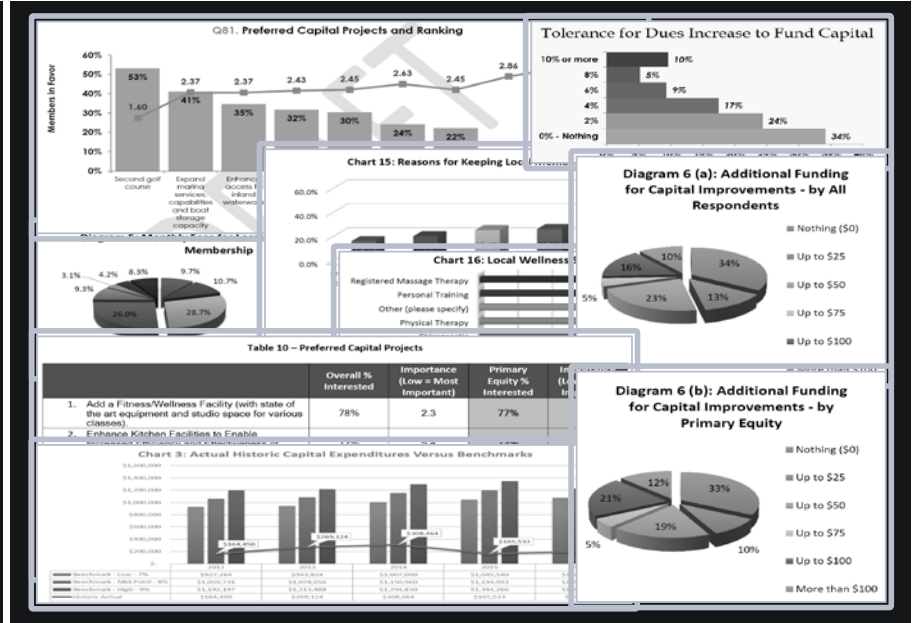
- Joining fees
- Capital dues
- Capital assessments
- Annual funds available for capital

Uses

- Repairs and replacements of existing assets
- New capital improvements

Reserves

- Capital reserve studies
- Actual capital expenditures vs. reserve study
- Capital expenditures as a % of Revenue
- Capital expenditures vs. depreciation





1. DEFINE KEY PERFORMANCE MEASURES



FINANCE

Focus on options and outcomes.

Financing Options

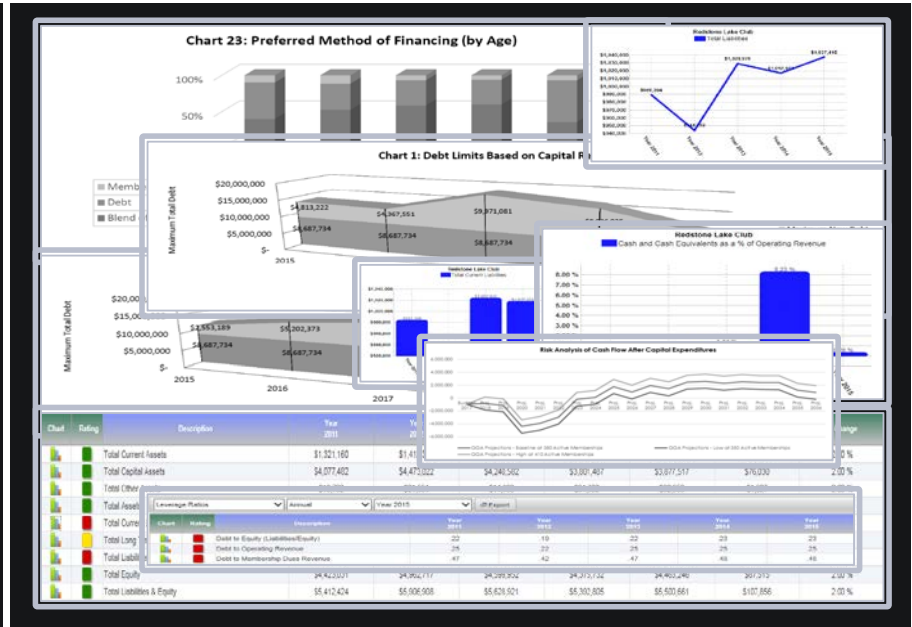
- Sources
- Availability
- Impact

Liquidity

- Current ratio
- Working capital
- Quick ratio
- Interest coverage ratio

Leverage

- Debt to equity
- Total debt per membership





2. GATHER DATA

2. GATHER DATA



Internal Data Sources



General Ledger



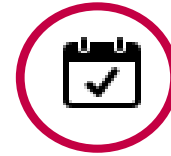
Transaction Register



Membership Database



Customer Relationship



Reservation System



Survey Responses

External Data Sources



Population Data



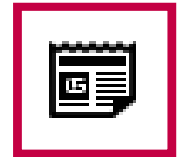
Real Estate Data



Social Media Data



Web Traffic



News Outlets



Key Research and Analysis Activities for Strategic Intelligence



FEEDBACK



MARKET SCAN



VITAL SIGNS

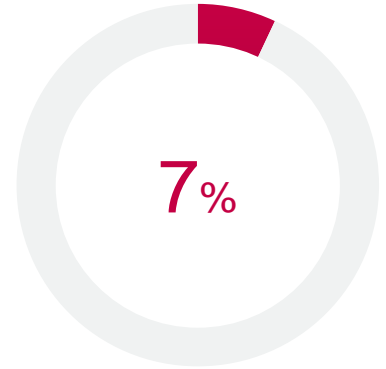
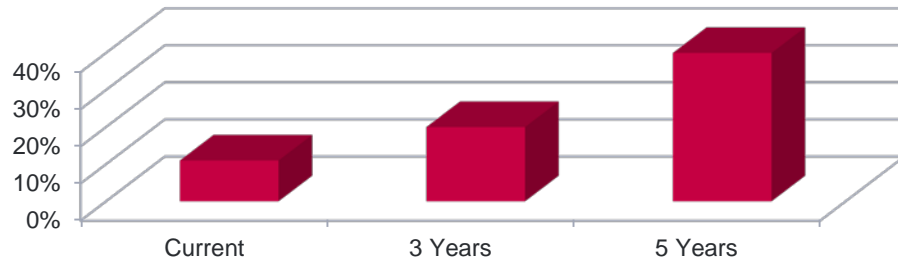
2. GATHER DATA



Who currently uses a BI solution to combine data sets from multiple sources to generate KPMs?

The good news: This is changing and poised to change rapidly over the coming years.

GGA Projected BI Solution Usage



CLUB MANAGERS

Use a BI solution at their club to combine data sets from multiple operating systems to generate key performance metrics.

Even fewer use a data warehouse for business intelligence purposes that is separate and distinct from their club management system database.

2. GATHER DATA



Use a Data Warehouse to Store Data and Generate Unique Insights

Dashboard Trend Charts

Membership Annual Year 2016 Export

Chart	Rating	Description
	↑	Number of Other Golf Memberships
	↑	Total Number of Golf Memberships - Actual
	↑	Total Number of Memberships - Actual
	↑	Full Memberships as a % of Full Capacity
	↑	Number of Full Memberships per 18-Hole Regulation Course
	↓	Full Membership Equivalent
	↓	Annual Attrition
	↑	New Memberships per Year
	↓	Attrition Rate (all members)
	↑	Full Joining Fee (upfront, lump sum, total)
	↑	Full Annual Fee (excl. capital, fundb and other ancillary fees)
	↑	Full Annual Fee (incl. all mandatory costs)
	↑	% Increase in Annual Full Dues
	↑	Average Dues Revenue per Membership
	↑	Average Dues Revenue per Full Membership
	↓	Average Dues Revenue per Membership as a % of Full Dues

Total Cost to Belong Versus Full Membership Sales

Average 2013 to 2018

Full Membership Sales

Total Cost to Belong as a % of Key Competitors

$y = 5E+08e^{-17.76x}$
 $R^2 = 0.976$

Close

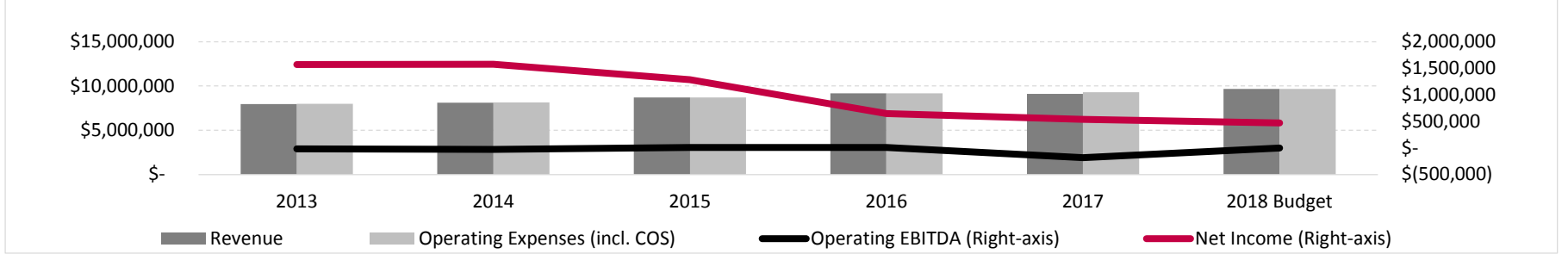
Year	Variance	% Change
2016		
538	0	0.00 %
960	3	0.31 %
1,256	16	1.29 %
98.14 %	0.70 %	0.72 %
422	3	0.72 %
791	-4	-0.55 %
6	16	160.00 %
21	7	50.00 %
0.48 %	1.29 %	159.26 %
\$80,000	\$0	0.00 %
\$4,289	\$205	5.02 %
\$5,784	\$333	6.11 %
	4.03 %	407.07 %
\$2,447	\$81	3.11 %
\$7,010	\$287	3.70 %
64.33 %	-1.16 %	-1.81 %

2. GATHER DATA



Trend Analysis is Powerful

	2013	2014	2015	2016	2017	2018 Budget	% Δ YoY	5-Yr CAGR
Revenue	\$7,961,866	\$8,107,560	\$8,697,664	\$9,175,812	\$9,108,548	\$9,678,188	-1%	3%
Cost of Sales	\$1,268,836	\$1,292,321	\$1,452,300	\$1,636,440	\$1,581,354	\$1,590,907	-3%	6%
Gross Profit	\$6,693,029	\$6,815,239	\$7,245,365	\$7,539,372	\$7,527,193	\$8,087,280	0%	3%
Operating Expenses	\$6,711,551	\$6,843,911	\$7,236,574	\$7,529,885	\$7,708,914	\$8,087,280	2%	4%
Operating EBITDA (Right-axis)	-\$18,521	-\$28,672	\$8,791	\$9,487	-\$181,721	\$0	n.m.	n.m.
Entrance Fees	\$2,702,429	\$2,754,859	\$2,426,754	\$1,888,733	\$1,988,254	\$1,813,380	5%	-7%
Other Income	\$51,906	\$124,346	\$149,671	\$89,733	\$126,033	\$99,483	40%	25%
Depreciation / Amortization	\$1,143,803	\$1,250,866	\$1,267,340	\$1,293,678	\$1,339,855	\$1,394,400	4%	4%
Other Expenses	\$21,208	\$22,701	\$34,854	\$44,836	\$55,918	\$45,762	25%	27%
Net Income (Right-axis)	\$1,570,802	\$1,576,966	\$1,283,022	\$649,439	\$536,793	\$472,701	-17%	-24%



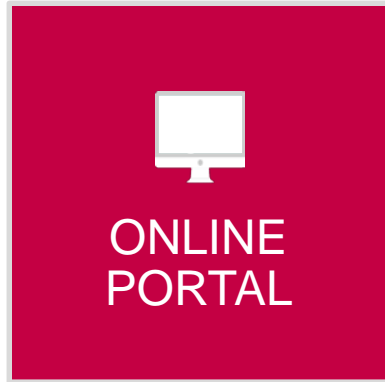


3. VISUALIZE

3. VISUALIZE KPMS



Key Elements of a Comprehensive Strategic Intelligence Program



SUPPORT DECISION MAKING & MEASURE PERFORMANCE

3. VISUALIZE KPMS



MENU



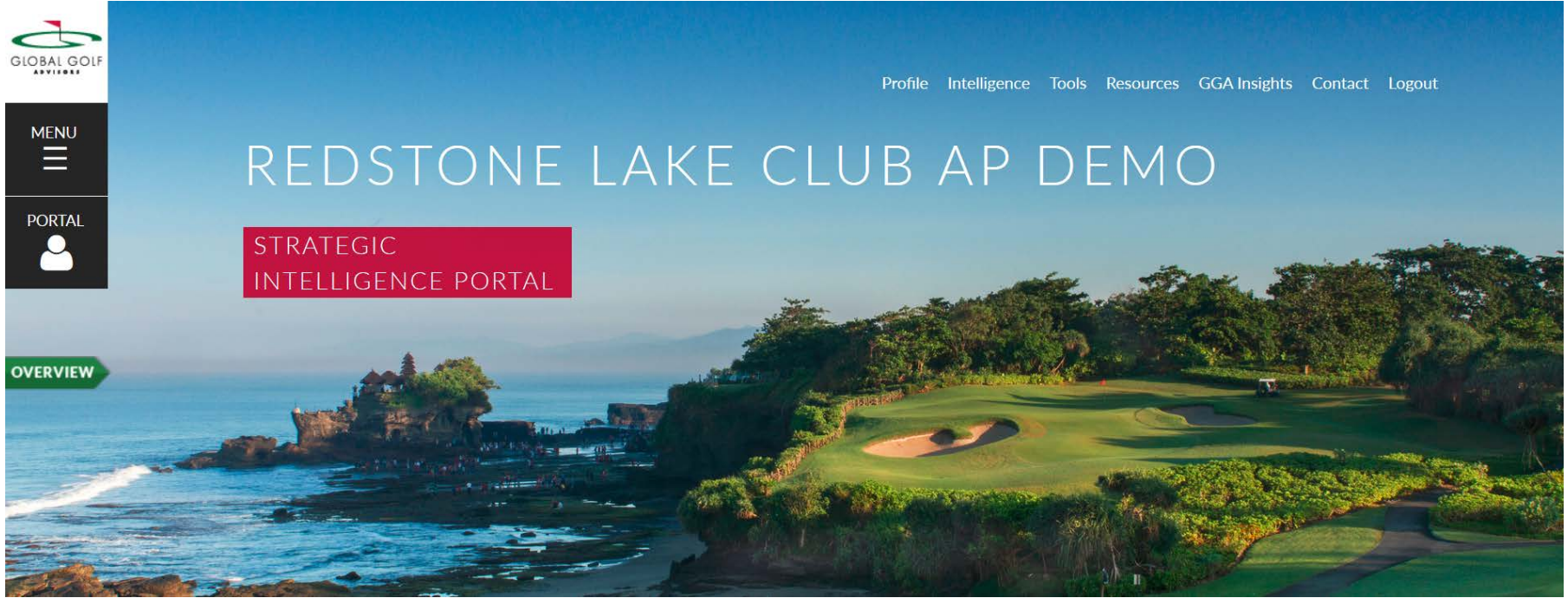
PORTAL



REDSTONE LAKE CLUB AP DEMO

STRATEGIC
INTELLIGENCE PORTAL

OVERVIEW



Redstone Lake Club

Welcome to Redstone Lake Club AP Demo's confidential and secure portal to strategic membership, market and performance intelligence.



3. VISUALIZE KPMS

CLUB PROFILE

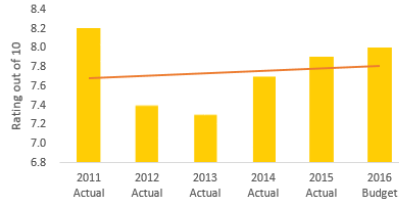


BUSINESS STRUCTURE	Industry Sector	PRIVATE CLUB	Ownership	MEMBER SHAREHOLDERS
	Profit Status	NOT FOR PROFIT, TAX EXEMPT	Governance	BOARD GM/COO
	Tax Status	501 (c) (7)	Year-End	OCTOBER 31st
MEMBERSHIP STRUCTURE	Voting	FULL 80% REFUNDABLE	Capacity	395
	Non-Voting	SPORTS NON REFUNDABLE	Capacity	195
	Non-Voting	SOCIAL NON REFUNDABLE	Capacity	95
LEADERSHIP STRUCTURE	Directors	9 FULL MEMBERS	Term Length	3 YEARS (up to 3 terms)
	Officers	4 DIRECTORS	Term Length	1 YEAR (per position)
	Executive	GM/COO	Reports	TO THE BOARD



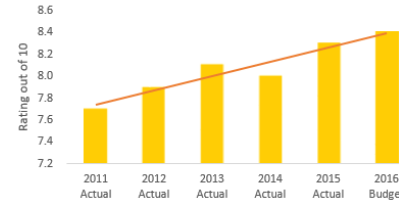
Monitor Performance Against Strategy

1. Improve Trust in the Board of Directors



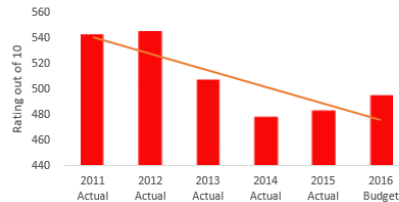
2015 Actual: 7.9 Target: 8.4 Trend: +

2. Improve Member Satisfaction



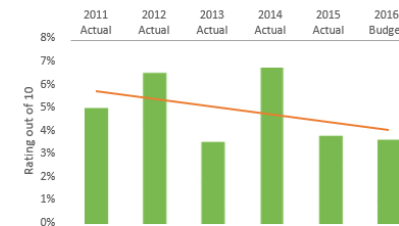
2015 Actual: 8.3 Target: 8.82 Trend: +

3. Grow Full Membership



2015 Actual: 483 Target: 519.75 Trend: -

4. Maintain Membership Attrition Below 5%



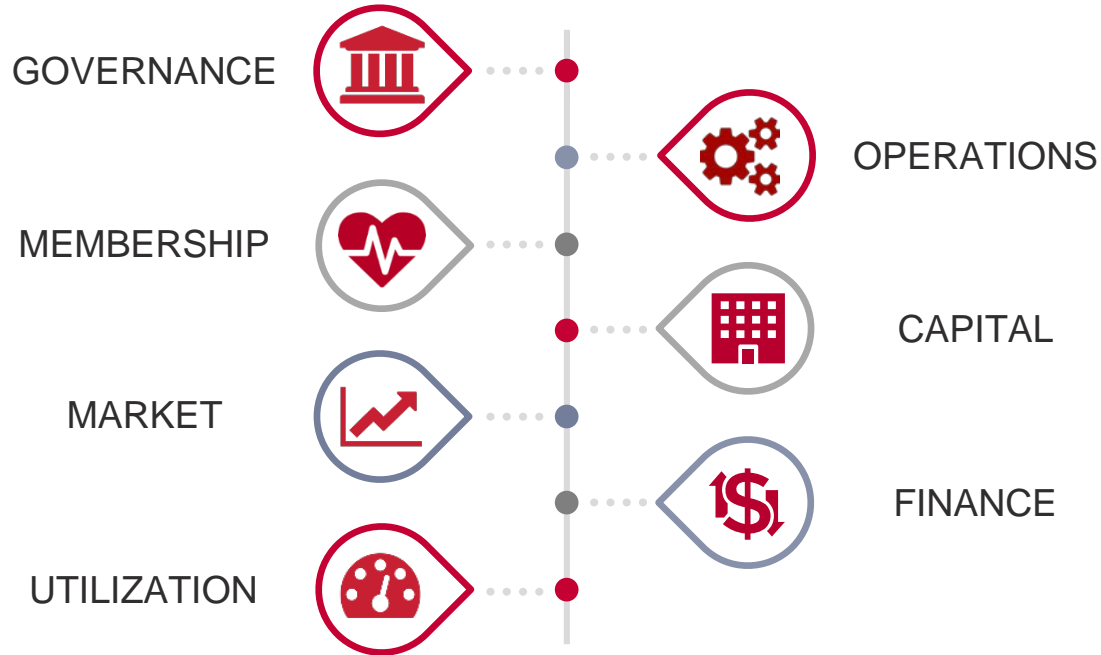
2015 Actual: 4% Target: 4% Trend: +

3. VISUALIZE KPMS



Critical Intelligence Consoles

Build
Consoles for
Each
Category of
Intelligence
to Inform
Club Leaders

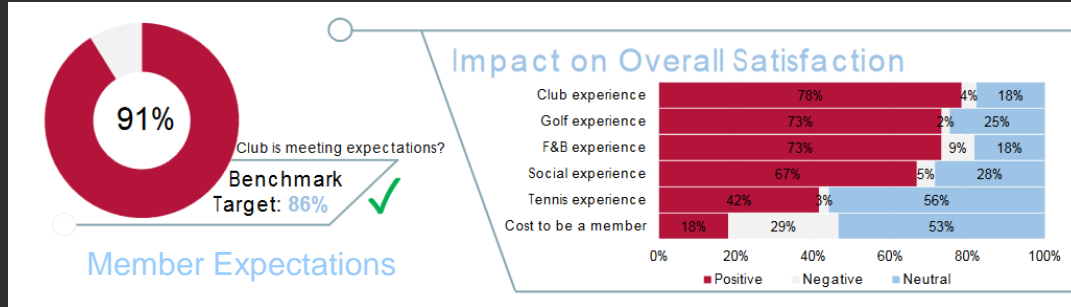


3. VISUALIZE KPMS

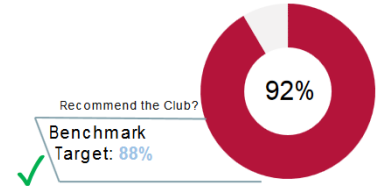
MEMBERSHIP



MEMBER SATISFACTION



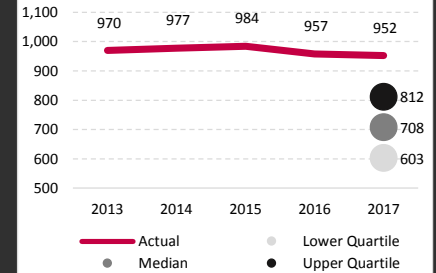
Member Attitudes



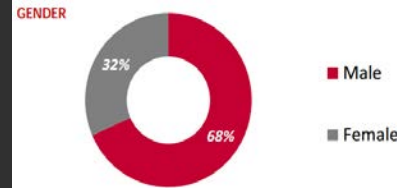
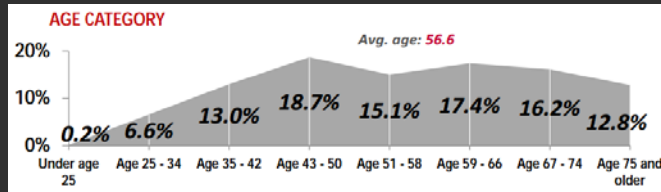
MEMBERSHIP NUMBERS

	2013	2014	2015	2016	2017	% Δ YoY	5-Yr CAGR
Full Memberships	652	649	651	651	645	-1%	0%
Other Golf Memberships	477	478	456	459	474	3%	0%
Social Memberships	334	349	353	346	344	-1%	1%
Total Memberships	1,463	1,476	1,460	1,456	1,463	0%	0%

FULL MEMBERSHIP EQUIVALENTS RELATIVE TO BENCHMARKS



MEMBERSHIP DEMOGRAPHICS



3. VISUALIZE KPMS



Leverage the Data Warehouse for Stakeholder Specific Consoles

Dashboard Trend Charts

Food & Beverage Annual Year 2016 Export

FINANCE COMMITTEE PERFORMANCE DASHBOARDS Help

Chart	Rating	Description	Year 2012	Year 2013	Year 2014	Year 2015	Year 2016	Variance	% Change
	↑	Food and Beverage Sales	\$1,548,451	\$1,479,767	\$1,644,881	\$1,613,481	\$1,737,601	\$124,121	7.69 %
	↑	Other Food and Beverage Revenue	\$119,673	\$122,612	\$136,337	\$137,247	\$161,130	\$23,883	17.40 %
	↑	Total FandB Revenue	\$1,668,124	\$1,602,380	\$1,781,217	\$1,750,727	\$1,898,731	\$148,004	8.45 %
	↓	Food and Beverage COS	\$667,563	\$642,194	\$683,500	\$681,736	\$738,418	\$56,682	8.31 %
	↑	Other Food and Beverage Cost of Sales	\$21,077	\$19,702	\$21,084	\$13,871	\$12,385	-\$1,485	-10.71 %
	↓	Food and Beverage Cost of Sales	\$688,640	\$661,896	\$704,584	\$695,607	\$750,803	\$55,196	7.93 %
	↓	Payroll and Related Costs	\$999,829	\$1,012,689	\$1,057,281	\$1,079,594	\$1,144,546	\$64,952	6.02 %
	↓	Other Expenses Food and Beverage	\$123,131	\$137,527	\$148,435	\$146,347	\$155,593	\$9,246	6.32 %
	↑	Food and Beverage - Net Profit	-\$143,476	-\$209,733	-\$129,083	-\$170,821	-\$152,211	\$18,610	10.89 %
	↓	FandB Cost of Goods Sold as a % of Sales	43.11 %	43.40 %	41.55 %	42.25 %	42.50 %	0.25 %	0.59 %
	↑	FandB Cost of Goods Sold as a % of Revenue	41.28 %	41.31 %	39.56 %	39.73 %	39.54 %	-\$0.19	-0.48 %
	↑	FandB Payroll as a % of Revenue	59.94 %	63.20 %	59.36 %	61.67 %	60.28 %	-\$1.39	-2.25 %
	↑	Other FandB Expenses as a % of Revenue	7.38 %	8.58 %	8.33 %	8.36 %	8.19 %	-\$0.17	-2.03 %
	↑	Net Profit %	-8.60 %	-13.09 %	-7.25 %	-9.76 %	-8.02 %	1.74 %	17.83 %
	↑	FandB Revenue as a % of Total Operating Revenue	28.88 %	27.38 %	28.69 %	28.59 %	28.75 %	0.16 %	0.56 %
	↑	FandB - Revenue per Round	\$47	\$42	\$40	\$52	\$50	\$7	13.65 %

Build Question Specific Consoles



CASE STUDY – Setting the Magic Number for Annual Dues

IS A LARGER DUES INCREASE
JUSTIFIED FOR NEXT YEAR?

BACKGROUND

- Historical dues increases have been 2.5% annually.
- Revenue has been stagnate and operating expenses increasing significantly.



3. VISUALIZE KPMS

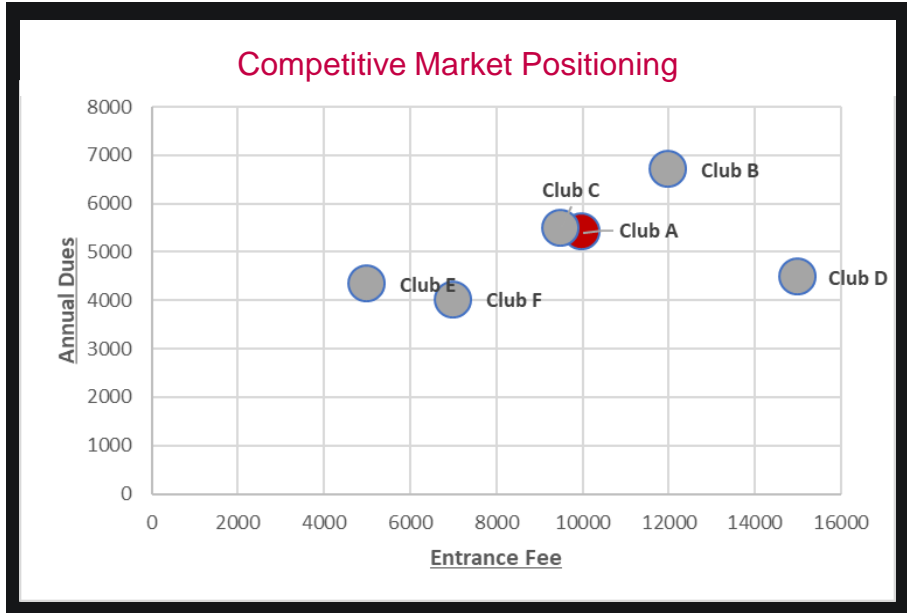


CASE STUDY: Setting the Magic Number for Annual Dues

HELPFUL DATA

POSITIONING MAP

Where is our club currently positioned amongst our competitive set?



3. VISUALIZE KPMS

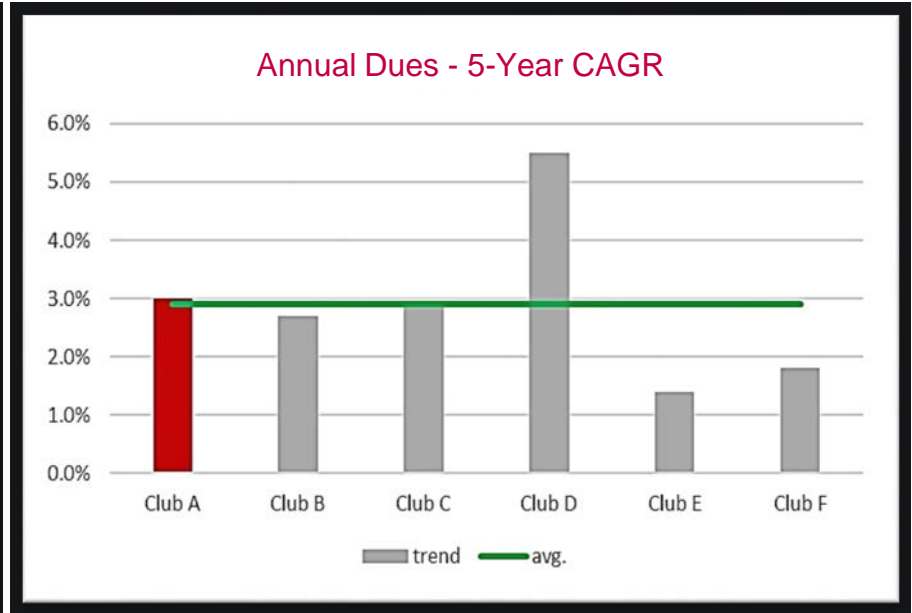


CASE STUDY: Setting the Magic Number for Annual Dues

HELPFUL DATA

RECENT TRENDS

How do our recent dues increases (5-year average) compare to our competitive set?



3. VISUALIZE KPMS

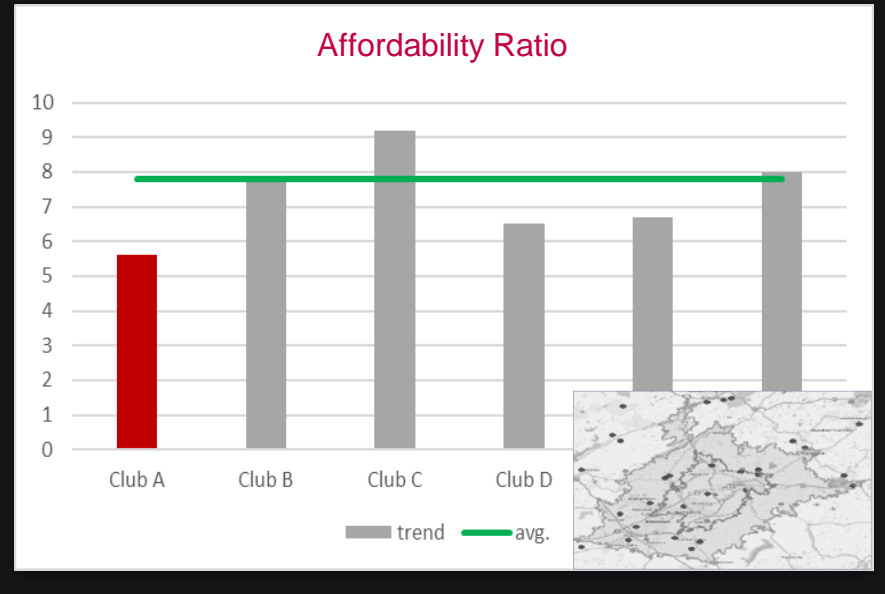


CASE STUDY: Setting the Magic Number for Annual Dues

HELPFUL DATA

AFFORDABILITY

What does our affordability ratio (HH Income / Total Cost to Belong) look like compared to that of your competitive set (5-year average)?



3. VISUALIZE KPMS



CASE STUDY: Setting the Magic Number for Annual Dues

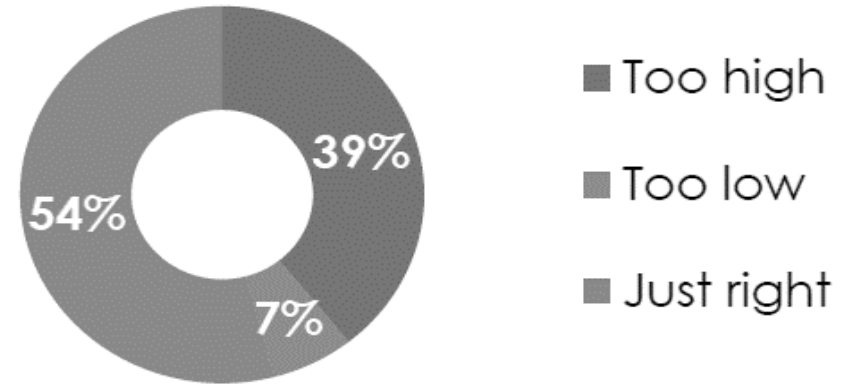
HELPFUL DATA

CURRENT ATTITUDES

How do our members rate their current satisfaction with dues levels?

How many 'at risk' members do you have?

Members Attitudes – Annual Dues



Member Feedback	Actuals				Trend	Comparable Benchmarks		Results	
	2015	2016	2017	2018		Low Benchmark	High Benchmark	Quartile	Flag
Overall Satisfaction	7.97	8.51	8.62	8.70		7.7	8.5	Above	↑
Likelihood of Recommending Club	71%	83%	82%	96%		85%	92%	Above	↑

3. VISUALIZE KPMS



CASE STUDY: Setting the Magic Number for Annual Dues

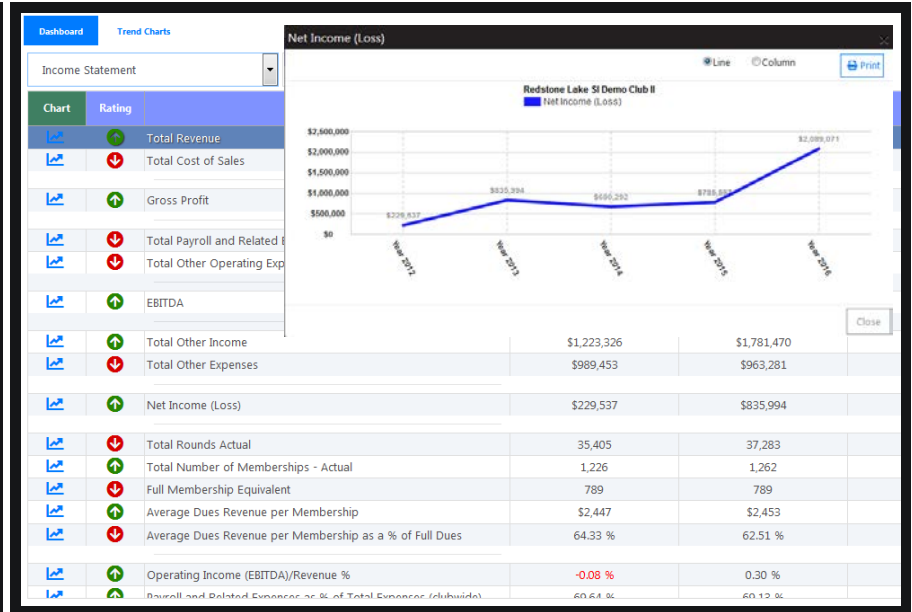
HELPFUL DATA

OPERATING SURPLUS/DEFICIT

What has our Operating Surplus/Deficit looked like recently? Have we adequately funded capital maintenance?

COST INFLATION

What does inflation look like locally, regionally and nationally?



3. VISUALIZE KPMS



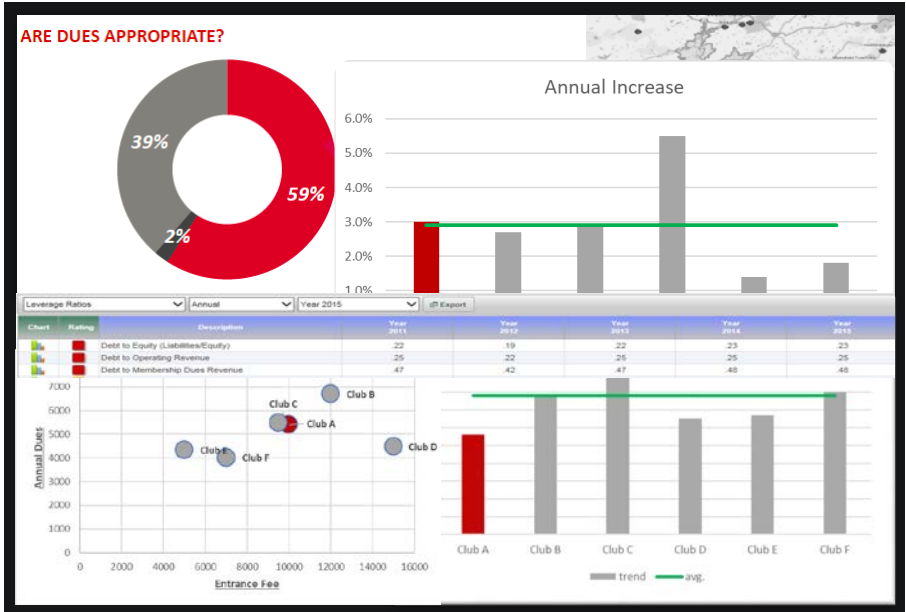
CASE STUDY – Setting the Magic Number for Annual Dues

SUMMARY OF KEY DATA

- Competitive Analysis and YoY Annual Dues Trend
- Affordability Ratio | Member Penetration Rates | High Income HH Population Projections
- Member Satisfaction with current 'Value for Dues'
- Operating Performance and Cost Inflation

KEY TAKEAWAY

- A truly informed decision requires a combination of competitive data, market data, operational data and membership feedback data.
- The data must be consistently tracked, trended and presented over time.





Set SI Goals

01

/ INFORM KEY DECISION MAKERS

Accurate. Timely. Actionable. Intelligence.

02

/ IMPROVE PRODUCTIVITY

Effectiveness. Board Meetings. Management Meetings.

03

/ EFFICIENTLY ALIGN STRATEGY

Evaluate. Develop. Adjust.



Lead With Strategy

STRATEGIC PLAN



01

Start with your club's strategic plan and overarching goals.

02

Develop a list of key questions which you need answers to



DEVELOP QUESTIONS

BI REQUIREMENTS



03

Let these questions form the basis of your BI requirements

04

Put your mind to it and leverage third party support to track information



SOURCE INFORMATION



Drive Insight Through Analysis and Visualization

ANALYZE DATA



05

Analyze all data sourced to identify trends and diagnose outcomes.

06

Present analysis and key findings in a clear and concise manner.



VISUALIZE ANALYSIS

INSIGHT



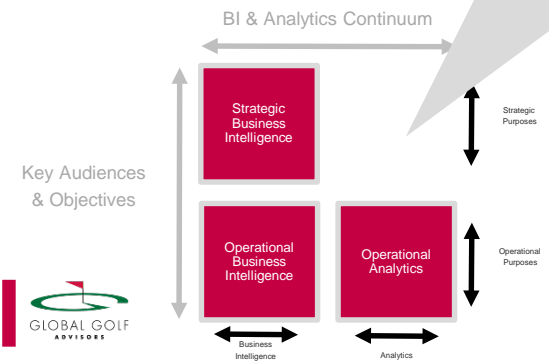


QUESTIONS

Other Ways We Help



Analytics for Private Clubs.
Predictive and Prescriptive
Modeling and Analytics
Support.

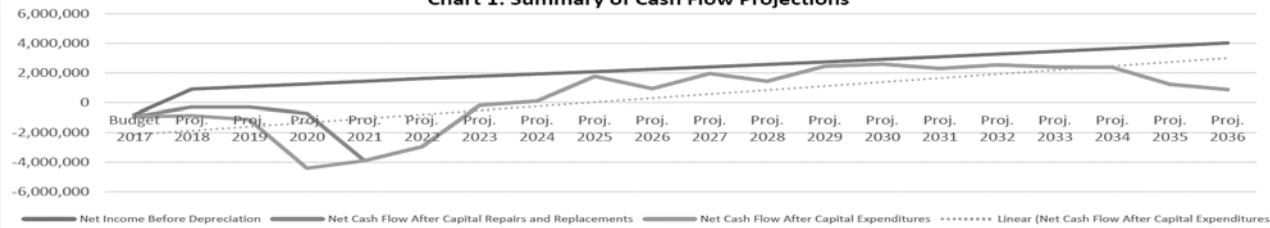


The Power of Modelling

- Build, maintain, update and utilize a dynamic, forward looking model.
- Consider all key forces impacting success, both internal and external.
- Use these variables to define KPIs that go beyond dollars and cents to truly measure performance.

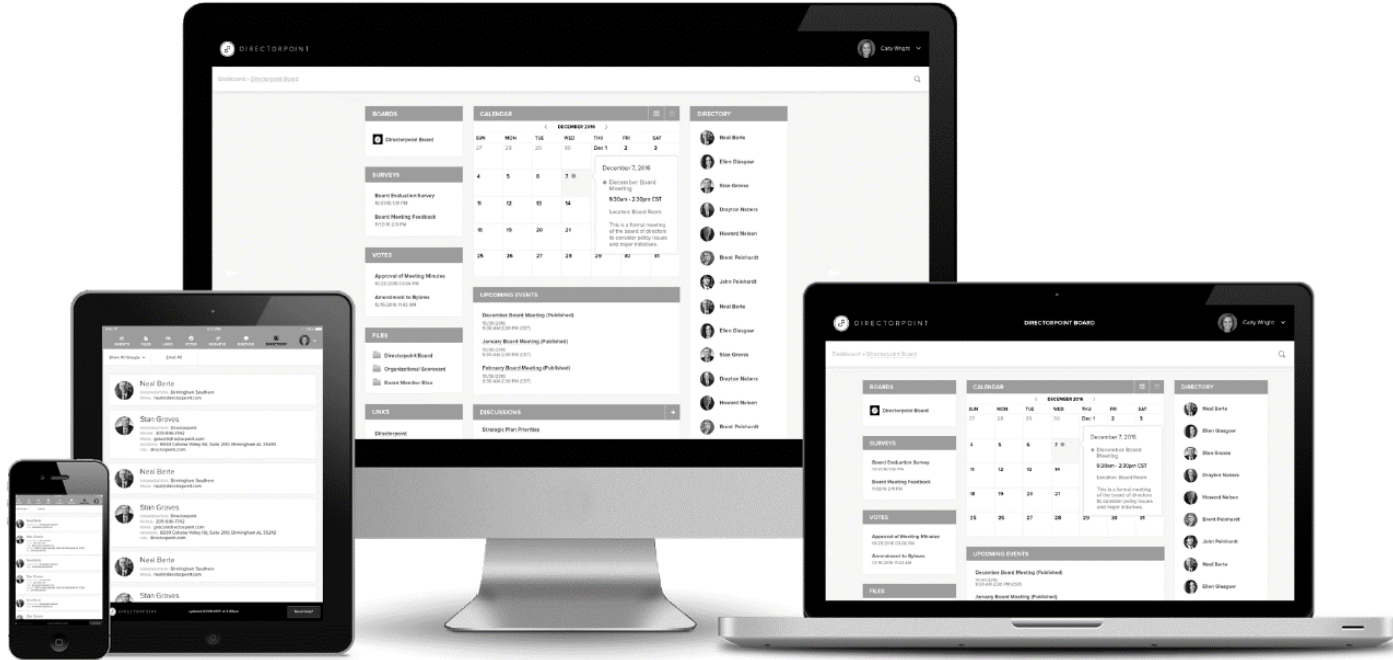
REDSTONE CLUB MODEL		Projections									
February 1, 2018		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
MEMBERSHIP ASSUMPTIONS											
Annual Dues											
Equity Golf Membership Annual Dues	\$	15,600	15,990	16,380	16,800	17,220	17,650	18,090	18,540	19,000	19,480
Non-Equity Golf Membership Annual Dues (includes Sales Tax)	\$	18,540	18,955	19,381	19,818	20,266	20,724	21,195	21,672	22,162	22,674
Equity Social Membership Annual Dues	\$	7,800	8,000	8,200	8,410	8,620	8,840	9,060	9,290	9,520	9,760
Non-Equity Social Membership Annual Dues	\$	9,270	9,504	9,739	9,984	10,229	10,485	10,751	11,017	11,294	11,582
% Annual Dues Increase from Prior Year		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Joining Fees											
Equity Golf Membership	\$	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Non-Equity Social Membership	\$	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Number of Dues Paying Memberships											
Active Dues Paying Equity Golf Memberships (Year-end)		216	232	237	241	246	250	254	259	263	266
Active Dues Paying Non-Equity Golf Memberships (Year-end)		28	27	26	25	24	23	22	21	20	19
Resigned Dues Paying Non-Equity Golf Memberships (Year-end)		34	9	9	9	9	8	8	8	8	8
Total Dues Paying Golf Memberships (Year-end)		278	268	272	275	279	281	284	288	291	293
Active Dues Paying Equity Social Memberships (Year-end)		10	9	8	7	6	5	4	3	2	1
Active Dues Paying Non-Equity Social Memberships (Year-end)		44	52	58	59	60	61	62	63	64	65
Total Active Dues Paying Social Memberships (Year-end)		54	61	66	66	66	66	66	66	66	66

Chart 1: Summary of Cash Flow Projections



New Supporting Tools

Board Software Platform





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