



## 5. FIVE OR TEN YEAR PLAN

Does the Club have a definite plan in operation?

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I remember some thirty odd years ago a new member to the committee coming up with a question at his first meeting along the following lines. "What is the policy of the committee and what is it trying to achieve for the benefit of its members?" My memory fails me to what was the exact answer from those members present but I can recall that the meeting carried on for couple of hours longer than usual. This was in the days before "Mission statements" and other sometimes obscure items were introduced into both local government and industry.

About three years ago, my own golf club (Weston-super-Mare), under a new and enthusiastic chairman produced a mandate of what they hoped to achieve during the first year and in future years. To their credit they have reviewed progress annually and achieved most of what they set out to do. A major problem at many clubs is that officers and committees change regularly and unless the Secretary/Manager stays put almost every other year the club changes direction.

The proprietary club in theory should have a clear-cut overall plan but even in this case there are differing views. A company running a golf club with shareholders will be setting out to give those investors a return on the money they have invested and at the same time see their asset increase in value over a number of years.

The individual or family owner may well have a different philosophy and plan over a period of years to build up an asset which will give them a substantial asset to sell when they decide to retire. They both have to endeavour to run at an operating profit annually although they may plough back a substantial amount in further investment each year so as to substantially increase the value of their asset. In many cases these types of clubs may well in future be purchased by the membership when the time comes for the owner to sell. But what of the private members club?

Firstly it does not make a profit but anything on the bottom line of the balance sheet is classified as a surplus. For some reason members of the private club feel they should not attempt to make a surplus and in the past many of these clubs traded annually at a loss often increasing the overdraft until a situation arose which meant a massive increase in subscriptions to cover losses. The change in VAT legislation in the 1990's which saw clubs receiving repayments in many cases in excess of 250K has rather muddied the waters and has enabled subscriptions in many cases to be kept down because the club had money in the bank. This surplus along with a tightening of belts on lending by the banks has made most clubs start to plan future spending on a five or ten-year plan and subscriptions have been set to keep up with these plans.

The increase in rents that started during the late 1980's has seen that clubs who do not own their course having to pay substantial increases. In many cases rents of around £1500 in the 1980's are now between £50/60K today. This one item has meant that clubs in this predicament have had to plan for these increases well in advance and therefore look carefully at all expenditure and income. At many of these clubs the rental will equal between £100/150 per member before any other expenditure is accounted for. The secretary/manager and treasurer/finance director have had to exercise firm control over the club finances and once the VAT refund was used, an operating surplus had to be obtained to keep from going into the red.

Without in many cases realizing it the whole philosophy and approach of the committee of the club has had to change. There are still members in these clubs who will get up at every annual general meeting and ask why the club has a surplus say £50K when in their view it should not make money. Unless a club has a substantial income from outside golf perhaps through selling assets such as land which has been invested shrewdly, its subscription will have to reflect both everyday and also future capital projects. When you consider the cost of replacement mowers and machinery for the course then having £50K in reserves is a relatively small amount.

It is therefore essential for the newly appointed Secretary/Manager to investigate what planning, if any, is in place at the club when commencing. In some cases you will find detailed minutes and policies clearly set in stone. In others you may find constant changes of direction often coinciding with changes of captain or chairman. If you have in place clear-cut policies along with a set plan this goes some way to prevent sudden changes of direction which happen with changes in officers and committee and result in chaos.

The club today whether proprietary or private members has to operate in a professional manner. We have seen many cases of new clubs starting up in the 1980/90's with investments often into several millions, but within ten years or less they have fallen into the hands of the official receiver. In most cases planning had at best been poor and estimates of income well above what the club could ever hope to achieve.

The vast majority of private members clubs have been operating in some cases over 100 years or more and therefore have not had the substantial expenditure today required to start up. But in some cases the facilities on both the course and clubhouse are of a poor standard because the club has adopted a policy of low subscriptions over a number of years. With a large number of new clubs emerging during the past twenty years a high proportion of clubs no longer have waiting lists and are in fact short of members. Whereas twenty years ago you counted yourself lucky if you got membership at your local golf club and in some cases had to wait for a number of years. Also a small but growing number of members are opting out of membership of a club and play their golf around the UK taking advantage of the many money saving schemes available. In most cases they can obtain a handicap of sorts through various agencies and only play in competition between themselves. How far this change in the way people play golf proceeds only time will tell but it could see a significant drop in membership numbers over the years at many clubs both private and proprietary.

## Key points

- ☛ Carefully investigate through minutes of meetings and financial reports what has happened in the past and whether there is a definite policy within the club.
- ☛ Confirm whether the club has existed on a shoestring over the past years.
- ☛ How does the subscription rate compare with other clubs in the area?
- ☛ Are there ongoing five or ten year plans in place and are they regularly updated?
- ☛ Try and ascertain the philosophy of club officers and senior members.
- ☛ Will the club need to raise money for major expenditure in the near future?
- ☛ Carefully monitor the reasons for members resigning annually to keep check on any trends.

*Ray Burniston (2003)*

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