

# HamptonGolf Discovery Session

Evaluation of Waterlefe Golf Club

Performed January 2015

## Who is Hampton Golf?

Hampton Golf Incorporated is widely known as the leader in technologically advanced Club and Golf Course Operations. Founded by M.G. Orender in 1999, Hampton Golf focuses on delivering tangible results for each of its managed or owned facilities.

### Facts:

- 24 championship golf course facilities
- 60+ PGA/CMAA Professionals
- 2,000+ Team Members
- Host to over 700,000 rounds annually
- Host to over 1,500 unique social functions annually
- 17 residential associations under management

## What is a Discovery Session?

An unbiased, independent examination of a golf/country club facility. Performed by Hampton Golf's Executive Team, studying each department of a specific facility. Some of the items reviewed during your club's Discovery Session:

- The club's financial history & current position
- Team Member workflow/task management
- The club's competitive landscape
- Agronomy
- Marketing & advertising messages analyzed & evaluated
- Membership counts and rate structure
- Accounting workflow

# Waterlefe Golf Club

## Observations Summary

### Strengths

- Club reputation and quality of golf course
- Market position and competitive landscape
- Current membership and demonstrated passion for the success of the club
- Opportunity for membership growth
- Opportunity for improved member and guest experience
- Positioned for positive revenue development
- Opportunity for improved efficiencies with administrative roles
- Opportunity to fuse responsibilities in departments thus reducing labor expense

### Weaknesses

- Club programming requires improvement
- Accuracy and real time financial reporting is poorly performed
- Team member training and customer service quality must develop/improve
- Membership and member prospecting marketing efforts require revision and organization
- Fuse responsibilities and develop detailed job descriptions for each Team Member
- Deferred maintenance and cleanliness (physical structures)
- Exceptionally large maintenance lease package in relation to course acreage
- Membership and outside event sales is non-existent

## The New Club Landscape

The Country Club of today must be skillful in providing best in class customer service to it's members and guests, contracting overall expenses and growing traditional and non-traditional revenue sources.

- A club's financial health is dependent on revenue growth, not just expense reduction
- Lifestyle and departmental programming is essential to membership growth
- Immediate acceptance of new members is critical to consistent membership growth



**- DEPARTMENTAL RECOMMENDATIONS -**

# Waterlefe Golf Club

## Golf Operations Observations and Recommendations

GOLF OPERATIONS		Actual 2014	Hampton Golf 2015 Budget	14 WGC vs 15 HG %Increase or decrease
	REVENUE	1,362,141	1,404,297	3.09%
	COGS	114,649	116,185	1.34%
	LABOR	274,204	226,542	-17.38%
	EXPENSES	156,391	150,523	-3.75%
	NET INCOME	816,897	911,047	11.53%
	COGS %	72%	71%	
<b>ADJUSTMENTS MADE</b>				
	<ul style="list-style-type: none"> <li>• Increase in revenue 1) Improved daily fee marketing initiatives focused on off-season play 2) Growth of concierge marketing program, improved golf programming efforts 3) Adding 5 outside events/tournaments</li> <li>• Membership income moved from golf to G&amp;A</li> <li>• Reduction in Labor 1) Reduction in group health insurance and alignment w ith HG labor burden averages, 24+% labor burden currently compared to HG's 19% 2) Elimination of one full time pro shop attendant, replacing w ith required hours by HGP</li> <li>• Reduction in Expenses 1) To align w ith HG managed club averages</li> </ul>			

### Recommendations:

- Implement Guest Registry program to capture contact information and growth of member prospects
- Develop job descriptions to fuse responsibilities, efficiently utilize personnel and identify quantifiable standards – department payroll is outside accepted standards for both rounds and revenue
- Implement staffing matrix detailing number of rounds requires “x” number of outside and inside staff
- Increase golf programming for members and non-members
- Initiate cross-departmental programming combining Golf and F&B events, increasing usage
- Implement departmental checklist to ensure all daily activities are completed
- Eliminate non-member private cart usage on course, increasing membership value
- Introduce online booking platform with no booking fees (currently all online booking requires fees paid)

# Waterlefe Golf Club

## Food & Beverage Observations and Recommendations

FOOD & BEVERAGE OPERATIONS		Actual 2014	Hampton Golf 2015 Budget	14 WGC vs 15 HG % Increase or decrease
	REVENUE	285,947	323,940	13.29%
	COGS	107,457	124,413	15.78%
	LABOR	169,217	161,095	-4.80%
	EXPENSES	38,470	34,943	-9.17%
	NET INCOME	-29,197	3,490	-111.95%
	COGS %	38%	38%	
	Labor %	59%	50%	
<u>ADJUSTMENTS MADE</u>		<ul style="list-style-type: none"> <li>• Increase in revenue based on 1) 500 additional event/outside rounds at an average of \$4.50 per round 2) increase in revenue due to increase member/member guest rounds by thus increasing F&amp;B usage. Note: gratuities included in gross revenue (\$30k)</li> <li>• Increase in COGS to align w ith increases in revenue</li> <li>• Reduction in labor due to reduction in Group Health Insurance</li> </ul>		

### Recommendations :

- Reevaluate current lunch and dinner menu, revise as needed to improve offerings
- Immediately improve communications and marketing of programmed events
- Develop programmed events with golf to increase evening usage and overall financial performance
- **Print and place daily special cards on each golf cart, offer specials on the beverage cart to golfers for coming into grill/bar**
- Grill requires branding and uniqueness when compared to the River Club
- Improve aesthetics and feel of grill



# Waterlefe Golf Club

## Membership & Marketing Observations and Recommendations

MEMBERSHIP/MARKETING		Actual 2014	Hampton Golf 2015 Budget	14 WGC vs 15 HG <u>% Increase</u> or decrease
	REVENUE	0	0	0.00%
	LABOR	0	45,855	0.00%
	EXPENSES	0	21,250	0.00%
	NET EXPENSE	0	67,105	0.00%
<u>ADJUSTMENTS MADE</u>	<ul style="list-style-type: none"> <li>• Increase in labor due to addition of membership/outside sales/lifestyle director</li> <li>• Increase in expenses due to addition of marketing/advertising initiatives</li> </ul>			

### Recommendations :

- Utilize and shift marketing responsibilities to HG's Marketing and Graphic Arts Department
- Evaluate/Develop Membership/Lifestyle Director's responsibilities to focus on member prospecting and member events/relationships in conjunction with outside golf event sales
- Implement standard annual dues increase (CPI)
- Engage current membership for referrals, offering incentives for referred prospects/members
- Partner with all realtor listing agents in the community to incorporate the club/course in all showings
- Introduce concierge program to local hotel operators
- Develop affinity program for off-season

# Waterlefe Golf Club

## Golf Maintenance Observations and Recommendations

GOLF MAINTENANCE		Actual 2014	Hampton Golf 2015 Budget	14 WGC vs 15 HG <u>% Increase or decrease</u>
	LABOR	345,198	328,628	-4.80%
	EXPENSES	534,533	493,557	-7.67%
	NET EXPENSE	879,731	822,186	-6.54%
<u>ADJUSTMENTS MADE</u>		<ul style="list-style-type: none"> <li>• Reduction in labor due to reduction in Group Health Insurance</li> <li>• Decrease in expenses 1) Adoption of HG Group Buying Plans, 2) Reduction of lease package-w ell above industry norms w hen compared to acreage</li> </ul>		

### Recommendations :

- **Prioritize new lease equipment package, reduce by minimum \$3k**
- Implement detailed turf and common area program to improve corridors and common area appearance
- Evaluate current maintenance staff individual performance
- Introduce weekly staff meetings for all maintenance staff focused on improved overall feel of the facility

See acre v. expense on next slide

# Waterlefe Golf Club

## Golf Maintenance Observations and Recommendations

	<u>Growing Acres</u>	<u>GCM annual Budget</u>	<u>Dollar per acres</u>	<u>Total Revenue of Facility</u>
Club A	115	\$ 695,000.00	\$ 6,043.48	\$ 2,200,000.00
Club B	170	\$ 945,000.00	\$ 5,558.82	\$ 2,950,000.00
Club C	95	\$ 545,000.00	\$ 5,736.84	\$ 1,750,000.00
Club D	75	\$ 400,000.00	\$ 5,333.33	\$ 1,010,000.00
Waterlefe	65	\$ 879,731.00	\$ 13,534.32	\$ 2,223,627.00

# Waterlefe Golf Club

## G&A Observations and Recommendations

GENERAL & ADMINISTRATIVE/CLUBHOUSE		Actual 2014	Hampton Golf 2015 Budget	14 WGC vs 15 HG % Increase or decrease
	REVENUE	575,539	589,927	2.50%
	LABOR	199,643	95,200	-52.31%
	EXPENSES	267,352	354,240	32.50%
	NET EXPENSE	-108,544	-140,487	29.43%
<u>ADJUSTMENTS MADE</u>		<ul style="list-style-type: none"> <li>• Modest increase in revenue thru membership growth, launch of referral membership campaign</li> <li>• Reduction in labor 1) reduction of GM salary to align with industry averages and modify compensation structure to better award reaching financial goals of the club. 2) Eliminate Admin Asst. position, unnecessary duplication of responsibilities in the department.</li> <li>• Movement in expenses 1) Eliminate employee meals in all depts, reduction of more than \$16k. 2) Reduce professional &amp; legal fee expense (utilize HG's general counsel for most legal matters), 3) Addition of professional management, centralized services and marketing fees.</li> </ul>		

### Recommendations :

- **Utilize centralized accounting services – providing accurate, real time data while freeing GM and Admin Asst. of the responsibilities**
- **Alternative payroll matrix – significant reduction in employee burden**
- Implement job descriptions for all Department Heads and Team Members
- Modify financial reporting model, evaluate daily and reforecast weekly
- Introduce weekly staff meetings for all staff focused on improved customer service, perception and overall feel of the facility
- Implement required trail plan registration, including annual insurance and registration sticker

# Summary Budget-Waterlefe Golf Club

		<u>Hampton</u>	<u>Hampton</u>	<u>Hampton</u>
	<u>Actual 2014</u>	<u>2015 Budget</u>	<u>2015 Proj.</u>	<u>2016 Proj.</u>
<b><u>Revenue</u></b>				
Golf Ops	1,362,141	1,404,297	1,439,405	1,475,390
Food & Beverage Ops	285,947	323,940	332,849	342,002
General & Admin	575,539	575,539	575,539	575,539
Total Revenue	2,223,627	2,303,777	2,347,793	2,392,931
<b><u>Cost of Goods Sold</u></b>				
Golf Ops	114,649	114,649	116,369	118,114
Food & Beverage Ops	107,457	124,413	126,279	128,174
Total Cost of Goods Sold	222,106	239,062	242,648	246,288
<b><u>Labor</u></b>				
Golf Ops	274,204	226,542	229,940	233,389
Food & Beverage Ops	169,217	161,095	163,511	165,964
General & Admin	199,643	95,200	96,628	98,077
Marketing	0	45,855	46,543	47,241
Golf Maint	345,198	328,628	333,558	338,561
Total Labor	988,262	857,320	870,180	883,233
<b><u>Expenses</u></b>				
Golf Ops	156,391	150,523	152,781	155,073
Food & Beverage Ops	38,470	34,943	35,467	35,999
General & Admin	267,352	354,240	359,554	364,947
Marketing	0	21,250	21,569	21,892
Golf Maint	534,533	493,557	500,960	508,475
Total Expenses	996,746	1,054,513	1,070,331	1,086,386
<b><u>Net Operating Income</u></b>	<b>16,513</b>	<b>152,881</b>	<b>164,634</b>	<b>177,025</b>
Bond Interest Expense	748,205	748,205	759,428	770,819
Onter Interest & Other Expense	-333	-333	(338)	(343)
Depr & Amort Expense	213,492	213,492	216,694	219,945
<b><u>Net After Lease Payment:</u></b>	<b>-944,851</b>	<b>-808,483</b>	<b>-811,151</b>	<b>-813,397</b>

- Increase in revenue of \$80k based on increased usage of golf and F&B, membership and non-traditional revenue

- Decrease in labor expense based on adoption of modified matrix and fusing of responsibilities along with intro of Shift checklists

- Overall increase in expenses through increase in marketing budget and professional management fees