



*Master Club Advisors*  
*"Search Consultants to the Private Club Community"*

## Minutes of the Golf Strategy Workshop

### Waterlefe Golf & River Club

Monday and Tuesday, May 12th and 13th, 2014

Norm Spitzig, Principal & Senior Partner of Master Club Advisors, was invited to meet with the Waterlefe Golf & River Club Golf Fact Finding Group, the Waterlefe Golf & River Club Golf Committee and the Waterlefe Golf & River Club Community Development District ("CDD") Board of Directors over the course of two days - Monday, May 12th and Tuesday, May 13, 2014 - to both facilitate productive discussion among the participants as to how the Waterlefe golf operation might be improved as well as offer specific observations and suggestions, based upon his lifetime of experience in the golf club industry, in this regard.

Mr. Spitzig was graciously welcomed to Waterlefe by Mr. Ken Bumgarner, a member of both the Golf Fact Finding Group and the CDD Board of Directors at 9:00 a.m. on Monday morning. Following a comprehensive and informative tour of the golf course, the meetings with the three aforementioned groups took place over the next two days. The following minutes are a consolidation of the many insightful individual comments and good group discussion that took place during these meetings as well as specific recommendations made by Mr. Spitzig over the course these two days.

1. Mr. Spitzig introduced himself to each of the groups and briefly summarized his professional background and experience in the world of golf clubs and golf club communities. Over the course of these two days he also presented highlights from talk that he and Henry Delozier, a Partner with Global Golf Advisors, have given separately to various golf club community groups over the past few years, facts that are relevant to Waterlefe. Specifically:

- The recovery of the Southwest Florida housing market is approaching the pre-recessionary levels for home sales and home prices.
- International demand for Southwest Florida homes is up significantly over the past three years.

- The "do nothing / head-in-the-sand / cost containment myopia" approach of some club communities has made them less than attractive to new buyers.
- By one account, as much as 91% of today's home purchasing decisions are made by women.
- The "typical" new golf club community home buyers are "younger", generally optimistic about their futures and their lives, and temperamentally unprepared to defer or delay expectations.
- Potential new club members expect "as a given" high quality golf facilities and services - and, surprising to a fair number of "older, more tenured", these potential new members are quite willing to pay for these facilities and services "if the value is deemed to be there". Having said that, while "golf" was offered as the Number One reason why people joined clubs prior to 2010, it has dropped to Number Seven in today's world (according to a recent report by the McMahon Group). For example, high quality food and beverage at reasonable prices, "family friendly" services and facilities and opportunities for social interaction and camaraderie have all now reportedly surpassed golf as reasons for joining clubs. Accordingly, those golf clubs and club communities that deliver accordingly are more likely to attract and retain new members and, as a result, continue to flourish over the coming decade.

2. Mr. Spitzig noted that, over the course of his two day visit, there were no issues that he heard or things he observed about Waterlefe that were "off the wall" or unique. To the contrary: He repeatedly noted that Waterlefe appeared to be populated (if the attendees at this workshop were any indication) by a caring, intelligent group of people who truly appreciated the efforts of the volunteer community leadership as well as the paid professional staff currently in place. The recent transition to "self-management", under the expert guidance of General Manager Joe Rasset and his talented and experienced team, has certainly resulted in a more efficient and "member-focused" operation.

3. All agreed that the recent economic resurgence of the greater Bradenton/Sarasota area can only be a significant plus for the continuing financial and social viability of Waterlefe over the coming decade. (The building a mega-shopping-mall at a nearby exit off Interstate 75, when coupled with the rapid growth of housing in this same general area, were cited as examples of this revitalization.)

4. Mr. Spitzig indicated, and those who participated in this workshop concurred, that a thoughtful, focused, and customized strategic plan will be of significant benefit to ALL who have a vested interest in the long term viability of Waterlefe (i.e., both golf club members as well as residents who have no desire to play golf). Given the seemingly cumbersome, convoluted (and perhaps sometimes-even-conflicting) overall operational and governance structure of Waterlefe, one workshop attendee wisely noted that the most comprehensive and effective approach to strategic planning for Waterlefe would be one that is "three-tiered" in its approach and appropriately "answers" all three of the following overarching questions:

1. What is the best strategy for the long-term success of the Waterlefe golf club operation?
2. What is the best strategy for the long-term success of the Waterlefe CDD?
3. What is the best strategy for the long-term success of the Waterlefe community (i.e., the homeowners association) as a whole?

A well-crafted strategic plan, Mr. Spitzig noted, includes a Mission ("what the organization IS"), a Vision ("what the organization WANTS TO BE" over time), the Core Values (those "guiding principles" by which all agree to abide), and the Goals and Actions (the specifics as to "who will do what by when for what cost" to insure an ongoing successful implementation of the plan.

Specifically, Mr. Spitzig cited the following benefits of a community-wide strategic plan:

- It enables meaningful, cost-effective, member/resident driven change in an environment often resistant to change (and also one that is typically emotionally charged).
- It provide outcomes that are based not upon the wishes of the loudest members and/or some vocal minority, but upon the wants and needs of the majority of the well-reasoned and reasonable members and residents.
- It provide specific and effective targets for measuring the performance of both the senior management team and the volunteer governing bodies.
- It provides an effective roadblock to the occasional "personal-agenda-focused" rogue member.
- It allow the club/community to effectively understand, correctly prioritize, and successfully manage, its financial commitments over time.

5. Over the course of the two days of discussion, it became eminently clear to all (if it were not so already) that, in order for the Waterlefe golf operation to continue to survive and flourish, a significant proportion of the annual rounds must remain non-member play. (Reportedly, the Waterlefe Golf Course cannot be TOTALLY private by CDD statute.) Currently, Waterlefe golf:

- Consists of approximately 50% member rounds and 50% non-member rounds.
- Has approximately 118 members, the vast majority (nearly 95%) of whom are either in the Family Regular or Single Regular categories.
- Is drawn primarily from an essentially "built out" community that has close to 600 homes. (Mr. Spitzig noted that the "typical" non-bundled golf club community has between 30% and 40% of its residents who are also golf members while golf membership penetration into the Waterlefe community is only 19%. He noted, however, that the relatively unique nature of Waterlefe, a community where close to 200 homes also have boat docks immediately behind their homes with direct access to the Manatee River and Gulf of Mexico, helps explain this relatively low percentage of residents who are also golf members. Very few people in this world, he opined, are BOTH golfers and boaters; typically, they are temperamentally either one or the other. (One workshop participant also wisely noted that a significant number of the Waterlefe residents are NEITHER golfers nor boaters; they are people who have chosen to live in the community because they like the security, beauty and likely "retained home-value-over-time" of Waterlefe.)
- Is drawn from a community consisting of approximately one-third "snow birds", one-third retirees, and one-third "younger working families" (people who, more often than not, have neither the time nor financial resources to join a golf club). Mr. Spitzig noted that the "typical" Southwest Florida gated community does not have such a relatively high percentage of "younger working families" as Waterlefe, another factor contributing to the lower-than-average 19% golf membership penetration into the community. (A thorough understanding of the above-stated facts, Mr. Spitzig observed, will help the volunteer leadership and senior management collaborate to "get the biggest bang" for its annual golf membership marketing and non-member play dollars.)

Mr. Spitzig suggested that one of the key opportunities arising from this workshop's discussion would be for Waterlefe leaders to determine, all things considered,

the "ideal mix" of member golf rounds and non-member golf rounds as well as the "ideal number" of golf members that Waterlefe should strive for over the coming months and years. (At about 118 members and approximately 50% non-member play, it is worth remembering that the golf club is currently "making a small annual profit", an achievement for which the Golf Fact Finding group, the Golf Committee, the CDD and the senior staff should be commended.) Accordingly, it is fair to ask: "Is 130 golf members the 'right' target for which to shoot?" "140?" "150?" This is surely a topic that should be thoroughly explored and appropriately resolved in any forthcoming strategic planning process.

6. Mr. Spitzig suggested that another key opportunity arising from the thoughtful discussion that occurred over the course of this workshop would be a candid and dispassionate evaluation of, a further clarification about, a better understanding of, and an appropriate communication strategy henceforth to all concerned with regard to the benefits associated with Waterlefe golf membership. (Perhaps, when all is said and done and as several workshop attendees observed, the "membership vs. non-membership equation" should be "further tilted" towards making more people want to become members rather than remain public players.) Clearly, this is critical area of exploration for any future strategic planning effort.

Specifically, those present enumerated the following golf membership benefits:

- Free range balls.
- Discounts on merchandise and food and beverage.
- Two-week advance tee time bookings (vs. one-week advance tee time bookings for non-members).
- The opportunity to become members of the River Club (for an additional fee).
- The opportunity to play in key club tournaments and selected events (in which non-members are currently prohibited from participating).
- The opportunity to play at approximately forty reciprocal clubs.
- The "intangibles" associated with golf club membership (feeling "part of something bigger than you", group camaraderie, social interaction, etc.). Mr. Spitzig noted that, ironically, it is extremely difficult to communicate/tout the good intangibles of golf club membership to someone who has never been a member of anything.

- The opportunity, when no one else is on the course, to "slip out one's back door and play/practice a few holes".

As discussion on this topic developed, Mr. Spitzig posed several questions as well as made the following observations for the group's thoughtful consideration, the "best answers" to which would surely be another key component of any forthcoming strategic planning process:

- Are the benefits enumerated above sufficiently persuasive for someone considering Waterlefe Golf Club membership to actually join the golf club? (Several workshop participants opined that they were not.) What additional significant benefits might be added? (One workshop attendee suggested, and those present seemed to agree, that occasional "unexpected little gifts" (e.g., a dozen logoed balls, hand-written "thank-you-for-membership" notes, annual golf cart check-ups, etc.) - would be a welcome addition.)
- Are the current golf club membership categories, usage plans and golfing options (obviously intended to attract additional members and/or increase non-member play) even internally consistent? More importantly, do they actually WORK? Are they overly complex and confusing? Are they actually causing current golf members, as one workshop participant wisely opined, to seriously re-consider NOT renewing their memberships? Are some of the various (and perhaps competing) membership "deals" (e.g., the \$250 summer "card", the 50 rounds for \$2,750, the 9-hole ladies group that plays regularly but who are not even members, etc.) but another example of the infamous "law of unintended consequences" at work? Mr. Spitzig suggested, and those present seemed to agree, that both the Golf Fact Finding Group and the Golf Committee further explore this important issue.

7. A fundamental part of any strategic plan is a "SWOT" analysis (i.e., the detailed listing of the strengths, weaknesses, threats and opportunities that the organization currently faces). While no "formal" SWOT analysis was attempted during this workshop, a number of the key strengths and weaknesses of both the golf club and the Waterlefe community as a whole were noted over the course of the two days (giving Waterlefe a very good start on any comprehensive forthcoming community-wide strategic plan). In particular, the consensus key strengths include:

- A caring community that is diverse in terms of age, state-of-birth, professional career and social and athletic interests.

- A relatively good location in the rapidly growing part of the greater Bradenton/Sarasota area.
- A challenging, well-maintained golf course. (The inherent difficulty of the course, an issue that has been mitigated to a degree over the past few years, was also often mentioned as a weakness because it may be viewed as a deterrent to increased golf club memberships - and perhaps even non-member play - over time. A potential "solution" to this issue is offered later in this report.)
- A reasonably sound financial condition, all things considered (saving for ever-looming "bond issue").
- A talented, hard-working and enthusiastic senior management team.

Perceived weaknesses include:

- The erroneous view reportedly held by some Waterlefe community residents that the golf course's very existence as well as its overall level of maintenance have NO EFFECT WHATSOEVER on Waterlefe property values.
- The atypically low percentage of community residents (for a non-bundled golf club community) who are actual members of the golf club (the possible reasons for which were cited previously in this report).
- The ongoing nationwide leveling off/decline in the number of people who view themselves as active golfers.
- The aging of the Waterlefe resident population.
- The supposed "handicap cliquishness" on the part of a few Waterlefe golf club members.
- The perception among some that community development districts are inherently "just not places where, all things considered, one wants to purchase a home".
- The costs associated with membership in the golf club and, that for many (both those who reside within the Waterlefe community as well as those who live outside the gates), "doing the math" confirms that it is better for most, at least from a financial perspective, to play one's Waterlefe golf as a non-member.

- The fact that many amenities typically associated with golf club memberships are noticeably absent at Waterlefe (e.g., no tennis courts, no swimming pool, no health club/wellness/exercise facilities, no locker rooms of note, no shoe shine services, a weak driving range/practice facility, etc.).
- A wide range of expectations and "golf club experience/knowledge" among the residents (e.g., some residents know the world of golf clubs quite well, having previously come from/belonged to golf clubs "up North", while others are more "value conscious" and/or Waterlefe is the only club community with which they are familiar).
- The apparently continuing view on the part of some percentage of the Waterlefe residents that, "NO MATTER WHAT, they will NEVER have to pay ANYTHING towards the maintenance of the golf course".
- The fact that WCI set up Waterlefe as a non-bundled community with an accompanying convoluted and unnecessarily complex operational and governance structure, the consequences of which the residents are now facing.

8. A third key opportunity arising over the course of this golf workshop was the consensus recognition of the ongoing pressing need to continue to "educate" the entire Waterlefe resident community with regard to the core value of the golf course to ALL Waterlefe residents, whether or not they play golf and/or are members of the golf club. Specifically:

- The value of homes within a gated community (with a golf course) is directly related to the design, level of maintenance and overall "playability" of that course.
- Whether or not WCI representatives actually said/promised that "Waterlefe residents will never have to pay anything towards the golf course" is, as one workshop attendee wisely pointed out, now a moot point; WCI is no longer involved with Waterlefe. The CDD Board of Directors has, in fact, recently taken a broader perspective by viewing Waterlefe golf within the broader context of the entire community: The CDD owns the Waterlefe golf course and therefore has a fiduciary responsibility to all concerned to appropriately protect the value of this important and sizeable asset.

9. Mr. Spitzig offered/now offers the following additional suggestions for the workshop attendees' thoughtful consideration:

- The Waterlefe Golf Club has (reportedly) not raised dues for (at least) the past five years. There seems to be an underlying, pervasive fear that ANY dues increase will drive away a significant portion of the current golf membership base. Mr. Spitzig reported that, from his experience, this fear that members will "leave in droves" when dues are increased ANY amount is typically exaggerated. Regular MODEST increases in dues, presented in a logically justified, clear and dispassionate manner, is the way most golf club leaders effectively address this potentially divisive issue - and Mr. Spitzig encouraged the Golf Committee and Golf Fact Finding Group to meet this potentially thorny issue "head on".
- It may well be worth the time and effort to create a Waterlefe Golf Club "ambassador team" charged with visiting cities "up North" where Waterlefe Golf Club members reside during the summer months. These members can invite appropriate friends and associates to Waterlefe-sponsored cocktail parties where these potential Waterlefe Golf Club members can "learn more" from the ambassador team. Ideally, the funding for this marketing effort (one that has proven quite effect and many other fine golf clubs) could be appropriately split with the Waterlefe homeowners association, where the advantages of residency in the beautiful Waterleaf community are also discussed. (This is the sort of specific, "actionable" consequence/benefit that may very well emerge should a combined strategic planning session be held consisting of representatives from the golf club, the CDD, and the homeowners association.)
- Mr. Spitzig strongly suggested that the Waterlefe volunteer and professional golf leadership team continue to collaborate on building upon/expanding the nascent programs and activities that make Waterlefe golf fun as a means of introducing new people to Waterlefe membership and/or increasing non-member Waterlefe play. "Waterlefe golf is fun" as a strategic marketing tool/brand may also be an effective approach to counteracting over time the (exaggerated/no longer valid?) perception that the "Waterlefe golf course is simply too difficult for the average player". (Yes, most "good" golfers do recognize that, for people of modest athletic ability, golf is inherently difficult and often intimidating!) Fun golf programs and activities that have recently proven to be attractive at other golf clubs include three-hole and six-hole "tournaments", casual family scrambles, duffer's outings, "women who 'wine' events", larger-than-regulations holes, and greens with multiple cups. (It is important to note that, even though I am advocating introducing more of these sorts of fun golf events at Waterlefe, I also believe (golf traditionalist that I am!) that there ALWAYS should be times and events when the rules and accompanying interpretations of golf are strictly adhered to and rigidly enforced.)

- Attempting to “get at” the strengths and weaknesses of Waterlefe from another perspective, Mr. Spitzig asked for volunteers, both casually and during the workshop sessions, to tell "how they first found out about Waterlefe", "why they bought in the community and/or joined the golf club", and "what they now like best about the golf club and/or community".

Many, if not most, of those present first found out about Waterlefe in one of two ways: either through WCI marketing initiatives (direct mail, a print ad in a golfing magazine and/or a highway billboard) or through friends. The three “common thread” reasons why those present first joined the golf club and/or bought in the community were the opportunity to play such a challenging and meticulously maintained golf course, the relatively rare opportunity to dock one's boat "in one's own backyard", and the perceived highly desirable location of the community. What those present like best about Waterlefe were—and remain—the overall quality and challenge of the golf course, the highly convenient boating opportunities, the pervasive “sense of community”, the friendliness of the members/community residents, and the climate/location of the Bradenton/Sarasota area. Mr. Spitzig indicated, and those present agreed, that this information will be very important to the ongoing development of a focused and comprehensive marketing effort that effectively captures "the essence of Waterlefe" and, in so doing, helps attract the needed number of future golf club members and community residents.

- Mr. Spitzig commended the current initiative by the Waterlefe Golf Club volunteer leaders and senior management team to exploring "appropriate Waterlefe Golf Club membership opportunities" for residents of new, nearby housing developments that do not include golf as one of their amenities. Such well-crafted "partnerships" may very well prove to be a significant source of new golf club members and/or meaningful additional non-member play in the months and years to come.
- Mr. Spitzig reported that there have been a few Florida golf club communities that have successfully converted from the "non-bundled" to "bundled" model, although this transition is almost always is a long, arduous and often litigious process. Nevertheless, this may be a topic that any serious future strategic planning initiative needs to include, if only for exploratory purposes, as part of its agenda.
- Mr. Spitzig strongly warned the Waterlefe Golf Club leadership team to proceed very cautiously before implementing any "short-term" golf club membership plans (e.g., 4-month, "seasonal", 9-month, etc.). Such plans virtually always have a sizeable negative impact upon revenues because a larger-than-anticipated

number of Full Golf Members will likely transfer to these newer, less expensive categories. In fact, Mr. Spitzig strongly advised that the Waterlefe Golf Club NOT implement any such shorter-than-one-year membership plans, no matter how "vocal" and "insistent" a small minority might currently be.

- General Manager Joe Rasset has reportedly developed a multi-year, prioritized list of capital improvements for the Waterlefe golf course. Mr. Spitzig suggested that the volunteer Waterlefe golf leadership team and CDD Board of Directors continue to collaborate with Joe, as deemed appropriate by all, on refining, funding and implementing these capital improvements to the benefit of all associated with the Waterlefe community.
- Independently of this meeting, and in response to an earlier memorandum from Mr. Bumgarner outlining "areas of concentration" for this Waterlefe golf workshop, Mr. Spitzig reviewed the Waterlefe website and now offers the following suggestions:
  1. The addition of lots of pictures of members and their guests (especially children!) having fun at the Golf Clubhouse as well as the River Club. The website is suspiciously devoid of such pictures and is accordingly somewhat sterile and bland.
  2. The addition of believable, candid and positive testimonials from both members and non-members describing their golf, social and dining experiences at both the golf clubhouse as well as the River Club.
  3. The website, while certainly functional and sufficiently "user friendly", comes across as "dated" and needs to be updated sooner rather than later. (Perhaps this assignment falls under the auspices of Erika Grayson, the new Director of Sales & Marketing?)

At the conclusion of day two of this workshop, Mr. Bumgarner thanked Mr. Spitzig for bringing his considerable meeting facilitation skills and golf industry knowledge to Waterlefe. He also commended all the attendees for their candid and caring participation, noting that the thoughtful discussion and specific suggestions that were made over the course of this two day gathering were "a very good start".

There being no further business, the workshop was adjourned at approximately 4:20 p.m. on Tuesday, May 13th.

Respectfully submitted,

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