



BILL BOOTHE

What If Club Management Software Cost a Million Bucks?



THE PRIVATE CLUB INDUSTRY IS BACK ON A ROLL. PURCHASES OF NEW CLUB MANAGEMENT SOFTWARE HAVE BEEN STEADILY INCREASING SINCE 2010, AND WE PROJECT THAT MORE THAN 250 CLUBS WILL REPLACE THEIR LEGACY SOFTWARE DURING THE NEXT 12 MONTHS.

Unfortunately, a high percentage of those purchases will be made with little or no effort by club management to systematically evaluate the competing systems and choose the

“best fit” solution for the club. In essence, many clubs treat this replacement process as if the cost to the club – and the impact on club operations and member service – are minimal. Nothing could be farther from the truth.

Many clubs use minimal due diligence to make their selection decisions on new club management software (POS, accounting, billing, inventory, reservations, website, etc.). Here are several popular approaches:

1. Go with what you know - A new club manager or financial executive arrives at the club and puts in the system they had at their former club.

2. Go with the crowd - The club looks around and selects the system that is most popular in their immediate area.

3. Go with what looks good at the conference - Club management attends a regional or national conference, sees some brief demos and chooses a favorite.

More than half of all new systems will be selected using one or a combination of these three approaches. And in most cases, the system selected will “do the basic job.” But is that good enough?

Would such a process be acceptable for a costly project such as a major clubhouse renovation or a golf course re-design?

How about for the purchase or leasing of a new fleet of golf carts, or the design and installation of a new irrigation system?

But wait you say, those are big, expensive projects that have an enormous impact on member satisfaction! Club management software, well, that’s not really in the same league with those kinds of capital projects. Right?

Wrong! Private clubs are quickly recognizing that computer technology employing member-centric features can play a major role in enhancing the member experience.

Clubs are also realizing that the availability of good business intelligence and management information has a big impact on their ability to make sound financial and operations decisions.

The point here is that most clubs would use a more deliberate approach to selecting club management software if they believed it was in the same league of importance as a major capital initiative. So where does this disconnect come from?

Two major factors combine to cause clubs to underestimate the importance of club management software:

1. Cost: These days clubs are replacing their entire suite of software solutions for a minimal investment up front, with ongoing costs that are the same or less than what they were paying for their legacy systems. Translation: “If it’s that cheap, what’s there to worry about?”

2. Parity: The club industry has been battered with incessant advertising and promotion about the merits of each competing system. Translation: “Aren’t they all about the same?”

Let’s start with cost. For a typical country club with fewer than 1,000 members purchasing a full suite of software modules, you’re looking at \$65-75,000 up front the first year to acquire the software and start-up services, and \$15-20,000 annually for ongoing maintenance and support.

A “subscription plan” that rolls-up the software, services and ongoing support might be in the vicinity of \$20,000 up front and an annual subscription fee of \$25-30,000 (80 percent of clubs are now acquiring new systems through a subscription).

Of course you must also add any investment needed to upgrade the club’s computer network and equipment. But if your computer infrastructure is in decent shape, you could get started with a subscription

plan for as little as \$45,000 in year one, and \$25,000 annually thereafter. Compared to the more expensive projects mentioned earlier, this is chump change.

Then comes parity. Even though all of the leading club management solutions offer similar features and capabilities, they vary in many significant ways.

Depending upon the particular needs of each club, one system generally rises to the top as a “best fit.” Yes they will all “do the basic job”, but would that analysis suffice if you were choosing a clubhouse design firm?

The take-away here is to treat the selection of new club management software as you would a much more expensive project.

Performing serious due diligence will help assure a clear understanding of your club’s key requirements and will facilitate your selection of the

“best fit” solution to satisfy those requirements.

If you treat club management software replacement like a million dollar decision, you’ll receive that much or more in value over the life of your new system. **BR**

Bill Boothe is president of The Boothe Group, LLC, an independent consulting firm that helps clubs understand computer technology, make good decisions and receive the highest value from their technology investment. During his 25 years in the club industry Bill has assisted more than 350 private clubs with the planning, evaluation, selection and implementation of computer technology in all facets of their operations. Bill can be reached at bboothe@boothegroup.com.

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