BILL BOOTHE

Bill Boothe is president and owner 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 30+ years in the club industry Bill has assisted more than 400 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.

Virtual Credit Cards

Time to Get the Horse Drinking

To my surprise, adoption of VCCs by clubs has continued to be very slow.

In the November/December 2016 edition of *BoardRoom magazine*, (*Virtual Credit Cards Why Isn't Every Club Using Them?*), I explained how virtual credit cards (VCCs) work and presented the financial benefits of this well-established technology.

We estimate that fewer than 15 percent of private clubs are now using VCCs to pay a portion of their AP invoices. Why are so few clubs taking advantage of this beneficial technology? Here's what we're hearing from club financial executives:

1. "I'm not familiar with VCCs." After all of the promotional activity by VCC providers in the past few years, it's hard to imagine that club CFOs and controllers aren't aware of how VCCs benefit clubs financially. But that's the most frequent response we get when discussing this topic at industry conferences. Seems like there's something more going on here that we need to understand. Let's dig a little deeper into what we've been hearing.

2. "Not all of our vendors will participate." Doesn't matter! Enough will participate to make it worthwhile. The average participation rate in the private club industry is 30 percent of the "AP spend" – meaning 30 percent of the total amount paid out through AP. That might only be a handful of your vendors – but who cares. For a smaller club with just $3 million in AP that still equates to a $9,000 annual rebate – in return for doing virtually nothing. We see larger clubs receiving annual rebates of $20-30,000 – again without expending any significant effort.

3. "Some vendors will charge us a fee to pay them with a VCC." Right. So, don't use the VCC with them.

4. "We're concerned that some vendors will raise their prices to us if we pay with a VCC." We haven't seen any evidence of this happening in the club industry. However, if it happens to you, see number three – don't use VCC with them.

Here's my take on all of this. Financial executives are tasked with managing a complex array of financial systems that operate in a very orderly fashion. Procedures are well established to assure accuracy and consistency in results. Any change to those procedures is likely to be resisted in an effort to maintain consistency. VCCs represent change.

The old saying applies here: "You can lead a horse to water, but you can't make it drink." Time for managers and directors to get the horse drinking. BR