



Justifying the Cost of Club

by Bill Boothe

Club technology is expensive. That's nothing new. And neither is the need to justify technology investments to club boards, finance committees, and members. Over the years we've worked with hundreds of clubs to select and implement new software applications and hardware platforms. As a part of that process, we put together a preliminary budget for the new solutions. That budget includes application software and custom enhancements, network equipment, connectivity, installation and configuration, data migration and conversion, user training, on-going user support and software upgrades, project management, and all of the other related expenses associated with a major systems change.

We formulate the budget early in the process to assure that club management knows the magnitude of the anticipated expense — before moving forward with time-consuming requirements like analysis, software

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demonstrations, and RFP's. Clubs are often shocked at how much new technology actually costs — and the on-going investment required to keep technology current. That's not surprising, since clubs often receive "low-ball" quotes from vendors or hear cost figures from other clubs that only tell part of the story.

So if we assume that it's going to take a big number to move the

good example. By eliminating "buddy punching" and controlling overtime, biometric devices pay for themselves in a matter of months and keep on contributing to the bottom line for many years to come. And let's not forget our old friend POS. Without it, clubs would be back to manually entering member charges into A/R, not to mention manually adding up item prices, re-writing checks and

by clubs to better understand member preferences and behavior, and improve club stewardship. The choice here is pretty simple — you can add more people to manually produce the needed BI (business intelligence), or you can invest in technology. Time and again technology has proven to be the better investment.

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But where technology really pays off is in the reduction of future labor costs. Most club professionals will agree that boards and committees are demanding more and more information to assist in their decision-making. Projections, what-if's, comparisons, niche analysis, and a host of other analytical approaches are being used by clubs to better understand member preferences and behavior, and improve club stewardship.

typical club from a legacy DOS solution to the latest Windows technology, how can we justify that expenditure, and gain the support needed to approve the technology budget? For starters, we have to focus on technology as an investment, rather than an expense. Today's technology delivers real value to the club — and provides a return that far outweighs the investment itself. Here's how.

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dupes, calculating tips, and all of the other tedious chores most clubs have long ago forgotten, thanks to POS technology.

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ample. Talk about a huge cost cutter. Club employees can conduct instantaneous, unlimited business communications at virtually no cost — no postage, no long distance telephone charges — with anyone around the globe. Expand the e-mail concept and you see limitless possibilities: electronically sending member statements, newsletters, promotional notices, reminder letters, committee meeting minutes — all through e-mail. The postage and handling cost sav-

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ings alone can be huge.

Some examples of other cost reductions include: bar-coded inventory items in the pro shops to identify shrinkage and keep costs down; margin analysis of dining menu items to improve menu mix and increase profitability; and real-time budget-to-actual reporting to avoid over-purchasing.

New technology reduces operational risks. What happens to your club if your legacy system vendor decides to stop supporting the software? No problem if you're given sufficient notice, and a change is convenient to the club's operations schedule. But that's not how it usually happens. More than once in the past few years, weaker club software vendors have folded with little or no notice. Clubs were left scrambling to find a suitable replacement, and often made poor decisions under fire. Clubs that hold onto old technology run the risk of serious business interruptions from untimely equipment failures, unrecoverable data losses, and unresponsive vendors — and the costs associated with

stop-gap measures to handle those emergencies.

Implementing new technology in a well-planned manner with a dependable provider puts the club on solid footing. Maintaining the club's technology with a reasonable on-going budget assures that the technology foundation will remain secure, and the information flow will remain reliable. That's one less worry for club management, and one less risk to club-wide operations.

New technology increases employee productivity. Something as simple as the ability to electronically view a dining room check will save hours each month for the club's accounting staff. Instead of hunting through boxes of checks in search of a particular charge in question, the user simply clicks on the member's statement and drills down to the check detail. Another click e-mails the check to the member for verification. Add the ability to automatically include the check detail with member statements, and you eliminate the sorting/fil-


ing/stuffing of thousands of checks at month end. That frees up lots of hours for more productive tasks — like conducting the analysis needed to satisfy the members' BI initiatives.

New technology improves member service. There's no better example of service enhancements than in the dining room. Anticipating member preferences with CRM (customer relationship management). Speeding orders to the kitchen electronically through POS. Printing orders clearly in the kitchen to reduce prep errors. Increasing server time on the floor to take care of member needs. Improving check accuracy with member account lookup, automatic item pricing, and totaling. How do you accomplish these tasks without technology? You don't.

Other examples abound of enhanced member service in every club department: club websites provide secure access to member statements and minimum spending balances; electronic irrigation systems automatically sprinkle the

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right amount of water on the right areas to keep the golf course looking its best; computerized golf shop credit books apply member credit to sales quickly and accurately; pro shop inventory systems help the pros keep popular items on hand; computerized party reservations systems make sure banquet rooms are never double-booked; sophisticated data mining helps club management to identify member activities that fit with "niche" member preferences.

Key concept: Technology is an investment, not a cost. And the return on that investment is substantial, through reduced labor costs, reduced operating expenses, reduced operational risks, increased employee productivity, and improved member service. Get that message across to your members, and your chances of getting your technology budget approved will go way up. 

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