Private Club
Performance Management

Expectations, Work Planning & Performance Reviews

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Performance Management

Recognizing that a private club is a collection of diverse business enterprises, each with its own requirements, disciplines, and knowledge for success, general managers must rely on department heads to run their operations with high levels of professionalism, efficiency, and service. But to ensure that this is consistently done with a quality that meets member and the board's expectations, the general manager must exert his or her authority to guide subordinates toward a common vision, specific goals, and a coordinated timing of initiatives across departmental lines.

There is probably no more important thing a general manager can do to drive desired outcomes than to prepare detailed work plans for subordinate managers and hold them strictly accountable for results.

But beyond the specifics and timing of work plan elements the general manager must also spell out in detail his or her expectations for leadership, management disciplines, and organizational professionalism, as well as performance and service standards for the operation. The overall cycle of **performance management**, then, consists spelling out expectations, driving organizational development through work planning, and providing feedback and measurements of performance by means of periodic formal reviews.

The performance of line employees, while not carrying the same scope and weight of consequence as that of managers and supervisors, is still important in that it most directly affects member service and service delivery. So, while the work planning requirement is not as significant for line employees, the need to spell out expectations for behavior and performance is still of major concern.

Further, all employees need and deserve feedback on their efforts at work. Such feedback serves as ongoing guidance as to the suitability and sufficiency of their contribution to the collective effort. While it is expected that employees will receive this feedback on a day in, day out basis, it is also customary and appropriate to give them formal feedback during periodic performance reviews.

Lastly, such reviews provide opportunities for helping employees with self- and career-development advice. Such interest by management in each employee's development will yield greater commitment and loyalty to the organization and its performance.

Note: There are several places in this book where specific documents and resources are underlined. These items may be accessed from the links on page 56.

EXPECTATIONS

The articles in this section are designed to provide management and supervisory staff with the basic standards by which their efforts will be judged.

The Three Cycles of Performance Management

BusinessDictionary.com defines Operational Performance Management (OPM) *as "the alignment of the various business units within a company in order to ensure that the units are helping the company achieve a centralized set of goals. This is done by* ***reviewing*** *and* ***optimizing*** *the operations of the business units."*

In club operations this means that each department, or business unit, has a common understanding of purpose, methods, and means in meeting the mission and vision of the organization. These business units are broken down into two distinct categories:

- **Line Departments** – those who directly serve the members by providing them with products and services. These departments include golf, food & beverage, golf course maintenance, membership, locker rooms, retail, activities, fitness and spa, aquatics, tennis, and others depending upon the amenities offered.
- **Support Departments** – those that indirectly serve members by serving the needs of the line departments. They include human resources, accounting, facilities maintenance, housekeeping, laundry, groundskeeping, and administration. These departments fulfill the important function indicated by Karl Albrecht when he said, "If you're not serving the customer, you better be serving someone who is."

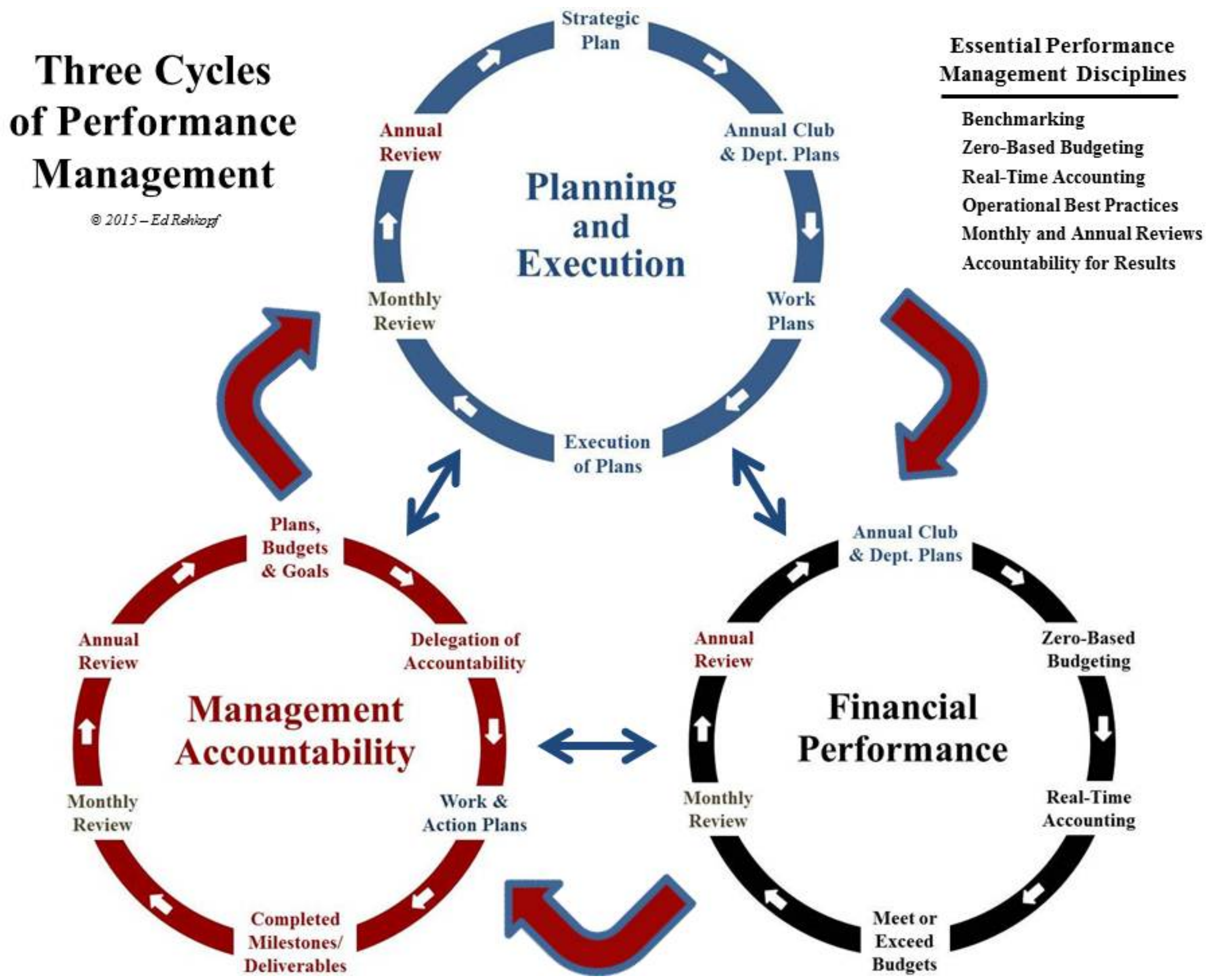
Since every department has its own manager or director with the distinct expertise and skill set to succeed in his or her enterprise, the general manager has the challenge and opportunity to direct these disparate business units to achieve the centralized set of goals. To achieve this alignment or unity of effort the general manager must paint a clear vision of how the organization will perform and interact with members. She must also define and continually reinforce organizational values and culture, while providing clear expectations for each department's performance.

Without this effort to clarify, unify, and integrate departmental operations, the club operates as separate businesses, each with its own standards and each interacting with members according to the dictates and example of its department head. This then is where the general manager has the major task of optimizing and reviewing the ongoing operations of the business units. If not properly organized and made routine this process of review and optimization can consume a lot of time and effort for an already busy executive whose principal focus is on board and member relations.

So, what can be done to better organize the sizable and clearly important task of performance management? As always when confronted with a large and complex task, the first step is to identify, synthesize, and simplify the essential elements of the challenge. In doing so we believe there are three essential elements to achieve the necessary unity of purpose. They are:

1. Planning and Execution,
2. Financial Performance, and
3. Management Accountability.

Each of the requirements encompasses a cycle of steps that provide the necessary preparation and operational execution to achieve the necessary alignment. See the Three Cycles of Performance Management, below for more information.



Many elements of the three cycles are interdependent, and in some cases identical. The following briefly describes each cycle:

Planning and Execution (P&E)

- The Planning and Execution cycle is the logical starting point in that the efforts of all three cycles are dependent on the club's multi-year Strategic Plan.
- The second element of the P&E cycle – the Annual Club and Departmental Plans – is also the starting point for the Financial Performance (FP) cycle.
- Next in the sequence are individual Work and Action Plans for the general manager and department heads. These specify goals and necessary steps, including timetables and deliverables, for each goal.
- Throughout the year all managers work toward completion or Execution of their plans.
- Each month after the Financial Statements are distributed, the general manager holds a series of meetings with individual department heads to review financial performance, benchmarks, and work/action plan progress.

A Musical Analogy

An orchestra is made up of many individuals accomplished in their chosen instruments. Through discipline, hard work, and long practice each musician has mastered the many-faceted intricacies of instrument, musical notation, and both solo and group performance. Individually they are musical professionals, yet to be hired by a reputable orchestra they must prove not only their instrumental prowess, but also their skill and temperament to play in a larger group under the direction of the orchestra's conductor.

A club organization is typically an organization composed of a half dozen or more business specialties, each requiring managers of proven performance in their individual fields. Not only must they demonstrate the knowledge, expertise, and disciplines of their vocations – accounting, sales and marketing, food service, facility maintenance, housekeeping, retail management, recreation operations, golf management, agronomics, and human resources – but they must also work well together as a team of professionals dedicated to a common purpose under the direction of the general manager.

In preparing for the concert season the conductor must lay out his proposed program of concerts, the individual pieces selected for play, and his unique vision of how each piece is to be played – the orchestral composition, the musical arrangement, the style of play, and selection of solo performers, and other factors – and then rehearse the orchestra to achieve the desired performance. Despite the accomplishments of individual musicians, the orchestra will never achieve critical acclaim, renown, and success without this unifying effort.

The general manager of a club operation has a similar role to play. Despite the qualifications of each department head, despite the specific knowledge of their chosen professions, without the direction and guidance of the general manager, the multiple businesses will not perform in an integrated, professional, and successful manner.

To achieve this unity of effort the general manager must paint a clear vision of how the organization will perform and how it will interact with members. He or she must also define and continually reinforce organizational values and culture, while providing clear expectations for each department's performance. Without this effort to clarify, unify, and integrate departmental operations, the club operates as separate businesses, each with its own standards and each interacting with members according to the dictates and example of its department head.

After nearly forty years in the hospitality and club industries, I am clearly convinced that the greatest mistake too many general managers make, particularly in small, standalone properties, is to get too involved in daily operations. It's a mistake I made all too often in my career. Instead of guiding, instructing, and coaching department heads to run their operations like their own businesses, instead of spelling out my expectations, creating meaningful work plans based on measurable accountabilities, and then holding them strictly accountable for results, I spent too much time taking the initiative and solving problems myself. Not only did this mire my efforts in operational problems when I should have been charting the strategic course of the business, but it also robbed conscientious department heads of their initiative and sense of responsibility for their operations.

The Proper Role of General Managers in Club Operations

General managers of club operations wear a lot of hats and tend to be involved in many ongoing day-to-day operational activities and issues. This involvement seems to flow from various organizational deficiencies:

- Department heads need a lot of guidance to properly run their departments. The GM must get involved because a subordinate manager created problems or lacks a comprehensive vision for the operation. This is usually a direct result of poor training and leadership development.
- The organization of work is inadequate or inefficient, requiring frequent GM interventions. This is a result of a lack of or inadequately implemented operating systems and training of subordinate managers.
- The GM gets involved in responding to complaints about poor service. This is usually a result of inadequate staff training for which the department heads are responsible.
- The GM does not have sufficient reporting mechanisms to monitor the performance of the operating departments. This masks problems that arise and grow undetected, eventually blowing up, and ultimately requiring time-consuming GM intervention and involvement. If the GM is only using the monthly operating statement to monitor performance, he is flying blind to the details of his operation and does not have real-time information upon which to base decisions and take actions. A properly implemented system of departmental benchmarks and reports would help with this problem.
- The difficulty of holding department heads accountable for the performance of their departments, which leads to toleration of weak department heads and poor performing departments. Without work plans with measurable accountabilities and benchmarks any attempt to hold subordinates accountable is dependent upon weak and subjective evaluations.

The miring of General Managers in day-to-day operational problems prevents them from engaging their key strategic responsibilities.

The following is a list of the strategic requirements of a General Manager:

1. In conjunction with the governing board, establishing the organizational culture, mission, vision, guiding principles, and operating standards.
2. Establishing a strategic plan to guide long-term direction, goals, and priorities.
3. Providing the board with timely and accurate information and routine reports to help them fulfill their requirements to oversee the operation.
4. Managing member perceptions by maintaining a visible presence in the operation and communicating frequently and thoroughly with the members.
5. Maximizing sales by ensuring that a “stretch” marketing plan is developed and that the membership director provides ongoing reports detailing efforts to generate leads, qualify prospects, and selling memberships.
6. Establishing and ensuring compliance with club operating standards, policies, and procedures (the operations plan).
7. Providing ongoing strategic thinking, planning, and decision making.

Managers' Financial Responsibilities

Managers with bottom-line responsibility are responsible for the financial performance of their areas of the operation. There are a number of specific elements associated with this responsibility including:

Budgeting. Budgeting is the process of establishing a financial operating and capital plan for the future year. Budgets are formulated using history, benchmarks, knowledge of upcoming events or trends, and one's best professional judgment.

Comparing Actual Performance to Budget. Once approved, budgets are the financial plan for the year. Managers are responsible for comparing actual performance to budgets on a monthly basis and intervening as necessary to achieve budgeted performance.

Achieving Revenues. Achieving revenue projections is one of the two primary means of meeting budgets (the other being controlling expenses). Managers are responsible for monitoring revenues and aggressively intervening when revenues fall short.

Controlling Cost of Goods Sold. Departments with retail operations must also control the cost of goods sold and investigate when these costs are out of line. Managers can do this by ensuring accurate monthly inventories, carefully tracking departmental transfers and adjustments, and using retail buying plans.

Controlling Payroll Costs. Payroll is the single largest expense in most operations and the most significant expense that managers must control. To control payroll costs, it is vital that managers have timely and accurate data regarding their departmental payroll costs. Essential to getting this data is having staff correctly follow timekeeping procedures, setting schedules to meet forecasted levels of business, and the dogged determination to track payroll expenses closely to ensure that budgets are not exceeded.

Controlling Other Expenses. Other Expenses comprise all the other departmental operating expenses. Managers can control these expenses by carefully reviewing expenditures on a monthly basis, using some means, such as Tools to Beat Budget, to track other expenses in real time, and by periodic in-depth reviews of significant expense accounts.

Benchmarking. Benchmarking is the act of measuring operating performance. Each department head should track detailed benchmarks for his area of the operation

Pricing. The starting point for meeting revenue projections is proper pricing of products and services to ensure a sufficient markup to cover associated expenses. Pricing should be reviewed on a periodic basis to assure that budgeted margins are being maintained.

Purchasing. Some managers are responsible for purchasing materials, supplies, and inventories for their departments. Managers must be familiar with all enterprise purchasing policies to properly fulfill these responsibilities.

Expense Coding. Managers are sometimes responsible for ensuring that invoices for all purchased items are coded to appropriate expense accounts in a timely, accurate, and consistent manner.

Inventory Management and Security. Given that high inventory levels tie up capital that might be put to better use elsewhere, managers must use common sense and good business judgment to maintain inventories at levels that balance business demands, lower pricing for bulk purchases, perishability of stock, and available warehousing space.

A Discipline of Planning

Managing a club without a plan is like driving through a strange land without a road map. Given the size, complexity, and money invested in making a club successful, why would anyone consider operating it by the seat of one's pants? Yet, this is exactly what managers do when they fail to establish a discipline of formal planning. And make no mistake about it, **it is a discipline** – requiring managers and supervisors at all levels to conceive and document their plans for upcoming periods and specific events. It also requires that the general manager review all planning documents, as well as review progress toward completing those plans on an ongoing basis.

Every enterprise demands a plan. Without a formal, written plan to focus attention and action upon the completion of specified goals within a specified time period, the business will lack clear direction and purpose. By putting plans in writing, the responsible manager formally commits to its accomplishment. Further, there is a common understanding on the part of both the subordinate manager and the general manager of what will happen and when. Often, the planning and execution of one department will impact other departments or the operation as a whole. Written plans ensure that all managers and department heads are fully informed about where the enterprise is going and when things are supposed to happen. Taking all this into account, planning is not a luxury, but a necessity for efficient operations.

Types of Plans

Planning is necessary on many levels and in many settings. Formally, the operation should have the following:

- An annual Club Plan covering a period of 12 months, coinciding with the budgeting cycle. This plan lays out the specific goals to be accomplished during the year as part of efforts toward continual improvement.
- A general manager's Work Plan for the 12 months covered by the Club Plan. This plan lays out measurable accountabilities for the General Manager and is the basis the GM's performance review.
- Departmental Plans for the 12 months covered by the club Plan. These plans lay out the goals and objectives of each operating department within the overall guidance of the Club Plan.
- A Work Plan for each department head for the same 12 months. These plans lay out measurable accountabilities for department heads and are the basis their performance reviews.
- Plans for major project and events. These are plans developed for specific major tasks or activities such as purchasing new kitchen equipment, renovating a facility, leasing new golf carts, or preparing for major events or activities.

Having gone through the planning process multiple times, I offer the following advice to all general managers:

- **Start early**. Procrastination results in poor, disjointed planning.
- **Involve your staff**. Departmental plans for the coming year usually impact the overall Club Plan and budget. Also, since no department works in isolation, one department's plan may affect others – either materially or in the timing of events and accomplishments.
- **Challenge staff**. The general manager should explain the big picture of club direction and progress and then challenge department heads to work on specific initiatives within their departments,

Performance Reviews

Performance reviews are periodic, formal feedback sessions that help measure an employee's contribution to the overall effort. Reviews give important feedback to employees, reinforcing those things they do well while helping them improve in areas where their performance is weak. As such, they are also part of the ongoing training effort of a club operation.

The purpose of any performance review is to obtain the best possible performance from each employee by positively reinforcing desired skills and behaviors while developing his full potential by coaching and constructively correcting those behaviors that need improvement. The basic concepts behind achieving optimum performance from each employee are to:

- Set goals and expectations the first day of employment and adjust and reinforce them during the entire period of employment.
- Coach along the way, correcting when necessary and reinforcing positive performance.
- Ensure that any performance review is not a monologue by the supervisor; rather it should be a dialogue between the employee and supervisor to reach a mutual understanding of what optimum performance is and how to achieve it.
- Set goals for the next session and discuss how to accomplish them.

Prior to a performance review, a supervisor must explain to an employee the criteria by which her performance will be judged. This is only fair, as everyone deserves to know those things by which their work will be evaluated. The perfect time to share and explain the Performance Review form is upon hiring when the supervisor provides the employee a job description and explains the functions of the position, as well as his or her expectations for the new hire's performance.

Performance Review Principles

- Reviews must be based on specific facts, not generalities. Rating managers should keep notes throughout the review period on the quality and deficiencies of an employee's work (see Staff Notes below for more information). If this is done, a manager will be able to provide a meaningful review based on fact and will be able to give relevant examples to the employee to ensure he understands.
- Reviews should be honest, fair, and candid. No rating manager should attempt to avoid conflict with an employee by giving an overly positive evaluation. Such an evaluation could be used as evidence of the club's satisfaction with her work in a wrongful termination case.
- Rating managers must make it clear to employees that it is their responsibility to influence management's perceptions of their work. If they make no effort to influence these perceptions and their rating manager has negative perceptions, the manager should never feel hesitant or uncomfortable telling them so.
- If managers make on-the-spot corrections and hold counseling sessions when necessary to correct an employee's work, a negative review should never come as a surprise to the individual.
- Performance reviews must include an opportunity for the employee to give feedback as well. A performance review should be a dialogue with nothing finalized until the session is ended.

- A copy is retained by the rating manager in his files.

Responsibilities

1. **Rating Manager –** Each rating manager is responsible for conducting mandatory reviews for all employees according to schedule, that is, 15 days before the end of the introductory period for new hires and once a year for employees' annual reviews.

   Rating managers are responsible for conducting the reviews in a professional and meaningful manner, correctly filling out the review forms, having the reviews endorsed by the next higher manager, and forwarding the original copy to the Personnel Administrator for inclusion in the employee's personnel file. Further, rating managers are responsible for preparing an Employee Development Plan, PCPM Form 116, when necessary.

2. **Personnel Administrator –** The Personnel Administrator is tasked with responsibility for overseeing and administering the organization's Performance Review Program. This individual will also monitor rating managers' compliance with the schedule and adequacy of reviews and report any problems to the general manager.

   The Personnel Administrator will ensure that introductory and annual reviews are initiated at the appropriate times by sending review forms (with the names of those to be reviewed) to rating managers with a suspense date for completion. The Personnel Administrator is also responsible for filing the completed review form in the individual's personnel file.

3. **Review and Endorsement**

   Performance reviews for managers and supervisors will be completed by the general manager or department heads as appropriate and endorsed by the general manager. The general manager's review is completed by the owner or owners' representative. In the case of private clubs, the club President in conjunction with the board will prepare the review.

   Performance reviews for line employees will be completed by their supervisor or department head and endorsed by their department head or general manager, as appropriate.

Performance Review Meetings

The most effective performance review may include three separate contacts with the employee.

1. **Preparatory Meeting**. The first contact is very brief and is used to schedule a date, time, and location in the coming 2-4 weeks for the performance review meeting. This setting a date and time is also a good opportunity to briefly review again the review form and rating criteria. Some rating managers will give the employee a blank form and ask him to fill it out prior to the Performance Review meeting. While optional, the practice of self-rating can be useful in that it forms the basis for comparing perceptions and encourages a dialogue during the review session.
2. **The Performance Review**. This is the main review session and is discussed in greater detail below.
3. **The Follow-Up**. This brief contact a few days after the session is used to follow up with the employee to see if there are any additional questions or comments and ensure that both agree about what must be done prior to the next review session. Achieving this agreement and the employee's buy-in for any necessary improvement will make the next review session even more meaningful and productive.

Private Club Performance Management **Performance Review—General Manager**

Employee: ***John Smith*** **Rater:** **Bob Jones, Club President**

****Enter* *Major Goal weighted %* *in green shaded cells,* *Sub Goal weighted %* *in blue shaded cells, Ratings in yellow shaded cells, and comments in white sections..***

	Weighted %	Major Goals	Rating	Comments	Score
I.	30%	Board Relations	3.18		
	30%	*Communication*	*3.6*	*John keeps the board well-informed in an informal way, but communication could be improved by a more formal monthly report.*	*32%*
	70%	*Board Satisfaction*	*3.0*	*The board feels that John could do a better job of providing information to the executive committee by keeping them better informed about club operations with an enhanced benchmarking program*	*63%*
	100%	*Must equal 100%*		Subtotal Score	3.18
II.	15%	Financial	4.16		
	40%	*Revenues*	*4.5*	*Revenues this year exceeded all expectations.*	*27%*
	40%	*Expenses*	*4.0*	*John's team did a good job of controlling expenses, though the board feels he could establish a more aggressive cost of goods goals for food and beverage.*	*24%*
	20%	*Budget Accuracy*	*3.8*	*Budget accuracy could be improved by benchmarking revenues and payroll throughout the operation.*	*11%*
	100%	*Must equal 100%*		Subtotal Score	4.16
III.	20%	Membership	3.68		
	25%	*Member Satisfaction (Survey Results)*	*4.2*	*Members gave good marks to all areas of the club. The challenge will be to keep the scores up as members become more familiar with the number of new initiatives John has implemented.*	*21%*
	30%	*Enrollment*	*3.2*	*We must be more aggressive in pursuing the objectives of our membership marketing plan.*	*19%*
	20%	*Retention*	*3.6*	*Turnover at the club has been low, though we have had two vociferously unhappy resignations.*	*14%*
	15%	*Quality & Quantity of Communication*	*4.0*	*Overall, the communications, both formal and informal, have been very good.*	*12%*
	10%	*Committee Development & Involvement*	*3.5*	*John has handled the various club committees well and is very involved.*	*7%*
	100%	*Must equal 100%*		Subtotal Score	3.68

About the Author

Ed Rehkopf is a graduate of the U.S. Military Academy and received a Master of Professional Studies degree in Hospitality Management from Cornell's School of Hotel Administration. During his long and varied career, he has managed two historic, university-owned hotels, managed at a four-star desert resort, directed operations for a regional hotel chain, opened two golf and country clubs, worked in golf course development, and launched a portal web site for the club industry.