



**Private Club
Performance Management**

**Management
Disciplines
on the Go**



Ed Rehkopf

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#01

A Culture of Discipline

“Arguably the greatest business book to appear in the last quarter century is Jim Collins’ *Good to Great, Why Some Companies Make the Leap . . . and Others Don’t*. In preparation for the book the author and his research team identified and examined 11 publicly traded companies that significantly outperformed their competitors for a period of 15 or more years to find out what made them so successful. The findings were sometimes surprising, often at odds with conventional wisdom, but definitive in that they were based on empirical evidence, not business theory.

One of the findings is that all *Good to Great* companies had a culture of discipline. Quoting from the book:

*‘Much of the answer to the question of ‘good to great’ lies in the **discipline** to do whatever it takes to become the best within carefully selected arenas and then seek continual improvement in these. It’s really just that simple.’*

*‘A culture of discipline is not just about action. It is about **getting disciplined** people who engage in disciplined thought and who then take disciplined action.’*

Most of us recognize that our business is not rocket science. The basics of what we do are well-known to any club professional. What makes our jobs so challenging is the sheer volume of things that must be attended to daily in a detail and people-intensive business.

Unless a club operation is well-organized and its managers highly disciplined, it operates in a state of barely-controlled chaos interspersed with periods of downtime. The challenge for all is to transition quickly from storm to calm back to storm while remaining focused on long term goals, ongoing projects, and continual process improvement. The solution is to organize the club so that most things happen routinely and that managers at all levels be highly disciplined in approaching their duties and efforts to improve the operation.”

Ed Rehkopf, What I Expect from My Club Management Team

Discussion Points: What exactly does it mean to be disciplined? Let us define discipline as “an approach to work characterized by regimen, rigor, and training in accordance with generally accepted rules or best practices.” List and discuss some management disciplines that are useful in the club industry.

Take Away: The complexity and pace of club operations requires that managers be highly disciplined in their personal, professional, and work habits.

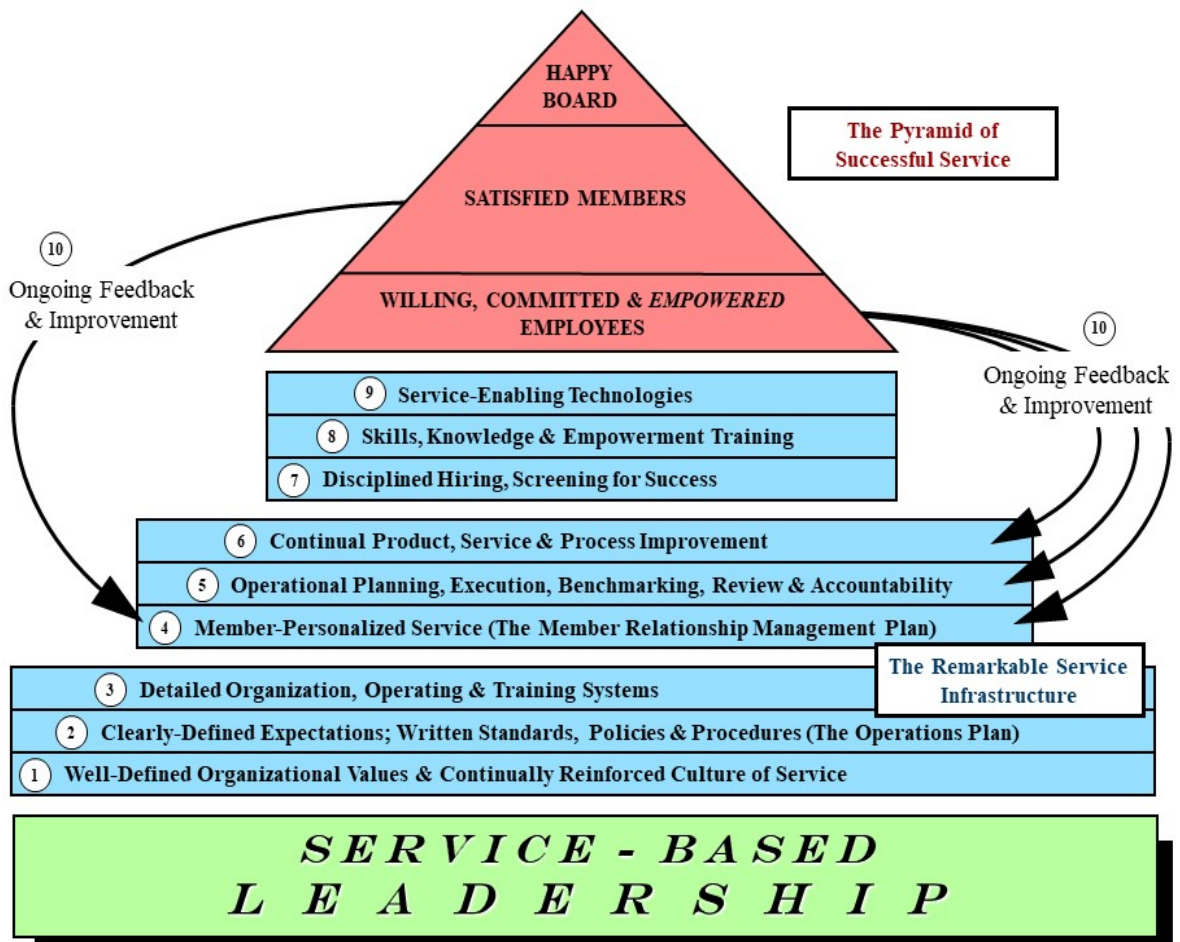


#02

Remarkable Service Infrastructure – 1

Just as a club must have the appropriate amenities of a requisite quality – facilities that are conceived, designed, constructed, and paid for – so must there be proper preparation for the club’s staff to deliver quality service. In many ways the “soft” infrastructure is more challenging to build than its bricks and mortar counterpart. This is so because of one reason – the difficulties in getting a diverse group of people to work toward a common purpose of fulfilling the needs and desires of others. The proof of the difficulty involved is the near-universal recognition of just how rare it is.

Yet high levels of quality service can be achieved. Every year we read about those few companies that have cracked the code and figured out how, not only to satisfy their members, but to “wow” them with Remarkable Service. And just as in building a dramatic clubhouse, the construction of the Remarkable Service Infrastructure requires a design based on a thorough understanding of the organizational systems and management disciplines necessary to deliver quality. The diagram below depicts these.



Take Away: The Remarkable Service Infrastructure presents an overarching plan to achieve remarkable service levels in a club.



#06

Creating a Lasting Club Culture – 1

We frequently talk about the importance of developing a culture in our organizations. What exactly do we mean by an organizational culture? The dictionary defines culture as the ways of living built up by a group of human beings and transmitted from one generation to another. With a slight modification of this definition we come up with the following working definition of organizational culture.

‘The ways of working and interacting built up by a group of people within an organization and transmitted from one generation of employees to another.’

The major benefit of establishing an organizational culture is that once adopted by the majority of people in an organization the culture takes on a life of its own and permeates the workplace. As normal turnover takes place, new hires quickly learn that to be accepted in their new surroundings, they must embrace the culture and make it their own.

In the absence of a culture developed and disseminated by the organization’s leadership, a culture will arise on its own, usually fostered by a vocal few and often cynical and at odds with the purpose of the organization.

So how do you create a culture in your organization? First, you must define clearly and succinctly the aims of your organization and what it aspires to be. These are most often found in Mission and Vision Statements. Beyond these basic statements of intent, one must clearly spell out standards of behavior and performance. These can be in the form of Guiding Principles, Operating Standards, Leadership Principles, Service Ethic, Principles of Employee Relations, Service Pocket Cards, or any other formal statements describing the What, How’s, and Why’s of how organizational business should be conducted.

Yet publishing such principles and statements, no matter how inspirational and well-written, will only foster employee cynicism if they are not enthusiastically embraced by the club’s leadership. On the other hand, when leadership demonstrates their commitment to the organization’s values by their daily example, employees will do likewise.

Discussion Points: What are values and why is it as important for clubs to have them? Discuss how an organization’s leadership can ensure that all employees share the values and demonstrate them in all their interactions with members, guests, and co-workers.

Take Away: Without a consistently reinforced organizational culture, a club will be represented by the individual and inconsistent values of its employees.



#13

What I Expect of Club Department Heads – 1

There are a number of things I expect from all of the club's department heads regardless of their specific areas of expertise and function.

- **Leadership.** I expect a consistent service-based style of leadership for all departments. Service-based leadership naturally promotes employee empowerment which is absolutely essential to delivering remarkable service levels.
- **Organizational values.** Strict adherence to and promotion of the club's culture of service is necessary to ensure that all employees understand the values that underpin the business. The consistent example of managers at all levels is a must.
- **Annual departmental goals.** Each department head must develop departmental goals based upon the club's annual goals. These goals have an impact on department budgets.
- **Standards, policies and procedures.** These are necessary for all areas of the operation to promote standardization and efficiency. They are also the basis for developing pertinent training material for each department.
- **Tools to Beat Budget.** The discipline of tracking revenues and expenses in real time makes department heads more knowledgeable about their enterprise and enables them to take timely action to correct deficiencies. It's also an incredibly effective tool for improving the ease of developing, as well as the accuracy of, departmental budgets.
- **Benchmarking.** Every department head must benchmark their payroll expenses in detail. As the single largest expense in most departments, it is essential that they track and monitor this expense. In addition, they need to benchmark their respective operations to ensure they have a better understanding of their business.
- **Accounting submissions.** There are accounting requirements for all department heads and they are expected to meet these in a timely and accurate manner.
- **Human resource requirements.** Each department head is expected to have a thorough knowledge of all HR requirements and strictly adhere to these. There are too many legal and liability issues to do otherwise.

Discussion Points: Discuss the points above and why they are each necessary disciplines in a well-run club. Have managers explain each in detail and how they contribute to efficient operations.

Take Away: These expectations are minimum requirements for all club department heads.



#31

Internal Control

According to Professor Neal Geller in his book *Internal Control: a Fraud-Prevention Handbook for Hotel and Restaurant Managers*, Internal Controls are defined as the systems and procedures established and maintained to safeguard a club's assets, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed managerial policies.

While often considered an accounting function, internal control is a management function and the ultimate responsibility for good internal controls rests squarely with management. As such, internal controls should not be considered as a separate, specialized system within the club. Rather, it should be recognized as an integral part of each department and the club as a whole.

Geller says there are three factors necessary for fraud or pilferage to take place:

1. Need and/or desire on the part of the employee.
2. Opportunity created by lax oversight or controls.
3. Failure of conscience on the part of the employee. This failure can be encouraged by management when it sets a poor example regarding perquisites and privileges thereby creating ill-will and a sense of entitlement. It's easy for the employee to rationalize theft if he or she feels that management takes undue advantage of its position to utilize facilities and services or take products or use consumables.

The following standards are inherent in effective internal controls:

- **Documentation.** Internal control systems and all transactions and other significant events must be clearly documented, and the documentation must be readily available to examination (audit).
- **Recording of Transactions and Events.** Transactions and other significant events are to be promptly recorded and properly classified.
- **Execution of Transactions and Events.** Transactions and other significant events are to be authorized and executed only by persons acting within the scope of their authority.
- **Separation of Duties.** Key duties and responsibilities in authorizing, processing, recording, and reviewing transactions should be separated among different individuals.
- **Supervision.** Qualified and continuous supervision must be provided to ensure that internal control objectives are achieved.
- **Access to and Accountability for Resources.** Access to resources and records is to be limited to authorized individuals and accountability for the custody and use of resources is to be assigned and maintained. Periodic comparison must be made of the resources with the recorded accountability to determine whether the two agree. The frequency of the comparison shall be a function of the vulnerability and value of the asset.

Internal Control for Private Clubs may be purchased on the [PCPM Marketplace store](#).

Take Away: Internal controls are an essential management function to protect club assets.



Private Club
Performance
Management

Management Disciplines

#46

Financial Management for Managers

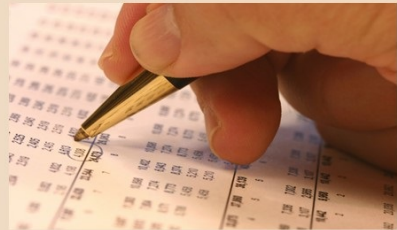
Just as a club has need for a Managers Handbook to ensure that all managers have a common understanding of their duties and responsibilities, it also has the need for an accounting handbook so that all managers will understand the requirements of their fiscal responsibilities and meet them in a consistent way.

This booklet – [*Basic Accounting and Financial Management for Club Managers*](#) is available on the PCPM Marketplace store.



Private Club
Performance Management

Basic Accounting and Financial Management for Club Managers



Ed Rehkopf

Take Away: All managers and supervisors must have a common and complete understanding of the club's standards, policies, and procedures of its accounting requirements. The booklet *Basic Accounting and Financial Management for Club Managers* is intended to do this.



#61

Exempt and Non-Exempt Positions

There are a lot of misconceptions regarding the paying of employees either as salaried (a fixed amount each pay period) or hourly (an amount based on the number of hours worked times an hourly rate of pay). Some managers seem to think that you can avoid overtime payments by paying the employee a salary. But nothing could be further from the truth and such a practice could put a club in violation of the federal Fair Labor Standards Act (FLSA) which specifies wage and hour requirements for employers.

The FLSA mandates that employees who work more than 40 hours in a workweek be paid overtime – that is time and one half for each hour worked over 40. Exemptions are made to this requirement for certain managerial, professional, and commission-compensated positions – thus the term ‘exempt’ employees.

But the requirements for these exemptions are few, defined, and have been narrowly construed in court cases. All other employees are considered ‘non-exempt’ and must be paid overtime as required by the FLSA.

It is dangerous, then, for any club not to assess and classify each position as either exempt or non-exempt depending on a careful evaluation of job functions to meet the exemption requirements. Even after positions are classified, the club must be vigilant that new positions are not designated as exempt without a formal review of duties and responsibilities and that job requirements of existing exempt positions do not materially change, thereby affecting their exempt status.

Failure to carefully adhere to exemption criteria can be costly for clubs in terms of fines, penalties, and orders for payment of back overtime work.

Clubs may pay a non-exempt position on a salaried basis but are still liable for overtime payments for hours worked over 40 in a week. Thus paying non-exempt positions a salary requires ongoing vigilance to ensure overtime compensation is paid correctly.

Take Away: No position should be made salaried to avoid overtime payments without a careful review of job requirements and exemption criteria.



#80

Types of Training

All who work in the service business understand that operations are both people-intensive and detail-intensive. It takes a lot of employees to provide the requisite levels of service and every aspect of service involves many details. These two facts make detailed, ongoing training an absolute necessity for any successful operation.

There are a wide variety of topics that must be taught to both managers and employees to fully prepare them for their jobs.

1. **Leadership Development Training** for managers and supervisors – designed to foster consistent, club-wide leadership skills, which are the driving force behind the club's success.
2. **Club Culture Training** for all employees – designed to foster a thorough understanding of the club's values and service ethic.
3. **Organizational Systems Training** such as Human Resource and Accounting Standards, Policies, and Procedures (SPPs) for managers and supervisors, as well as departmental SPPs for employees – all designed to teach the underlying systems that permit the enterprise to operate efficiently.
4. **Legal Compliance Training** for managers, supervisors, and employees – designed to provide all required training in matters with legal implications for the club such as Equal Employment Opportunity, Fair Labor Standards Act, Sexual Harassment, and others.
5. **Liability Abatement Training** for managers, supervisors, and employees – designed to limit the club's liability exposure for occupational safety and health, food sanitation, public health, and responsible alcoholic beverage service.
6. **Departmental SPPs, Organizational Systems, Job Skills and Service Technique Training** for employees – designed to give each employee the knowledge and skill set necessary to perform his job and meet standards of service.

Items 1 through 5 above should be developed by the club and provided club-wide for consistency sake; item 6 is specific to each department and should be developed and taught by individual department heads.

Take Away: Managers tend to think that training is only necessary for line employees, but as the list above suggests, much of the training is required for management staff.



#87

Principles of Disciplinary System – 1

Discipline is necessary to maintain the performance of the club and to establish and maintain standards of quality and service. The desire is to achieve excellence and success and supervisors must understand that these goals are dependent upon the quality and commitment of the staff.

Unfortunately, in every group of employees, there are some who have attitude problems, lack commitment, or are not capable of meeting standards. When confronted with such a problem employee, it is the responsibility of supervisors to deal quickly and effectively with the situation before it degrades the efforts of the rest of the staff.

- **Supervisors' Responsibility.** It does no good to have rules, regulations, and policies spelled out, if they are not going to be enforced by all supervisors. Whenever a supervisor overlooks an infraction, he encourages others to similar violations; such a supervisor can be more damaging than no supervisor at all. So supervisors are expected to actively confront any problem employee in their departments with the aim of correcting the problem. If it cannot be corrected in a reasonable period, supervisors are expected to discharge the individual while following established policies.
- **Good Communication.** Good communication is important when working with a problem employee. Some supervisors do not like to confront staff on seemingly small issues. As a result, many small problems build up until the supervisor finally blows his top and is ready to fire the employee. However, discharge is inappropriate because the supervisor has not previously discussed the problems with the employee, warned him of the consequences, or offered any help to correct the problem. Good communication would prevent this situation. If the supervisor talks frequently with employees, points out minor problems as they occur, addresses continuing problems in a proactive and formal way, an employee will never be surprised should he be discharged.
- **Disciplinary Philosophy.** The club subscribes to the "Hot Stove" approach to discipline. Employees are told what is expected of them and what the consequences are of ignoring rules, requirements, policy, and procedure. If they then touch the hot stove, they get burned. The rationale behind this philosophy is that supervisors want to deal with staff as adults who are responsible for their own actions and they want to avoid inconsistency in applying rules, regulations, and policies.
- **Rules, Requirements, Policies, and Procedures.** This philosophy requires that supervisors tell staff what is expected of them. First, do this by spelling out in detail the club's rules, requirements, policies, and procedures. The Employee Handbook contains many club-wide rules for employees. Second, expend some effort through orientations and formal training to make staff fully aware of their responsibilities and the club's expectations.

Discussion Points: Discuss each of the above disciplinary principles and why they are important to a sound and progressive disciplinary system. Specifically discuss the pitfalls of not following these principles.

Take Away: Managers and supervisors must understand the principles that underlie the club's disciplinary system.



#112

Food and Beverage Disciplines – 1

While creativity and innovation are hallmarks of an outstanding culinary experience, it is a daily focus on the basics that makes a foodservice operation profitable. The following disciplines are taught in every hospitality program, but it's the daily application of these that makes a difference.

- **Standardized and costed recipes.** Recipes for every menu item, both à la carte and catered, must be standardized and costed. This discipline ensures consistency of product and ongoing profitability. Given the volatility of some ingredients, recipe costing should be reviewed on a periodic basis.
- **Pricing based on known cost structure.** The standard method of pricing is to take the cost of each menu item and multiply it by an appropriate multiplier to cover the cost of labor, other expenses, and overhead. For instance a 2½ times multiplier should yield a 40% food cost; a 3 times multiplier yields a 33% food cost. This simple formula is all well and good, but if your revenues are below projections and/or your payroll cost or overhead are higher than expected, you may still lose money. Given the interplay of revenues, pricing, volume of business, and cost structure, these numbers must be tracked closely and reviewed frequently.
- **Portion control.** Standardized recipes are costed based upon specific portion sizes. If untrained or poorly supervised employees routinely serve larger than costed portions, your profitability will literally be eaten up. Costly meat and fish products should be weighed to ensure correct portion size. Ladles of specific sizes should be used to plate specific menu items. Pies, cakes, and other baked desserts should be cut and served using templates to ensure the correct number of portions are realized. Cooks and pantry workers must be trained to prepare and serve appropriately sized portions. The discipline of measuring alcoholic beverage portions is critical to profitability in bar operations.
- **Labor control.** Labor, both front-of-house and in the kitchen, is the single largest expense in a foodservice operation; it is also a continuing challenge to control. Electronic timekeeping systems make it easier for supervisors to verify hours worked, but regardless of system used, supervisors must monitor payroll hours daily. Close monitoring of employee hours will reduce overtime and milking the clock, while allowing daily comparison of payroll cost to revenues. Front- and back-of-house supervisors should also keep a daily log that notes revenues, meals served, payroll hours, and a subjective evaluation of the smoothness of service. Such an evaluation of each meal period will enable supervisors to better schedule staff.
- **Benchmarking revenues and expenses.** Benchmarking is the act of measuring and analyzing operating performance. In a food service operation there are many things to benchmark, such as meals served and average check per meal period by day of week; payroll hours by position by meal period or day; and beer, wine, liquor sold per meal period and day of week. When tracked over time, these statistics become the baseline to project and monitor future performance. Benchmarks also allow measurement of member reaction to foodservice initiatives such as new menus or pricing. Most importantly, benchmarking makes supervisors more knowledgeable about their operations. Such knowledge translates to improved operations and bottom lines.

Take Away: As with so much else in the hospitality industry, it's the daily discipline of well-known basics that are the foundation for success.

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.