KPI GOLF MANAGEMENT

Meadowood Operations Review

July 15th, 2023

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Club Governance Model

Majority Equity Investment Member Group
This is the new investment group who will have a Board majority until the loan this group provided is paid back. For example, if a Board size of 7 is selected to govern the Club moving forward, this investment group will control 4 of the 7 seats on the new Board. This group is free to appoint 4 members from their group of investors to serve the Board term selected, generally 3 or 4 years. Keep in mind that even in the event of early short term rotation out, this group will always (prior to loan repayment in full) be entitled to a majority of seated Board members.

Equity Members
Equity members represent the member group who has paid an equity fee when joining or upgrading their club membership. This group will have 3 board seats who will also serve a 3 or 4 year term. The entire Board will recruit and vet the proposed new minority slate of Board candidates. The slate is voted on by the entire Equity Member Group. A simple majority of votes wins the election. Keep in mind that members of the Majority Equity Group are free to vote in the election.

The Club Board of Directors
The Board can range from 5, 7, 9 members with 2, 3 or 4 seats opening yearly. The most popular term is 3 years. Shorter terms are normal with new Boards until they get in proper rotation. The Board is the Club's elected/appointed Governance Entity. The Board has numerous duties, with the main duties being: Establish a Board mission statement, vision statement, and values statement. The Board will also create the Club's Governance Model. This is generally a flow chart of governance and management responsibilities. The Board will also propose Bylaw revisions for equity membership vote. In the case of this Club, the bylaws already exist and it seems a strong possibility some revision may be needed.

Other functions of the Board will be to establish a Board Policy Manual, conduct new Board member orientations, and appoint a strong committee structure that answers to the Board. Each committee chair is usually a seated Board member who recruits a committee with a total size of 5, 7, or 9 members.

Meadowood should consider the following committees: Golf, Greens, Membership, Social and Finance. It is strongly recommended to allow related staff members to be seated voting committee members. It is also recommended to allow non-equity members, if selected, to be seated voting committee members. This is a nice recruiting tool to turn these non-equity members into future equity members.

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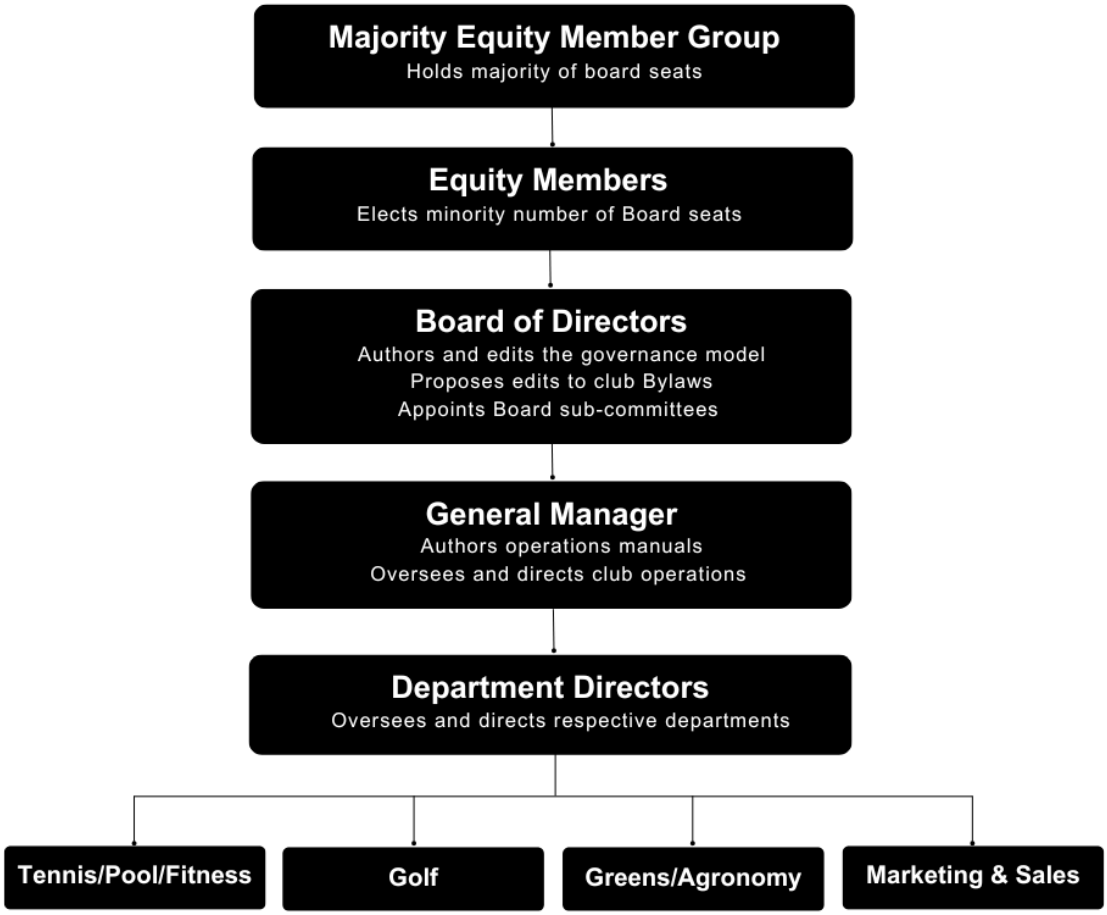
The Board also is charged with hiring a General Manager/COO. The collection of resumes and early vetting process can be assisted by a new subcommittee, appointed for this purpose.

General Manager

The Club's General Manager is the chief operating officer of the Club. This person should attend all committee and Board meetings in an advisory capacity only. The General Manager oversees virtually all aspects of the operations of the Club. All Department Directors will report up to the General Manager. The General Manager will ensure all operating departments are managed through a detailed operations manual. Generally, this manual is authored jointly by the General Manager and Department Director and approved through the associated committee to the Board.

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Meadowood Organizational Chart



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Budget

Your staff should be working on your annual operating budget all year long to ensure accuracy and a timely November 15 submission to the Board for review.

You will need a master budget template and the following additional information:

- Budget checklist
- Annual marketing plan
- Annual golf shop buying plan
- Annual chemical & fertilization agronomic plan
- Master facility equipment file
- Weekly trend report file
- Line item ration recommendations

Here is an Updated Meadowood Budget (printed 7/12/23)

Accounting

- Develop a detailed comprehensive budget that has Board approval
- General Manager believing in the budget is a must!
- Update and re-evaluate in real time as much as possible.
- Monthly inventory is a must. Follow up on leakage. Add accountable.
- All purchasing over $400.00 must have 4 bids and approval of the General Manager. (Department heads will hate this, but it will save you annually more than $100,000.)

General Accounting

This is the list that will be completed or processed by the Club staff.

- Deposits
- AR & Collection Procedures
- Sales Tax
- Inventory
- Invoice Process
- Month end close

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Resources and Templates

- Accounting Standards
- AR Process (Account receivable)
    - AR Collection Tracker
    - Member Collection Policy
    - Delinquent Letters
- AP Process
    - Purchases
    - Invoice Receipt—followed by submitting & coding
    - Invoice Payment
- General Ledger – Chart of Accounts
- Golf Course Maintenance Inventory Template
- Food & Beverage Inventory Template
- Golf Shop Inventory Template
- Inventory Accuracy Acknowledgement
- Inventory Count Cost Verification
- Invoice Tracker Report

ALL of these items can be completed by the Club's accounting personnel or be jobbed out to a 3rd party provider. ALL of this will result in the monthly financial reporting package. To sub this out, the annual cost is approximately $42,000.

Financial Report Package

- Balance Sheet
- Operating Statement – Summary and Detail
- Last 12 months – (LTM Summary and Detail)
- General Ledger
- Budget vs Actual
- FF & E (Furniture / Fixtures / Equipment)
- CASH Flow
- Budget
- Lease schedules
- Capital projects

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Human Resources

This is an area of great concern for me at Meadowood. You have to create a fair and consistent work place. To do this, you must implement standardized policies, procedures, and practices. The number one resource an employee should have is an Employee Handbook. This is the "Bible" to hold team members accountable, maintaining legal compliance, and minimizing risk to the Club.

Key Areas of Concern

- Recruiting and onboarding new associates
- Timely Payroll Processing and Time Cards
- Training Compliance
- Employee Development and Recognition
- Timely consistent Communication and Reporting
- Corrective Action
- Accurate Record Keeping
- Secure Records

Golf Operations

Golf operations is inclusive of all the functions that happen in the golf shop, cart storage and staging area, on the lesson tee, on the website, all social media, and booking engine.

Standard Procedures

It is extremely important to have standardized operating procedures to ensure a consistent and enjoyable experience for your members and guests, to include:

- Inside and outside opening and closing checklists.
    - Customized for your club.
- Golf cart parking, cleaning, staging, rotation and maintenance checklists.
    - Practice facility daily set-up and operational procedure checklist.
- Phone script that engages the customer.
    - Customize.
- Service standards guidebook. This can be part of the Golf Operations Manual.
- Best-in-class golf Instruction, merchandising and tournament operations.

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Tee-Time Management

Consistent Tee Sheet Management is essential to optimize both rate and rounds. These 4 things must be integrated and automated.

- Booking Engine that works for you, and that features dynamic pricing, with pre-payment option and promo codes.
- Course Website – where the best price will always be found. Your best lead generation will generally come from you website.
- Marketing (CRM – Customer Relationship Management)
    - Improving customer relations = growth.
    - You should budget 2-6% of your gross revenue for market/CRM.
- Point of Sale – Your data warehouse. Learn and use the features.
- Coordinate Tee Sheet open times.
    - When is Sunrise?
    - First available time that works for maintenance?
    - Intervals that work for your club.
    - How can we get more rounds of golf? (Shotguns, Double-tee, Shorter intervals, Reverse shotguns).
    - Fill high demand times with higher fees.
    - Group rates that make sense (No less than 75-80% of full rate.).
    - Sunrise 9 off the back works.
    - Tee-Sheet block. (Members and guests in block times have to be accountable.) A member holding a blocked time who is a no-show costs the club money. This is not acceptable. A strong deposit is recommended for all group blocks.
    - Automated Tee Times with a pre-payment option is very important. It is also still extremely important to have a consistent timely tee time phone option.
    - Data Collection and pre-payment of fees is the current preferred method of several generational groups. Use the notes field to customize for that golfer or group.
    - Your team members that interact with either the phone or automated tee sheet are the key to your success. Dealing with an inspired employee is many times the difference maker. People will always be a major part of creating a great experience for your customers.
    - 3rd Party Tee Time Provider: Why would any club give away 2 tee times every day just to be a place their, not your customers can play for a discounted rate. After all, 2 tee times a day is 8 x $30.00 per head x 365 days a year = $81,600 annually, AND they drive your rate down and you don't own or have access to the players' data. Find a better, less expensive option, but keep in mind artificial intelligence will never rival human ingenuity in the golf space.

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KPI Membership Sales & Retention

Retention of current members is ALWAYS easier than membership sales (finding new members!)

- Personalize the experience for the member constantly.
- Monitor the rounds played and handicap trend report. If rounds go down and handicap goes up, this member is on the verge of leaving (Golf Professional: Invite these members to some frees lessons.)
- Monitor Food & Beverage usage. Personally invite the members who aren't using them to a Club event.
- Retention starts on day one with new member orientation and manual.
- Engage new members quickly. Make personal phone calls from the staff. Get them involved and feeling good about their investment to join.
- Communicate transparently and often.
- Listen and follow-up.

85/50 Membership Sales Programming

- The membership committee is a sales tool for the club.
- 6-12 members consisting of a Board member Chair and 5-11 hand-selected (70% new member / 30% longer term members) The committee will serve for 1 to 2 months maximum.
- The 5-11 committee members all must propose 2 people whom they believe would be great members.
- The committee entertains this group of people, perhaps with wine and cheese during a golf putting clinic—anything really, that would get the recommended people to enjoy the club.
- You have an 85% chance to close on all those recommended by new members. You have a 50% close rate recommended by longer term members.
- Once every member has served on this committee, start again.
- Understand your competition (Competitive analysis included in this report.)
- Evaluate your club's offerings.
- ALL EMPLOYEES are also part of the sales force.
- Along with the 85/50 program, also important:
    - Search engine optimization (SEO)
    - Search engine marketing (SEM)

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  - New homeowner letter
  - Cultivate realtor friends
  - Your tee time provider can track much helpful data. Use it!
  - Database development!!!
  - Follow all leads to a conclusion.

Merchandise Management

- 80% of your pro shop sales come from 20% of your golfers. Buy a strong majority of the shop merchandise with these buyers in mind.
- Upsell or add on sales
- Inventory count & cost verification.
  - Customize and use to hold a staff member accountable.
- Merchandise standards
  - Cost of goods sold 60-69% (COGS)
- COGS – purchase price $30.00 / sales price $45.00 / COGS would be 66 2/3%.
- You need to attain a merchandise turnover ratio of 3:1. Ex. Trailing 12 COGS sold @ $120,000 (LTM Detail) with current inventory at $40,000. This would attain the 3:1 ratio.
- Recommend starting an online store for logoed items.
- Custom club fitting expertise is essential. A well-designed and inventoried teaching/club fitting area will attract attention—private enough nobody helps themselves, but public enough to draw attention on your driving range.
- The driving range must be a stand-along profit canter. Use top-quality, clean balls; provide demo days, launch monitor days, and a variety of golf professional lesson options. 80/20 teach/facility split is normal. The club must get a piece of everything.
- Free instruction time periods are also important. “PGA Professionals must help their facilities attract new members/golfers.”

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Ratios, Stats & Opportunities to Shoot For

This is based on a number of studies and a review of many of the facilities we have been involved with. These are combined averages from the various data.

2022 National Average Semi-Private Club (Similar size to Meadowood)

- Food Cost of Sales = 38.4% / Beverage Cost of Sales = 28.3%
- Golf Shop Merchandise Cost of Sales = 60.9%
- Total payroll cost as a percentage of total revenue = 48.1%; however, well-run clubs are at 44-45%.
- Food & Beverage payroll as a % of total Food & Beverage Sales is 38-50%
- 54.1% revenue comes from dues; 23.1% from Food & Beverage, 11.1% from golf and Pro Shop sales, and 5.1% from all other. (Semi-private Clubs can vary greatly within these areas.)
- Member attrition rate 5.2%
- Average number of full-time equivalent employees (FTE) in 12 month season is 34. This includes Food & Beverage. Meadowood's number to shoot for is 23.
- A healthy club runs at 55% to 65% tee time utilization rate adjusted for weather, and average revenue per round of 70-75% as a percentage peak revenue per round.
- RevPar – Unlike the average rate per round, RevPar factors in all your available tee times, not just the ones that are sold. This is one of your most important KPIs.
- Clubs in the 3.4 million and under gross revenue bracket MUST GET GOLFERS TO BOOK DIRECT. When they do, the average rate per round will rise and YOU WILL OWN THE PLAYER'S DATA. Consider offering 3rd party booking engine players a discount card they can use when they book direct the first time.

Statistics

- 2022: Number of golf courses in the U.S. = 13,052 (Down from 14,794 in 2019.)
- Total rounds of golf played in 2021 = 504 million (Up from 441 million in 2019.)
- Average rounds played per golf course on an annual basis: 38,615
- There are approximately 26 million golfers in the United States.
- Average household annual income of a golfer is $125,000.
- Average cost of a round of golf & cart at a public course in the U.S. in 2021 was $36.00. This number was $34.00 in 2018. This number continues to be beaten down by golf booking companies selling some of your tee times well-below market value. If you continue to let 3rd parties bastardize your tee times, real rate growth will be very slow to occur.

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More Statistics

- 25.6 million Americans played golf on a course in 2022—8% of the population.
- 34.2 million people played golf on or off the course (Top golf, Driveshack) in 2022.
- 13.6 million people played off-course in 2022; this also includes driving range and simulators.
- 3.2 million first time players in 2021—a strong Covid influx of new players.
- U.S. Golf Course Market financial impact is 26.1 billion in 2022.
- The estimated value of the U.S. golf industry is 84 billion in 2022 – a 22% increase in value since 2011.
- 25% of female golfers in 2020 tried golf for the first time.
- Women represent 41% of off-course golfers.
- 27% of new golfers are GenZ (18-34 years old)
- 502 million rounds played in 2020; up from 441 million in 2019 (14% increase)
- Keep in mind we have 25.6 million golfers in 2022, down from an industry high of 29.82 million in 2006. (We need to get back to that number.)
- 12 % of millennials (1980-1994) played golf in 2021.
- 7% of GenX (1965-1979) played golf in 2021
- An estimated 800 courses have closed in the last decade.

Opportunities

In 2022, GenZ (1999-2012 / 9-24) and Millennials (1981-1996 / 25-41) made up 27% of new golfers. Between these two groups, with the U.S. population total of 141,000,000, there are 31,000,000 who do not play golf, but have indicated they would like to. GenZ and Millennials will make up 75% of the workforce by 2030.

Generation X: (1965-1980 / 42-57) has a total U.S. population base of 66 million. Of this group, 6.8 million men play golf. This group has the money and can make the time to play, if they want to. Getting their spouses and teenage and college-age children into the sport at the same time is a key to success.

There are 72 million employed women (17-60) in the United States. The total number of golfers in the United States is approximately 26 million. Women represent 25% of that total, or 6.5 million. Specific programming to this group will continue the rapid growth from this group in recent years.

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Total population of the U.S. is 332,278,200, of which 14,000,000 are millionaires. Keep in mind that 80% of your total revenue comes from 20% of your golfers. Know your 20% and cater to them.

Top Clubs Do The Following:

- Re-invest in their facilities. 65% of the investment in impact items that members can see, enjoy and improve the club's abilities to sell memberships. The other 35% to be invested in necessary facility improvements, like a new roof.
- Constantly revisit membership development. Annual competitive analysis.
- Fine tune and monitor key performance indicators (KPIs)]
- Focus on Budget Process. Challenge every line item request.
- They provide superior service from a well-vetted and trained staff.
- Pay attention to the Big 3: Golf, Dining and Fitness
- Communicate often and with purpose to the members.
- They have an eye on the 10,000 ft. level and the future.
- There is always a focus on improvement.
- They have no personal agenda items at the Board level.

Director of Operations - Interview & Operating Review

Kyle Swierzinski is a very capable, dedicated employee. In my opinion, the Club is very fortunate to have him. He is the glue holding the operation together through these trying times. He knows a great deal already about all areas of club operations. Again, with that being said, this section of the report will cover the challenges present in the overall business operation of the Club.

Obviously, there are numerous check and balance failures that occurred over the last several years. I'm going to list the major issues that allow employees to take advantage of the Club. First, and foremost, there is NO detailed operating budget. That is a major issue, but certainly not the only one. There is no bidding process as part of the department purchasing on behalf of the Club. All Department Directors order what they want, when they want, until the Board says "Stop buying anything." The bidding process is needed to ensure getting the best goods and price for the Club. It also keeps the Department Directors honest, by not being tormented to cross an ethics line related to staff equipment and/or kickbacks. With no budget and no ordering process, the Department Director would have no idea what might be being tacked into his department's make-shift budget line items. Once all bids are in, the Director of Operations

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must sign off on the purchase before the order is placed. This process alone will save the Club tens of thousands of dollars annually. Invoices need to be signed off before being paid, by the Department Director who placed the order, the Director of Operations/GM, and the Treasurer of the Board. Although a pain in the butt, the Board President should sign all checks.

The online bank statement needs to be reviewed daily by the Operations Director, weekly by the Club's Treasurer, and monthly by the Club's President. Trust always, but verify. This recommendation is a minimum; however, the Club may want to do more. The accounting firm that does your annual review also needs to have short term access.

Human Resources and Payroll is an area in which the Club has challenges. The Employee Handbook needs to be updated. All Department Directors need to create or update an Employee Handbook for their department. Both handbooks need to synch with each other. (Example: The amount of vacation offered needs to match, etc.) One of the major issues is the lack of security of employees' personal information, which is in an unlocked file cabinet. Member information is also unsecure.

Currently, it appears that Kyle is the only one creating the monthly financial statements, and he is the only one who can log into the bank statement. Please don't put everything on one man's plate. A good man will move on to a more professional position; a bad man will rob you blind again.

Other areas and issues to consider are a technology audit of the building, which should be conducted every five years. There is certainty that the Club is paying for phone lines, etcetera, that aren't being used.

The Guard Gate is a major problem continuing to chase away anyone inquiring about golf without a tee time. Singles, many times, don't have a tee time, but will play in the first available spot. Couples considering membership, many times, will drive over to inquire in person. Some of the gate attendants are gruff and do not extend a warm greeting. They just stare at you until you speak first. Golf Clubs that are semi-private are in the inclusion business. That is not happening at this Club's front gate in a consistent, well-trained manner.

There is a question pertaining to liability insurance and naming the Club as also insured within the fitness operation. It does not appear to be in place.

Club liability insurance is a large line item on all club budgets. This insurance should be shopped on an annual basis. It is not wise to use a member insurance representative to provide/write the Club's insurance.

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Barter, of any kind, is just not a healthy way to do business. This will generally lead to misunderstanding, misrepresentations and distrust.

The payroll company ADP seems to do a good job. Over-payments to cover the payroll have been found just setting in the payroll account. Again, this is a check and balance issue. There are 29 total employees on the payroll account, excluding Food & Beverage. This needs to be thinned out for seasonal business. Twenty-nine is a high number based on how the Club operates; twenty-two is more the norm.

Along with the club's new Membership Sales Program, the Club also needs a Retention Program (One is enclosed within.) and a new member on-boarding process. The on-boarding process should provide a new member's handbook that they sign off on once they have read it. It is not enough to simply have them on the website.

The Club has an older payroll time card clock. This system lends itself for employees to check-in to extra, unworked hours. At a minimum, Department Directors have to double-check scheduled hours and time card hours. Finding pennies turns into dollars and much more in a short time when great care and spot-checking occurs regularly. A staff company is used by Course Maintenance Department to supply some labor. This is generally never a good idea because the staff company employees are untrained and many cannot e-verify.

The golf cart lease is a standard cart lease. It appears there is documentation that precludes any type of cart, except Club Car. This type of provision eliminates competitive bidding. The golf cart lease should be shopped hard every time it comes up for renewal.

The restaurant lease seems to be all over the place. Some minor parts of it, such as how the golf shop snack income is accounted for, do not make sense. At a minimum, the Club needs a 7 day a week beverage cart, and delivery by the beverage cart of any called in orders from the sign on #8.

In closing this section, it is important to say that this Club is operated too much for the members, and not as a semi-private club business.

One last thought: Consider selling the pool and tennis operation to the Master HOA.

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Golf Professional - Interview & Operations Review

Travis Stoelting is a personable and capable Golf Professional. He has not acquired membership in the Professional Golfers Association of America. I would highly recommend the Club to strongly encourage Travis to attain PGA membership within 4 years. The education and training he will acquire with this program will exponentially fast track his continued development. It is my opinion that Travis and his staff are doing a good job of operating the Golf Department. With that being said, my job is to make the Board aware of issues and provide suggestions for improvement.

One of the most important roles your Golf Department Head has to do is have a system to develop a database of golfers who use the facilities. This includes data collection in numerous areas of the club and mining all the data gathered within the Club's tee time booking engine and point of sale system. You currently do not have access to Golf Now data. That is a problem, because an up-to-date and accurate database is one of your marketing life lines.

Problems are just waiting to occur with the Club's nightly deposit routine. There is not a safe in the golf shop and the safe in the office is not a drop safe. As a result, the daily receipts and cash set unsecured in a drawer in the golf shop. There is also no real accountability for an end-of-day money drawer that is under or over for the day.

Golf or tennis lesson providers do not pay a percentage back to the Club for use of the courts, range turf and range balls. Between 15-25% is very common in today's club marketplace.

The Golf Professional's staff needs a system to ensure that they get out and play with all members, not just some. I spoke with Travis about successful ways I've done it or seen it done over the years. It can be as easy as hanging a sign in a member gathering area listing the dates each staff member is going to play that month. Members can sign up right there to join the professional on one of those days. A good system that works will drive more revenue to the facility long term.

The golf shop purchasing, merchandising and sales portion of the business has some major issues. Based on total pro shop sales of $214,000, excluding $34,000 additional in snack sales, the amount of inventory to support these sales is $71,000. The current amount of inventory in the golf shop is $134,000. Having an open-to-buy program (I discussed this with Travis.) and sticking to it will ensure proper inventory levels and, therefore, proper inventory turn ratios.

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Additional issues in this area revolve around not having a proper special order and pay system. This can be as simple as a proper special order log book that follows the order to a conclusion (Again, I spoke to Travis about this.) The buying process has to be refined to order specifically for the 20% of buyers who create 80% of the shop's revenue. And finally, very few shops stock hard goods anymore. This business is all fitting and custom ordering. The golf shop needs to get involved with this trend. Many Pros order hard goods that just set in inventory to fulfill a staff agreement requirement (Free merchandise for the Pros). One big related issue is the Pro's ordering from a buddy sales representative. Competitive bidding needs to happen to keep all concerned appropriately in the game. (I also discussed this with Travis.)

Let's move forward into Human Resources related to this department. This department does not offer its employees a golf operations handbook which they sign off on. This manual is the operational "Bible" for the department and needs to be detailed and customized for this Club. This handbook has everything from opening and closing details to instructions on cart rotation and care—a comprehensive "how to" manual. It should also lay out a schedule of formal staff meetings.

This department has no operating budget. Without a budget and the related proper department purchasing requirement, there are no double-check systems in place. This is the reason theft easily occurs at clubs.

Clubs have got to stop the use of multiple single carts in a foursome. The wear and tear on the turf from this practice is just not a smart thing for clubs to allow. Clubs also have to stop member groups from taking tee times that ultimately go unused. These prime time tee times can be sold for a premium. Members have to be responsible!

The golf shop should start using dynamic pricing for public green fees. Your prime time is more valuable than other times. 7:30-10:30 AM is that window at most semi-private clubs.

Many times, once a guest of a member or a daily fee player gets past the parking lot bag drop area, the first thing they encounter is the putting green and driving range tee as they head to the golf shop. These two areas need to be front and center and not an after-thought. If these amenities are not in top-notch condition, and professionally set up, including directional roping, signage, teaching/club fitting area, space-divide (10' apart) hitting stations, non-tattered flags/targets, and clean 1st quality range balls, you will have lost an opportunity to set a great tone for the day.

Currently, the golf staff is responsible for membership sales and retention. Membership sales related to the golf staff only occurs if a prospective member walks into the shop. The Club does the occasional mass mailing in hopes of attracting member candidates. Virtually nothing is

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being done related to retaining your current members. This combined minimal effort is a recipe for disaster. We strongly recommend that you research our 85/50 membership sales program on our website podcast and start to use it. This program works every time the members embrace it and get involved to secure the Club's financial future. Healthy clubs have 6-10% attrition annually. These members who are leaving have to be replaced . . . and more!

Communication between the Golf Professional and Course Superintendent is essential for the enjoyment of all golfers. The communication at this Club is inconsistent. In my opinion, there are many times and circumstances the two are not on the same page. This leads to detail items falling through the cracks. These two professionals, at a minimum, have got to have 3 meetings a week. This will ensure all operational detail is considered and, where needed, compromise occurs. The proper Board and committee operating model as recommended in this document will help to guide (not micro-manage) proper communication.

Communication also needs to be effective between Golf Operations and Food and Beverage. A knowledgeable leader in the GM or Operations Director role can ensure a seamless transition for event groups from golf course to dining room.

With only one point of sale unit in the golf shop, it appears that Golf Operations payroll is larger than it should be. A recommendation for this area is present on the proposed budget enclosed in this report.

Golf Course Superintendent - Interview & Operations Review

James Baron is a personable man and certainly cares about Meadowood. His real love and main skill set seems to be mechanical in nature, including keeping the hydraulic irrigation system working. He has done a number of jobs in the course maintenance department over the years. His formal agronomic education seems to be limited to onsite trial and error. His job is made tougher by the Club's lack of a proper advisory committee structure. With no disrespect to the committee chair, but a committee of one is generally a micro-managing dictatorship.

James has a hard time finding employees, and when he does, keeping employees. He also tries to hire through a labor staffing company. This is never a good idea, as most available laborers with these companies cannot e-verify. The lack of even a minimal health care benefits package puts the club in an uncompetitive position in the labor market. James is generally working with 6-7 full-time staff, including himself.

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James, like all of the other department heads, does not have an operation budget. This situation makes it very easy for a dishonest bookkeeper to create invoices and charge them off to make shift course maintenance line items. These directors had no budget and never saw any real financials. They had no way to know, and for that matter, neither did the Board.

Numerous other issues exist in the course maintenance department. There is no gas log book; the gas pumps are not secure during the work day; and the water company uses gas from course maintenance, as does the golf shop for utility carts. The gas that the Pro Shop uses seems excessive.

Further issues include no employee handbook/manual and no signing off on information within a department manual. The Club also does not provide uniforms, other than a single tee shirt.

James Baron ends up being the Superintendent, Irrigation Specialist, and Mechanic. This is a recipe for disaster. You need to have a dedicated Irrigation Specialist and also a Mechanic. I've seen clubs that are struggling financially share those two positons with a nearby club.

I mentioned this before, but it's worth reviewing one more time. Overall Club communication is poor. It is poor from the Board to the Directors, and equally poor between directors and, ultimately, to their staffs. Transparency does not exist and management direction is achieved through micromanagement that generally is not a directive of the full Board. Having board members and blub members in the dark is never a good thing.

Other areas that will need to be cleaned up are Balance Sheet Valuations. Many items have remained on the Balance Sheet for a very long time. For instance, a truck (valued at $7600), is still on the balance sheet. This truck has been dead for some time and sits in the boneyard.

Drainage is a major issue in both bunkers and fairways. James Baron estimated course closing related to drainage at 20 to 40 days (or parts of days) annually.

From a seat outside looking in, further concerns in this department revolve around getting the job done in a timely manner. There just doesn't seem to be any urgency to complete a project. Windows have been missed and will continue to be missed: proper staffing, agronomic knowledge, workable Board Model, and right-sized advisory committees.

A more educated and enlightened review of this Department will be presented within the report by KPI's Agronomist. With that being said, if KPI had just purchased this facility, we would be searching for a solid Agronomist and a mechanic, at a minimum. This setup would allow for James Baron to be the number two man, working crew chief and irrigation specialist.

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How Much Should We Spend on Course Maintenance?

Some National Averages:

"Every additional foot on the Stimpmeter slows rounds down by 7 minutes." USGA

Average Total Maintenance Cost by Course Type

Municipal	$621,190
Private	$1,083.647
Semi-Private	$312,476
Daily Fee	$294,456

Labor Expense by Course Type

Municipal	$349,839
Private	$630,104
Semi-Private	$312,476
Daily Fee	$294,456

Largest Expense Categories of the Course Maintenance Budget

Labor	57%
Equipment Lease	5%
Chemicals & Fungicide	8%
Fertilizer	5%
Equipment Repair	5%
Fuel & Lubricants	3%

Beware of Water Cost

Water cost varies greatly between regions. Courses in the Southwest spend on average $238,000 a year.

Equipment Costs Have More Than Doubled in 3 Years

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Lease or buy? In general terms, lease the pieces that have everyday use—things like mowers, sprayers, and bunker rakes. Buy the pieces that are used only occasionally—tractors, aerifiers, vacuums, truck with dump bed, etc.

Keep in mind that things like flags, tee markers, ball washers, etc. represent a $4,000 line item on the Budget.

Average per acre cost in the US to maintain:

Putting greens	$69,000
Tees	$ 8,000
Fairways	$ 9,000
Bunkers	$41,000
Rough	$ 2,000

Our Course Maintenance expert, James Rattigan, will enhance and make points of recommendations that could vary from these general guidelines.

KPI Secret Shopper - June 23, 2023

Club Name:	Meadowood Golf and Tennis Club Fort Pierce, Florida
Date:	23 June 2023
Golfers:	Brent and Jamie Clarke

The below reports the results of a “Secret Shopper” experience while playing golf at Meadowood Golf and Tennis Club on 23 June 2023. It includes an executive summary and the Secret Shopper Check List. Photographs can be provided separately.

Executive Summary
This secret shopper experience was conducted on 23 June 2023. While the weather was sunny and warm, it was apparent that the course had previously received significant rain. That wetness combined with the poor condition of the greens, brings into question whether the course should have even been open for play. Regardless, 18 holes were played and lunch was eaten in the club restaurant. The remainder of this summary is broken into observations, areas for improvement, and recommendations.

Observations

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- The course is well designed, taking advantage of the land for a stimulating round of golf.
- Most staff were generally friendly and wanted our experience to be enjoyable.
- Signs from the front gate to the course and from hole-to-hole on the course were clear and effective.
- The golf cart was in good repair and stocked with sand and a score card.
- The snack bar staff was pleasant for lunch, and we enjoyed our meal, although $51 for two medium size salads and two sodas seems a little pricey.

Areas for Improvement

- The most visible area for improvement is course condition/maintenance. No one was ever observed doing maintenance on the course during our visit (save for one person filling some holes on the practice green). It is understood the greens have not recovered from aeration (and that will always adversely affect a golfing experience). It is also understood that maybe fairways were not being mowed due to excessive water. However, there was so much else visibly needing maintenance (much of it low hanging fruit), that it was surprising that no one was working on the course. Of particular note:
    - Tee boxes are in need of leveling and grass repair.
    - Bunkers need edging and weeding.
    - Bunkers need uniform sand.
    - Bunkers need pumping down from excess water.
    - The bushes surrounding the path between #9 green and clubhouse are so overgrown, it cannot be navigated without being hit by branches.
    - Cart path ends need leveling and signage.
- Another area for improvement is recruitment. Despite stating interest in learning about the club (as a couple), no one attempted any level of recruitment.

Recommendations

- Address the low-hanging fruit maintenance items, like bunkers, shrubbery and missing cups at water coolers.
- Add “Scatter” signs or ropes to minimize damage where cart paths end and smooth the path to grass transitions.
- Be proactive in the pro-shop. Build rapport. Ask questions to improve the experience. Talk about memberships. Sell things.

1. Tee Time Acquisition—By phone to Golf Shop Was it efficient and easy?

N/A. As directed, this tee time was made via the GolfNow website. However, on the first attempt, an aeration warning was shown on GolfNow, so I did call the pro shop. The female that answered was knowledgeable and confirmed aeration, necessitating rescheduling the date.

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That said, communication with the pro shop was frustrating in that the phone kept fading in and out during the conversation, requiring repeating communication.

2. Front Gate Access and Experience
With a tee time: Access was convenient and quick.
As a single, without a tee time: N/A
As a potential member: Technically N/A

As I pulled up the front gate attendant kind of just looked at me so I looked back, waiting for a "Welcome to Meadowood. How may I help you?" kind of thing. When that didn't happen, I said I had a tee time. He asked the name, checked something, and said we were good to go.

3. Parking Lot Ease of Access
Was there adequate directional signage? Yes
Was it clean and orderly? Yes

Nothing remarkable about the parking lot and bag drop was easy to identify although one anomaly is that the bag drop is set to have you drive on the left against the flow of traffic.

4. Bag Drop
Was it easy to find and use? Yes
Was it clean and orderly? Yes
Was it attended or have a button to call? Yes

Bag drop was easy to locate. It was attended and it had a call button. As stated above, the only anomaly is that it has you enter against the normal flow of traffic.

5. Outside Service Attendant
Were you greeted? Yes
Was the attendant efficient? Yes

The Outside Service Attendant was dual-hatting as the starter. He was friendly, loaded our clubs, told us the tee sheet was mostly empty so we could tee off early, and directed us toward the pro shop.

6. Pro Shop Staff
Were you greeted? No
Was the check-in process easy? Yes
Was the shop orderly, with eye-catching displays? Yes
Did the shop attendant have adequate merchandise, golf and course knowledge? Yes

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This was a little interesting. When we found the pro shop (and it was open), there was no one in it. We wandered around for a bit looking for someone and without luck decided to find the locker rooms/restrooms on our own. As we were heading to the locker rooms, we ran into the pro shop attendant in the hallway, coming out of another area of the building

When we returned from the rest rooms, the pro shop attendant was watching TV, so I cleared my throat to get his attention. He asked who we were and said we were good to go. I told him we were also interested in the club, and he said to have a look around. I told him we were going to the range and then to play. At the range, we realized there were no range balls so that necessitated returning to the pro shop to get balls. That took additional time because he was on the phone. Ultimately, he provided range balls at no cost, citing our first visit. I do not know how the range ball system is run normally.

There were several missed opportunities to recruit a potential new member as well as the failure to offer range balls, causing extra customer effort. On the plus side, he did offer a yardage book which came in useful on the course, particularly on par 3's which are not labeled well for distance.

7. Golf Cart Staging Area
Was it close to check-in area? Yes
Were your clubs set up on the cart? Yes
Did the cart have adequate divot sand? Yes
Was the attendant helpful? Yes
Was the attendant professionally attired? Yes
Was the cart clean inside and out? Yes

The carts were staged at the bag drop area so that was very convenient. I have no concerns about the process or the cart itself. The few employees we came across during our outing appeared professionally attired, although I did not notice if they were wearing Meadowood Club logo wear.

8. Starter
Was the starter pleasant, knowledgeable and efficient? Yes

As noted above, the starter and the Outside Service Attendant were the same person. The comments in #5 above apply.

9. Pace of Play
Was tee time on time? Yes (early)

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How many players were in your group? Two
Was a ranger present on the course? No
Did the ranger speak to your group? N/A

Our tee time with GolfNow was 10:28 am and we teed off early (at starter's recommendation) at 10:10 am. As a twosome, we didn't come across another group until the 15th hole, finishing the round at 1:21 pm, for a round total time of 3 hours and 11 minutes.

10. Course Conditions
Were the boxes mowed? Yes
Were the markers placed on a level lie? Sometimes
Please rate the condition of the tee boxes: 1 2 3 4 5 6 7 8 9 10 - Three
Were the fairways mowed? Yes
Was there an apparent divot filling program? Yes
Please rate the fairway conditions: 1 2 3 4 5 6 7 8 9 10 - Six
Were the bunkers raked? Yes
Were there adequate rakes in the bunkers or on the cart? Yes
Were the bunkers edged? No
Was there adequate quality sand in the bunker? No
Please rate the condition of the bunkers: 1 2 3 4 5 6 7 8 9 10 - Two
Were the greens mowed? Yes
Were the greens rolling freely? No
Were the greens mostly weed-free? No
Please rate the condition of the grass: 1 2 3 4 5 6 7 8 9 10 – Two

As a single data point (23 June 2023), course condition and maintenance at Meadowood are the area that clearly need improvement. To set the stage, while the weather was sunny and hot, the course must have had significant previous rain as the course was very wet. Additionally, the greens had not recovered from an aeration performed two weeks prior and showed signs of a recent re-sanding. Since Meadowood does not have continuous cart paths, "cart path only" is not an option. With the damage being caused to the very wet course and the poor condition of the greens, I'm not sure the course should have been open for play on 23 June.

Further, most bunkers appeared in disrepair without defined edges, weeds growing throughout, inconsistent sand, and (in the case of 23 June) deep water in many. The white tee boxes were often crowned and lacking grass.

One thing that was particularly striking is that during the 4+ hours we were on or around the course (on a Friday), we never saw a maintenance person on the course. The total of course work we witnessed was one person filling some holes on the practice green.

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11. Condition of Driving Range
Please rate the tee box hitting area: 1 2 3 4 5 6 7 8 9 10 – Five
Were the range balls clean? Yes
Were the range balls in good condition? Yes

As stated earlier, it is not apparent to a first timer how one gets range balls. This range has a continuous turf mat the length of the hitting area and did have a trash receptacle, club cleaner, and yardage board. It did not have signs for hitting expectations (“Mat-only”, “Hit between signs” etc.). If the expectation is to hit off mats only, there is no method to tee up and practice a driver. Also, the grass around the hitting mats is spotty.

12. Putting Green Condition
Please rate the Putting Green condition: 1 2 3 4 5 6 7 8 9 10 – One
Approximate stimp meter speed: Eight
Did putting speed match the course greens? Unfortunately, Yes

The practice green had been aerated and dressed, but after two weeks of recovery, it seemed in disrepair. Like the greens, there are weeds and very inconsistent rolls. There was some damage (maybe from sandhill cranes?) and the filling of these holes (on the practice green) was the only maintenance observed on the course.

13. PGA Golf Professional
Was the Professional hospitable? N/A
Was it easy and welcoming to book a lesson? N/A

No PGA professional was identified during our time at Meadowood.

14. Membership Sales
Was the process professional? N/A
Was it easy to get information? N/A
Was the information collateral professionally done and easy to follow? N/A

No recruitment attempt was attempted, despite us stating interest in what the club had to offer. There was a summer membership placard in the golf cart, but I felt that was incongruous with the condition of the course.

15. Food and Beverage
Was there a beverage cart? No
Was the cart attendant interested in doing a good job? N/A

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Were there adequate offerings on the lunch menu? Yes
Were they priced fairly? Seemed pricey.
Was the food served hot? N/A
Was it easy to pay in all areas? Yes
Was the service good? Yes

There was no beverage cart which would have been welcome on such a hot day. There was at least one water thermos on the course. Unfortunately, there were no cups in the cup holder. We ate lunch in the restaurant at about 1:15 pm. There were two other people at a table also having lunch. The wait staff were pleasant and caring. We went “off-menu” to test the system, and both asked if the chef could substitute ground beef for the chicken in a salad. The chef did that for us although there was an upcharge on the bill (that wasn’t discussed beforehand). Meadowood automatically adds a $20 gratuity onto the food bill.

16. Corporate or Charity Event Outing
Was it easy to get information? N/A
Was there professionally done collateral? N/A
Was it seamless between golf and food and beverage? N/A
Was someone interested in securing your outing business? N/A

17. Overall Experience Grade
Please rate your overall experience: 1 2 3 4 5 6 7 8 9 10 – Five

See Executive Summary

Here are examples of the forms/questionnaires we used in our surveys/evaluations of the club:

KPI Secret Shopper Checklist
KPI Member-Golfer Interview Questions
KPI Employee Interview Questions

Operational Recommendations

Throughout this comprehensive report, numerous recommendations are discussed. This page is meant to be a catch all, not a comprehensive list. Some of these will be listed in multiple areas.

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- Charge 2.5-3.5% fee on all credit card sales.
- It would be very nice for your members and green fee players to have a call-in food opportunity, to pick up at the turn or be delivered by the Beverage Cart Operator. Negotiate with the Food & Beverage vendor.
- Sell the Pool/Tennis complex to the HOA. They need it; you don't need it.
- The front gate access is a problem; it must have all-access for golf, range, and dining.
- Oversight and Accountability need to drastically improve. The proper management, and Board oversight, is the key to future success. A proper Board Model is essential.
- ALL revenue sources need to flow, at least partially, to the Club. (Ex. Golf & tennis lessons)
- Creation of a proper operating Budget is essential to success. A club without a Budget is like a football team without a playbook.
- Get 4 bids on absolutely everything over $400. (Your employees will hate this.)
- You can't afford, nor do you need, your current 3rd party tee time provider.
- You have to have educated, knowledgeable, professional employees, who are fully invested in knowing their Budget inside and out, running the day to day club operations.
- Create a long-range capital plan and reserve study 5-10 years.
- Assessments of ANY TYPE chase members away. Eliminate where possible. Budgeting/Operations needs to start throwing off 6-10% of gross revenue to be in a position to fund capital improvements.
- Country Clubs incur 3% - 5% general cost increase annually. Annual similar dues and green fee increases will ensure you cover. Walk a tight rope here based on your annual competitive analysis.
- Try to form a buying Co-op with other area clubs. If you go to a 3rd party full-management contract, you will have access to their vendor partner suppliers.
- Database collection is the most important thing you can do to ensure long term success. You need the analytics housed in your tee sheet, as well.
- KPI's recommendation is to hire a 3rd party operator to handle the accounting. Great Life Golf can do this for Meadowood with professional ease for $42,000 annually. If interested, contact Jason Harshbarger, CFO, Great Life Golf: 717-503-2175.
- At a minimum, the Club needs to have a proper check & balance set of systems in place. Bank statements must be protected with multiple people (President, Treasurer, and 3rd Party Management Provider) all receiving bank statements or access.
- A strong advisory to the Board Committee structure is essential. Each committee should have a related staff member as a seated voting committee member. (Ex. Director of Golf on Golf Committee)
- A complete clubhouse technology audit should be conducted. You are likely to find phone lines, etc. that are not being used, but you are paying for.
- Gas disappears from golf clubs. Set up gas usage logs, inventory regularly, audit, and secure the tank.

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- High end golf balls and gloves disappear from golf clubs. Pay close attention to these items.
- Cash disappears from golf clubs. Do not ignore end-of-day shortages. Hold associates accountable for the shortage.
- Demo club inventory disappears. Proper logs, deposit, and inventory are essential.
- NON member residents help themselves to course amenity usage after hours. Clean this up and all of a sudden, you have a new member or two.
- Club members overbook tee times and then don't show up with enough players. This simply cannot happen. These prime time tee times are easy to sell.
- One person, micromanaging-dictatorial committees do not work. This is a major problem at Meadowood in all departments.
- General Manager/Operations Director needs to spot check inventories every month.
- Golf Shop Inventory is $65,000-$70,000—too high for the amount of sales.
- Maintenance Inventory is $62,000. A club like Meadowood doesn't need any more than $39,000 to $40,000 in inventory on hand.
- Recommend an "open to buy" program for the golf shop. I have emphasized to Travis the importance of this.
- There appears to be a few items on the Club's balance sheet that have been sitting there that need to be cleaned up. Kyle is researching and adjusting.
- The Club needs to have at least a piece of ALL revenue produced at the Club. (Ex. Club collecting 15% on all lesson revenue is now the norm.)
- The way the $12,000 Social Committee Liability is handled is a mess. Transparency would be difficult to obtain with the current situation.
- Golf shop special orders and subsequent billing needs to be improved. A special order logo book that follows the order and sales to a conclusion will help.
- Start inviting your public players to get a GHIN handicap. $35-$40 charge, annually.
- Golf shop snack sales are again difficult to keep clean and transparent with the current restaurant lease.
- Golf shop point of sale system causes too much searching and time delay to complete a merchandise sale. Also, it's way too easy to have a proper inventory with potential SKU issues.
- Range sales are very low. Should be 40,000 minutes. Proper daily set up with teaching and fitting station will help. The practice areas need to be a strong priority of the Superintendent.
- Travis Stoelting – requirement to become a PGA meeting with 4 years.
- Training in all departments is needed. Start with regular staff meetings.
- The front door of the Club, parking lot, bag drop, carts, putting green, range and golf shop need to be a priority. First impressions will always matter.
- Push residents and club members to support the restaurant. You don't want it back.

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- Communication is generally inefficient and not transparent. This starts with a proper governance structure.
- Data collection activities, your membership sales and retention program are your life line.

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