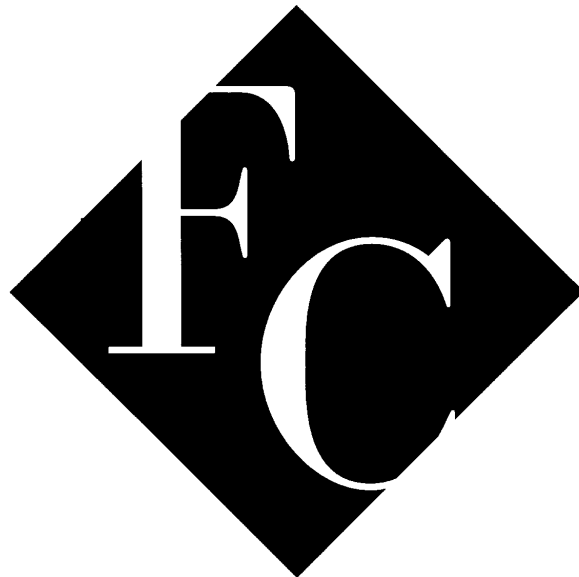


Sample of a Strategic Plan
for The Club

June 2001



Ferreira Company

Club Consultants

Helping clubs succeed!!

*"To make the right decisions you
need to ask the right questions and
get the right information"*

Table of Contents

	<u>Page #</u>
Table of Contents	2
Preface.....	4
Overview.....	5
Membership by Category	5
Membership Analysis	6
Age of the Members.....	6
Length of Membership.....	8
Zip Codes Of the Members.....	8
Reasons For Resignation.....	10
Telephone Interviews With Potential Members.....	12
Selection of Individuals	12
Results.....	12
Area Economy.....	13
Past Membership And Marketing Efforts	14
Competitive Analysis.....	14
Private Clubs.....	14
Initiation Fees.....	15
Annual Dues.....	16
Competitive Grid	17
Demographics	18
Membership	18
Banquet	20
Revenues	22
Operational Data	23
SWOT Analysis	23
Strengths	23
Weaknesses.....	24
Opportunities.....	25
Threats.....	26

Conclusions.....28

Recommendations.....29

Club's Vision and Mission29

Strategic Goals, Objectives, and Actions.....30

Appendices.....34

- A. List of Potential Members From American Business Information
- B. Equifax National Decision Systems Demographic Report
- C. Summary of Answers on Telephone Survey of Resigned Members
- D. Summary of Answers on Telephone Survey of Potential Members

PREFACE

The Ferreira Company (FC), a private club consulting firm, was contracted by The Club (TC) to develop a strategic plan for the TC. The Ferreira Company accomplished this analysis through on-site visits and meetings at the TC; performing telephone surveys with Members who had resigned and individuals who matched the Member profile; receiving feedback from current Members and spouses through a written survey and focus groups; visiting private clubs in the area; and analyzing the demographic makeup of the area around the Club.

The membership analysis describes characteristics of TC's membership, including average age, average length of membership for its Members, the zip code addresses of its Members, and resignation reasons of prior Members. A review of past membership and marketing programs at TC is summarized. A review of the telephone survey with individuals who met the profile of a prospective Member follows the resigning member section. A competitive analysis of direct private clubs in the surrounding area includes: their initiation fees and annual dues. A demographic analysis of the area within a 10 mile radius of the TC lists the demographics of that market area and estimated number of prospective Members and banquet business. Recommendations follow the analysis.

OVERVIEW

INTRODUCTION

The Club (TC), a member-owned city-athletic club, has experienced a slight increase in the number of members over the last two years after sustaining decreases in the number of Members over the previous three years. The Club's membership total of 1,105, as of August, 1998, is about 100 memberships below the number the TC had in 1989. The TC membership was composed of the following membership categories as of August, 1998.

TABLE 1

Membership By Category

<i>Categories</i>	<i>August, 1998</i>	<i>Percent</i>
<i>Members</i>		
A-Family	436	39.5%
A-Single	36	3.3%
A-Single Legacy	9	0.8%
A-Family Legacy	18	1.6%
Non-Resident	45	4.1%
Non-Court Family	56	5.0%
Non-Court Single	16	1.5%
Social	147	13.3%
Junior	138	12.5%
<i>Total</i>	<i>901</i>	<i>81.6%</i>
<i>Other Members</i>		
Life Capital	25	2.3%
Life	58	5.3%
A-Senior	32	2.9%
Associate C	1	-
Lady Family	1	-
L Individual	44	4.0%
Non-Stock Family	38	3.4%
Non-Stock Single	5	0.5%
<i>Total Other</i>	<i>204</i>	<i>18.4%</i>
<i>Grand Total</i>	<i>1,105</i>	<i>100%</i>

MEMBERSHIP ANALYSIS

AGE OF MEMBERS

The median age of TC Members is 53 years, with 25 percent under the age of 43, and 25 percent over 66 years of age. This average age level is slightly less than the average at other private city clubs across North America. This is a good range of ages for a Club to have.

TABLE 2

Age of Members

	<i>Number*</i>	<i>Mean Age in Years</i>	<i>Median Age in Years</i>	<i>50% Age Range in Years**</i>
Members	905	54.9	53	43-66

<i>Age</i>	<i>Number of Members*</i>	<i>Percent %</i>
Members		
Under 31	15	1.7%
31 to 40	135	14.9%
41 to 50	254	28.1%
51 to 60	172	19.0%
61 to 70	154	17.0%
Over 70	175	19.3%
Totals	905	100%

* Number of Members with information in computer files about their age.

** Age range for the middle half of the membership; median plus and minus 25%.

FIGURE 1
Age of Members

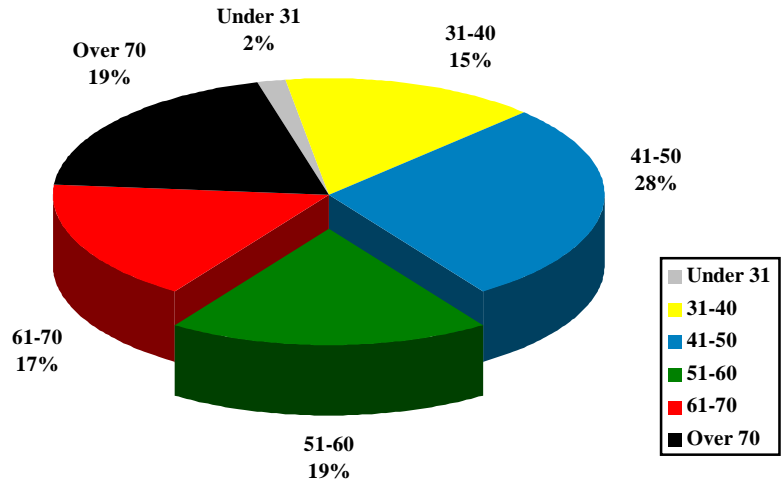
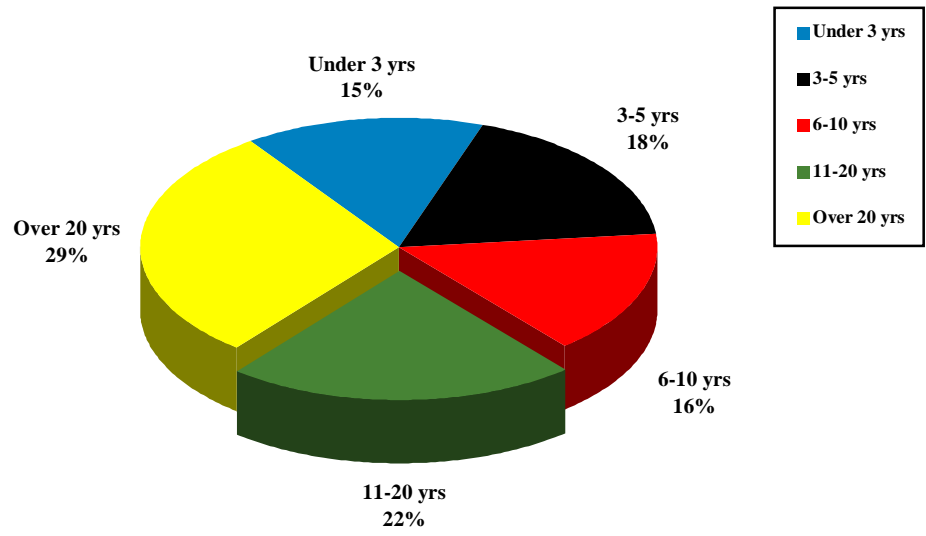


FIGURE 2
Length of Membership for Members



LENGTH OF MEMBERSHIP

The average length of time that a Member has been at the Club is 11 years. This is similar to the average length of membership reported by other private city-athletic clubs across North America.

TABLE 3**Length of Membership**

	<i>Number</i>	<i>Mean Length in Years</i>	<i>Median Length in Years</i>	<i>50% Range in Years*</i>
Members	1,105	12.7	11	4-22

<i>Length of Membership</i>	<i>Number of Members</i>	<i>Percent %</i>
Members		
Less than 3 years	165	14.9%
3 to 5 years	200	18.1%
6 to 10 years	172	15.6%
11 to 20 years	242	21.9%
Over 20 years	326	29.5%
Totals	1,105	100%

* Length of membership range for the middle half of the membership; median plus and minus 25%.

ZIP/POSTAL CODES OF MEMBERS

The majority of the Members (76%) reside in five zip/postal codes that lie within a 10 mile radius of the Club. The largest number of Members (27%) reported a zip/postal code address just west of the Club (11111). The next largest percentage (23%) reside in 22222 which is very near the Club. The next three zip/postal codes most reported by the Members were 33333 (12%), 44444 (9%), and 55555 (5%). These zip/postal codes were farther from the club (approximately 5 miles or more). Almost 40% of the Members live in the two zip/postal code areas (11111 and 33333) that the city projects as the fastest growth areas in the year 2000. Approximately half of Members who recently joined the Club reside in these two zip/postal codes.

TABLE 4

Zip/Postal Codes of Members

<i>Zip/Postal Code</i>	<i>Name</i>	<i>Number of Members</i>	<i>Percent of Members</i>
<i>City Areas:</i>			
11111	West of Club	298	27%
22222	Around the Club	254	23%
33333	Northwest of Club	132	12%
44444	Southwest of Club	99	9%
55555	Southeast of Club	55	5%
<i>Sub-Total</i>		838	76%
<i>Other City Areas:</i>			
66666	Outer City Area	101	9%
77777	Outer City Area	77	7%
<i>Outside City Area:</i>			
	Within State/Province	56	5%
	Outside State/Province	33	3%
<i>Sub-Total</i>		267	24%
<i>TOTAL</i>		1,105	100%

OTHER MEMBERSHIP INFORMATION

- Membership is diverse in age, income level, use of the club, etc.
- Members use a variety of activities at the Club: tennis, pool, fitness, dining, social activities, etc.
- Wide range in economic ability within the Membership.
- A family-oriented club that has a very friendly Membership.
- Older Members live close to the Club, younger Members live farther away and further west.
- A large number of the Family Members do not use the tennis courts or participate in tennis programs.
- Approximately 25% of the Members use the Club just for dining and social use.
- Mothers and children use the pool heavily.

REASONS FOR RESIGNATION

The reasons cited for resignations were based on information obtained from a telephone survey of TC Members who had resigned in the last three years. A total of 87 former Members were contacted by telephone during the months of July and August.

Many former Members (85%) cited factors that were not controllable by the Club as their reasons for resigning. Retirement was the resignation reason most frequently reported by the former Members. This was reported by 27 of the Members who had resigned (23%). Other uncontrollable reasons cited were: death of the Member/Spouse or poor health (21%), Members resigned because of financial reasons (10%), and change in employment or his/her employer's refusal to pay Club dues (4%). Moreover, 31 of the phone numbers of resigned Members were disconnected or had a forwarding number out of the City's Area. This indicates that a large number of the resigned Members (27%) had moved or relocated to an area outside of the city (an uncontrollable resignation reason for the TC).

The Club can control three of the reasons cited (15%) by implementing changes in operations and/or policy. A summary of the reasons are listed in Table 6. Based on feedback from the resigned Members, they are no longer Members because of poor food quality (7%) and tennis court availability (5%). Operational changes can minimize the effect both of these have on resignations. The food related problems should be corrected with the new chef. The comments about the Club's tennis court availability centered around indoor court availability during prime time in the winter months. The Club should consider a permanent structure or a bubble on two of the outdoor courts in the winter months. These are policy changes the Club should consider. The last reason (joined another Club) can be controlled by ensuring that the TC offers its Members services that a premier Club would offer at a high-end, but competitive price. The questions asked of the resigning Members and a summary of the results can be found in Appendix C. Although

not controllable by the Club, Members who cite financial difficulties should be placed on inactive status and be able to reinstate easily.

Overall, former Members thought highly of the Club and rated its facilities and services highly. Slightly more than two-thirds of the respondents felt that TC was too expensive. Seven former Members belong to two other clubs in the city: three at ABC Country Club, two at XYZ Swim & Racquet Club and two at the 123 Club. They wanted TC to lower its dues, offer a membership with golf reciprocal privileges, and operational/policy changes mentioned in the previous paragraph.

TABLE 6
Reasons For Resignation

<i>Reasons</i>	<i>Number</i>	<i>Percent %</i>
<i>Uncontrollable Reasons</i>		
Retired	27	23%
Deceased/Poor Health/Spouse Deceased	25	21%
Financial Reasons	12	10%
Changed Jobs/Company Won't Pay	5	4%
Relocation/Moved	31	27%
<i>Total</i>	<i>100</i>	<i>85%</i>
<i>Controllable Reasons</i>		
Food Problems	8	7%
Tennis Court Availability	6	5%
Joined Another Club	4	3%
<i>Total</i>	<i>18</i>	<i>15%</i>
<i>Combined Total</i>	<i>118</i>	<i>100%</i>

TELEPHONE INTERVIEWS OF POTENTIAL MEMBERS

SELECTION OF INDIVIDUALS

A list of individuals who fit part of the profile of a potential Member at TC was purchased from American Business Information. The criteria used was: household income over \$150,000; the individual was a homeowner; between the ages of 40 and 60; and the residence was located in zip codes 11111, 22222, 33333, 44444, and 55555 (the most frequently listed zip code by current TC Members). The list of individuals is found in Appendix A.

RESULTS

A total of 100 individuals were contacted in late July by telephone and asked if they had been to the Club, their perception of the Club, if they had thought about joining, and if so, why they hadn't joined. Fourteen percent had been a member at some private club, while only 12 percent are currently members at other clubs in the city: ABC Country Club, Country Club of DEF, GHI Country Club and JKL Country Club. More than 60 percent of the individuals had been to TC. The first impression that many of these individuals had about TC was that it has a good tennis program (56% of respondents). The second, third and fourth most often cited impressions were: the Club has tradition and prestige (30%); the food and service are good (29%); and the Club is too exclusive in nature (22%).

The main reason given for not joining TC is the perception that it's too expensive (42%). Other often cited reasons were: too far from work (22%); current financial problems (21%); not their lifestyle (18%); not tennis players (10%); and they are retired (8%). Over half (54%) of those surveyed indicated they knew a TC Member, but only 14 percent had ever been asked to join. Almost 40 percent don't know a TC Member, and therefore cannot get a sponsor. Overall, the perception of the Club was good among these individuals who felt TC had a good image in the community. Approximately 10% of the respondents indicated that the dining areas were only average in appearance. Refer to Appendix D for the interview questions asked and the complete results of the telephone interviews.

AREA ECONOMY

1998 AREA LABOUR MARKET NEWS

A very positive trend reported is that the number of manufacturing jobs in the city has slowly increased since it bottomed-out in August 1995. The manufacturing industry has averaged an increase of 10,000 jobs per month since August 1995, which contributed to half of the new jobs created in the city in 1997. This indicates that the economy, especially in the manufacturing industry has rebounded. The computer industry is strong as usual. Construction is still in a recession, as demonstrated by the continued decline in housing starts.

Available office space declined in the suburbs, and vacancy rates declined from 15.1 a year earlier to 14.4 percent. This indicates a possible increase in the number of businesses or the level of business service firms are doing in the area.

1998 AREA REGIONAL ECONOMIST REPORT

Overall the City's MSA appears to have stabilized their economy in 1997 after a number of years of recession. The projection for 1998 is a stabilization to mild growth in most economic sectors except construction. The largest growth sector is the service industry. This will result in a relatively higher concentration of employment in managerial occupations. The decline in construction and other non-manufacturing jobs will offset the increase in service jobs for no overall net employment gain. This is a better employment outlook, though, than the decline experienced in previous years in the city. The unemployment rate in the city continues to exceed the area's unemployment rate by about one percent.

The projected fastest growing age category in the country till the turn of the century is the 45 to 54 year old (baby boomer). An estimated 400,000 will enter this age category by 2000. This age group typically concentrates on wealth accumulation and is at its peak earning capacity. An important change in baby boomers' life-style is the resurgence of the traditional family life and emphasis on raising a family.

All of these economic factors are optimistic for The Club:

- More service companies produce more managers who are likely to join a club for prestige and networking.
 - Growth in baby boomers means more individuals entering peak earning periods when they typically join private clubs.
 - The baby boomers renewed interest in the family and a club membership is important to wealthy families.
-

PAST MEMBERSHIP AND MARKETING EFFORTS

PRIOR MEMBERSHIP PROGRAMS

The TC has implemented some membership programs to encourage Members to refer prospects for membership. In the past, the Club has relied on Members to promote the Club and sponsor their friends and associates. There is an opportunity for the Club to gain more Members by implementing more aggressive programs to identify candidates for membership and pursuing those individuals.

COMPETITIVE ANALYSIS

PRIVATE CLUBS

The following clubs, within the city's area, are in direct competition with the TC.

ABC Country Club (ABC)	(1)
123 Club (123)	(2)
XYZ Swim & Racquet Club (XYZ)	(3)

The following organizations and country clubs, within the city area, are secondary competition with the TC. The country clubs mostly emphasize golf, but some have very good tennis programs such as Country Club of DEF, which has indoor courts. GHI Country Club and JKL Country Club are closer to the new west-end residential communities. Country clubs could add indoor and outdoor tennis courts to become more competitive.

Country Club of DEF
GHI Country Club
JKL Country Club
Robius for fitness
YMCA for fitness

The initiation fees for the three direct competitors are listed in Table 7. Table 8 lists the annual dues for these clubs.

TABLE 7**Initiation Fees****PRIVATE CLUBS**

		<i>ABC</i>	<i>123</i>	<i>XYZ</i>
<i>Membership Type</i>	<i>TC</i>	<i>1</i>	<i>2</i>	<i>3</i>
Class (A) Family	4,500	3,000	2,500	1,750
Class (A) Single	2,000	1,500	1,250	1,000
Non-Court Family	1,750	1,250	1,000	750
Non-Court Single	750	600	500	400
Social	500	-	-	-
Non-Resident	500	-	-	-
Junior (21-30)	500	-	400	-
Silver Family (A) Court Fees	-	1,500	1,250	1,000
Silver Single (A) Court Fees	-	1,250	1,000	750

TABLE 8
Annual Dues
PRIVATE CLUBS

		<i>ABC</i>	<i>123</i>	<i>XYZ</i>
<i>Membership Type</i>	<i>TC</i>	<i>1</i>	<i>2</i>	<i>3</i>
Class (A) Family	129	125	100.54- 126.30	105
Class (A) Single	94	91	72.73	80
Non-Court Family	98	85	60.50-72.59	70
Non-Court Single	73	70	41.80	55
Social	29	-	-	-
Non-Resident	35	-	-	-
Junior (21-30)	60	-	48.43	-
Silver Family (A) Court Fees	-	91	66.39-80.79	80
Silver Single (A) Court Fees	-	85	60.76	70

TABLE 9
Competitive Grid
PRIVATE CLUBS

		<i>ABC</i>	<i>123</i>	<i>XYZ</i>
<i>Features</i>	<i>TC</i>	<i>1</i>	<i>2</i>	<i>3</i>
Number of Members - Total	1,105	2,500	852	890
Maximum Number of Members - Total	1,500	3,000	900	1,000
Dining Rooms	Attractive	Attractive adult & child snack area	Attractive but dated	Average
Lobby/Entrance	Attractive	Unattractive	Attractive but dated	Small Average
Decor Rest of Club	Showing age Outdated	Showing age	Interior attractive, exterior poor	Average
Ballroom/Largest Room Seating	175	300	450	150
Tennis Courts				
Outdoor	12	8	6	7
Indoor/Bubble	6	4	0	2
Swimming Pool(s)	Outdoor, Baby	Outdoor and patio	Indoor, 25 meter	Outdoor
Athletic/Fitness Center	Small crowded outdated	Small good equipment selection	Large, state of the art equipment	Small; ave. equip., area is crowded
Squash				
International	4	0	4	0
Doubles	1	0	2	0
American Single	1	0	1	4
Locker room	Showing age	Small average	Large attractive	Average
Unique Activities/Features	Has "true" universal fee \$300 annual	Curling, 5-pin bowl, boating, lawn bowl	Lawn & reg bowl, skating, salon	Balcony overlooking tennis courts
Landscaping	Average	Nice lake view/docks	Very Attractive	Unattractive parking lot
Parking	Small - inadequate	Large - unattractive	Covered Pay	Open small
Club Brochure	Poor	Attractive	New attractive	Attractive
Membership Sales Person	Yes	Yes	Yes	No

DEMOGRAPHIC ANALYSIS

An analysis of the city's area was performed using a ten mile radius from the TC. Within these areas are the following key demographics * listed in Table 10.

TABLE 10

Demographics Membership

<i>Indicators</i>	<i>10 Mile Radius</i>
Population	
2002 Projected Population	239,184
1998 Estimated Population	224,686
Households	
2002 Projected Households	544,015
1998 Estimated Households	527,132
Owner Occupied Property Values	
Median Property Value	\$96,209
\$100,000-149,000	19,369
\$150,000 Plus	15,298
Total of \$100,000 Plus	34,667
Estimated Household Income 1998	
Median Household Income	\$40,222
Mean Household Income	\$55,035
\$75,000-99,999	17,458
\$100,000-149,999	11,054
\$150,000 Plus	8,853
Total of \$75,000 Plus	37,365
Occupation	
Executive and Managerial	39,269
Professional Specialty	41,974
Technical Support	10,870
Sales	33,808
Total Professionals	125,921

* Source: 08/7/98, Equifax National Decision Systems (Refer to Appendix B for complete report)

Based on the cited demographics, there are approximately 340 additional prospective Members within a 10 mile radius. This range was estimated using the demographic makeup at a radius distance from the Club of 10 miles. This number does not include the Club's current Members. This was estimated from the calculations in Table 11.

TABLE 11**Membership Demographics and Estimations**

<i>Indicators</i>	<i>10 Mile Radius</i>
1998 Households	$224,686 \times 0.5\% = 1,124$
Owner Occupied Property Values of \$100,000 Plus	$34,667 \times 3.5\% = 1,213$
Household Income of \$75,000 Plus	$37,365 \times 3.0\% = 1,120$
Professional Occupations	$125,921 \times 1.0\% = 1,259$
Average Estimate of Potential Members	$(1,124 + 1,213 + 1,120 + 1,259)/4 = 1,179$
Current Number of Members Within the 10 mile Radius	838
<i>Projected Number of Additional Prospects</i>	<i>341</i>

An analysis of the city's area was performed using a ten mile radius from the TC. Within these areas are the following key demographics * listed in Table 12.

TABLE 12
Demographics Banquet

<i>Indicators</i>	<i>10 Mile Radius</i>
Population	
2002 Projected Population	239,184
1998 Estimated Population	224,686
Households	
2002 Projected Households	544,015
1998 Estimated Households	527,132
Estimated Household Income 1998	
Median Household Income	\$40,222
Mean Household Income	\$55,035
\$75,000-99,999	17,458
\$100,000-149,999	11,054
\$150,000 Plus	8,853
Total of \$75,000 Plus	37,365
Occupation	
Executive and Managerial	39,269
Professional Specialty	41,974
Technical Support	10,870
Sales	33,808
Total Professionals	125,921

* Source: 08/7/98, Equifax National Decision Systems (Refer to Appendix B for complete report)

Based on the cited demographics, there is approximately an additional \$167,000 in banquet business for the Club. This was estimated using the demographic makeup at a radius distance from the Club of 10 miles. This number does not include the Club's current level of business. This was estimated from the calculations in Table 13.

TABLE 13

Banquet Business Demographics and Estimations

<i>Indicators</i>	<i>10 Mile Radius</i>
1998 Population	$527,132 \times .75 = 395,349$
1998 Households	$224,686 \times 2.25 = 505,543$
Household Income of \$75,000 Plus	$37,365 \times 12.5 = 467,063$
Professional Occupations	$125,921 \times 4.0 = 503,684$
Average Estimate of Banquet Business	$(395,349 + 505,543 + 467,063 + 503,684)/4 =$ 467,909
Current Banquet Business	\$300,000
<i>Projected Number of Banquet Business</i>	<i>\$167,909</i>

REVENUES

INTRODUCTION

The TC revenues have been increasing at a proportionate amount (approximately 7% annually) for membership dues and food over the last four years. As expected, based on lifestyle changes and national trends, beverage sales have only increased at about a 2% rate annually. Pro Shop sales declined drastically between 1994 and 1995, but have steadily increased the last three years. There has been a large increase in the Sports Departments and Other Revenue Area sales over the last four years (an increase of over two and a half times for the Sports Department and over one and a half times for the Other Revenue area). Expenses have been proportionate to revenues generated.

TABLE 14

Statements of Revenue and Expenses

<i>Categories</i>	<i>1997</i>	<i>1996</i>	<i>1995</i>	<i>1994</i>
<i>Revenues</i>				
Membership Dues	1,232,892	1,041,756	976,074	959,896
Food	1,037,683	1,037,055	887,493	824,202
Beverages	227,618	242,708	223,968	210,326
Pro-Shop Sales	79,100	61,662	52,672	99,653
Sports Departments	257,263	211,829	84,743	97,529
Other Revenue	122,666	71,041	72,035	73,470
Interest Revenue	6,694	31,977	11,152	7,677
<i>Total Revenues</i>	<i>2,963,916</i>	<i>2,698,028</i>	<i>2,308,137</i>	<i>2,272,753</i>
<i>Costs and Expenses</i>				
Cost of Goods: Food	315,046	321,498	268,760	258,221
Cost of Goods: Beverages	66,953	71,376	62,057	67,238
Cost of Goods: Sports Merchandise	72,924	60,829	49,648	93,634
Department Expenses	1,245,561	1,153,425	915,033	928,178
Administrative Expenses	1,171,581	1,102,457	962,890	1,098,326
<i>Total Costs and Expenses</i>	<i>2,872,065</i>	<i>2,709,585</i>	<i>2,258,388</i>	<i>2,445,597</i>
<i>Excess (Deficit)</i>	<i>91,851</i>	<i>(11,557)</i>	<i>49,749</i>	<i>(172,844)</i>

OPERATIONS

The Club's financial operation is comparable to other clubs in that section of the country for 1997:

TABLE 15

Comparison of the Club's Financial Operation

<i>Item</i>	<i>The Club</i>	<i>Average of Clubs</i>
Dues Revenue	1,232,892	1,265,930
Cost of Food	35.9%	35.2%
Net Income Prior to Depreciation	7.7%	9.1%

TENNIS INDOOR COURT USAGE

The Club's indoor court usage has averaged an 85% usage rate for the months of January, February and March over the last two years. During the months of November and December, the average drops to about 75%. This utilization is very high for indoor court percent usage.

SWOT ANALYSIS

STRENGTHS

- The Club is a tennis, swimming, and dining club.
 - Pricing of The Club in the city's market is very good.
 - Affordable club, especially with the variety of services and programs available.
 - Good food value in regards to its quality and price.
 - Feeling of tradition at The Club.
 - Club is debt free.
 - Strong tennis programs.
 - Best Junior tennis program in the city's area.
 - Largest number of tennis courts in the city.
 - Location by the interstate and being somewhat on the west-side of town.
-

- Diversity in the Membership, especially in regards to the variety of age groups, insures the longevity of the Club.
- Friendly membership.
- Employees are friendly, responsive, and know the Members.
- The employees feel good about their jobs, they provide good service. "It's not just a job" for them. Many are long term employees providing a stable labor force.
- Strong CEO/GM management concept for a well-managed club.
- Strength in the Club's strong management.
- A Board of Directors that focus on the big picture and not on micro-managing the Club.
- Communication from the Board to the Membership has improved dramatically.
- Professionalism of the committees and the Board.
- New Board Members are committed to the planning process.
- The exterior of the club is very attractive in the summer: flowers, pool, outside dining, etc.
- The observation deck is great with the view of the indoor tennis courts.

WEAKNESSES

- Residential properties around the Club and in the northwest part of town have declined in value, but are stable.
 - Lighting needed on the outdoor courts.
 - Not enough indoor tennis courts.
 - Inadequate tennis court reservation software package.
 - Too many last minute court cancellations prevent Members who would use the courts from playing and allows courts to go unused.
 - Utilization of courts are up, but reservation system is still frustrating.
 - Inter-city play in tennis impacts the Club, overcrowding.
 - Concern with overcrowding of the Club, tennis, pool, fitness, etc.
 - Service at the Club needs to improve.
 - Speed of dining and service is slow.
 - Restaurants have better service than the Club.
 - Many restaurant competitors with different themes and variety.
 - Babyboomers come to eat, older Members come to dine.
 - Limited amount of land for expansion.
 - Restrictions in the zoning laws of the residential area around the Club hampers changes the Club wants to make.
 - Appearance of the Club is outdated, both inside and outside.
 - Building has to be everything to everyone.
 - No junior room or area for them to congregate; no junior (teen) activities: dances, "hang out" like at the ABC Country Club, etc.
 - No casual or informal dining area.
 - No separate adult-only dining area.
-

- Small and unattractive restrooms.
- Club not meeting family needs.
- Lose banquet business because of the lack of handicap access.
- Parking lot cannot handle large events at the Club on typical summer weekends, have to park on the streets which upsets residents.
- Not enough concrete deck around the pool for lounge chairs.
- Increase in the number of non-tennis Members will overcrowd the pool and parking lot.
- The stock transfer fee is too high.
- The initiation fee and dues are very costly for the twenty-thirty age range.
- Non-stock holders do not have a voice in the Club or to the Board.
- Communication from the Board to the Membership was very poor in the past, but getting better.
- Nominating process for the Board; process should ensure that certain individuals have skills needed: financial, legal, etc.

OPPORTUNITIES

- Develop Membership category and programs for transient population.
 - Great programs and product to overcome a poor location.
 - Club can explore acquiring a golf course such as Jefferson/Lakeside or golf privileges for Members.
 - Tennis programs for singles, both young and older adults - trends in society.
 - Significant others using the Club for single Members, not just spouses of married Members.
 - To be the best Junior tennis program in that section of the country.
 - Improve facilities so that they are open, soft, and relaxing.
 - Seek prospective Members from companies transferring, expanding, or coming to the city: Motorola, White Oak, etc.
 - Changes in downtown area: city has a proposal for the inner core - housing for permanent residents and convention business to bring more visitors and tourists.
 - Twenty minute drive time is the acceptable range in the city.
 - Racial population will change in the westside neighborhoods (Asians, Hispanics, African-Americans, etc.)
 - Increased interest in healthy life-style.
 - Facilities need to be better or equal to competitors.
 - Club should join the neighborhood or civic associations to improve its image in the community and hold their meetings at the Club.
 - Look at buying properties around the Club to combat the community problems.
 - Improve the fitness facility to be state-of-the-art, more programs and more heart healthy items on the menu.
 - Add more observation decks.
-

- The banquet, meeting business at the Club is very profitable, while member dining is not profitable.
- Increased profitable banquet business will keep dues low for the Members.
- Offer outstanding food and beverage.
- Add more outside eating areas.
- View both outdoor and indoor tennis courts while eating.
- Place for children.
- Better lighting of the outdoor tennis courts.
- Correct weaknesses in the Club.
- There should be signs or directions to the Club.
- Develop a Master plan for the future.
- Form “clubs” within the Club for the different segments of Members.
- Diversity in Membership will dictate a wide variety of membership categories and both family programs and adult programs.
- Single parents and dual-earner families will continue to increase at the Club. Activities should be offered for them with suitable fee structures.
- Members will be living longer, working longer, exercising and using the Club more as they age, than their predecessors.
- Strong international squash programs and usage.

THREATS

- Major liability if a bad strategic plan is developed and the Club goes in the wrong direction.
 - Project more players in 2005 with the current growth in the junior program and the juniors becoming adult players.
 - Club does not provide golf, but interest in golf is increasing; less growth in tennis.
 - Tennis industry experienced a small growth in the past few years, but it is now stable.
 - There will be more competition, and they will be aggressive in marketing their businesses.
 - There are more competitors in the city's market for the banquet business, hotels especially.
 - There will be more choices for Members leisure time and purchases.
 - Beverage sales will continue to decline.
 - Aging of the community around the Club: housing and residents.
 - Neighbors perceive the Club as a bad neighbor.
 - Neighbors will probably resist any new bubbles or future changes.
 - Residents are moving to the west side of town, farther west and south than the club.
 - Highway 288 opens up areas to a new club being developed.
 - Higher taxes in the city.
 - Single parents and dual-earner families will continue to increase at the Club. Activities and suitable fee structures should be offered for them.
-

- Members will want the Club to stay open longer on both weekdays and weekends because of the time constraints with dual-income earners.
- Concern in the continuity of the staff, required for that personal attention in a private club.
- Hourly pay vs. gratuity for waitstaff.

MEMBERSHIP CLASSES NOT BEING FULL

The Club has stabilized and actually increased its membership after experiencing a decline in membership during the late 1980's and early 1990's, as have other private clubs across North America. Reasons for decline during that period are the following:

- Recession caused businesses to reduce their expenses:
 - Business entertainment.
 - Number of memberships for employees.
- Increase in competition: more private clubs, high end health clubs, and restaurants in the city.
- West suburb location is convenient to residences, but not as convenient to the downtown work force.
- Lack of a comprehensive and structured membership program to identify new prospects for membership.
- Being the premiere city-tennis-athletic Club in the city, with a price tag reflecting that position, has hampered TC during the tough economic times of the early 1990's.
- Perception by non-members that the TC membership is currently closed.

PROBLEM AREAS

- Clubhouse maintenance and renovations have been delayed because of decreased revenues.
 - Lack of dues revenue limits the Club's operating income for programs, services, maintenance, capital reserves, etc.
 - Lack of initiation fees limits the capital projects needed to maintain its status as a premier city-tennis-athletic club. A full membership generates approximately \$552,500 in one time initiation fees for 170 additional Members.
 - Lost annual dues income for 115 additional A-Family Members, 5 A-Single Members and 50 Social Members is approximately \$201,000.
 - Lost annual average Member spending in the Club (\$1,250 per 170 Members) is approximately \$212,500.
-

CONCLUSIONS

The Club's Members wanted the TC to continue being the premier private tennis club in the city. The Club should strive to do this to maintain its proper position in the private club market. In order to achieve this mission, the Club needs to implement operational changes, policy changes and capital improvements. In terms of capital improvements, the majority of members indicated on the survey that they did not want to pay for the improvements through an assessment. Slightly more than one half of the members preferred funding through a dues increase of approximately \$20 per month. However, this will not raise all of the funds needed to improve the Club's facilities. An alternative source of funds would be to increase the number of Members to raise the needed revenues. Although the survey did not indicate that there was support for this action, this may be the best choice for TC: a small dues increase and an increase in the number of members to minimize the resentment and backlash in raising dues too high for the revenues needed for the projects.

The TC can better position itself against its competition by: implementing a membership program; maintaining the level of services/amenities it offers at the current price level; carrying out needed renovations/remodeling projects to ensure the Club's facilities do not become out-dated; and continuing to improve the quality of the tennis programs, food and service, and fitness. Some of TC's competitors have membership directors who continually identify prospects and try to sell memberships to those identified. With a more aggressive membership plan, TC will be better able to recruit more Members, and increase the number of Class A and Social Members than if the Club waited for Members to refer friends and family members.

There appears to be a larger market in the city's area than the TC's past recruitment numbers indicate. It appears from the telephone survey of prospects that current Members are not referring these persons. The number of prospects within TC's area must be identified to keep TC's membership full. The Club must identify prospects, identify Members who know or would sponsor the prospects, get leads on prospects from Members, and get the prospects to apply for membership. The leaders of the city's community that are Members at TC should be utilized for their contacts to aid the TC in its membership program.

Attractive brochures that sell the Club should be developed to emphasize the TC as the "premier" private tennis club. This is the unique position it should pursue in the city and market. The TC's location in west part of the city is convenient to many upscale residences. It must capitalize on these strengths and cultivate a family emphasis in the Club in its tennis, swimming, and dining areas.

RECOMMENDATIONS

Based on the results of the data collected (survey of Members, telephone interviews with former Members and prospective Members, market analysis, mission, etc.), the following are the major directions or issues the Club should address:

Club's Vision

- Country club without the golf.
- Have a high quality level in all areas and sports within the Club.
- Differentiation for the club is that it be the premier tennis program.
- Although it is and will be the premier tennis program in the city, it is not just a tennis club.

Club's Mission

The Club is a private club that offers the premier tennis program in the area and provides outstanding dining, social, and sports services to its Members, families, and guests.

Strategic Goals

- 1. Maintain status as the city's and area's private club with the premier tennis program.*
 - 2. Sustain a full membership with waiting categories in Class A, Non-Court, and Social Membership.*
 - 3. Strive to maintain and improve facilities so that they are always the highest quality.*
 - 4. Offer the highest quality programs, services and amenities to ensure satisfaction among the entire Membership.*
-

ACTION PLAN

1. Maintain status as the city's and area's private club with the premier tennis program.

Objectives:

- Continue to make TC the premier tennis club in the city, while striving to make TC the private club with the premier tennis program in that section of the country.
- Maintain strong tennis programs, staff, and facilities because of their importance to Members and the Club's unique position in the market place.
- Continue to be a full-service private club, offering a variety of activities, but with a strong emphasis in tennis.
- Continue to make TC attractive to professionals with high disposable incomes in the city's market.
- Set pricing policies so that TC is slightly higher than non-golf private clubs, but still competitive with these clubs.
- Decrease the number of resignations because of dissatisfaction with the Club.
- Improve the appearance of the clubhouse and achieve goal #3 to make the Club attractive to current and prospective Members.

Actions:

- Continue with maintenance policies and procedures on the tennis courts to retain the quality reputation the Club has for its tennis courts.
 - The tennis programs should continue to expand beyond serving primarily the adult members, as it had prior to 1995.
 - Continue the strong tennis programs that appeal to families and children, develop other programs that complement the excellent programs now in place, i.e. teaching lessons, clinics, events, etc.
 - Maintain a high quality tennis staff to ensure quality programs.
 - Members indicated that they joined the Club and use it frequently for dining, therefore the food should be high quality.
 - Currently the food and service are good, but not great. The changes in the chef's position, additional staff, etc. should be closely monitored to ensure that the quality improves in these areas.
 - The chef should create menus and food selections preferred by the membership.
 - The entire menu should be changed a few times each year and new specials changed often to make the Club's menu unique.
 - A premier club should have outstanding service. TC should have a sufficient number of well-trained, experienced, and long-term waitstaff/employees to ensure quality service that is timely and responsive to Members' needs.
 - Policy changes, new services, renovations, etc. should be planned with the family in mind: tennis, casual dining, fitness, swimming, etc.
-

2. Maintain a full membership with waiting categories in Class A, Non-Court, and Social Membership.

Objectives:

- Ensure the financial stability of the Club with a constant stream of revenue for operations and capital improvements.
- Identify prospects who meet the criteria for membership in TC.
- Contact the prospects and discuss the opportunities for membership.
- Increase the number of Class A Members by 120 in the next two years.
- Increase the number of Social Members by 50 in the next two years.
- Membership committee becomes more recruitment-oriented to assist Membership Director in identifying prospects.
- Continue to screen candidates for Membership to maintain the caliber of individuals who are Members.
- Change policies, procedures, and operations to insure that TC has a waiting list for membership.

Actions:

- The Membership Director identifies current Members who may know the identified prospect and contact that Member to see if s/he would be willing to contact the prospective candidate about Membership.
 - Send brochures and materials directly to candidates identified as prospective Members by the membership committee, Board, or other Members. The identified current Member who is willing to sponsor the candidate will be identified in the letter to the candidate to maintain the reputation that the Club requires sponsorship.
 - The Membership Committee or a membership staff member contacts prospects who have been sent materials as follow-up and/or contacts the prospective candidate for Membership.
 - Aggressive membership programs will NOT eliminate the sponsorship requirement, posting of a proposed individual to the Membership, etc. which are the safe-guard methods for maintaining the standards for Membership.
 - Members resigning due to financial problems will be allowed to go inactive or pay a lower dues structure for a set period of time
 - Identify a few hundred prospective Members each year who have the same profile as current Members.
 - Host new Member functions so that new Members can meet current Members.
 - Decrease the number of letters of recommendations required for prospective Members from its current level of four to two or three. This will minimize the barriers for individuals relocating to the city. Maintain other screening processes: posting candidates names to the general Membership, credit check, etc.
-

3. Strive to maintain and improve facilities so that they are always the highest quality.

Objectives:

- Develop a master long range plan and schedule for Club renovation and remodeling projects.
- Maintain a financial plan to fund capital projects through combination of revenue sources: capital fund fee, full membership through an aggressive membership recruitment plan and profitable banquet business.
- Maintain the Club's long-term assets, especially the tennis facility.
- Insure the Club will exist for a long time in the future.
- Allocate funds according to the Members' priorities: (1) Tennis, (2) Member Dining, (3) Fitness, (4) Banquet, and (5) Swimming.
- Adequately maintain the tennis and clubhouse facilities since they are the highest priority areas for Members.
- Improve and maintain the fitness facility at a high quality level and size to support the entire Membership because of its high Member usage and society's trend for health and fitness activities.
- Develop and maintain a positive relationship with the immediate neighborhood area in order to minimize resistance by that group to capital projects.
- Maximize the usage of the Club's facilities.
- Make The Club attractive to guests and prospective Members.

Actions:

- In developing the plan, the financial implications of the project should be considered including the primary revenue sources: initiation fees, capital fee to Members, additional dues and initiation fees raised from a full Membership, and profitable banquet business.
 - Implement the plan of action and make improvements based in the order of the identified priorities in this strategic plan.
 - Make the following capital improvements when revenues are available:
 - ◆ Add outdoor tennis court lighting.
 - ◆ Improve clubhouse general appearance.
 - ◆ Expand the casual dining area.
 - ◆ Enclose two outdoor courts with a permanent structure or a bubble.
 - ◆ Expand, renovate, and remodel the fitness center and aerobics/class room.
 - ◆ Remodel the swimming pool locker rooms.
 - ◆ Add youth/activity game room.
 - ◆ Upgrade the Men's locker room
 - ◆ Remodel and expand child care.
 - ◆ Renovate the Pro Shop area.
 - ◆ Expand, renovate, and remodel the banquet/ballroom/meeting rooms to hold 250 individuals.
-

4. Offer the highest quality programs, services and amenities to ensure satisfaction among the entire Membership.

Objectives:

- Insure the Club is family-oriented.
- Strive to offer the best programs/activities in tennis, casual dining, and fitness (the top rated activities by the Member).
- Increase Member satisfaction levels.
- Increase usage of the Club by Members.
- Implement changes that the majority of the Members requested on the survey.
- Increase Member perception that the Board of Directors is listening to them.

Actions:

- Offer different services for a diverse Membership.
 - Implement a variety of activities and programs to make the Club more family-oriented.
 - Offer programs/facilities for children and teenagers at the Club.
 - Maintain current level of amenities and services at their current pricing levels.
 - Offer social programs and activities for single adults and single parents.
 - Restrict smoking to designated areas of the Clubhouse.
 - Remodel the Main Dining Room to make it more casual. This would be prior to the renovations.
 - Change the lounge into a “better than casual dining area,” based on the lack of usage in the lounge/bar and increased demand for casual dining.
 - Continue to offer the variety of dining options since Members indicated that they would like different styles of dining.
 - Improve and increase the fitness programs and activities
 - Obtain reciprocal agreements with local golf/country clubs for Member usage of golf facilities.
-

APPENDIX A

List of Potential Members From American Business Information