

# US Sailing's 2014 Leadership Forum

*Yacht Club Benchmarking and  
Better Club Governance*



February 8, 2014

- Introductions/What is Club Benchmarking?
- How did Pete and I Get Here?
- A Shared Core Belief
- Governance and Why the Facts Matter
- The Yacht Club Business Model
- Benchmark Beverly YC As An Example
- Q&A

# Introductions

- VC Beverly YC, Past Club Treasurer, assuming I serve “good time”, I am 7 years into a **10 year sentence**
- Day Job at **The Gowrie Group**/Burgee and One-Design Programs
- Pete is the new **Wiz Kid** at Club Benchmarking
- Prior to Club Benchmarking -- a little over 2 years of public accounting experience... **all accounting questions go to Pete!**
- I have no affiliation with CB except for the fact that I think it is great. Will try not to “sell it” to you today but, we need to define what it is and the purpose it serves.



# What is Club Benchmarking?

- Online platform
- Standardized Chart of Accounts for the Club Industry
- Aggregated data from 1,000+ clubs all across North America
- Comprehensive view of Club includes:
  - Finance & Operations
  - Compensation & Benefits
  - Policies & Procedures – Governance, Strategic Planning, and Member Related Policies
- User-controlled filter allows club to designate which peer set to compare against
- Automated graphical reports deliver keen insight into unique business model and key performance Indicators

*Post-2011 Summit → a need for yacht club data and an interest not to recreate the wheel coupled with a **shared common belief:***

*When you **elevate fact over opinion**, you get healthier clubs, more empowered managers, and more strategic boards.*

# **Elevating Fact Over Opinion Should Be Easy...**

**Is it?**

## **Let's Look At The Conditions of Governance at Clubs**

Any politics at your club?

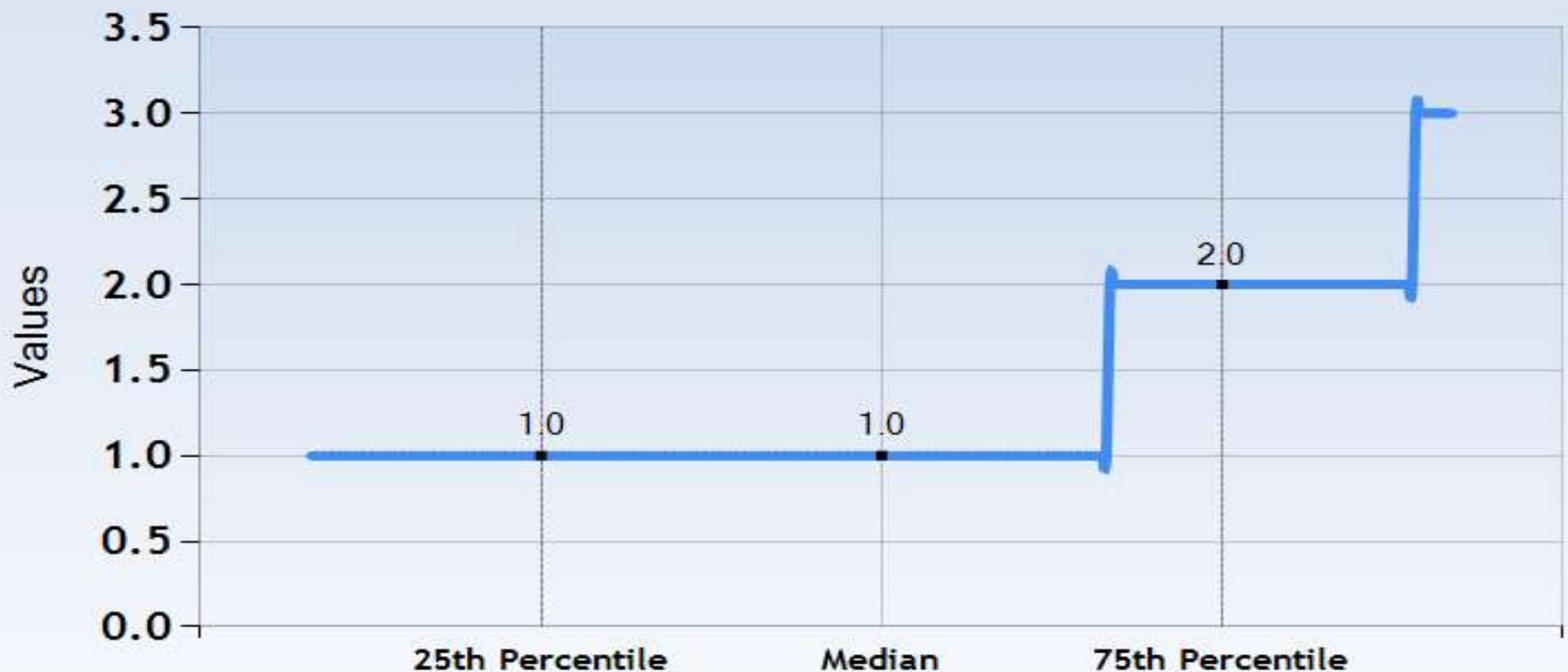
In Business → **P**rocess & Politics

In Clubs → Process & **P**olitics

Our Goal → **P**rocess & **P**olitics

# The Commodore is Dead, Long Live the Commodore!

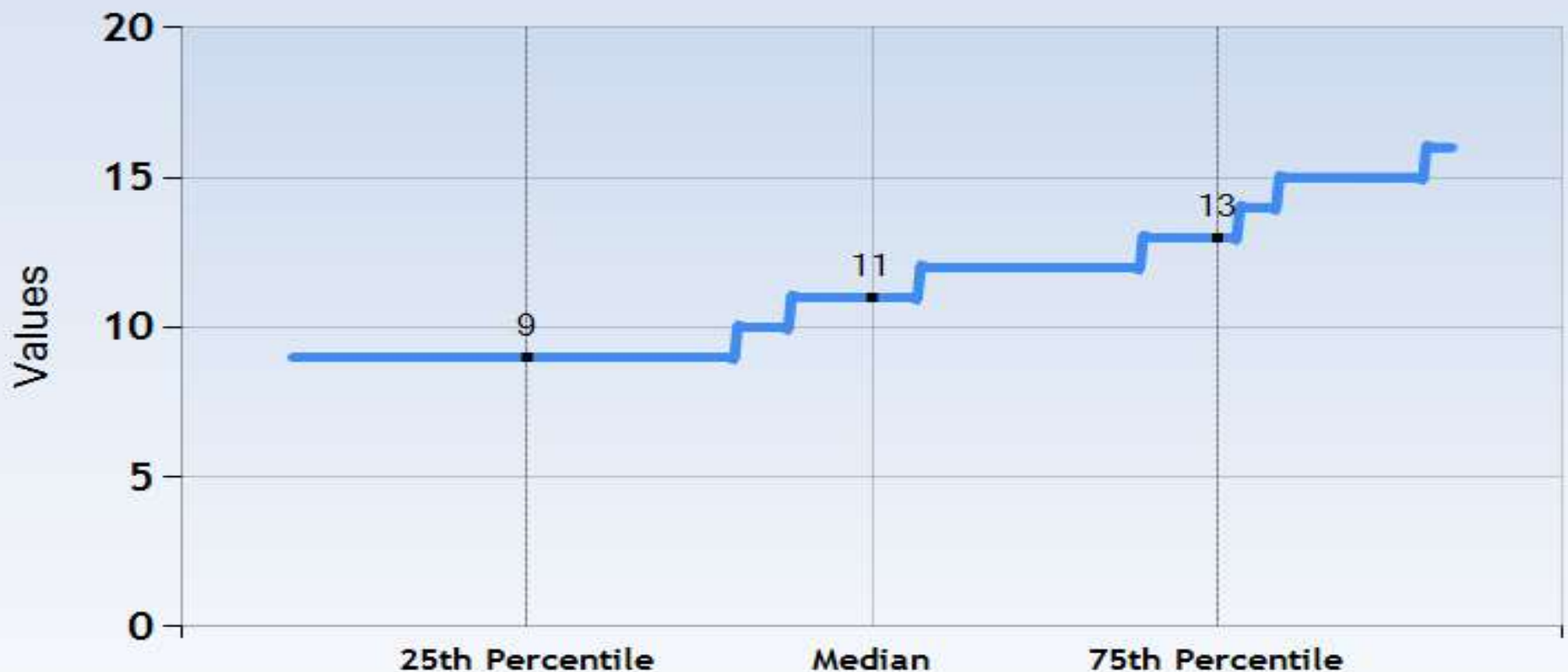
What is the Club President's Term of Office?





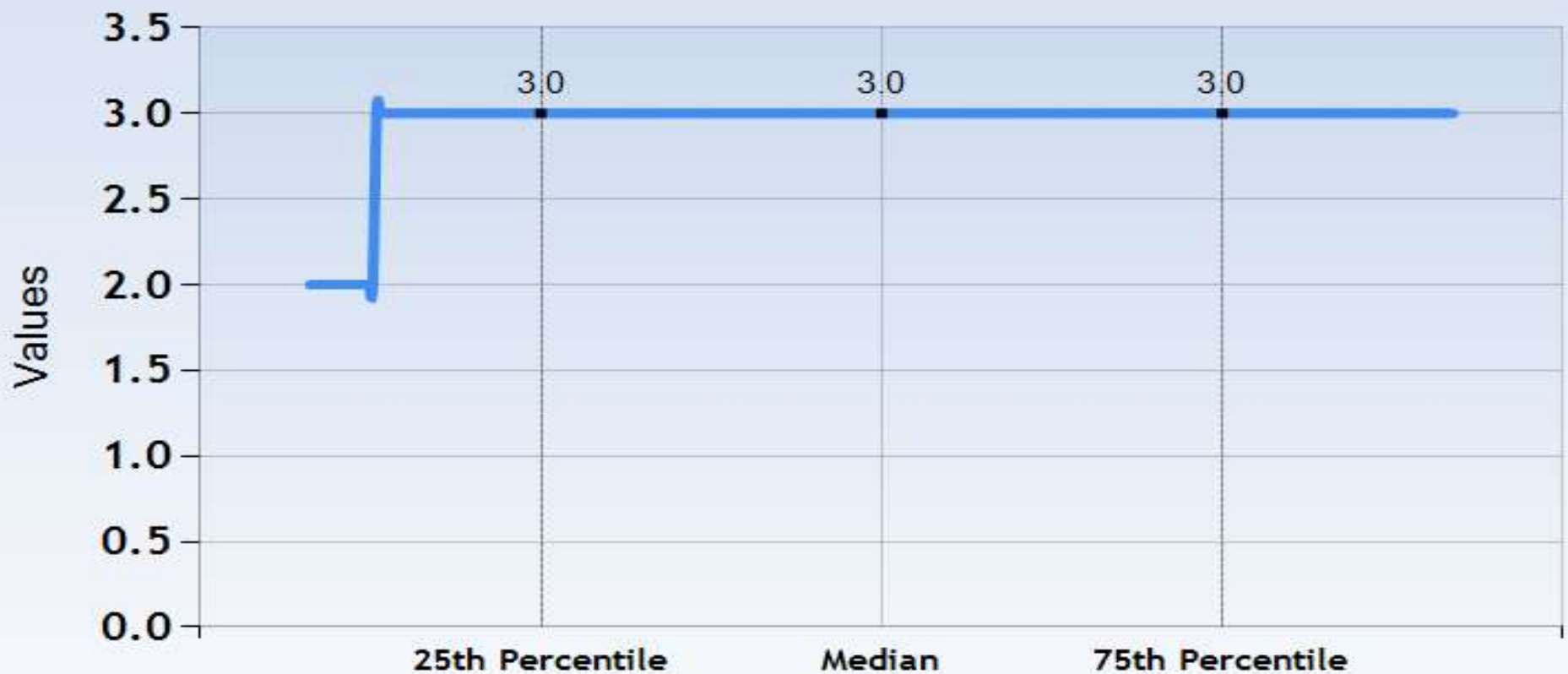
# You Say Tomato, I Say...

**If the Club has a Board, how many people serve on the board?  
(excluding the senior-most club executive)**



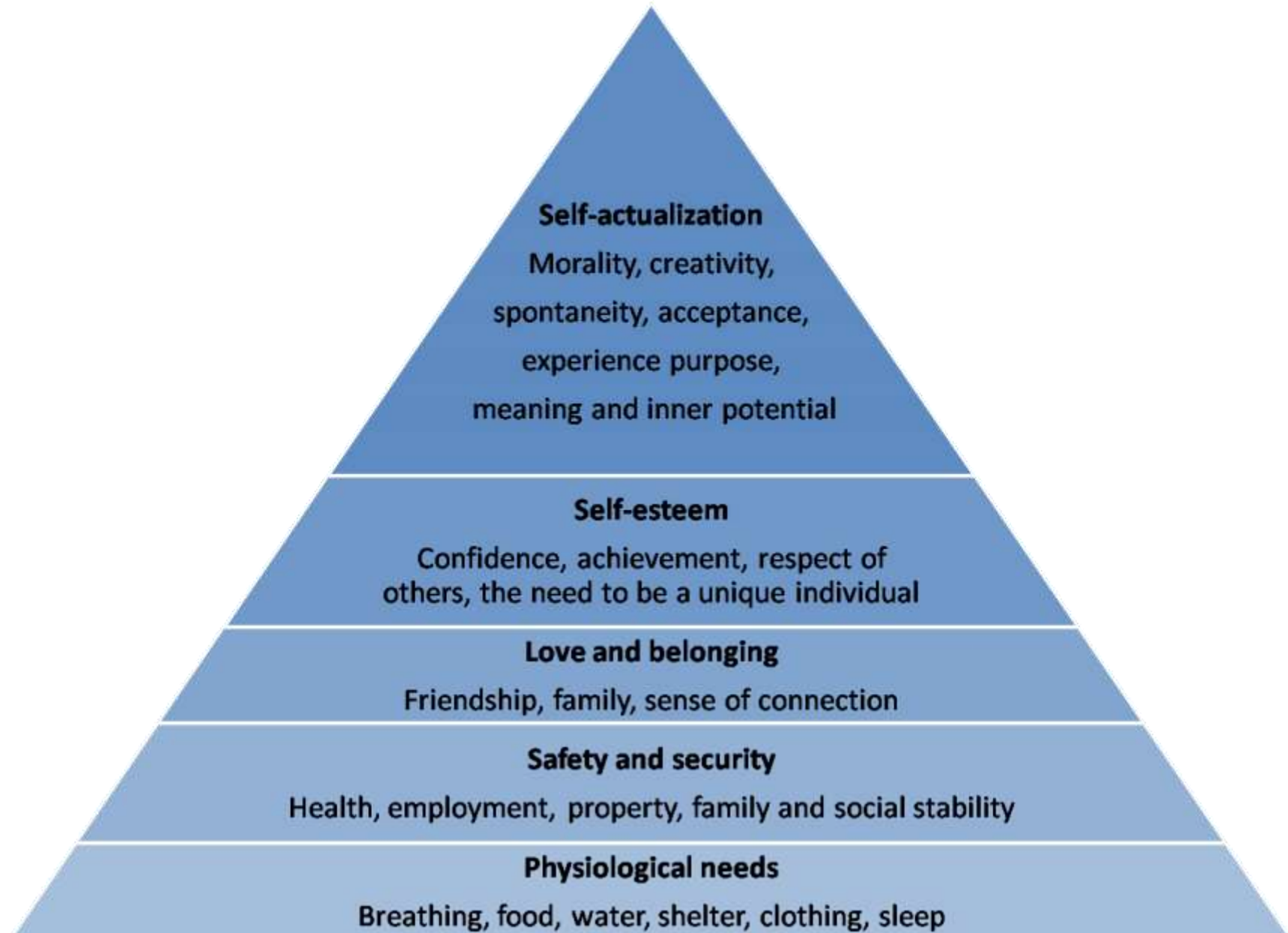
# Time Flies

**What is the Term of a Board appointment?**



- Churn and transition in the Boardroom
- There is little time to educate and assimilate new Governors
- Board member churn can lead to churn in plans, policies, accounting methods and staff

# Hierarchy of Needs



# Flag Officers' Hierarchy of Needs

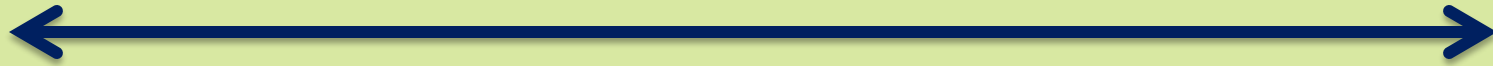


- Retired corporate executives, small business owners, money managers, stay at home moms and dads, lawyers, doctors, CPAs, teachers, Real Estate Developers, Non-Profit executives
- **What are the chances....**
  - There is an innate common view of what Governance is?
  - There is a collective focus on understanding Governance and improving our efforts to govern?
  - There is an ability for the Board to reflect on its own performance...as opposed to “managing” the Manager, the Chef, the Jr. Sailing Program Director
  - *Collective Values vs. Individual Values*

# Do We Know What It Is? I'm Learning!

**Poor Governance**

**Great Governance**



- What is Governance?
- What is the difference between “Poor Governance” and “Great Governance?”
- Who is responsible for recognizing the difference and closing the gap?
- How much time is invested at your club discussing the spectrum, where your club is on the spectrum and how it continuously moves towards great?

To provide a Fact-Based,  
Collectively Shared,  
Governance Framework that  
withstands  
transition of Board members  
and integrates the Club  
Manager



# Can We Get There From Here?

- Great Governance starts with Understanding....
  - What is the role of Governance
  - What separates Poor Governance from Great Governance
  - The Yacht Club business model – what matters and what doesn't
- A shared set of facts can help, a lot!
- Enter a common business model for clubs...

# Club Benchmarking's Core Belief

**Operating for  
Today**

**Mode I**

**Fiduciary  
Governance**

**Planning for  
Tomorrow**

**Mode II**

**Strategic  
Governance**

**Making Sense &  
Driving Alignment**

**Mode III**

**Generative  
Governance**

**Governance**

# **The Available Cash Model**

***The Yacht Club Business Model***

- Where does the **cash** to run the club **come from** and **where does it go**?
  - Separation of Operating and Capital Funds (weakness across the industry)
  - Initiation Fees, Capital Dues/Assessments = Capital Income
  - How much Cash is Available to cover fixed operating expenses?
  - How much Cash is Available for Capital Investment, Debt Reduction or Increasing Reserves?

# The Available Cash Model

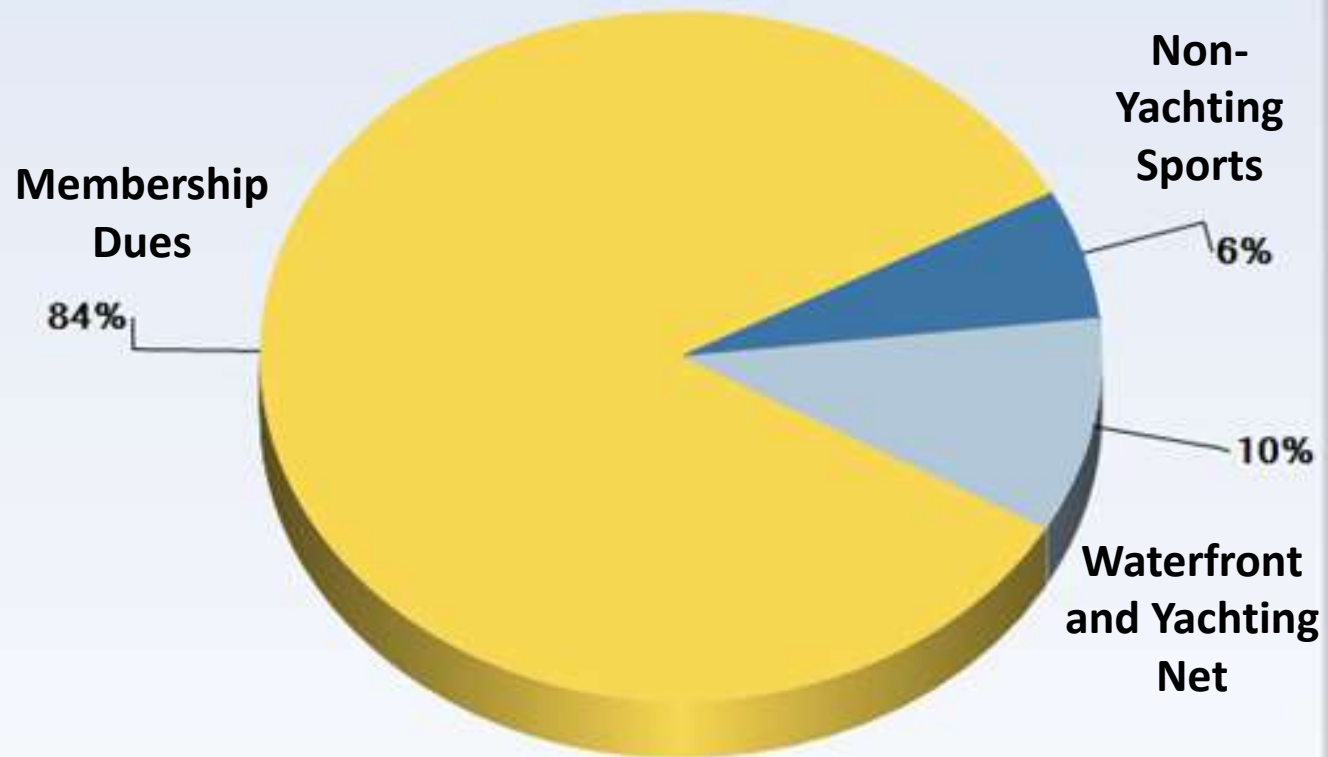
Membership Dues

- + (F&B Net = F&B Rev. – F&B Exp.)
- + (Rooms Net = Rooms Rev. – Rooms Exp.)
- + (Other Net = Other Op. Rev. – Other Op. Exp.)
- + (WF/Yachting Revenue – WF/Yachting Expenses)
- + Non-Yachting Sports Revenue

Available Operating Cash = Gross Profit

**Sources of Cash are Clear, Simple  
and *consistent* for all clubs**

**Available Cash Sources  
Average Club**



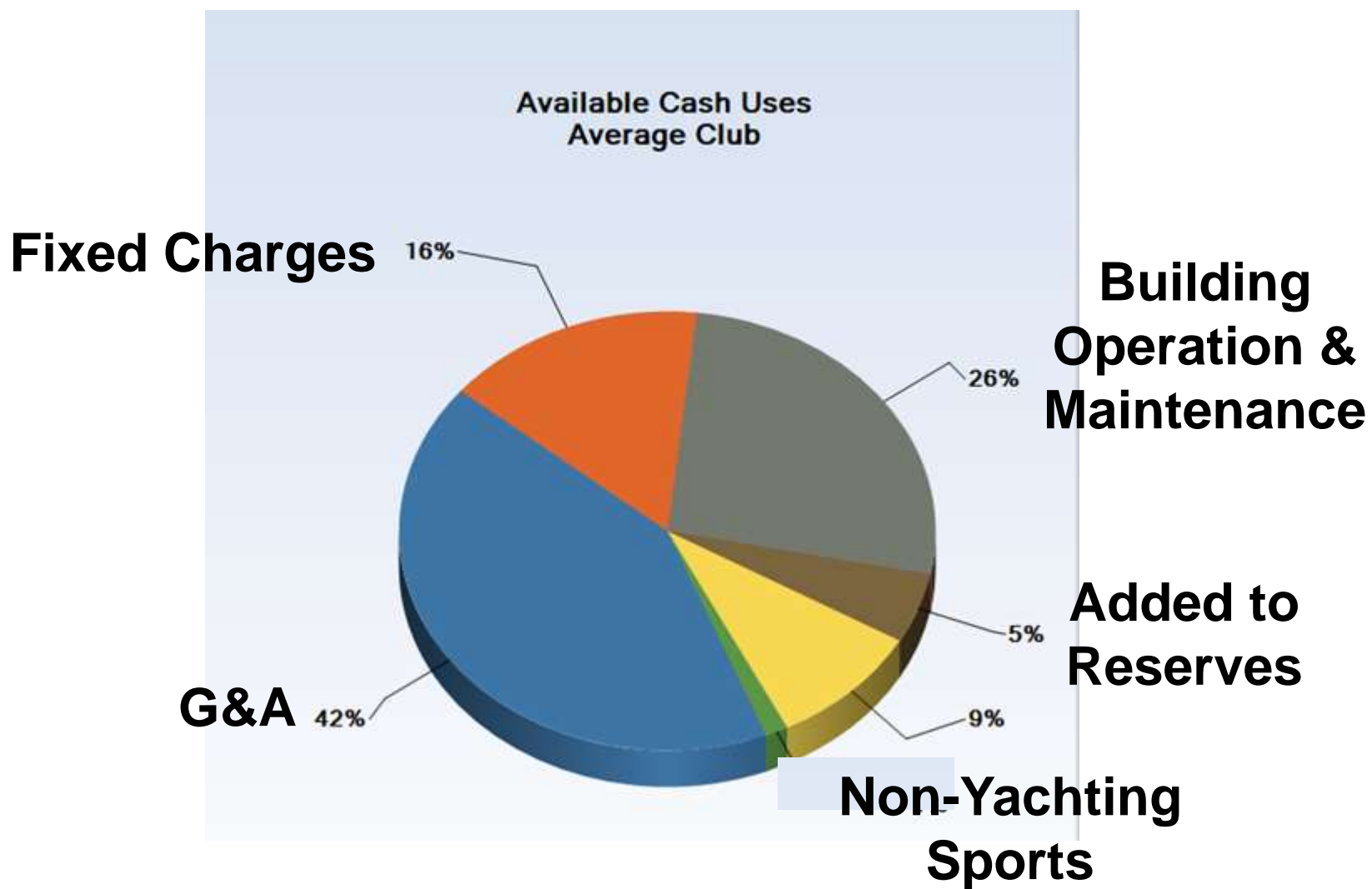
# The Available Cash Model

Available Cash

- G&A Expenses
  - Buildings and Maintenance Expenses
  - Non-Yachting Sports Expenses (Aquatics, Racquets, Fitness)
  - Fixed Expenses
- 

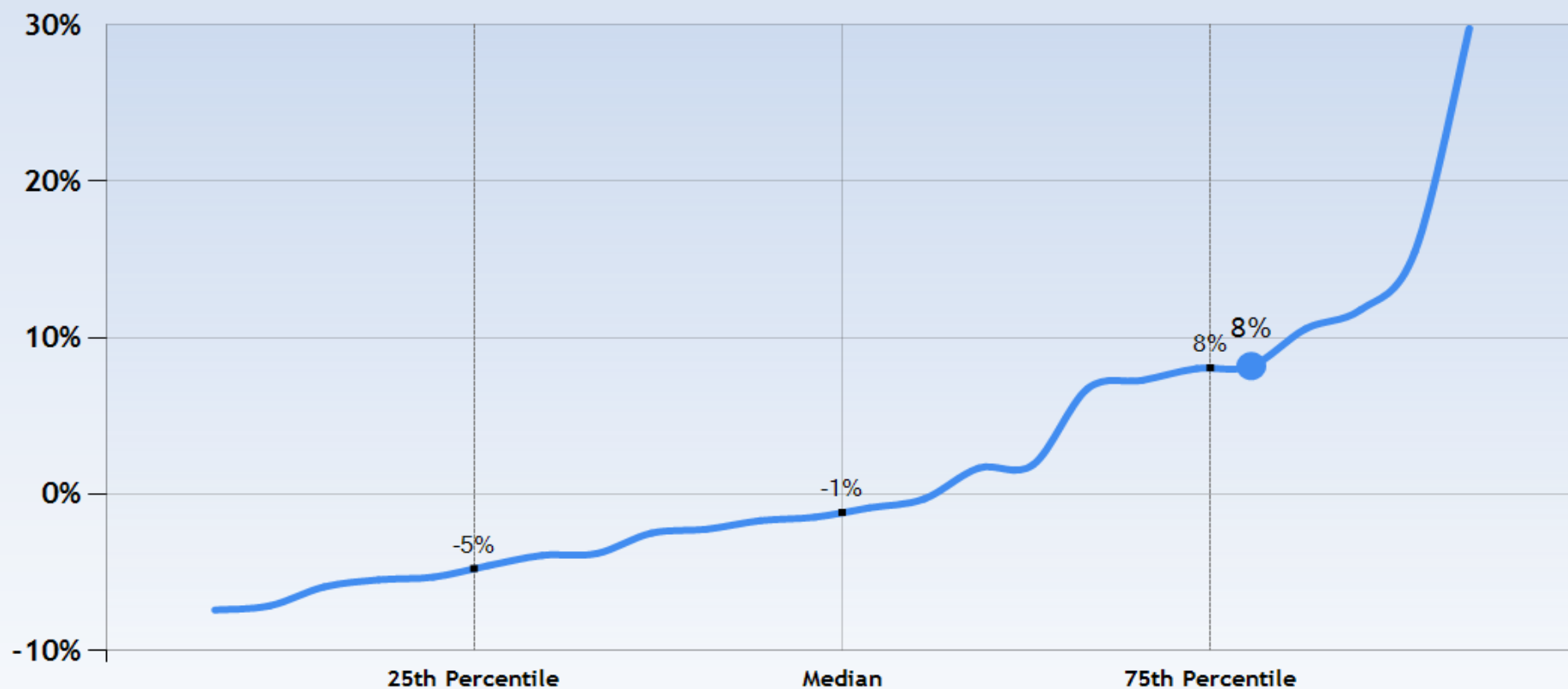
Net Available Cash = Operating Bottom Line

**Uses of Cash are Clear, Simple  
and *consistent* for all clubs**





**Net Food & Beverage Income/Loss as a Percentage of Available Cash**  
(Uses Available Cash prior to draw from reserves if draw noted on Sources pie chart)



—●— My Club (78th Percentile)

# The Available Cash Model

- There is a **common business model** amongst Yacht Clubs (and the club industry at large)
- The model **is consistent** across size and geographic location
- **F&B is not a financial driver**
- Good Governance = **mapping Avail. Cash Uses to Club Values**

# **Benchmarking**

## **Beverly Yacht Club**



**Marion, Mass.**

**1872**

# Welcome, Sailors!



# Where We Sail



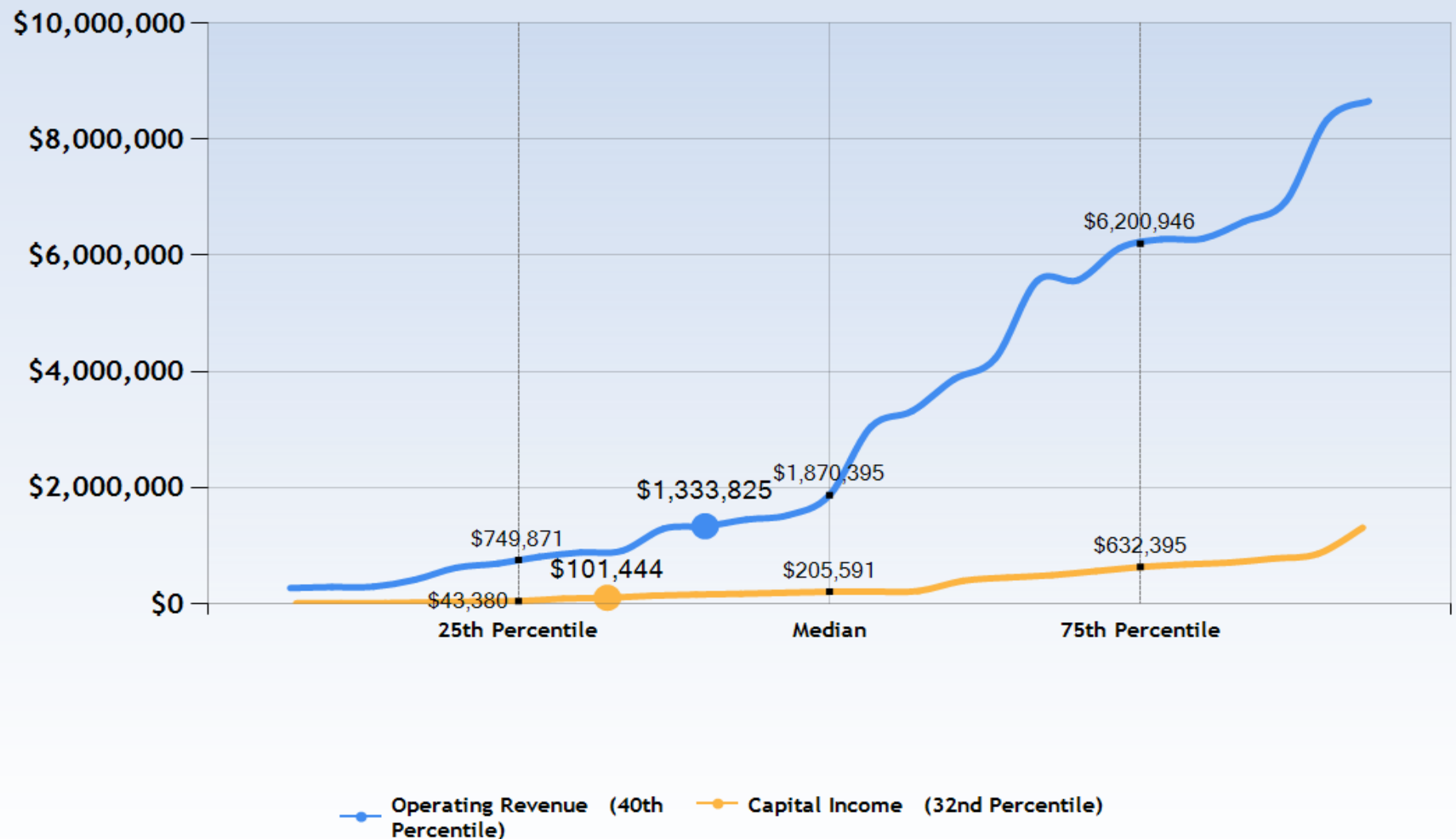


# We Race And Cruise: Did I Mention We Race?



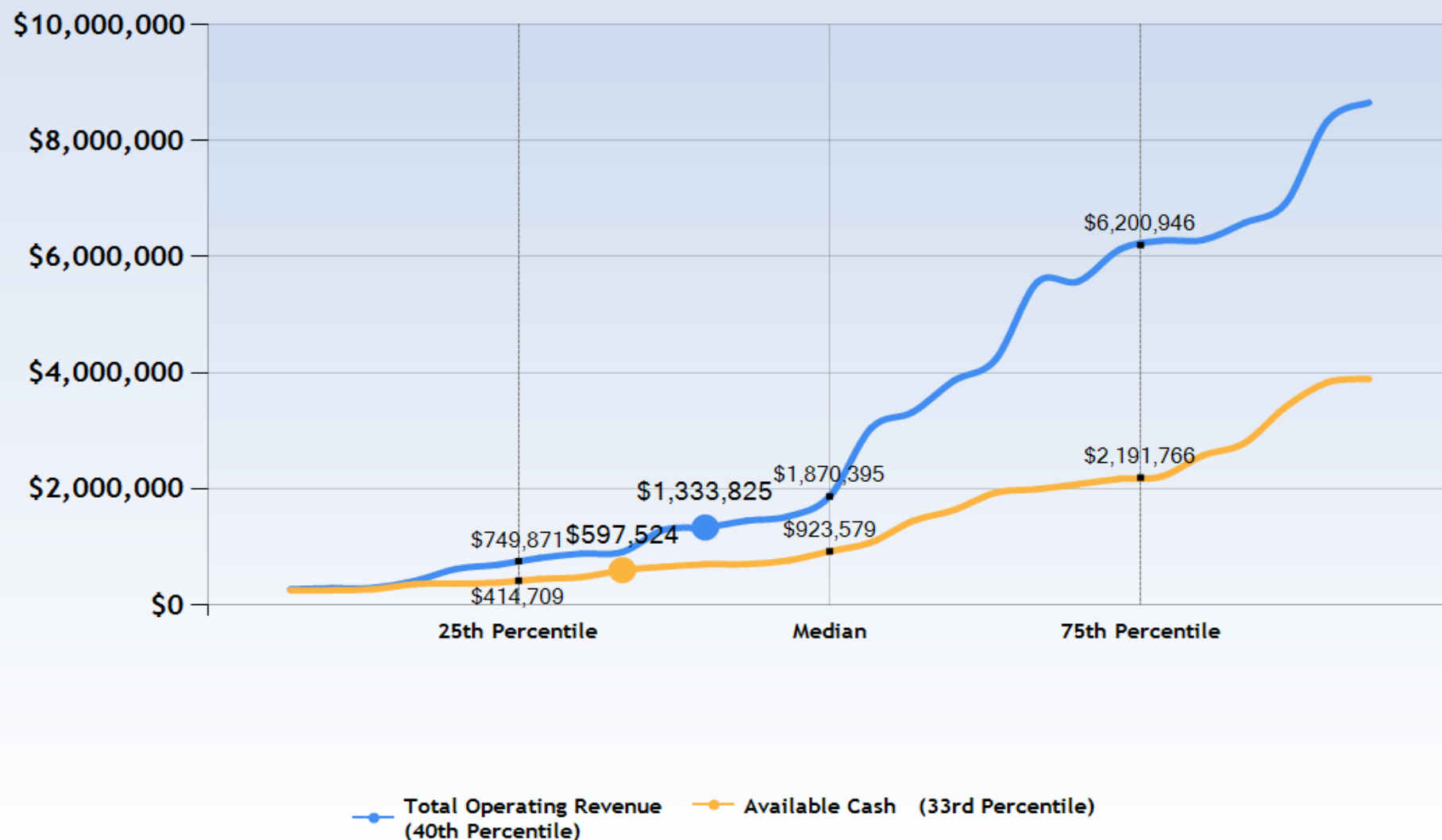
# Follow the Dot, That's the Beverly Yacht Club!

Total Operating Revenue and Total Capital Income



## Operating Revenue and Available Cash Summation

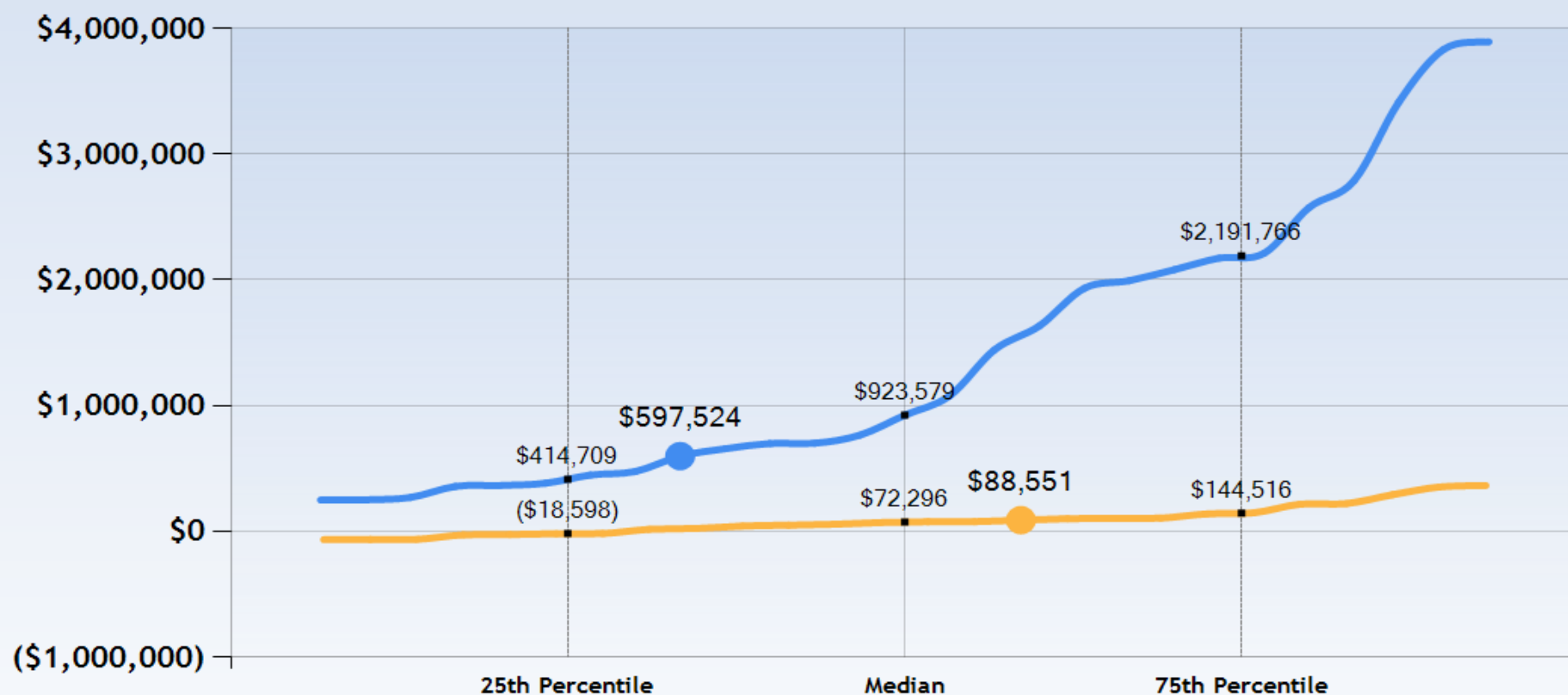
**Total Available Cash is the sum of cash creation in the club = Membership Dues + F&B Net + Rooms Net + (Golf Ops Rev - Golf Ops Exp less labor) + Non-Golf Sports Revenue + Other Net**





## Available Cash Summation and Net Available Cash

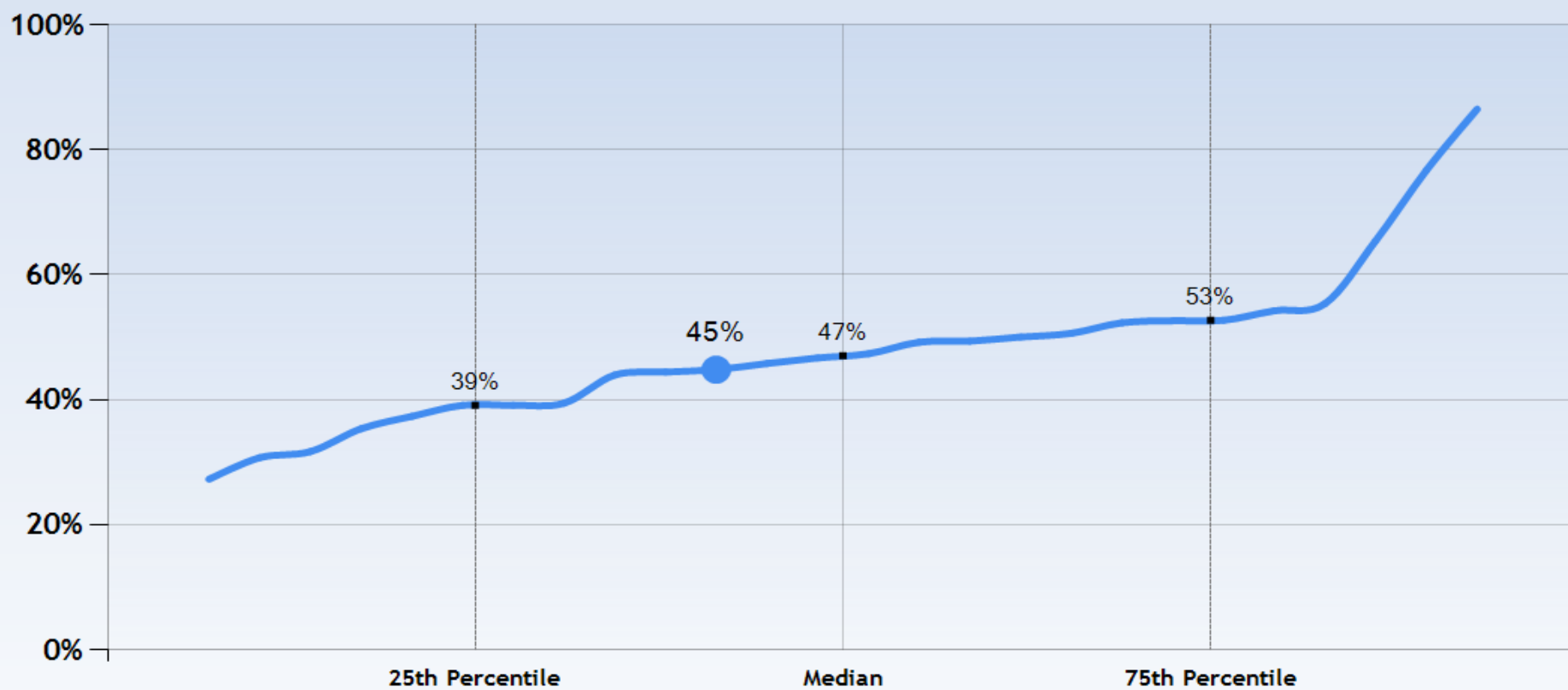
**Total Available Cash is the sum of all cash creation within the club = Membership Dues + F&B Net + Rooms Net + (Greens/Cart Fees + Golf Shop Net) + Non-Golf Sports Revenue + Other Net**



Available Cash Summation  
(33rd Percentile)

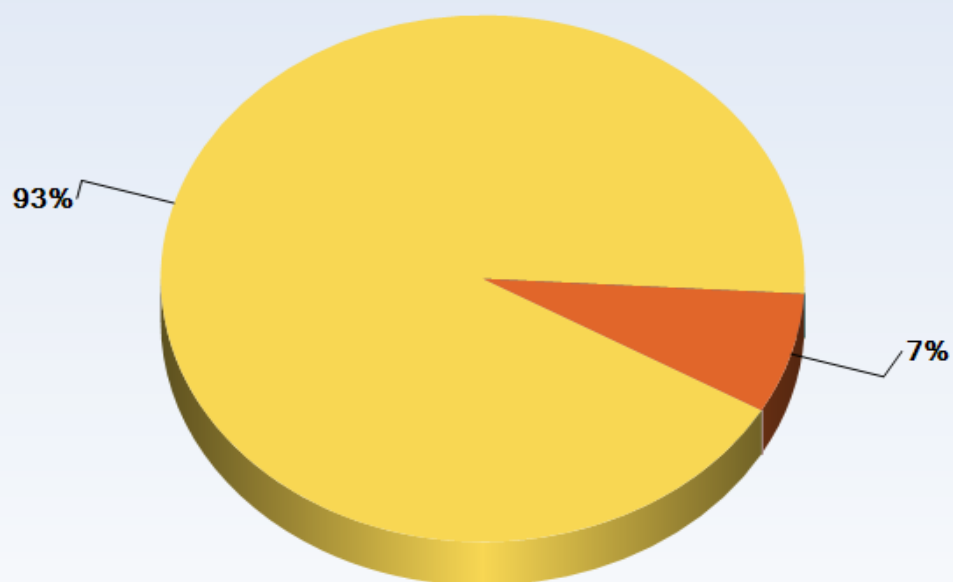
Net Available Cash (59th  
Percentile)

### Available Cash as a Percentage of Total Operating Revenue

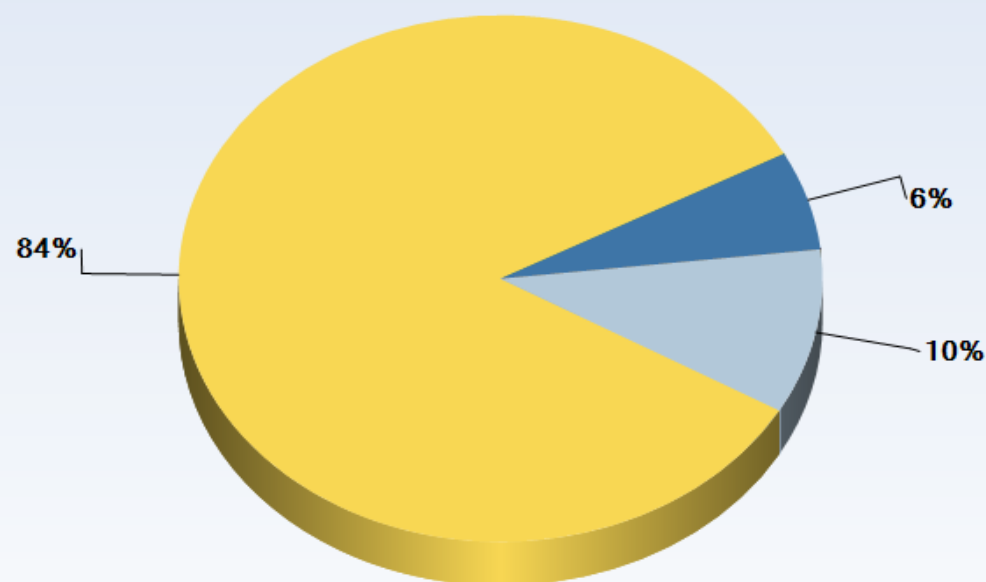


—●— My Club (41st Percentile)

**Available Cash Sources  
My Club**

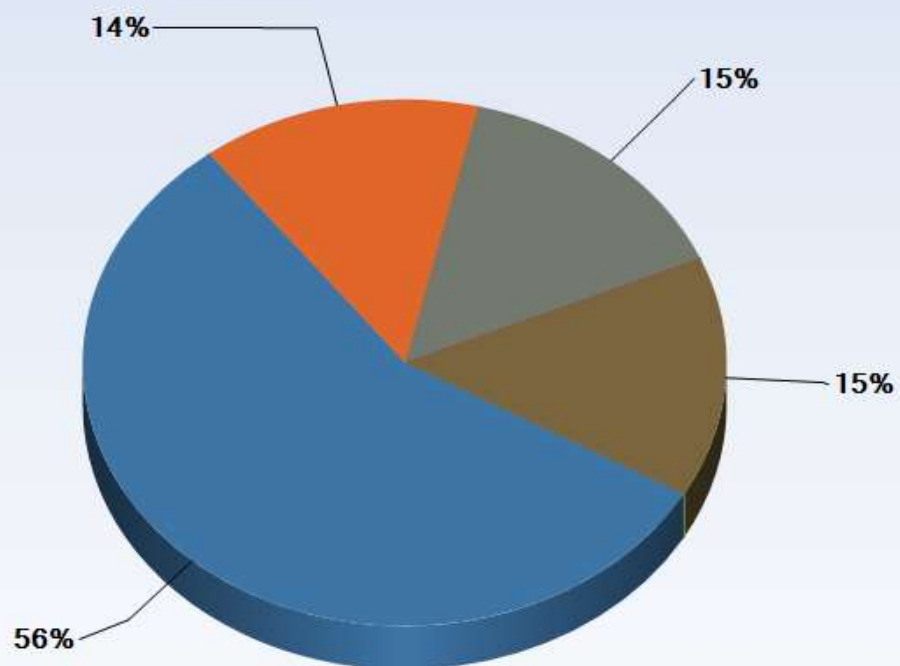


**Available Cash Sources  
Average Club**

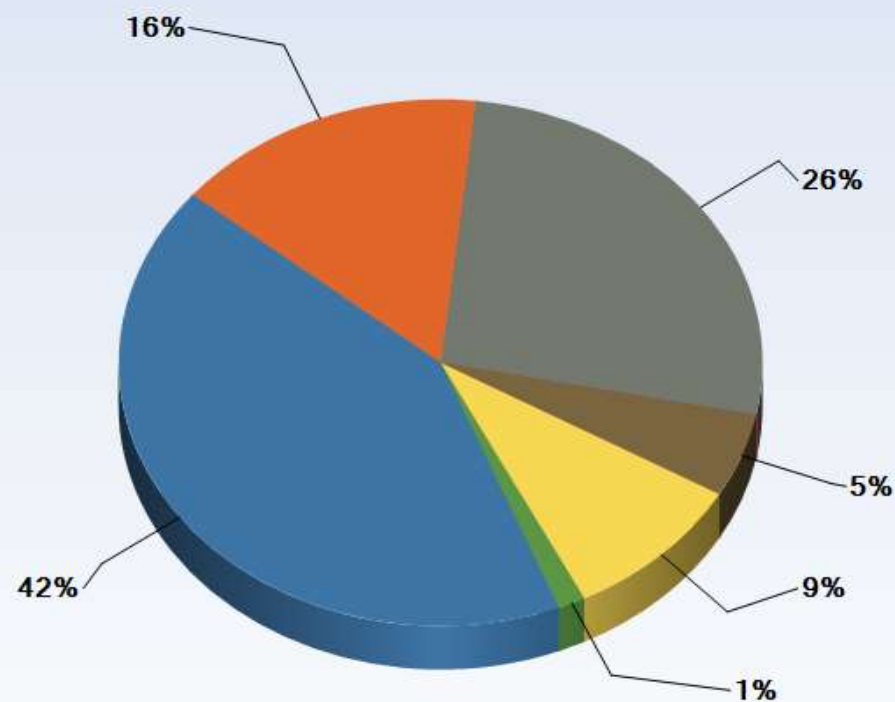


■ Membership Dues  
 ■ Sports & Recreation  
 ■ F&B Net  
 ■ Rooms Net  
 ■ Other Net  
 ■ Drawn from Reserves  
 ■ Yacht Net  
 ■ Golf Operations

**Available Cash Uses  
My Club**



**Available Cash Uses  
Average Club**



■ Sports & Recreation    ■ G&A  
■ Course Maintenance    ■ Fixed Charges (Property Tax, Insurance, Interest Exp)

■ Buildings & Maintenance    ■ Golf Operations Labor    ■ Added to Reserves

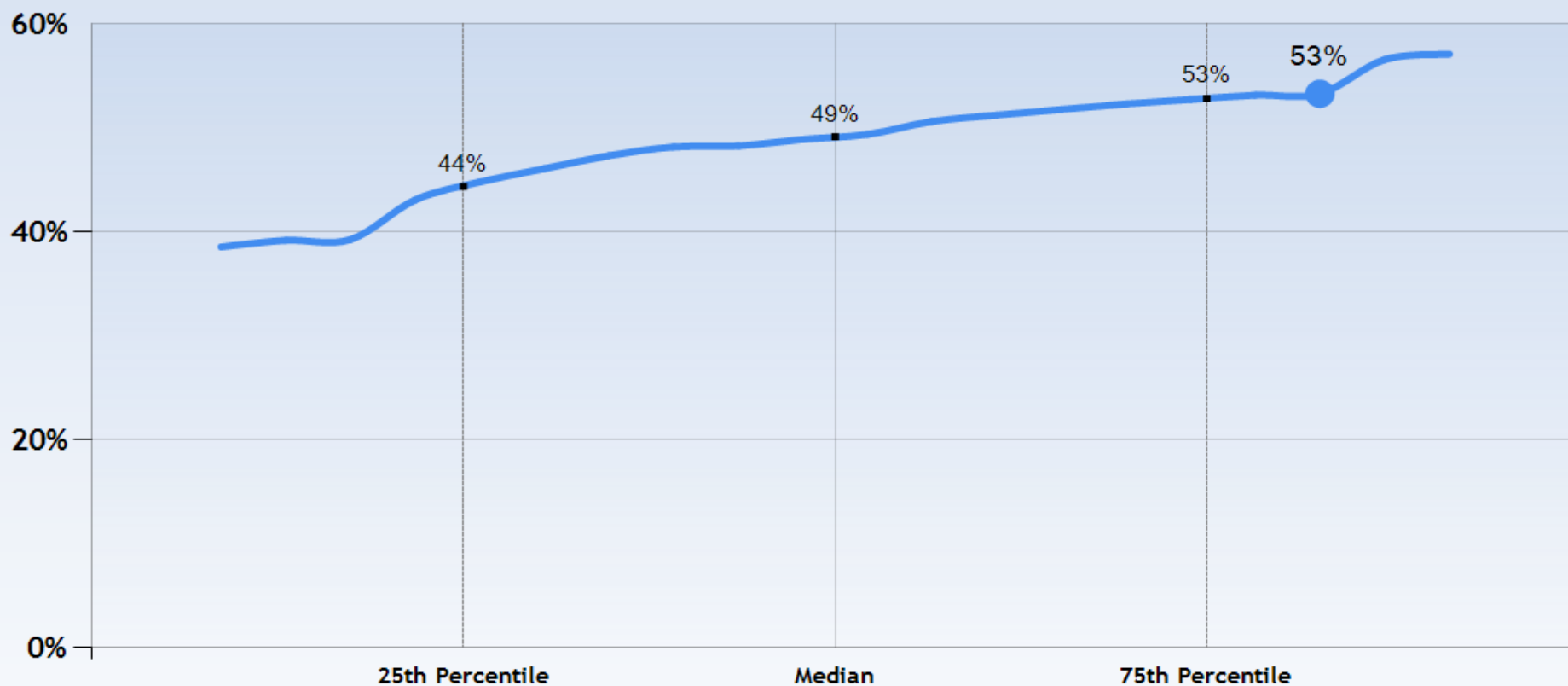
**Available for Capital Investment and Debt Reduction**  
(net available cash + net initiation fees + other capital income + investment & interest income - lease payments)



—●— My Club (38th Percentile)

**Total Payroll as a Percentage of Operating Revenue**  
(includes salary & wages and payroll taxes & benefits)

**This is a critical indicator and often correlates directly to operating gain or loss**



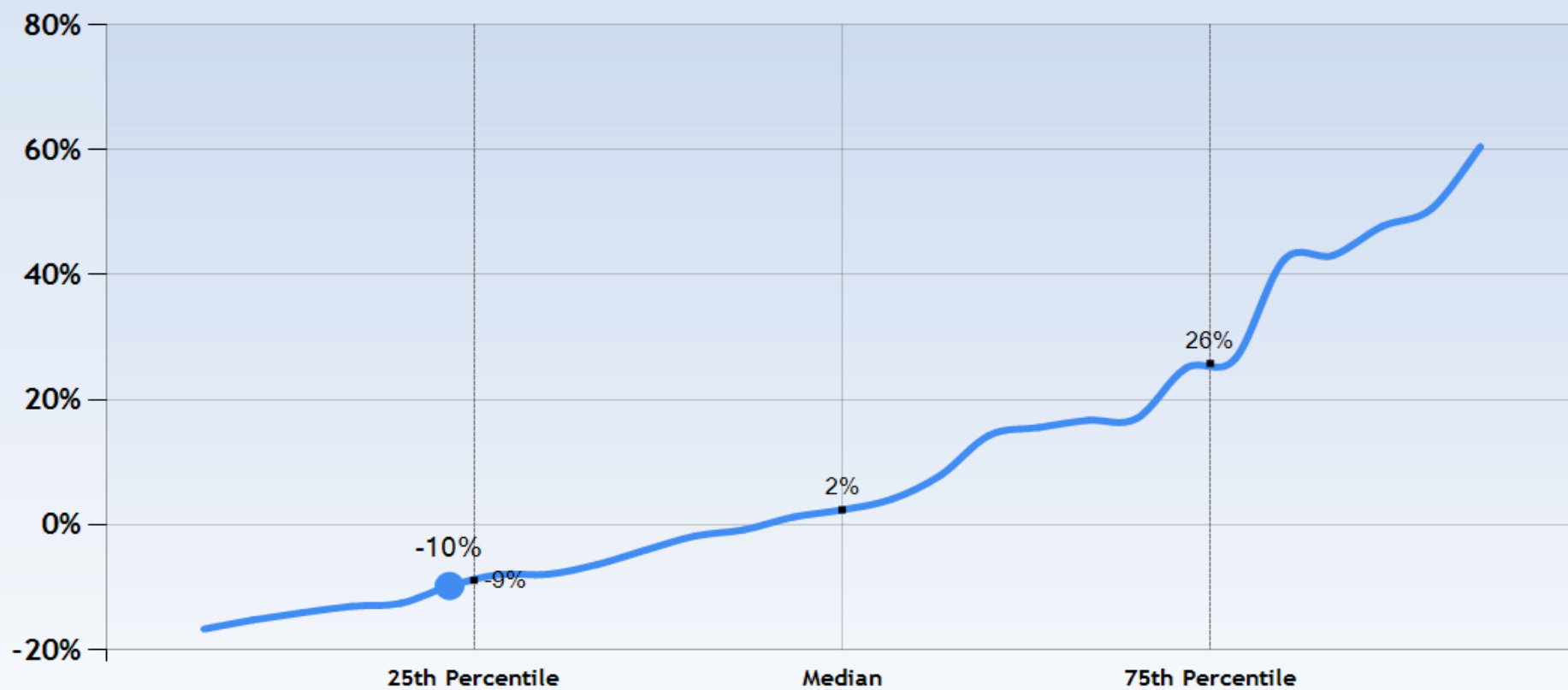
—●— My Club (83rd Percentile)

**Net Food & Beverage Income/Loss as a Percentage of Available Cash**  
(Uses Available Cash prior to draw from reserves if draw noted on Sources pie chart)



—●— My Club (78th Percentile)

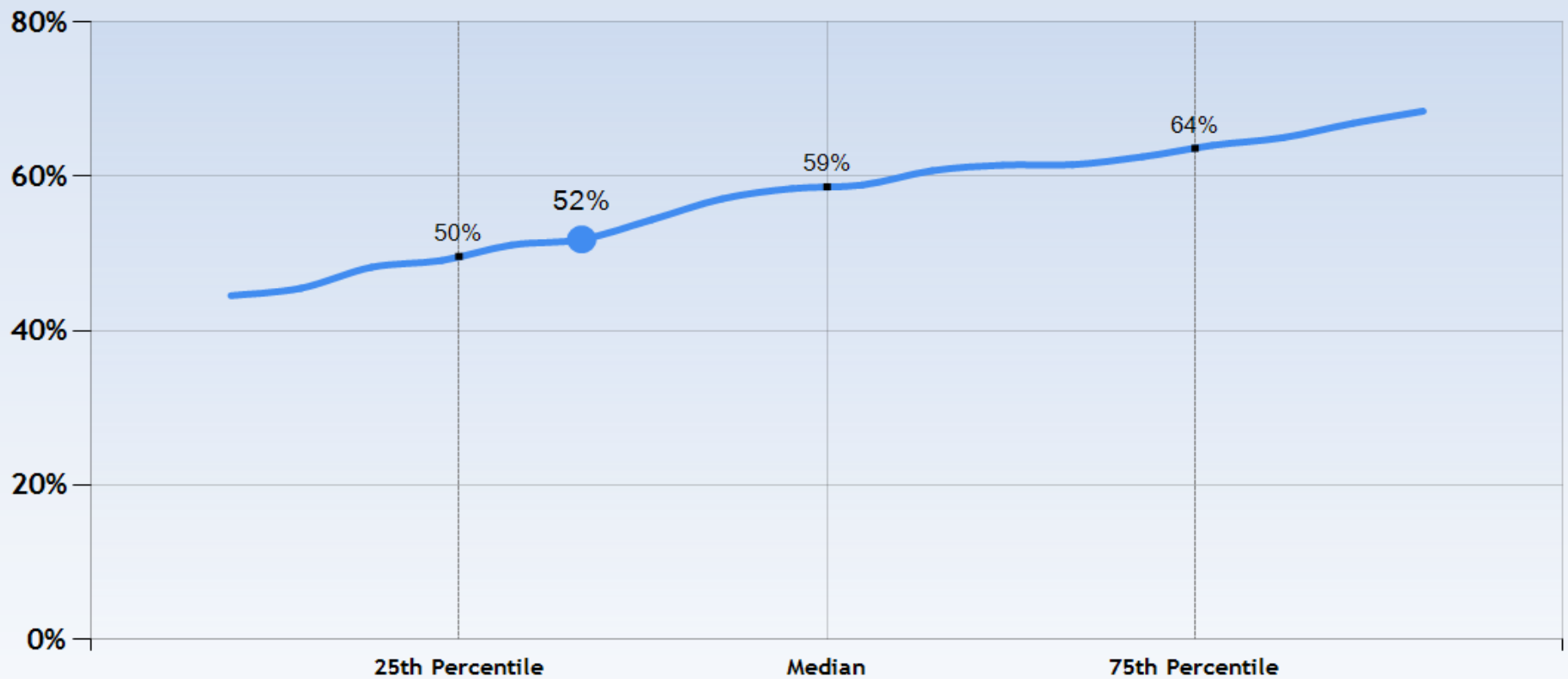
### Net Yacht as a Percentage of Available Cash



—●— My Club (23rd Percentile)

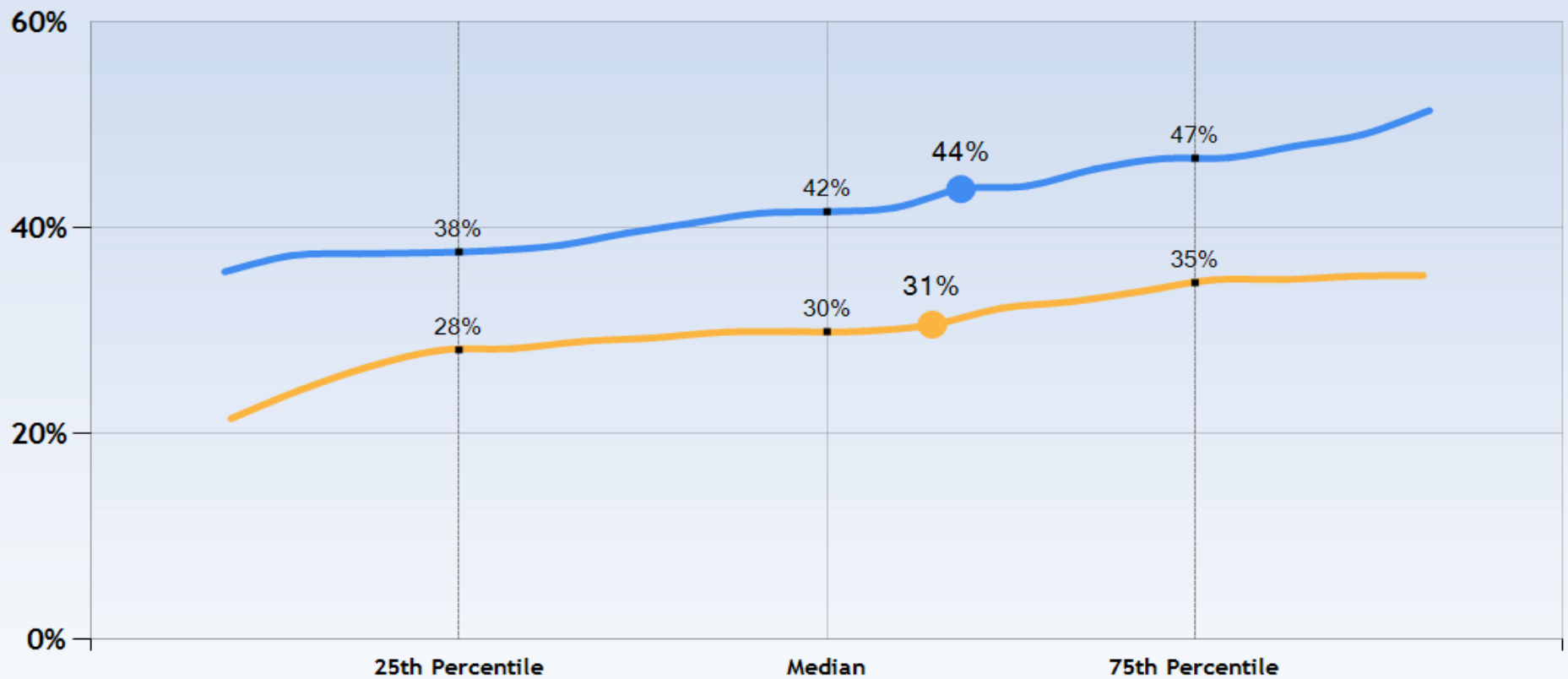


### F&B Labor Cost as a Percentage of F&B Revenue



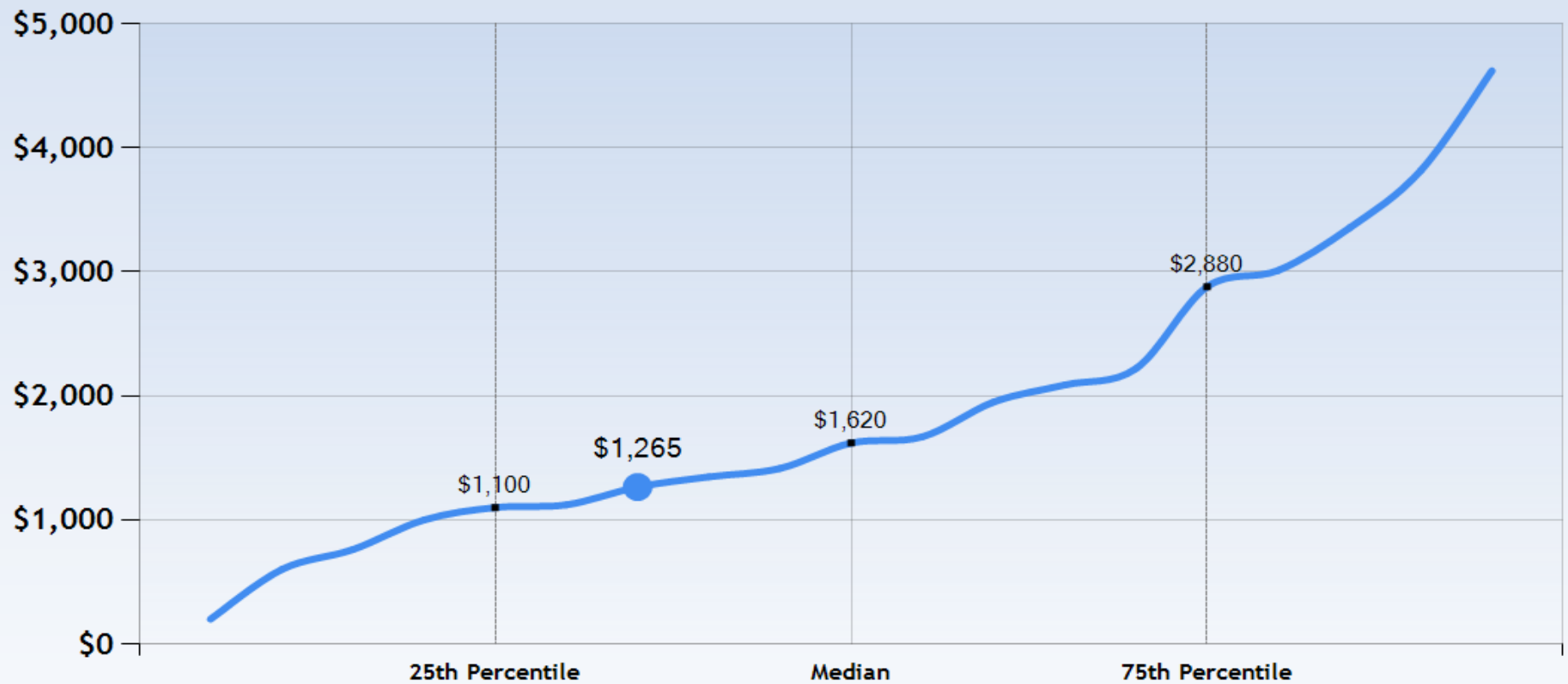
—●— My Club (33rd Percentile)

### Food and Beverage Cost Percentages



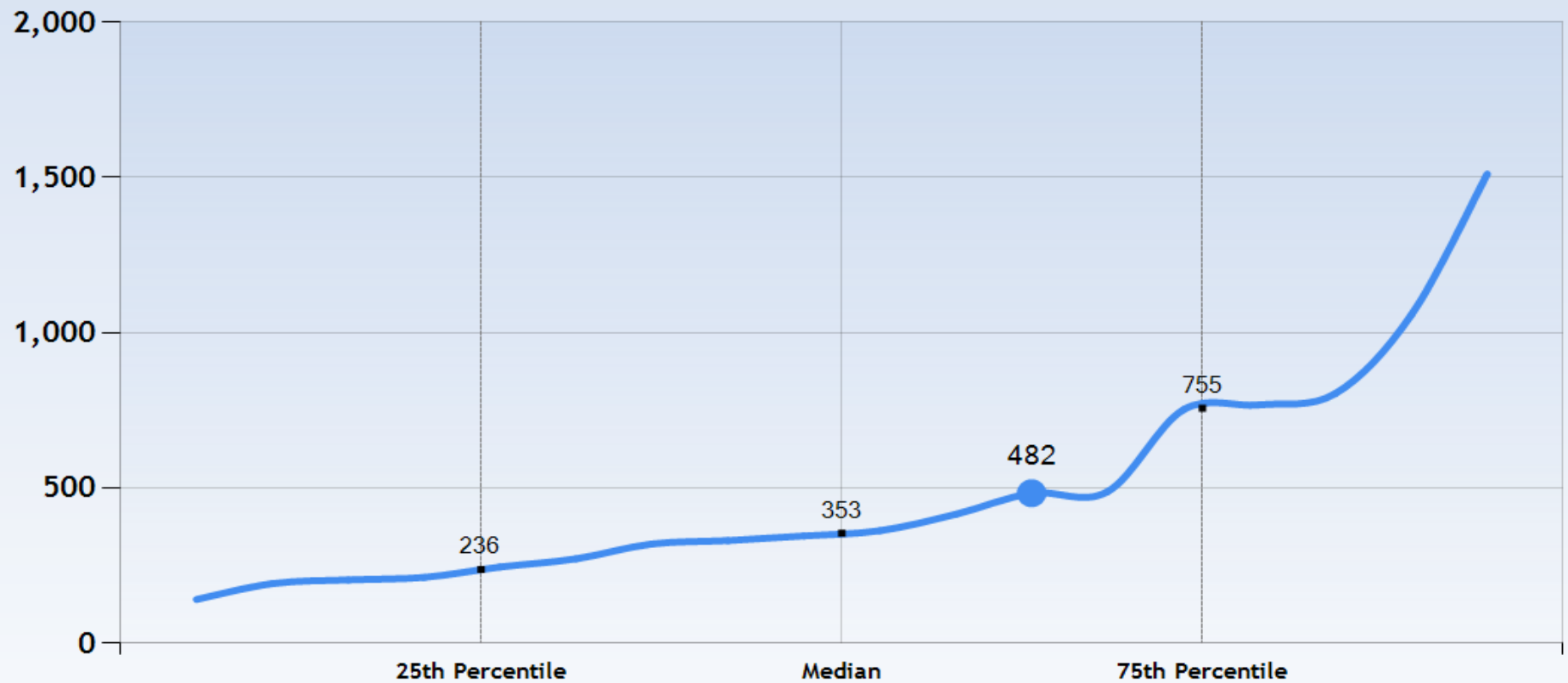
—●— Food Cost (59th Percentile) —●— Beverage Cost (57th Percentile)

### Annual Dues for Full Family Membership



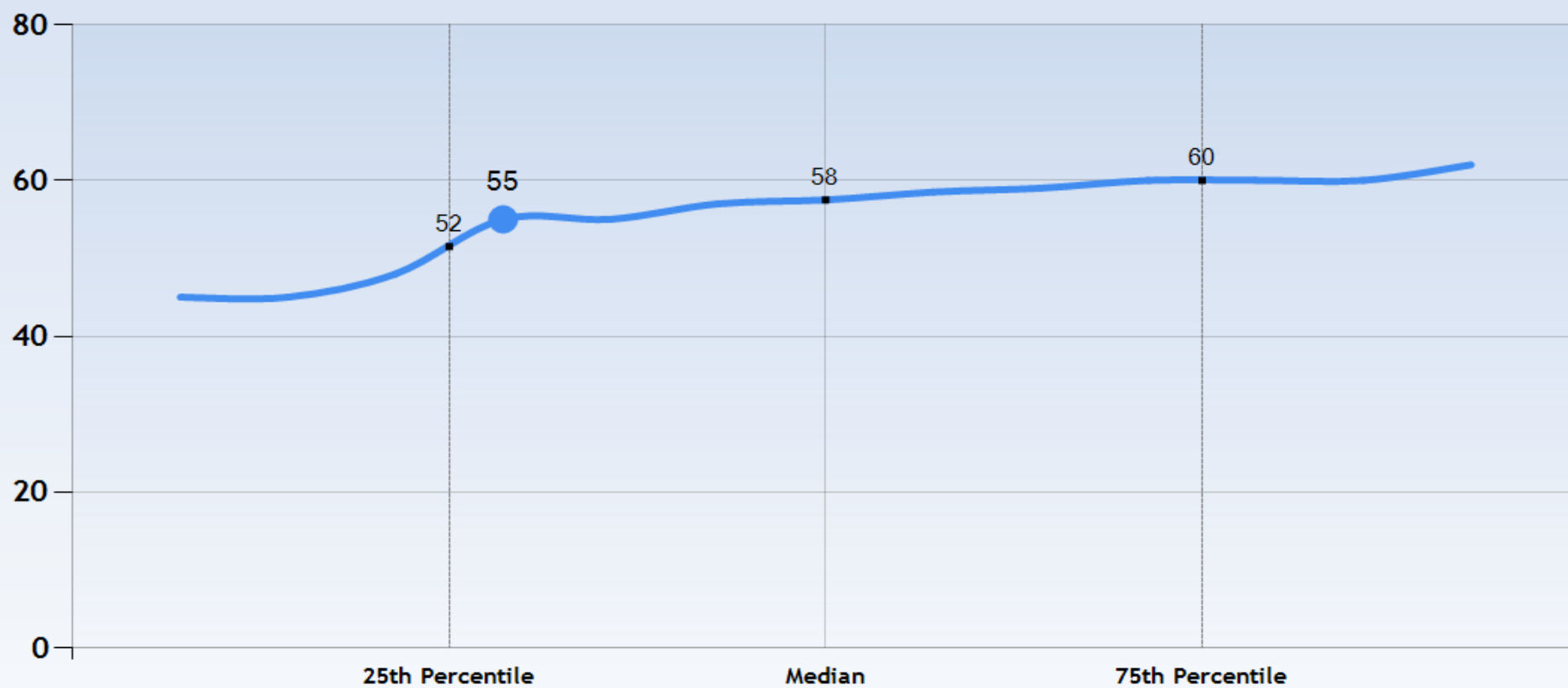
—●— My Club (35th Percentile)

**Number of Full Member Equivalents  
membership dues revenue divided by full family annual dues**



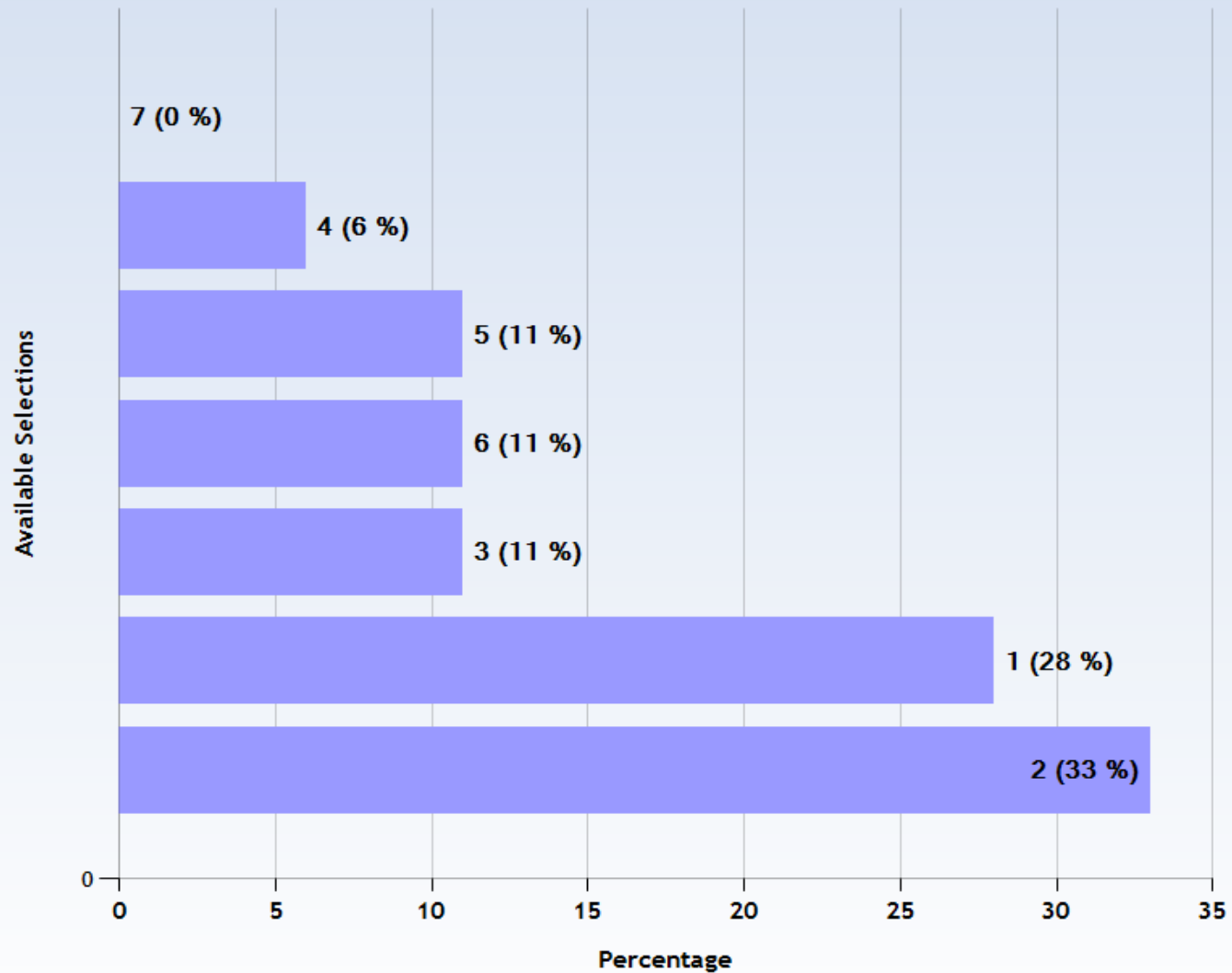
—●— My Club (63rd Percentile)

### Average Member Age

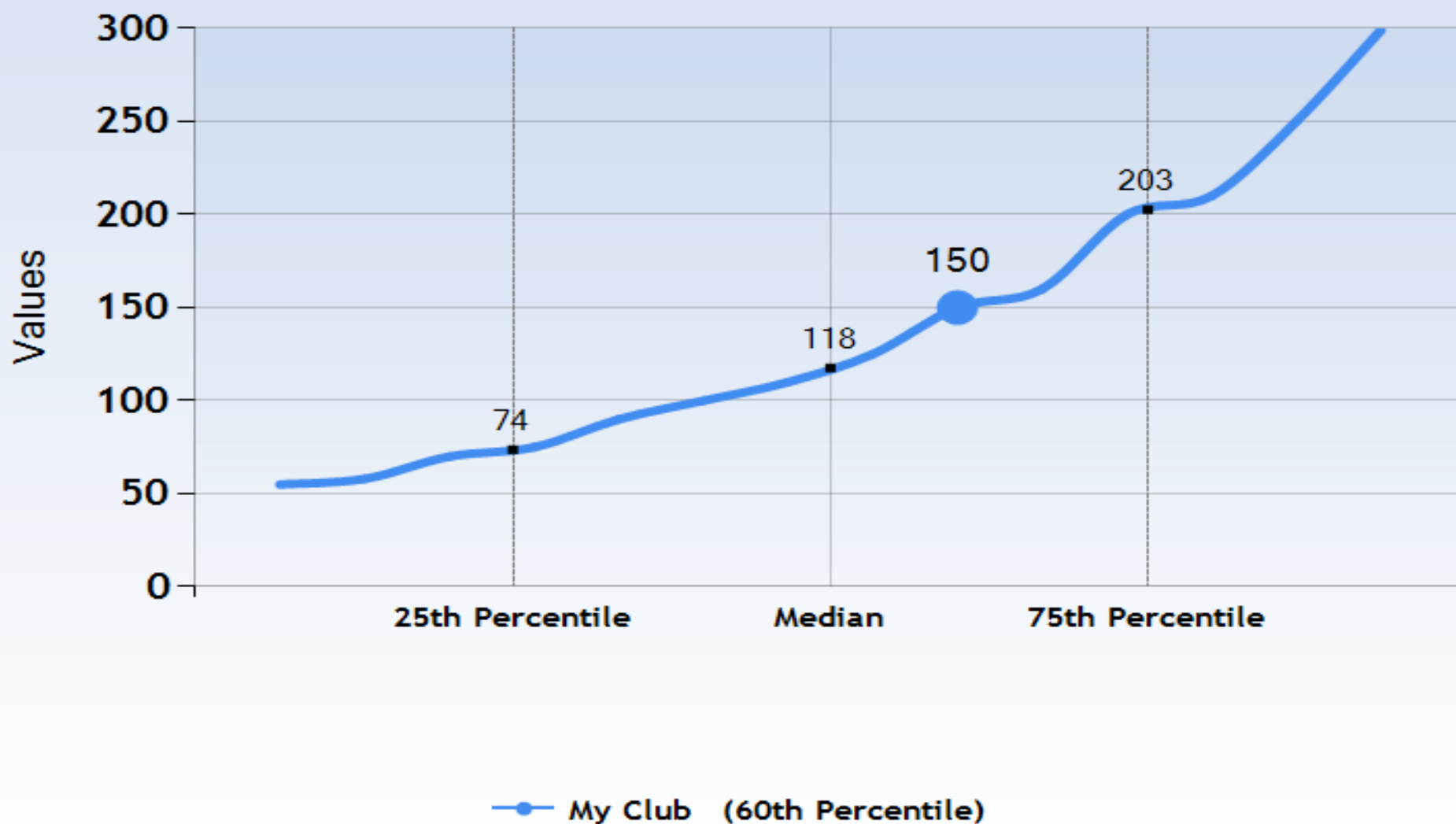


—●— My Club (29th Percentile)

**How many days per week do you offer organized racing programs?**



## How many junior sailors participate in your program?



## Sponsorship Revenue to Subsidize Races

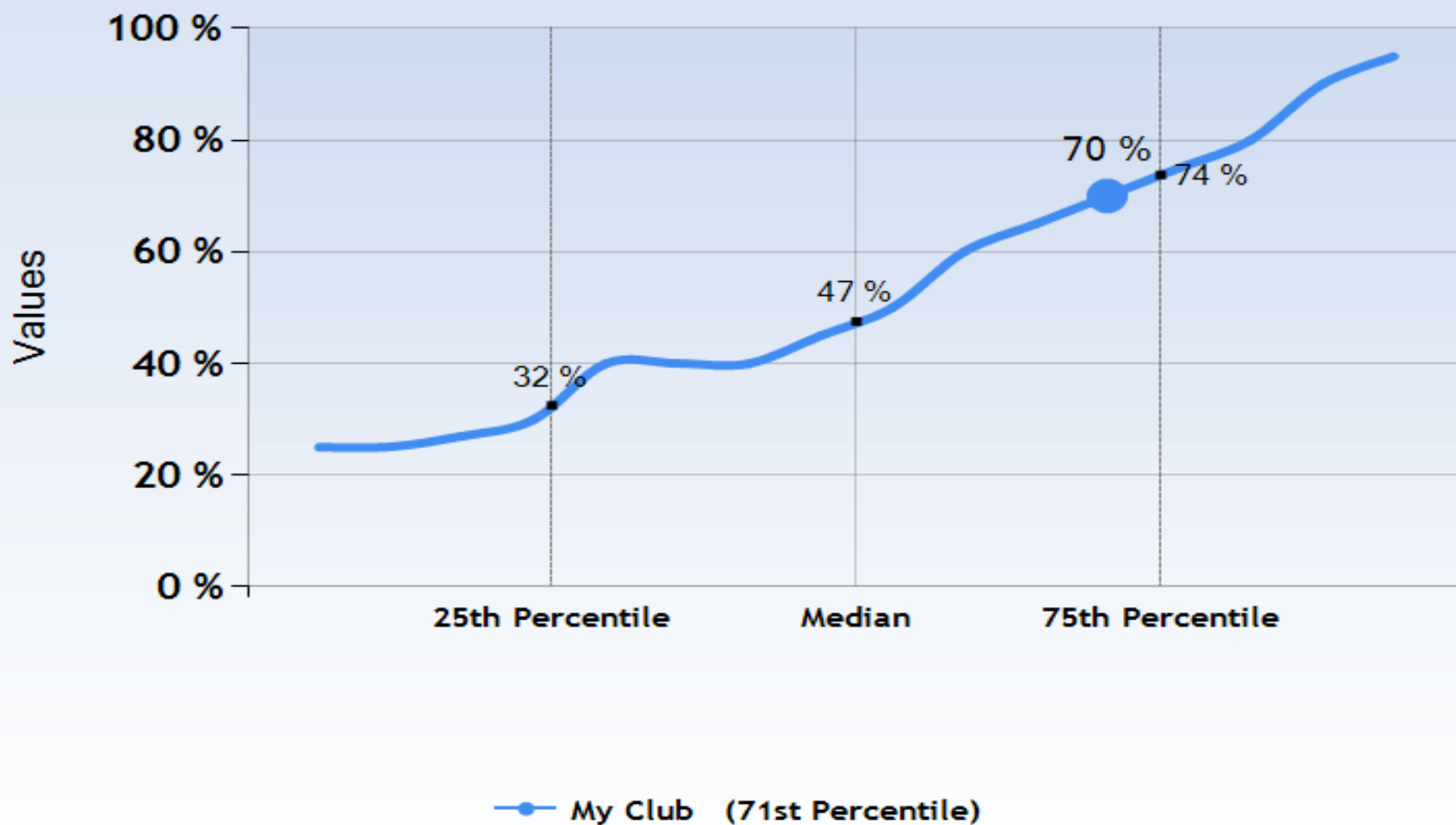




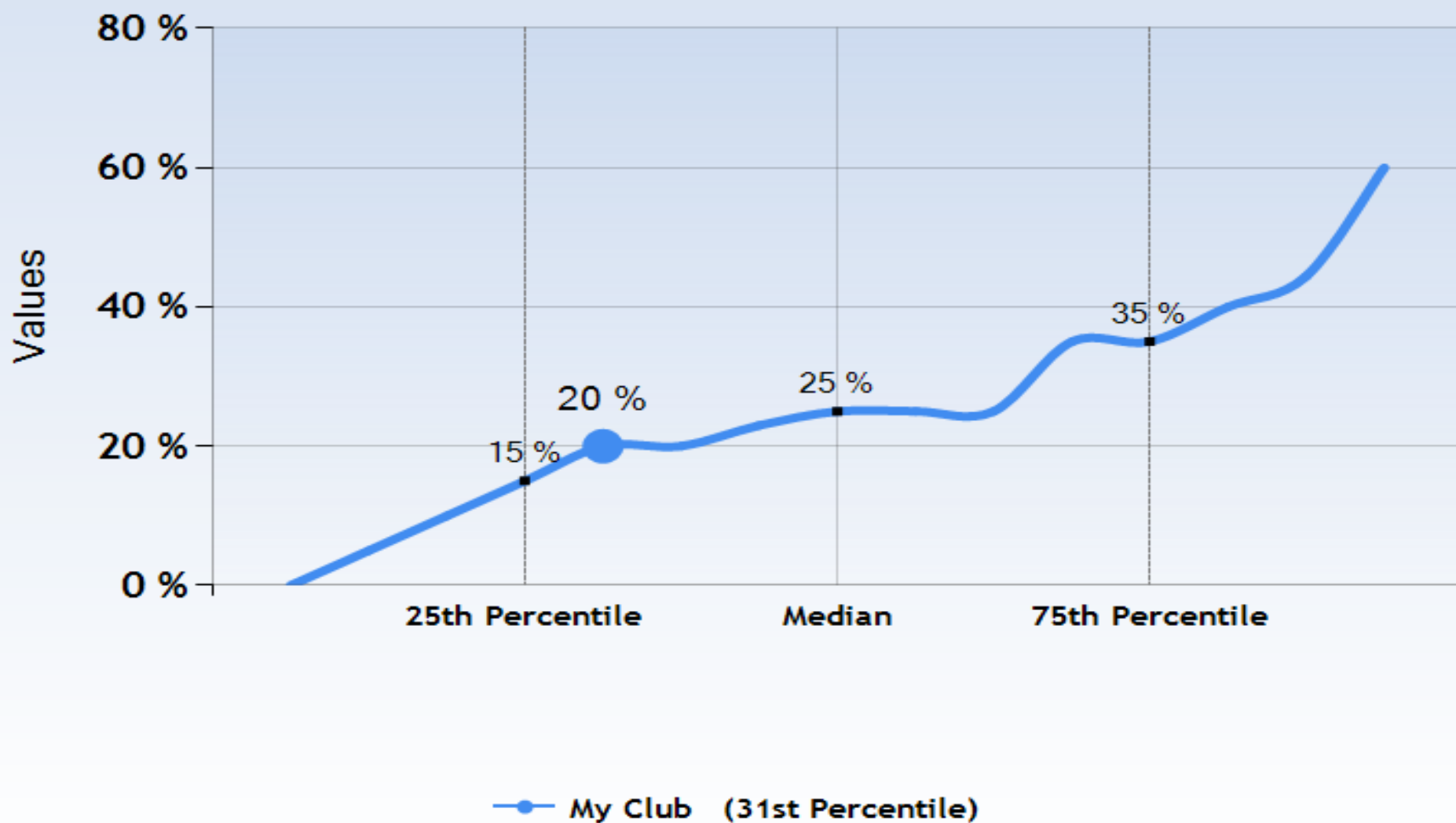
## Salary and Wages related to Junior Program



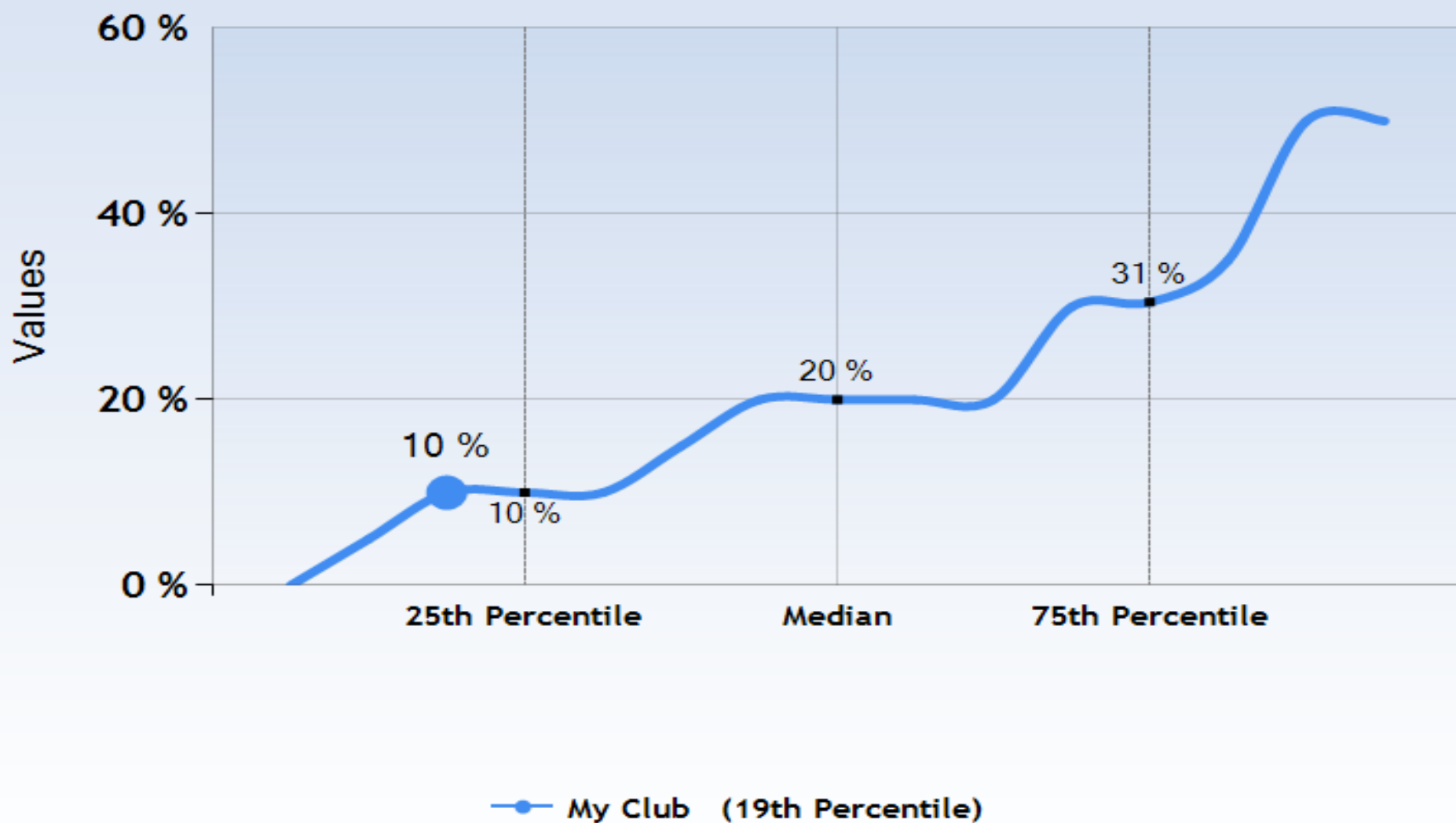
## Sail



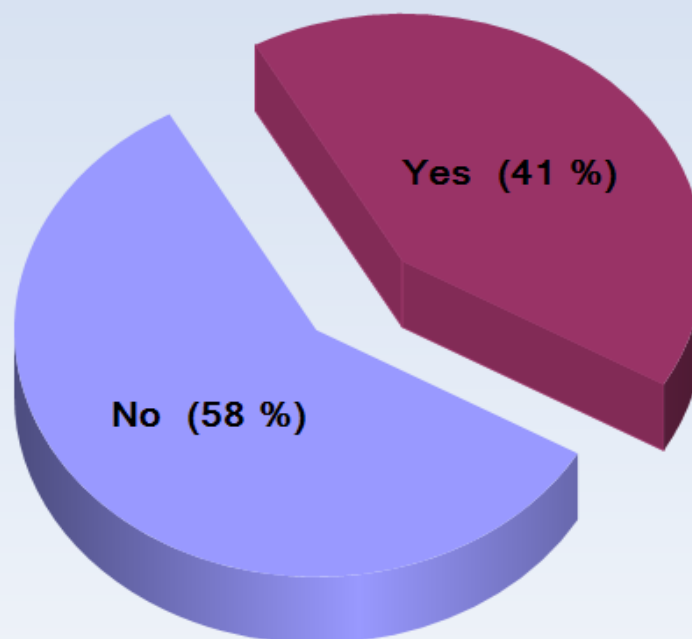
## Power





## Social



**Does the Club use a Sailing Foundation to Subsidize the Junior Program?**



Legend

 No (58 %)     Yes (41 %)

# Summary and Conclusions

- Are you leading your Board with a process driven framework?
- Does your club invoke Fact over Opinion?
- Is the Context centered on the spectrum of Poor to Great Governance?
- Is there a shared view of Great Governance and where your club is on the Poor to Great spectrum?
- Does the Board spend its time on the “big, strategic issues” or the “small, tactical issues”?
- Is there a business model perspective illuminating what matters and what doesn’t financially?

# Thank You

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