CLUB DIRECTOR

The Technology Issue

Enhancing Club Operations & the Club Experience

Cyber Security

Emergency Preparedness

Succession Planning

Taking on Tech

Merging Technology with Club Culture

BY DR. MICHAEL D. ZISMAN

Technology today is mostly about software; sometimes the software is "wrapped in hardware" such as a smartphone or moisture sensor, and sometimes it's a software product such as a reservation system, but it's useful to think of all this technology as software. Why has computer technology exploded in the past 50 years? It improves productivity, allowing management and employees to relieve themselves of relatively mundane activities and focus more on high value activities—and in a private club, that means delivering better service to members at lower cost and spending more time interacting with members.

Clubs have indeed adopted technology-based solutions, just not at the same rate as other industries. For example, the bank and the travel industries have shifted dramatically in the past 10 years to customer self-service, and companies in these industries compete on the quality of their customer facing systems and business processes—and they reduced their labor costs in making this transition.

For instance, consider how consumers handle banking today: Some people use just one bank for all their banking needs (checking and savings accounts, credit cards and stock brokerage account). Some, however, may prefer to use one bank for checking and savings accounts, but use another for their credit card and yet another for stock brokerage. Plus, they may bring it all together with Quicken or some other personal finance program.

While there is no right thing to do, for those with common needs, a single supplier is very attractive; but for most, a group of products from different suppliers best meets their unique requirements. Each will choose a collection of products and services for their personal financial demands.

Standards allow individuals to choose a combination of products and blend them together to meet individual needs. The financial services industry is far ahead of the club industry in setting standards for interchange of data between products from different suppliers. However, in spite of the fact that there are no "industry standards," most software suppliers in our industry have developed interfaces and APIs (application program interfaces) for exchanging data.

Enterprise Architecture

Enterprise architecture is a well understood term in most industries, but not so well known in the club industry. Although most of us see golf as a wonderful social activity shared with friends and close to nature, it is actually a very technology intensive industry. Golf clubs and golf balls are marvels of engineering; agronomy is a science, we "laser" greens before rebuilding them. If you've ever observed the USGA prepare a club for a U.S. Open, they build a city in a week and then take it down in a couple of weeks—during those periods the USGA is a first-class, technology-based, logistics operation.

What is architecture? To most of us, architecture is what architects do—they design things. You hire an architect to design a new clubhouse, for example. But at a simpler level, architecture is the "definition of interfaces"; it's how the pieces fit together to form a system. Unless you have a very large budget for custom work, your clubhouse architect will design a clubhouse specifying thousands of components from hundreds of suppliers—all of which interconnect (fit together) based on industry standards. The result is a unique clubhouse composed of mostly standardized components. Let's move from the clubhouse to your own kitchen. When you modernize your kitchen, you can choose custom cabinets, but more likely your designer will meet your needs with standards-based components from different suppliers that are designed to "fit" together. There is a standard height and depth for cabinets; the dishwasher manufacturer knows the diameter of a standard drain line; the refrigerator manufacturer assumes you have a standard U.S. grounded outlet providing power at 110 volts.

If your club uses more than one software product, then you already have some sort of architecture, even if it was never really thought of it that way. Indeed, a club has three broad types of software/hardware, and additionally interfaces with members who bring their own technology:

1. **Member facing systems (with which members interact):**
   - Club website
   - Monthly bill presentment to members and payment processing
   - Online pro shop
   - Self-service reservations for golf, dining, tennis and/or other amenities
   - Electronic signage
   - Mass e-mail to members
   - Tournament and league management software

2. **"Back end" systems (not seen by members):**
   - Core financial systems
   - POS system
   - Banquet management and planning
   - HR systems

3. **Infrastructure systems:**
   - Security, HVAC, temperature/moisture and other sensor based systems
   - Telephone, cable TV, and Internet service
   - Emergency systems such as lightning warning apparatus
   - General WI-FI support in the clubhouse

4. **Member owned technology:**
   - Cell phones and tablets brought to the club
   - Distance measuring devices, including watches
   - Sensor-based training aids

Almost all clubs have some or all of the above components, and many of these interconnect in a variety of ways.

Technology Adoption, Culture and Tradition

During the last 40 years, the tech industry has transformed the way we work, learn and live. Take a look at the club industry and you will see that each club adopts technology differently. The traditional Merion Golf Club adopts new technology on the slower end of the spectrum, while a more progressive club like Saucon Valley Country Club can classify itself as an early adopter. Regardless, the golf and tech industries are becoming increasingly intertwined. These intersections include technologies that provide cloud-based software for organizing and managing golf events, as well as sensors for golf clubs that can track swing data in real-time.

Some clubs are early adopters of technology, some are fast followers, and some are part of the broad majority that "wants to be on the leading edge—of the second wave." There is often a conflict between technology adoption and tradition because adoption is about change and tradition is about keeping things the same. When considering the impacts of technology on a club, the focus should be on culture and not on tradition, as tradition is a "carrier" for culture, but just one aspect of culture.

Merion Golf Club's culture is rooted in a love of and deep respect for the game of golf and its rich history. Its championship-level East Course is suitable for a U.S. Open, but also an enjoyable test of golf for all members and guests— that is what makes Merion unique. By tradition, Merion does not have distance markers on sprinkler heads. Golfers rely on club caddies or use a distance book available in the golf shop. As the board debated the use of distance measuring devices (DMDs), it at first found them inconsistent with their traditions. Plus, the board worried that DMDs would negatively impact pace of play—but the data told them otherwise.

When the board focused on the club's culture of providing an enjoyable round of golf, which is enhanced when a golfer knows the precise distance to the pin, board members concluded that DMDs are just another way for a golfer to acquire needed information. They did not give one golfer an advantage over another if used solely for distance, and did not impact pace of play or otherwise negatively impact other members. These devices are completely consistent with Merion's culture—an enjoyable round of golf with no member exhibiting behavior that reflects poorly on the club or disturbing other members; but this required a change in their tradition. Tradition is a means to convey and sustain culture; the focus needs to be on culture—the set of values and beliefs that influence behavior and create a community. Traditions change much more rapidly than culture, as they adapt to an ever-changing world. In other words, protect the culture; evolve the traditions.

Acquiring Technology

Most clubs are too small to have a chief information officer (CIO) or even an IT director. This function is usually outsourced to a local consulting firm. Like everything else,

a GM can delegate authority to employees and others, but responsibility for decisions ultimately rests with the GM. Hence, in today's technology-intensive, software-intensive world, the more a GM understands about technology, the better prepared he or she is to manage the specialists. This does not mean that a GM need be a technical wizard or steeped in technology, but it does imply having a good understanding of club needs and being able to ask the right questions of suppliers and consultants. It's not a lot different than finance where a GM is not expected to be a CPA, but is expected to understand financial statements and how the POS system interacts with the accounting system.

In dealing with software suppliers, it is important to place the club in a strong position that maximizes flexibility. This is particularly the case as our world moves very quickly from desktop in-house systems to "cloud-based" systems. This is a trend that started about five years ago and accelerated dramatically in the past two years.

GMs should work with suppliers to maximize club flexibility by considering the following:

Assure that your data is adequately protected and safely stored. If your supplier is holding "personal identifiable information" such as credit card numbers, understand clearly how this data is protected. One of the risks of any IT system is losing data, and if it is only stored in one place and not "backed up," you probably deserve to lose it. One big benefit of cloud-based systems is that data is automatically being replicated as a matter of course—and usually to a different physical site.

Cloud providers like Amazon, IBM and Microsoft have very rigorous processes for maintaining integrity of all customer data—far more rigorous than most $10 million or $20 million businesses. But whether the data is in the cloud or in your office, all data connected to the Internet is subject to hacking and needs to be adequately protected. Remember that employees are the source of most data theft.

Verify that club suppliers have cyber-security insurance so that if your data is "hacked," there is insurance coverage to compensate the club for required remediation. Club data is more exposed on your own servers, so you should consider this form of insurance even if you are not "in the cloud."

You own your data, even if it's in the cloud. This is critically important when the time comes to change suppliers. Your supplier should be obligated to deliver your data to you in a format that you can use. This should be set out clearly in every contract.

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SUMMER 2015

Is Your Club Cloud-Ready?

BY PHILLIP MIKE

More clubs and other small businesses are beginning to embrace cloud-based technology. Thirty-seven percent of small businesses are "fully adapted" to cloud software applications, reports Emergent Research, a technology research firm. That number is expected to rise to 78 percent by 2020.

Some organizations that use the cloud enjoy its convenience and efficiency, says *The Wall Street Journal*. The cloud can allow access to business data from multiple areas, such as HR and sales, through phones and tablets and can help streamline and integrate operations.

Not all organizations are ready to move to the cloud though. Many organizations are concerned about cyber attacks. According to a National Small Business Association study, half of the surveyed small businesses experienced a data breach within the last five years. These breaches cost an average of $20,750 in 2014—up dramatically from $8,699 in 2013.

Those concerns may subside as small businesses discover that sending their data into the cloud through a vendor may be a safer alternative than storing it onsite, says Tim Harmon, principal analyst at Forrester Research, a global research and advisory firm. These vendors often have their own cyber security staff who can monitor data for security risks, while most small businesses do not, he adds.

Many clubs and small businesses do not have an IT professional as well, leaving these organizations in the dark when making sound technology decisions.

Despite these setbacks, today's trends may provide a fertile ground for cloud technology usage to grow. The vast majority (85%) of small businesses plan to increase their software spending by 2020, reports Intuit, and some cloud-service providers have partnered with large businesses, including Apple and other tech firms to spread their services.

Vend, a cloud-based point-of-sale provider, recently partnered with Apple to promote its services. Through Vend, businesses can make sales on their mobile devices as well as track inventory—all via a monthly cloud subscription. Sage, a firm that provides software for accounting, HR, payroll, payment and other areas, coupled with customer relationship management giant Salesforce.com to spread its reach across the globe.

The "software-as-a-service" (SaaS) platform had grown into a $22.3 billion market by 2013, and that number is expected to surge to $50.8 billion in 2018. The cloud is not as nebulous as it once was. Now may be the time to consider whether operating from the cloud best suits your club's needs.

Phillip Mike in NCA's communications manager.

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Ways to Maximize Your Club's Investments

BY DR. MICHAEL D. ZISMAN

Noel Wixsom

Carla Waldron

Bill Boothe

Michael Zisman

What's on the horizon for technology innovation in the private club industry and what are some creative solutions being used today? At the 2015 National Club Conference in Washington, D.C., panelists presented a program that focused on the future of club technology and how the result of innovations can enhance experience for this generation of members—and the next.

Panelists included Noel Wixsom, Founder, CC Tech Partners; Bill Boothe, President, The Boothe Group, LLC; and Carla Waldron, CHTP, IT Director, Country Club of Virginia. Dr. Michael D. Zisman, Director, Merion Golf Club and CEO, Golf Genius Software, served as the moderator.

Among the issues discussed were use of wireless technology and apps designed for member use, ways to maximize the impact of a club's IT investment, and how to benefit members and improve club operations. An outlook for the future was described, including a list of best practices for club technology.

Best Practices

Some things you should consider as you move forward with implementing new technology and software or subscribing to cloud-based software services:

Board Decisions

- Leverage your members by forming an IT Committee. You probably have a lot of expertise from board members willing to help—you just need to find them.
- Develop a priority list of member-facing systems, back-end systems and infrastructure systems. Critically assess how you are doing vs. peers in terms of system implementation by benchmarking against your peers. CMAA can play a role in performing the benchmarking exercise.
- Help your board think through your club's approach to "member-owned" technology—cellphone and tablet use in the clubhouse, for example—by distinguishing culture from tradition. A useful adage is "except for death, accelerate the inevitable."

IT Decisions

- Develop a sense of architecture—how the pieces fit together—and maintain industry standards for member-facing systems. Members expect that software works together: dining reservations, tee times and tournament results, all via the club website—which should be robust, mobile friendly and responsive.
- Set a schedule for equipment replacement. The Country Club of Virginia works with a four-year plan and replaces 25 percent of their computers each year.
- Be smart with technology purchases. Know how much of it you need. It may be better to have one tablet that your staff knows how to use instead of four.

- Think ahead when it comes to updating Internet transit (fiber connections) and adapt policies as the club considers Wi-Fi usage and tablet strategies in the clubhouse.
- Think cloud. It is happening very, very quickly and delivers numerous benefits. It makes very little sense to own your own servers in today's world.

GM Decisions

- Educate yourself about contracting for IT products and services. Most GMs are probably far more comfortable negotiating insurance contracts than IT services contracts. Become properly educated in the nuances of IT procurement, otherwise your suppliers will have a big advantage.
- Consider hiring in-house expertise. Less than 10 percent of private clubs have a dedicated IT staff. While most outsource this function to local IT firms, the increasing presence of many different systems that need to be "synched" or integrated will drive more clubs to hire dedicated staff. In some cases, it might make sense for two or three nearby clubs to share a dedicated resource. It's really a question of when will it make sense to have IT expertise on site just like you have catering expertise on site.
- Exploit data to better understand what is happening at your club. One of the benefits of most systems is that it maintains a database that you can access to analyze operations and even perform "what if" analyses. Data mining can provide insight on member spending, usage, at-risk members, trends, demographics and budget projections.

At Merion Golf Club, software is used for tee time reservations, but it also provides a wealth of information on course utilization. Data can tell what percentage of tee times is "business golf" (one member plus guests), "member only," "social" (at least two members plus one or more guests) or "guest only" (outings and other sorts of tournaments). The answers help Merion set guest play policies and determine how many tee times to reserve for member-only play. With data, clubs can make fact-based decisions, and educate members about what is really happening. Plus, with several years of data, the club can see trends developing that are important for planning. Is member play on the East Course increasing and how does this relate to the number of members? This information can be used to review the club's membership policies and categories. Is guest play increasing or decreasing? This could impact the budgeting process.

Members appreciate online tee time reservations. Boards depend on the data that resides in the tee time system. In fact, the club can easily justify the expense for a tee time system based on the wealth of data it provides.

IT not only enhances the member experience, it decreases labor cost or materials cost, and allows management to spend more time engaging with members.

Be very clear on what suppliers can do with your data, particularly members' "personal identifiable information." They should not be able to use your data or your club logo or marks without your explicit permission. However, they should be allowed to use all of the aggregated data from all customers ("anonymized") to perform valuable analyses for you and other customers (and you really do want to know how dissimilar or similar you are to your peers).

Avoid vendor lock-in. Your suppliers wish to maximize profit. There is nothing wrong with that unless a supplier constructs "roadblocks" that inhibit or discourage you from choosing the software that you think is best for your club. A simple example is "SSO" or single sign-on. It should be transparent to a member when they are on your club website and click on a tee time system not supplied by your website vendor. The user ID of the logged in member should be "passed on" to the tee time system, and you should not pay a ransom to make that happen. It is very tempting for a supplier to "encourage" you to use their products by placing technical or economic roadblocks in the way. However, if a supplier has to commit resources to meet your unique needs, expect to pay an "integration fee." This is going to be an increasingly challenging issue as software proliferates in your environment. Basic application program interfaces (APIs) that allow for communication between systems should be part of every product and not something additional you pay for after the fact. Other industries are much further along in this respect than our industry (e.g., Quicken does not charge extra to upload transactions from your credit card company).

Insist that your suppliers "play well together." Remind them, if necessary, that they may compete with each other, but they are all at the table to serve you—the customer.

You do not own the software or any other intellectual property of the supplier. Just as you own your data, understand that the software supplier owns its intellectual property and should take reasonable steps to make that clear in contracts.

The Really Big Benefit

General managers, golf professionals and other key managers create the greatest value when they are interacting with members. Technology properly implemented and managed frees up staff from mundane and/or administrative activities so that they can focus on higher value activities. To quote Scott Nye, the head golf professional at Merion discussing a major golf outing, "With 100 golfers, a shotgun start, caddies, group putting lessons and other logistics, an event of this magnitude has a lot of moving parts, to say the least. Knowing that the tournament administration was taken care of and that the results were complete enabled my staff to spend more time interacting with the outing clients. There is no question that the clients enjoyed the added personal attention and the overall golfing experience."

Conclusion

As is often said, "You ain't seen nothin' yet." The rate of innovation in IT is increasing at a furious pace as we move forward to wearable computers and sensor-based systems. More and more of your members are those 30-somethings who are completely comfortable with technology and strongly prefer self-service systems. IT not only enhances the member experience, it decreases labor cost or materials cost, and as stated above, allows management to spend more time engaging with members. Every online reservation is a labor savings. Tournament and tee time software reduces labor in the golf shop. You may not reduce headcount, but you can redeploy headcount to member-facing activities, and that further enhances the member experience. Properly managed, technology truly lets you "have your cake and eat it, too." ∎

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