

Does more use equal more revenue?

Larry Hirsch explains how golf clubs should structure membership models

Does more utilization of the golf course mean more revenue? This issue recently came up at a private club I know. The club has a strong membership and excellent facilities. Access to the course is plentiful, and is one of the things the membership is willing to pay for. Some club staff and leaders, seeking to enhance the club's economics are looking to increase the utilization of the golf facilities. This can be a double-edged sword.

Often, one of the objections to playing golf, especially during weekends and holidays is crowded course conditions. At a private club, this can be the a big detriment, not only to member use, but also stability in membership. Many club members are busy folks and can't play whenever they choose. If, when they can get to the course, there's no space for them to play, it's hardly surprising that they will become less likely to retain their membership. It also diminishes the quality of the experience for those who can play on flexible schedules because the course is always crowded if there are too many members. How do clubs establish what is the right number of members?

When we look at clubs, it is important to understand that there is no right number of members for all clubs. Each club has its own behavior patterns. Clubs have membership ages and makeups that can dramatically impact how much the

facilities are used. For instance, a club with an older membership with many wintering away from home, perhaps in the South of the US, will play fewer rounds than a club with a younger membership where the entire family may participate. There may be opportunity to increase utilization at the older club, but the younger club, even if it has many fewer members, may be at full capacity. First, ask yourself some questions:

- How many rounds does each membership generate?
- How many rounds does the club want?
- How many rounds can the course (physically) handle?
- What kind of practice and other facilities does the club have?
- What does the future membership look like?
- Is the club truly family friendly?

Once you know these and other answers, the club can determine how many rounds it truly wants and establish that as a benchmark for calculating utilization rates. Simply dividing the number of rounds played by the total capacity of the golf course may very well produce a distorted view of the utilization rate at your club.

Of course, this metric is much different for daily fee courses, who seek to maximize profits. While user experience is important, most will do whatever customers will accept to maximize the bottom line, as they

should, being for-profit enterprises. Again, each one is different and the balance of fees and volume (rounds) must be analyzed and considered to identify the best fit.

The concept of utilization rates can be useful in analyzing a club's performance, but only if the maximum is clearly understood and accurately established. It varies from course to course and rarely (if ever) should be based simply on the number of playable hours based on daylight and weather. ●



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