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"The Most Trusted Names in Private Club Executive Placement"

"The Tenure Dilemma"
By Kurt D. Kuebler, CCM

By some accounts, the cost to replace a general manager can be 150 percent of annual salary; others will say it's even higher, running nearly three times the salary of the person who is being replaced.

Why do managers leave? Certainly, some are simply incompetent or have lost focus and direction and are appropriately asked to leave. Others have given up on trying to convince their boards to stop "managing" their operations and go elsewhere to find a new opportunity and more supportive "governing board" environment. Finally, others have found themselves in the position of watching colleagues taking on new positions, likely for more substantial salaries, and begin to think that they are undervalued or unappreciated. This is the group I'd like to focus on!

In the club world where presidents typically serve a one year term and a third of the board stands for election and possible change each year, the opportunity to lose continuity and, therefore, a consistent and fair means of evaluating a good or high performing general manager is often lost. Or worse yet, regular and annual performance evaluations are often not given the importance they should have in this environment when considering the single-most influential 'face' of the operation, and can have a significant impact on the continued success 'culture' that has been established.

Moreover, many Boards have not yet come to realize how valuable the GM/COOs influence is (or should be) on the 'brand' the club has established in the community. In some cases, especially in residential club communities, the 'branding' provided by the club to the rest of the community is worth millions of dollars, considering the entire value of all assets in these communities can be from tens of millions to hundreds or even a billion dollars. Conversely, a diminished club 'branding' of the community can significantly devalue the assets. Recognizing the GM's role in this outcome is extremely important, and is often the overlooked factor in determining the long-term tenure 'value' of the role.

Boards need to recognize that this is a 'talent' hunt and when you have successfully engaged good management (talent!), you need to have a strategic plan to keep it. Whether it is the general manager, the management team or key staff members, a logical and fair means of ensuring that compensation keeps pace with local standards is simply one more of the many tools it needs to employ to stay on top of the game. And, if the club cannot afford to increase direct compensation, creative means of providing other, perhaps even more valuable benefits to these key people in order to keep them positively engaged and performing.

More flexibility with family schedules, important to most members these days, is naturally just as important to key staff. Support for continuing education and active involvement in CMAA or other key professional associations benefits both the GM/COO or key managers just as much as it does the club. And, it shows how much the club recognizes the importance of keeping their key people in tune with industry trends. Tailoring benefits to the individual, where reasonably possible, is a way of recognizing how important they are to the club's success and well-being.

Most of us recognize that money isn't always the answer, but it is often a trigger point to start the mind game of thinking about other 'slights' that can then start to pile up. If a Board isn't finding regular and consistent means of recognizing positive performance and results by the General Manager or team in general, it is missing the simplest, most cost effective means of making a positive impact.

No one wants to pay more (and, contrary to some perspectives, search firms do not set the compensation "bar", the market does), but the result of not keeping pace is that it will become more likely that your 'talent' will leave, no matter how long they've been with the club. Possibly worse, their performance will likely be negatively impacted until they do so.

What is more, clubs must review their compensation packages for key management on a regular basis and make sure they're not falling behind the competition; *if you aren't compensating your good people well enough, someone else will!*

The key to all of the above is to never forget that good and long tenure in the club world sometimes makes us complacent; this goes for both Boards and GM/COOs as they evaluate their respective areas of responsibility. People clearly need to be held accountable for their performance, but if they do perform, they shouldn't be "penalized" by not staying moderately close to the 'going rate' for their respective positions within the local market. Certainly, a number of comparative factors need to always be considered----the going rate in New York is far different than the going rate in central Iowa. The point is that with GM/COOs and their key staff who PERFORM, every reasonable effort should be taken to ensure that they feel respected, encouraged, recognized and engaged, and make sure that their compensation is fair by today's standards.

Best practices such as these help to ensure that your successfully performing group stays that way!