



MANAGERIAL AND ECONOMIC DECISIONS INVOLVED  
IN REBUILDING A GOLF CLUBHOUSE:  
A CASE APPROACH

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A THESIS

Presented in Partial Fulfillment of the Requirements  
for the Degree Master of Arts in the Graduate School  
of Hotel, Restaurant, and Institution Management

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#### SUGGESTED READINGS

## ACKNOWLEDGMENTS

The planning and construction of a clubhouse requires the efforts and abilities of many people. Because the writer's abilities are limited primarily to the field of club management, considerable advice was received from the architect, contractors, engineers and decorator concerning the professional and technical phases of the building project.

The Board of Governors, Building Committee, and membership of Walnut Hills Country Club, East Lansing, Michigan are especially deserving of the writer's appreciation for permitting the writer to continue his college studies in addition to the increased responsibilities in the management of the club.

Gratitude is expressed to Dr. Joseph Thompson, Head of the School of Hotel, Restaurant, and Institution Management, Michigan State University, for his guidance in the preparation of this paper and to his staff who were helpful in providing useful suggestions.

## PREFACE

Clubhouse fires are not a particularly rare phenomenon. To the knowledge of this writer, at least eight private clubs in Michigan alone have had their clubhouses either partially or completely destroyed by fire between the years of 1954 and 1962.

When such a catastrophe does occur, the lives of many persons are affected. Clubhouse employees are without jobs, club directors are confronted with increased and unexpected responsibilities, club members are without facilities and confronted with the possibility of paying a large and unexpected assessment, and community residents may lose a social facility upon which they may have depended.

Regardless of the loss, the forces of the club must be regrouped to make plans for the future. Included in the plans are a reconstruction program and a provision for temporary facilities if the clubhouse is destroyed to the extent that it cannot be used during the reconstruction period.

Because only limited information is available concerning the reconstruction of a golf clubhouse, and because this writer has experienced such an event, this paper is written.

The purpose of this thesis is as follows:

1. To explain alternate courses of action available in planning the golf clubhouse.
2. To outline action taken and the reasons for such action.
3. To outline the sequence of events from the time of the fire to the opening of the new clubhouse.
4. To illustrate the importance of coordination and cooperation among the many persons involved in such a building program:
  - a. Membership
  - b. Board of Directors
  - c. Building committee
  - d. Club manager
  - e. Golf professional
  - f. Greens superintendant
  - g. Architect
  - h. Contractors
  - i. Interior decorator
  - j. Landscape architect
  - k. Other operating committees of the club

In order that the reader might better understand the content of this paper, every effort has been made to keep the format in the chronological order of events.

## CHAPTER 1

### INTRODUCTION

History of Club. Walnut Hills Country Club was officially founded in 1929 as a golf club. The club purchased 194 acres of farm land on which an eighteen hole golf course was developed. Except for a small clubhouse, the course was the primary facility. A membership could be purchased for one share of stock which cost \$200.00.

Shortly after the golf course was opened, the club experienced the effects of the depression and many members resigned from the club. A share of stock could then be purchased for \$10.00. The club debt, which was small by today's standards, presented a serious threat to the club's survival; however, because of the tireless efforts of the remaining members, the club succeeded.

Over the years the membership grew and changed resulting in a demand for increased services and facilities. Food and bar service along with an accompanying social program were added.

In 1950 the club had slightly over 200 members. The growth since that time has been tremendous. A banquet room, additional locker facilities for the ladies, and a new pro shop were added in 1954. A swimming pool with bathhouse facilities was constructed in August, 1957. Patio food and bar service was begun in 1959. A complete, underground watering system for the golf course was installed and in operation in 1960.

By the end of 1960, the club had 504 members. The membership consisted of Regular, Social, Non-resident, Junior, and Special Members. A waiting list for the Regular membership was established. The cost of a Regular membership was \$512.00 plus \$26.00 monthly dues.

Organization of Club. Walnut Hills Country Club is incorporated as a non-profit organization with a tax exempt status. Each member of the club has one share of stock entitling him to one vote at the annual stockholders' meeting.

The Board of Governors consists of fifteen members, each of whom serves three-year terms. Five board members are elected each year. Each board member has the right to seek re-election when his term expires.

The officers of the board include a president, vice-president, and a secretary-treasurer. These officers, plus two other members of the Board of Governors appointed by the president, comprise the executive committee which acts as a steering committee for the club.

The president also appoints the chairmen of the various operating committees of the club. Each committee chairman is a member of the Board of Governors and is responsible for selecting members of the club to serve on his committee. Each committee is then responsible for the operation of a particular phase of the club. The ten operating committees of the club are listed below.

1. Finance
2. House
3. Social
4. Swimming Pool



5. Public Relations
6. Membership
7. Golf
8. Pro-Caddie
9. Handicap
10. Greens

A staff of employees is hired to provide the necessary services and to maintain the club property. The club manager, golf professional, and greens superintendant are hired by the Board of Governors. The manager is responsible for the club house and pool operations and for the performance of the administrative duties.

The golf professional is responsible for the operation of the Pro Shop and club storage room. The greens superintendant is responsible for the maintenance of the golf course and other club property. The organizational chart of the club is shown on the following page.

Location of Club. Walnut Hills Country Club is located in that portion of central Michigan known as the Greater Lansing Area which has a population of approximately 250,000 persons.

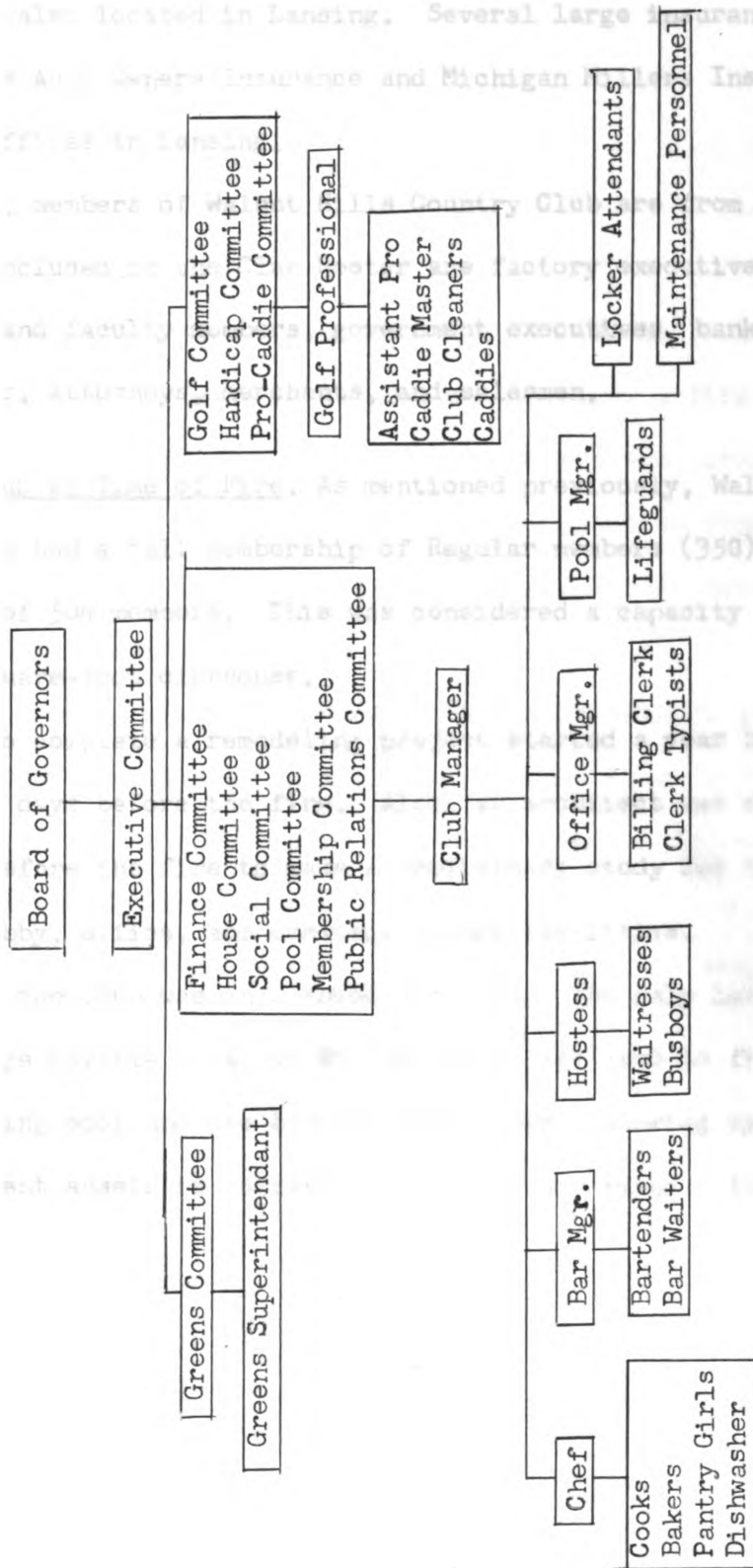
The club property is located on the outskirts of East Lansing and about six miles from downtown Lansing. East Lansing is the home of Michigan State University. In addition to being the state capital of Michigan, Lansing is noted for its heavy industry. Oldsmobile Division of General Motors, Motor Wheel Corporation, Reo Division of White Motors, and several large forging companies have their home offices and main plants in Lansing. A large assembly plant of Fisher Body Division of

FIGURE 1

WALNUT HILLS COUNTRY CLUB

EAST LANSING, MICHIGAN

ORGANIZATION CHART



General Motors is also located in Lansing. Several large insurance companies, such as Auto Owners Insurance and Michigan Millers Insurance, have their home offices in Lansing.

Consequently, members of Walnut Hills Country Club are from all walks-of-life. Included in the Club Roster are factory executives, university staff and faculty members, government executives, bankers, lobbyists, doctors, attorneys, merchants, and salesmen.

Status of Club at Time of Fire. As mentioned previously, Walnut Hills Country Club had a full membership of Regular members (350) and a total membership of 504 members. This was considered a capacity number for the 17,000 square-foot clubhouse.

A contract to complete a remodeling project started a year before was awarded a few days before the fire. Also, an architect was selected about one month before the fire to make a preliminary study for the enlarging of the lobby, office, and cocktail lounge facilities.

Financially, the club was in a sound position. The only large debt was a mortgage payable of about \$63,000 which was used to finance the \$55,000 swimming pool and the \$54,000 underground watering system. The ratio of current assets to current liabilities was about 8 to 1.

## CHAPTER II

### THE FIRE

At 2:25 p.m. on Wednesday, February 1, 1961, the office manager called the township's volunteer fire department to report a fire in the club's locker room. The fact that the fire was serious was not realized. The office manager made the call as a result of a suggestion from the pastry cook who was about to end her day's work and noticed some flames in one corner of the locker room.

In the banquet room, the ladies were holding their weekly bridge session. The dining room hostess had to shout several times at them before they would believe that the fire was out of control to the extent that their bridge playing would be interrupted.

The fire completely destroyed the clubhouse. The black smoke of the fire could be seen from across town twelve miles away. A large airplane circled overhead so that its passengers could see the fire. The roof and the second story floor were burned out. Steel lockers and steel pipes were almost reshaped. Silver coins found near the cigarette vending machine were melted together. All records in the safe were lost. The accounts receivable, to be sent to the members the next day, amounted to approximately \$31,000.00, and only about one-third of their value was ever received.

The cause of the fire was never determined. Although it was assumed that the fire must have been burning for some time, there was no evidence of smoke or odor earlier in the day. Upon inspection of the ruins, the

fire marshal and inspectors concluded that the cause of the fire was not because of human negligence.

There were several factors which made the task of fighting the fire difficult. The club's location beyond the city limits was serviced by a small fire house not sufficiently equipped to handle such a fire. The fire was out of control before they could summon help.

The water supply to the club was furnished from a well located about seventy-five yards from the clubhouse. The well pump was furnished electricity from the clubhouse. This electrical service was destroyed early by the fire. Considerable time was lost during the installation of a line to the pump house.

The weather was also a problem for the firemen. A stiff northern wind, five degree temperature, and snow-covered ground created a severe handicap.

### CHAPTER III

#### FIRST STEPS AFTER FIRE

Several arrangements had to be made even before the flames were completely extinguished. The insurance agent handling the club's fire insurance was notified. Police protection was arranged for both security and safety reasons. A special meeting of the Board of Governors was called for the following evening.

After the insurance adjustor made his inspection of the ruins, he asked to be furnished with an appraisal of the building and building contents. Blueprints of the original building plus additions were used to evaluate the building. The club manager prepared a complete list of the building contents and the present cost of replacing these items. After consideration for depreciation, the club's fire coverage of \$191,000.00 was only about \$5,000.00 below the appraisal. Fortunately, the club's insurance coverage was increased nearly \$50,000.00 two years before the fire.

The importance of police protection following such a fire was quickly proven. Most of the 500 members and their families plus many interested persons were anxious to see the ruins. Because the walls left standing were greatly weakened by the fire, the responsibility to keep the curious spectators and amateur photographers a safe distance from the ruins had to be recognized and fulfilled.

The special meeting of the Board of Governors was attended by all directors. Their interest in the club and concern for the club's future



was shown by their attendance at and participation in the business meeting.

Plans and decisions which had to be made at this meeting are listed below:

1. Location for a temporary office
2. Procedure for terminating employees
3. Removal of ruins from site
4. Agreement to build new clubhouse
5. Procedure for keeping membership informed
6. Arrangements for visiting other clubs

The temporary office was in operation two days after the fire. An unoccupied apartment which was formerly used as quarters for the manager was equipped with borrowed desks, furniture, and other office equipment. Telephone service was installed immediately. The first order of business was to set up new files and records and to help relocate scheduled parties and other functions. The club's social functions were also relocated in an effort to keep the membership together.

One of the unfortunate results of the fire was that the employees were left without jobs. Many were long-time employees. Although a few received help from the club in finding new jobs, most employees had to seek their own employment or apply for government compensation.

The ruins of the building were removed within a week after the fire. A club member equipped to handle the wrecking and moving of the rubble was hired. The scrap metal from lockers, food service equipment, pipes, and supports was sold to a local scrap dealer.

The vote to build a new clubhouse was only a formality. Considerable discussion was heard concerning the type of clubhouse to be built and what facilities would be included. As a result of the discussion, it was agreed

that a questionnaire would be sent to all members to obtain their opinions on the following items:

1. The architecture of the new clubhouse
2. The facilities desired
3. Special features desired
4. General remarks

The public relations committee was assigned the task of preparing communiques to be sent to the membership keeping them informed of the progress being made from the time of the fire until the new clubhouse was built and in operation. During the fifteen month period before the new clubhouse was opened, more than twenty-five communiques were prepared and mailed. The work of this committee received considerable praise from the membership.

The visiting of other clubs that had recently built new clubhouses was of considerable value to the Board of Governors. Although many ideas were obtained, the greatest advantage of the visits to the board members was the increased knowledge of a clubhouse operation. In all, five clubs were visited. At least one idea from each club was incorporated in the final plans of our new building. Some of the mistakes which officials of the other clubs pointed out were avoided.

The Building Committee. The formation of the Building Committee was accomplished several days after the meeting of the Board of Governors. The chairman of the committee was appointed by the club's president. The members of the committee were selected by the chairman. Both the appointment by the president and the selection of committee members by the chairman

were approved by the Board of Governors at a special meeting.

The purpose of the Building Committee is to represent the club's Board of Governors and membership in the handling of all phases of the building program. The existence of the committee is temporary in that it functions only until the new clubhouse is occupied and finally accepted as being complete in accordance with the construction contract.

The responsibility of the Building Committee is limited to the extent that it only makes recommendations to the Board of Governors who must make the final decisions concerning the many phases of the building program. Because the building chairman assisted by his committee prepares the recommendations and determines the list of alternatives available, the importance of the committee's work cannot be overemphasized.

The chairman of the Building Committee has certainly been the key figure in the building program. He has been the owner's representative in working with the architect, engineers, contractors, and decorator. The appointment of the Building Committee chairman must be the most important decision the president and directors make. Some of the important qualifications which the chairman must possess are listed below:

1. Interest in the club
2. Time to devote to the building program
3. Ability to coordinate work of others
4. Understanding of building procedures
5. Attentiveness to detail
6. Familiarity with clubhouse operation
7. Capacity to withstand criticism

The members of the Building Committee should also possess some degree of the qualities listed above, however, their principal contribution should be to supplement the abilities of the chairman. Included as members of the committee were a university architect, a building materials dealer, and a bank executive. In addition to the Building Committee a Building Finance Committee (see Chapter XI) composed of a certified public accountant, an attorney, and several bank executives were available for assistance when needed.

The size of the Building Committee, as with any committee, should not be so large that it would impair the effectiveness of the work to be done. It is important, however, that as many of the interests of the membership as possible be represented on the committee. To fulfill this last responsibility, a total of nine members were selected for the committee.

## CHAPTER IV

### TEMPORARY FACILITIES

A building project such as the reconstruction of a clubhouse cannot be accomplished in a few months. While it required fifteen months to plan and construct the clubhouse at Walnut Hills Country Club, some of the clubhouses which were visited required as long as twenty-four months to build. In the meantime, some service to the membership must be given.

The most suitable provision for temporary facilities and services varies with each club. One club visited used a building located a distance from the club's property, another erected a large tent and served hamburgers and drinks, and a third club rented a mobile popcorn trailer from which sandwiches and beverages were available.

At Walnut Hills, a new maintenance building for the grounds superintendent was constructed and utilized for temporary clubhouse facilities. Plans for the building were approved three months before the fire. Construction was to be accomplished over a three-year period with most of the work being done by the Greens Superintendent's staff. Following the clubhouse fire, the Board of Governors decided to construct the maintenance building immediately. Temporary partitions, used plumbing fixtures, and temporary work areas were installed. The cost to adapt the building for a temporary clubhouse was \$2,200.00.

The building, constructed of concrete block, was 120 feet long and 32 feet wide. The pro shop was 12 feet by 32 feet. The two locker and

restroom facilities were each about 16 feet by 38 feet. Long pipes were installed in each restroom. The grille room was 32 feet by 70 feet with three 16-foot overhead doors which opened onto a temporary patio. The grille was equipped with rented tables and chairs to serve approximately ninety persons. The patio was equipped with five umbrella tables and twenty patio chairs. Additional folding tables and chairs were rented for special parties to accommodate a total of 250 persons.

The food service operation was planned as a sandwich or short-order type operation. The equipment included a gas-fired grill with two open-top burners attached, a small electric 15-pound deep fat fryer, a rented automatic coffee maker, an electric food warmer used mostly as a roll warmer, two 51-inch wide, double-door refrigerators, a galvanized 3-compartment sink for cleaning dishes and pans, and approximately fifteen feet of front counter and fifteen feet of back counter equipped with storage shelves. The front counter was used for buffets and as a waiter pick-up station.

The service bar was located adjacent to the food service counter. Most all drinks were served. A small home-type refrigerator and a large beer cooler were used to chill wines and beer. A pre-mix, soft drink dispenser was used to reduce the need for bottle storage.

While it was not unusual to serve 150 persons a day, the largest day was Labor Day when more than 200 were served during the day and another 200 were served at a cook-out buffet in the evening on the patio. A copy of a typical menu used in the temporary clubhouse is shown on the opposite page in Figure No. 2.

In addition to the temporary clubhouse, three truck trailers were



## FIGURE 2

### WALNUT HILLS COUNTRY CLUB

#### GRILLE MENU

##### APPETIZERS

Soup du Jour.....	25	Chilled Fruit Cocktail.....	35
Chilled Fruit Juice.....	25	Fresh Shrimp Cocktail.....	55

##### SANDWICHES

Grilled Cheese.....	35	Beefburger.....	60
Bacon, Lettuce & Tomato..	50	Grilled Bacon & Cheese.....	60
Bar-B-Q Beef.....	50	Ham & Cheese.....	70
Grilled Ham.....	60	Harding Corned Beef.....	70

\* \* \*

##### ENTREES (Includes Potato, Salad and Beverage)

Walnut Hills Beefburger Special.....	1.15
Chopped Jumbo Beefsteak Saute in Butter, French Fried Onions.....	1.35
Chuck Wagon Steak with Mushrooms.....	1.50
Veal Cutlet Saute, in Paprika Sauce.....	1.50
Cold Pot Roast of Beef, Chef's Garnish.....	1.75
Breaded Shrimp, Shrimp Sauce.....	1.95
Jumbo Frog Legs Saute in Butter, Tartar Sauce.....	2.15
Club Sirloin Steak Sandwich, 8 oz.....	2.25
Western Rock Lobster Tail, Drawn Butter.....	2.85

French Fried Potatoes      Potato Puffs      Cottage Fried Potatoes

Sliced Tomato Salad      Cottage Cheese Salad      Tossed Green Salad

Coffee      Tea      Milk

\* \* \*

##### DESSERTS

Vanilla Ice Cream.....	25	Chocolate Sundae.....	35
Pie du Jour.....	30	Butterscotch Sundae.....	35
Cheese & Crackers.....	35	Pie Ala Mode.....	45

borrowed and used for the storage of members' golf clubs. Installed behind the building were temporary restroom facilities for the caddies.

The swimming pool was also opened and operated as in past years. Considering the inconvenience of having the pool located nearly 300 yards from the temporary clubhouse, the pool attendance was only about 12% below the preceeding year.

The social events were planned as usual. Cookouts, dances, twilight golf buffet suppers, ladies' day golf and bridge, and couples' bridge were part of the adult program. Splash parties, record dances, and a swim meet with another country club kept the interest of the younger set.

The temporary clubhouse was open from May through January. It was closed because of the lack of membership participation during the winter season. The promotion of 50-cent drinks and low-priced dinners lured some members each night and brought some regrets when the clubhouse was closed.

Looking in retrospect, the writer believes now that the temporary clubhouse should have been closed at the end of October when the golf season officially closed. This would have permitted the temporary operation to pay for itself. Our Board of Directors felt that a minimum house charge was not warranted with the temporary clubhouse. Less than 30% of the membership used the food service during the final three months. Bar sales in December were less than \$1,000.00. No service should be offered in a club unless a substantial proportion of the membership seeks the service.

The financial goal of any temporary facility should be to avoid loss. Another goal should be that the temporary facility permit the membership

to stay together by providing as many of the usual activities as possible. Several of the members at Walnut Hills who considered dropping their club memberships stated that they remained in the club because of the adequacy of the temporary facilities. Although the members are now enjoying their new and modern clubhouse, they still remark of the good times enjoyed in the temporary clubhouse

## CHAPTER V

### HIRING THE ARCHITECT

The need for professional help in planning and constructing a new clubhouse cannot intelligently be questioned. Before coordinated planning can begin, the assistance of a qualified architectural firm and a decorator should be sought. The selection of the architect and decorator will be discussed in these next two chapters.

Consideration in Selecting the Architect. The architect performs many functions which can help determine the degree of success which the new clubhouse will enjoy. Several of the functions which an architect must perform are as follows:

1. To put ideas into a workable plan
2. To provide an architecturally and mechanically sound building
3. To plan according to present building codes
4. To recommend competent contractors and decorators
5. To supervise bid-letting and bid-opening procedures
6. To supervise and coordinate the work of the decorator, contractors, landscape architect, and food service consultant to assure that the highest quality of work is done in the least possible time.

The ability of an architect to carry out his duties is usually determined on the basis of his reputation for past performances. The fees charged by various architectural firms are normally based on a percentage of the construction costs and vary little within a particular location.

Once the planning of the clubhouse is underway, it will be necessary to communicate with the architect almost daily. This communication may be by telephone or in person in his office or at the building site. The availability of the architectural staff should therefore be an important consideration.

Within the memberships of most clubs are members who are architects or who are associated with architectural firms. Convincing arguments can be made in favor of or against the hiring of a club member to perform these services. To hire an architect on the basis of his membership in the club may be detrimental to the membership as a whole. The architect who is a club member should only be guaranteed fair consideration at the time other architectural firms are considered.

Procedure in Selecting the Architect. The responsibility for selecting the architect rests with the Board of Directors. To carry out this responsibility, the Board of Governors at Walnut Hills Country Club met for seven hours one day to interview representatives of thirteen architectural firms interested in working on the new clubhouse.

Each architectural firm was assigned an interview time and given twenty minutes to acquaint the board members with their organization and experience. Approximately ten minutes was spent discussing the organization

following its presentation. After all interviews were completed, a general discussion was held evaluating the various architectural firms represented. The Board of Governors then selected their architect.

The firms interviewed varied in size from a staff of three persons to a staff of fifty-five persons. Except for one firm who quoted its fee to be five per cent of the construction costs, all fees were quoted at six per cent. The presentations varied from brief, verbal statements of the architect's organization and experience to films and slides of previous buildings. One architect submitted colored renderings of what the new clubhouse might look like.

Letters were sent to each firm the following day thanking each for their interest in the club and telling them of the decision of the Board of Governors. The architect selected was also given a personal call from the president of the club.



## CHAPTER VI

### PLANNING THE CLUBHOUSE

The Board of Governors is responsible for the type and size of clubhouse constructed. Many costly features will be desired in the new clubhouse, however, the construction and operational costs must be influenced by the financial and social status of the club's members. Members are stockholders in the club, consequently, they should be given the opportunity to approve or reject, through their voting rights, a clubhouse plan which may require an assessment from them or which may not be compatible with their social status.

The initial planning of the new clubhouse actually begins before the architect is hired. Although the architect will draw the plans and prepare the specifications, he must be advised concerning the type and size of facilities desired, the cost limitations, special features to be incorporated in the plan, the type of architecture preferred, and the objectives of the club.

In order to satisfy the membership requests as much as possible, the Board of Governors sent a questionnaire to each member. Of the more than 450 questionnaires mailed, only 134 were returned. Suggestions commonly received were incorporated into the final plan. For example, many members requested that the long walk up the hill from the parking lot to the clubhouse be eliminated, and many members requested a covered entrance where passengers could be discharged from automobiles be planned. As a result

the building site was lowered eight feet, the enlarged clubhouse was extended toward the parking lot, and a special drive and carport entrance were incorporated in the plan. The clubhouse design was also in accordance with the members' requests for a modern or a contemporary clubhouse.

The objectives of the club determine the clubhouse plan, the type and size of facilities, the usage of the facilities, and the services desired. The author, as manager of the club, was asked to prepare a list of all facilities which the Board of Directors requested and determine the recommended size of each. In addition, the manager was asked to prepare a list of food service objectives for the club which were later used to develop the food service equipment layout.

Hiring the Decorator. While the planning of the clubhouse was in its initial stages, many questions arose which required answering by a professional decorator. To reduce numerous changes which might have been made in the future, a decorator was hired as soon as the basic clubhouse plan was accepted.

In addition to supplying furnishings and fixtures, the counsel of the professional decorator is essential in determining many of the building features as follows:

1. Location of electrical outlets
2. Location of special lighting fixtures
3. Selection of lighting fixtures
4. Locations for wall clocks
5. Locations for television outlets
6. Selection of wall finishes

7. Selection of colors of paint and fixtures
8. Determination of type of recess for draperies
9. Selection of floor tile colors
10. Determination of carpet and pad thickness for planning of lockers, door clearances, and adjacent floors.

The availability and reputation are the primary considerations in hiring a decorator. Although cost is also an important factor, various arrangements can be made. One arrangement is to pay a decorating firm a fee for counseling service only. Because the decorating firms also desire to provide the furnishings, one of the following arrangements are usually made:

1. Discount on list price
2. Cost plus percentage
3. Cost plus fixed fee
4. Combination of above

Cost price of furnishings to a supplier such as a decorator is normally 50% of the list price. In addition, suppliers are offered an additional discount ranging from 2% to 5% for cash or payment within ten days. Many manufacturers give their suppliers an annual rebate for volume sales.

Most decorators quote a discount of 40% on list price and agree to pay the freight, erection, and installation of furniture. Some offer a 45% discount with the client paying the freight. The cost plus percentage is another way of computing the discount on list price. Cost plus 10% would be the same as a 45% discount on list price.

The agreement made by Walnut Hills was based on a cost plus fixed fee with a stipulation that if the cost exceeded \$50,000.00, then an additional fee of 5% for all costs over \$50,000.00 would be paid. The amount of the fixed fee was \$5,000.00. The agreement further stipulated that all invoices be forwarded to Walnut Hills for direct payment which would give the club the benefit of cash discounts. The club also agreed to pay freight charges. On the basis of a budget of \$80,000.00 for furnishings and fixtures, the club would pay \$6,500.00 for decorator fees plus freight charges less cash discounts.

## CHAPTER VII

### BIDDING AND AWARDING THE CONTRACT

Chapter XI outlines the clubhouse plan and explains the many features incorporated in the plan. Before construction can begin, the contract must be awarded, a landscape plan must be developed, financing must be arranged, and preparation of the building site must be accomplished. These procedures will be discussed in this and the following three chapters.

In constructing a clubhouse, it must be recognized that a board of directors has the prerogative to select a contractor in any manner desired. The procedure of bidding can be waived and a contractor selected, however, it would probably be a difficult task for the directors to convince the membership that its action were in the best interest of the club.

There are two methods of bidding. These are the open bid and the closed bid. The open bid invites all contractors an opportunity to bid the job if they are interested. The closed bid permits only those contractors selected by the club an opportunity to bid. Regardless of the method used, the club should make it understood that any or all bids may be rejected.

The contractors may also be asked to bid on separate parts of the total building project. There are primarily four divisions in a building project which may be bid separately. These divisions for which separate contracts might be awarded are listed as follows:

1. General or architectural
2. Mechanical
3. Electrical
4. Food service and bar equipment

The Board of Governors at Walnut Hills Country Club decided on the "closed bid" method upon the recommendation of the architect and building committee. Thirteen general contractors, six mechanical contractors, five electrical contractors, and nine food service equipment contractors were invited to bid. Except for the food service equipment contractors, all contractors maintained offices in the Greater Lansing area. The general contractors were permitted to bid on the total project less the food service equipment or to bid on the architectural part of the contract only. The contractors invited to bid were selected on the basis of the architect's recommendation plus the preference of the Board of Governors.

The contractors were given about three weeks to figure their bids. A time and place was announced for bids to be returned. Because of the contractors' attempt to keep bids secret, nearly all of the bids were received just before the deadline.

The opening of the bids may be done at an open or closed meeting. An open meeting would permit the contractors and other interested parties to attend. The Board of Governors decided that a closed meeting would be held with only the directors, building committee members, manager, and the architect present.

Because the contractors were selected to bid, it was assumed that all were qualified and reputable firms and the low bidder would probably

be awarded the contract. If all the bids had been rejected, then three courses of action would be available. The plans could be again put out for bid, the plans could be modified and put out for bid, or a contractor could be hired to construct the clubhouse on a cost-plus-fixed fee or cost-plus-percentage basis.

Upon completion of the bid-opening, the Board of Governors voted to select the low bidders on each of the four divisions of the building project mentioned on the preceeding page. The general contractor agreed to act as the coordinator for all contractors at no extra charge. All contractors were required to secure a performance bond.

Many arguments were heard concerning the advisability of incorporating a penalty clause in the contract to help assure that the building will be ready for occupancy in a reasonable length of time. The advantage of a penalty clause is obvious. The principal disadvantages are that the contractors may attempt to cut the quality of their work for expediency, that the contractors often figure a certain amount into their bid for protection if the completion date seems doubtful, and that there is often a question as to who is to blame for delays when they occur. Considering both arguments, the Board of Governors decided to omit a penalty clause from the contract.

## CHAPTER VIII

### HIRING THE LANDSCAPE ARCHITECT

The importance of the services of a professional landscape architect cannot be overemphasized. For this reason a separate chapter is included in this thesis even though the discussion will be short.

The services of the landscape architect can be used in several ways as follows:

1. To beautify the basic building
2. To develop traffic flow to, from, and around the clubhouse
3. To recommend plantings complimentary to the style of architecture
4. To develop size and shape of walks and steps
5. To advise on the most effective means of lighting around the club
6. To establish proper elevation grades

The employment of a landscape architect can be done on the basis of purchasing a landscape plan which can be developed over a period of time or on the basis of purchasing the services of the landscape architect to provide the necessary plantings, sod, trees, walks, and lighting. Usually when the landscape architect provides all of the materials, the cost of planning is hidden in the cost of the services performed.



The Board of Governors purchased a landscape plan which the greens committee will follow in developing the landscape around the new clubhouse. The cost of the plan was \$700.00. It is anticipated that the landscape program will take several years to complete.

The selection of the landscape architect was made upon the recommendation of the building architect.

## CHAPTER IX

### FINANCING THE CLUBHOUSE

The plans for a new clubhouse must necessarily be developed within certain cost limitations. The building architect estimated that the cost of our building would be about \$20.00 per square foot for the main clubhouse and about \$15.00 per square foot for an attached wing housing the pro shop, club storage room, youth center, and pool dressing rooms. Although the actual bids were about 10% above the architect's estimate, the Board of Governors were unable to agree on any sizeable cutback in the original plans.

That the bids exceeded the estimated cost is not an unusual circumstance. For this reason, it is impossible to establish a definite plan to finance the building program until the bids are opened and the contract awarded.

As soon as the planning for the financing can begin, the first step should be to seek the advice of competent counsel to develop a sound financing plan. These persons can usually be found within the membership of the club. The building finance committee at Walnut Hills consisted of a certified public accountant, an attorney, and three bank officials.

There are three general considerations which must be given to the financing of a clubhouse. One is the determination of costs or the need for money, another is the determination of the sources of income necessary to equal the costs, and the third is the knowledge of the laws regarding

the financing of social clubs.

The need for money should be planned to determine both the total amount of money needed and a schedule of when the money must be expended. The following factors will determine the total costs and the cash disbursement schedule:

1. Contract amounts and payment schedule
2. Architect fees and payment schedule
3. Decorator fees and furnishing costs
4. Supplies and merchandise inventories
5. Initial operational costs

Both the amount of the construction contract and architect fees are known at the time the contract is awarded. The payment schedule to the one or more contractors and to the architect is usually included in the contract with each and is normally based on a percentage of work completed each month less a percentage (in our case 10%) withheld until the entire building is accepted. At the time of this writing, the new clubhouse had been in operation for two months and the building had not been accepted nor did it seem likely that it would be accepted for at least two more months.

The type of agreement with the decorator would determine the disbursement schedule. Because we agreed that all invoices would be sent directly to the club, payment was made immediately to receive the benefit of the cash discounts. Delivery of the furnishings was scheduled as only when the merchandise was needed to delay the necessity for payment as late as possible.

Purchases of supplies and inventories were made only a few weeks before the anticipated opening. Because the club recorded all sales on charge accounts, the cash from sales was not received for several weeks after opening. Accordingly, suppliers were not paid for their first month deliveries until nearly sixty days after the club was in operation.

The payment for some expenses, however, cannot be delayed. Wages, taxes, alcoholic beverages, insurance, and utilities require prompt payment. The budget should include enough cash to meet these expenses for at least the first forty-five (45) days of operation.

After the cash requirement has been determined, the next step is to investigate the possible sources of income and time when the income would become available. The sources of income considered are listed below:

1. Fire insurance from former clubhouse
2. Cash on hand
3. Other current assets, especially accounts receivable
4. Membership fees from new members
5. Dues and operational earnings
6. Mortgage
7. Membership assessment

At Walnut Hills the cash on hand, accounts receivable, and fire insurance money were available before the planning phase of the building project was completed. Income from membership fees was nominal until the building was about ready for occupancy. Dues and operational income was estimated to be a certain amount each month.

Except for the money received from the fire insurance which amounted to about thirty per cent of the cost of the new clubhouse, most of the financing was accomplished with a mortgage and a membership assessment. The Board of Directors determined the maximum mortgage which the club should carry, and then investigated the availability of such a mortgage. After learning that the maximum mortgage could be obtained, the directors then made plans for the membership assessment.

In computing the amount of assessment per member, the building finance chairman estimated that ten per cent of membership would resign. The estimate, based on the experience of three of the clubs visited, was approximately two per cent above the actual number of resignations. The largest loss, on a percentage basis, was from the social and non-resident memberships.

Three methods of assessing the membership were considered and are listed as follows:

1. Straight assessment
2. Sale of bonds (interest or non-interest bearing)
3. Issue of certificates of value

After considerable discussion, the Board of Directors voted to issue a certificate of value to each member upon payment of the assessment in full. In the event a member resigned from the club after being issued his certificate of value, he would return his certificate to the Board of Directors who would resell his certificate to the next new member. The value of the certificate when resold by the club is determined by the directors at the time. If the waiting list of prospective members is large, the value of the certificate may be more than the original assessment.

On the other hand, if resignations exceed the availability of prospective members, the certificate could be of no value. Because the value can be regulated by the club's directors, the issue of the certificates is not carried on the books as a liability of the club.

Payment of the assessment permitted the member three options. One was payment in full, the second was to pay one-half on July 15 and the other half on October 15, and the third was to borrow the total sum from one of three cooperating banks at a straight 4% interest to be paid back on monthly payments for three years with payment guaranteed by the club. Certificates of value were issued jointly to the member and to the bank where the option to borrow was exercised. At least one-half of the assessment was required by July 15 for the four reasons listed below:

1. To have cash available to pay construction costs  
as they become due
2. To withhold using the mortgage money until last  
to save the interest expense
3. To determine as soon as possible the number  
of members who were planning to resign
4. To levy the assessment at a time when the club's  
facilities and services were of the greatest  
value to the member

The two questions most asked by the members were, "What will the assessment be?" and "What will the dues be when the new clubhouse is in operation?" Because dues would not be increased until the clubhouse was in operation and thus permit the Board of Directors an opportunity to justify any increases with the availability of records showing income and

expense, the question of dues could be more easily answered. The size of assessment, however, required considerable selling to the membership. A brochure was printed illustrating the architect's materials used in constructing the clubhouse, emphasizing special features about the clubhouse, and explaining the finance program adopted by the Board of Directors. A committee was appointed to call on each member planning to resign to be certain that member was properly informed before the resignation was accepted. The work of this committee saved several memberships.

## CHAPTER X

### PRELIMINARY CONSTRUCTION PROCEDURES

Before the actual construction of the new clubhouse begins, several preliminary procedures must be accomplished. Contract limits for construction must be determined, the building site must be restricted from pedestrian traffic, and the building site must be razed.

Usually, the architect specifies the contract limits within which the contractors must work. The Board of Directors should approve these limits through the building committee working with the architect. At Walnut Hills, the contractors were required to use snow fence to enclose the building site and to post "Keep Out" signs. By means of bulletin board notices and direct mail, members were asked to stay away from the building site.

Although most people are interested in watching construction work in progress, club members are especially interested in the progress of their new clubhouse. Because each member is a part owner of his club, the task of restricting him from the building site is often very difficult and requires the use of considerable tact. As soon as the contract is awarded, the contractor is given control of and responsibility for the area within the contract limits. Although the reasons for restricting pedestrian traffic should be obvious, they are listed below:

1. To prevent injury or death
2. To avoid interference with construction workers
3. To avoid damage to building or equipment



The razing of the building site is done to prepare the site for construction. This work is usually incorporated in the general contractors contract and includes the removing of old buildings, trees, walks, driveways, and underground pipe and electrical lines.

At Walnut Hills it was also necessary to remove considerable dirt from the site to establish the necessary elevations and grades. The rich top soil was moved adjacent to the building site to be replaced around the clubhouse when the construction was completed. The remaining dirt was moved to designated low areas on the club property as recommended by the greens committee.

The Board of Directors selected three persons to work with the architects, contractors, and decorator. These were the club president, building committee chairman, and the club manager. Each architect, contractor, and decorator must know for whom he is working. Because private clubs are often criticized for having many bosses, the club's representatives must be determined and announced in the beginning.

## CHAPTER XI

### THE CLUBHOUSE PLAN

The purpose of explaining the clubhouse plan is to mention many of the details which should be considered in planning each of the facilities provided in most clubhouses. Because such factors as terrain, location of the building relative to the club entrance, swimming pool, golf course, and desirable views will vary with every club, the drawings of the clubhouse layout are omitted.

Walnut Hills' new clubhouse consisted of two buildings connected only at the roof line to give the appearance of one large building and for the sake of architectural beauty. The main building consisted of two floors built into a hill and a smaller building on level with the upper floor of the main building.

To accommodate the desired facilities, several factors dictated the building location and layout and are listed as follows:

1. Location of existing parking lot
2. Location of existing swimming pool
3. Golf course layout
4. Desired views from dining and other areas
5. Ability to provide necessary services

In explaining the clubhouse plan, each facility or room will be discussed individually.

Men's Locker Room. The size of the men's locker room was determined from the number and size of lockers, the restroom and shower facilities required, the card area desired, the size of the attendant's work area, and the storage facilities needed. The locker room consists of 380 full-sized lockers and 70 two-person lockers which are used primarily for guests.

Restroom facilities include three lavatories, three urinals, and three water closets. Under a full length mirror over the lavatories is a shelf for hair tonics, shaving supplies, and combs. The shower room has eight shower stalls with recessed soap holders and a large area for drying. The card area is 8' x 22' providing room for two standard poker tables 49" in diameter.

The attendant's work area is 8' x 10' and includes a power buffing machine and two work counters with storage cupboards below. The work area is open to view and is located in the center of the locker room near the shower, restroom, and card playing facilities.

The storage room, located adjacent to the attendant's work area, is 6' x 8' and consists of shelving for the storage of towels and other supplies.

The aisle between each row of lockers is six feet wide which accommodates a full-length bench and sufficient space to walk between the bench and the row of lockers. Except for the restroom and shower room floors which are covered with ceramic tile, all floor space is carpeted with a heavy clipped-pile carpet capable of withstanding heavy golf spike traffic.

The lockers were not included in the original contract. To avoid the architect and contractor's fees, the layout and specifications were prepared by the club manager and then bid direct by the manufacturers. To keep the cost to a minimum, the lockers were planned so that as many as possible were installed using one back panel for two lockers and attaching the lockers in sections using one side panel between two lockers. Special features of the lockers are louvred doors and perforated back panels for complete ventilation, top and bottom shelves, one coat rod and three hooks per locker, flat key locks, name card holders, locker numbers, and the installation of nuts and bolts for a mirror which a member could purchase from the club if desired. The lockers were mounted directly on the floor without a special base or legs.

Ladies Locker Room. The size of the ladies' locker room, although smaller than the men's locker room, was determined by the number and size of lockers, the shower room and restroom facilities, the attendant's work area, storage facilities, and the desire for a ladies' lounge.

Over 200 full-size and 60 two-person lockers were installed in the ladies' locker room. The lockers contained the same features as the men's lockers.

The shower room contained eight two-compartment shower stalls. The front compartment is equipped with a small bench and coat hook and is used as a dressing compartment. A full-length curtain in front of the dressing compartment permits privacy, and a full-length curtain between the two compartments protects the dressing compartment from the shower water.

The restroom area contains three lavatories, three water closets, and two hair dryers. Mirrors for make-up are provided at each end of the locker room and accommodate a total of thirteen persons.

The locker attendant's work area and storage room are similar to the facilities of the men's locker room except that power shoe-polishing equipment is not provided.

A special feature of the ladies' locker room is a 15 foot wardrobe for the hanging of gowns and party dresses which cannot be kept conveniently in the lockers. The wardrobe can be locked by the attendant.

The ladies' lounge is 10' x 15' and included carpeting, a table for card playing, two reading chairs, and a large couch.

Employee Locker Rooms. Each of the two employee locker rooms contain fourteen two-person lockers and restroom facilities. The men's locker room has a shower, and the ladies' locker room has a cot. The floors are concrete.

Pool Bathhouse Facilities. The bathhouse is located adjacent to the pool and bathing deck in the small building connected to the main clubhouse.

Both the boys' and girls' bathhouse facilities include basket lockers, coat rods for hanging clothing, and restroom and shower facilities. The boys have gang-type showers, and the girls have two-compartment showers similar to the ladies' locker room. Benches are provided for both. The locker baskets were included in the bids received for the lockers.

Dining Room Facilities. Food service was planned for six different

rooms or areas as listed below:

1. Member Dining Room
2. Banquet Rooms
3. Golfers' Grill and Stag Bar
4. Patio
5. Youth Center
6. Men's Locker Room

The member's dining room and the banquet rooms are the only areas where food service is provided year round. The other areas are serviced only during the golfing season and when the swimming pool is open.

In planning dining room facilities, a rule of thumb guide should be to allow 15 square feet per person for regular table service and 10 square feet per person for banquet service. The type of tables and chairs and the use of support columns in the room will have some affect on this guide. The member's dining room is 900 square feet in size and normally accommodates about 60 persons. The banquet room is about 1,200 square feet in size and will accommodate from 110 to 130 persons.

The member's dining room is located adjacent to the ballroom which is used also for serving members and their guests on occasions when the dining room is not capable of handling the larger number of diners.

The member's dining room, the banquet rooms, and ballroom are located on the second floor of the main building along with the main kitchen, lobby, cocktail lounge, coatroom, and administrative offices. Restroom facilities for men and women, exclusive of the locker rooms, are also located on the second floor.

The Mixed Grill, Stag Bar, patio, and men's locker room are located on the first floor. The Mixed Grill seats 60 persons, the Stag Bar seats 35 persons, and the patio is furnished to accommodate 32 persons. These three areas are serviced as one area. A small service kitchen, equipped with a gas-fired grill, an electric deep-fat fryer, and a small refrigerator is opened to provide food service to these areas during peak periods. When the demand for food service is slack, orders are transmitted through an intercom to the main kitchen on the second floor. Food is then sent from the main kitchen on a dumbwaiter elevator. All soiled dishes are sent to the main kitchen on the dumbwaiter. These facilities are open only during the golf season.

The men's locker room, located adjacent to the Mixed Grill, provides food service either from the service kitchen or from the main kitchen. An intercom is located in the attendant's work area permitting the attendant to call to the Mixed Grill or main kitchen.

The Youth Center is located in the small building adjacent to the swimming pool sundeck. The Youth Center Room is arranged to permit approximately 40 children to eat in the room at one time. Food service, consisting of sandwiches, ice cream, individual cakes and pies, soft drinks, and milk, is available either in the room or through a service window to the sundeck. The Youth Center Room is open during the summer months only when the pool is open.

One of the most important considerations given in planning the dining facilities was the ease of adapting one or more of the rooms for any type service. A buffet, banquet, and table service can be provided for any number up to 350 persons simultaneously. Another important

consideration was that as few as two or three persons could operate the main kitchen during slack periods.

Food Preparation Areas. As mentioned in the discussion of the dining room facilities, the two principal food preparation areas are the main kitchen and the small service kitchen.

In most cases, the planning of the food service equipment and layout should be handled by a food service consultant. Normally, the architect will hire such a person to design the kitchen. With the help of suggestions from others in the food service profession, the manager of Walnut Hills designed the kitchen equipment and layout. Although the club manager should normally advise on matters pertaining to the kitchen design, he should not be expected to have the knowledge necessary to assume the responsibility for the actual design.

The main kitchen, located on the second floor, is approximately 1,200 square feet in size. Omitting that portion of the kitchen occupied by the walk-in refrigerators and employee dining room, the kitchen is almost square which is usually the most ideal type room for kitchen planning. The location of the kitchen forms an "L" connecting the ballroom-member dining room with the banquet rooms. One pair of access doors lead to and from the banquet rooms and another pair of access doors lead to and from the ballroom-member dining room.

The equipment specified is all heavy-duty type equipment. The additional expenditure for the best equipment is a sound investment. The inconvenience and expense of maintaining inferior equipment added to the cost to replace the equipment at an earlier date will more than offset the initial cash outlay.



The type, amount and capacity of the equipment will depend upon the size of the club and type of menu desired. The equipment at Walnut Hills was planned to efficiently serve an average number of persons on a good day during the peak season with a capacity for fast recovery of soiled dishes and clean-up. A kitchen is over-equipped if it is planned to serve and recover easily from the few exceptionally large days which most clubs experience during a year. An over-equipped kitchen must necessarily be larger than needed and may result in being an over-staffed kitchen during the few months when sales are down.

Sufficient storage is necessary for an efficient operation. Lack of storage facilities is probably the most commonly heard complaint of club managers. Adequate refrigeration storage reduces food spoilage and often permits advance food preparation when the work load is slack thus effecting a savings in extra labor when the work load is heavy. Sufficient linen storage reduces laundry costs caused by wrinkled table linen which cannot be used. Proper storage facilities for china and glassware reduce breakage. Adequate storage for dry and canned foods permits ease of inspection of inventories and reduces the possibility of food spoilage often caused by the lack of inventory rotation and unsanitary conditions.

Walnut Hills planned well for storage facilities. A three compartment, 8' x 18' walk-in refrigerator provided one compartment, 6' x 8', for salad and dessert preparation; one compartment, 8' x 8', for meat and seafood storage; and a middle compartment, 4' x 8', opening into the meat compartment for freezer storage. The main storage room is located near the receiving entrance and is approximately 16' x 22'. A wire cage, 16' x 8', is located in the back of the room and contains about 32 feet of adjustable,

floor to ceiling shelving. The larger section of the room is used for the storage of linen and miscellaneous supplies and equipment. Chinaware, glassware, and silverware are stored in either the kitchen or in dining areas where they are used.

Another storage room is provided for garbage and trash. Although the ideal situation is to keep these items in a refrigerated room, the club did provide a ventilated room complete with hot and cold water and a floor drain for refuse disposal. An incinerator for burning paper and some garbage is also included. Although all odor cannot be contained, especially on busy days, the unsightly and unsanitary conditions found around most food service establishments are significantly reduced.

The service kitchen located in the Mixed Grill was mentioned previously and is planned as a one-man operation during most of the golfing season. The service kitchen, approximately 10' x 12' in size, is used both to prepare short order items and to service a sandwich buffet frequently featured for the Mixed Grill and Stag Bar.

Special features of the kitchen areas are the employee dining room which seats eight persons, the quarry tile floor and epoxy painted wall surfaces which permit ease of cleaning, and an acoustical ceiling to reduce any kitchen noise.

Bar Service. Bar service is available in all areas except the Youth Center. To adequately provide this service, three completely equipped and inventoried bars are ready for use.

One bar is located in the cocktail lounge, which seats approximately 75 persons, and services the cocktail lounge and member dining room. A

service bar occupies a small room next to the banquet rooms which it services. After raising a small window, the service bar is ready for operation. In addition to providing a facility for preparing and serving mixed drinks, the service bar is also utilized for preparing punch and other special drinks for receptions and other events.

The third bar is located in the Mixed Grill and the Stag Bar. The locker rooms, patio, Mixed Grill, and Stag Bar are serviced from this bar. The front bar is divided by a paneled partition separating the Mixed Grill and the Stag Bar. Members sitting at the bar in both rooms are serviced by the same bartender.

The storage requirements for a bar operation depends upon several factors. The storage area required for liquor and wine depend upon variety of goods handled and the frequency of purchases. Usually regular shelving is sufficient except for some wines and champagnes which should be stored on their sides.

Beer storage facilities also have varying needs depending upon the size of purchases of each brand and the number of brands carried. The use of throw-away bottles eliminates the need for storing large quantities of empty bottles. Soft drink storage requirements can be greatly reduced by the use of syrups in carbonic dispensers or the use of the pre-mix dispensers which draw mixes from purchased pre-mix containers.

Pro Shop. The pro shop is located in the small building connecting the main building. One entrance to the pro shop is opposite the entrances to the men's and women's locker rooms. The connecting roof provides cover going to and from the locker rooms.

The pro shop is 600 square feet in area plus an office for the golf professional, a merchandise storage room, and a golf club cleaning and repair room equipped with a work bench, and a two compartment sink installed only two feet above the floor. The member club storage room adjoins the club cleaning room and has a capacity for storing nearly 500 sets of golf clubs.

One of the outstanding features of the pro shop is its three walls of window permitting excellent views of the first tee, the putting green, and both number nine and number eighteen fairways from tee to green. The windows in the pro shop are glazed with a grey, tinted glass which is used throughout the clubhouse to reduce glare and heat.

The caddie facilities consist of an open shelter with restroom facilities provided. Because of the clubhouse being new, the area which will become the play area for the caddies has not yet been determined.

Administrative Offices. The administrative offices are located on the second floor of the main clubhouse and consists of three offices. The general office includes desks for the bookkeeper and the clerk-typist and an information counter. The work room is to the rear of the general office. The billing machine, offset duplicator, addressograph, another typist desk, and the storage cupboards for office supplies are located in the work room. The manager's office is also located next to the general office and is equipped with a desk, a small two-drawer file, and two interview chairs.

The controls for the background music, public address system, and paging system are installed in the general office. Incoming telephone

calls are received in the general office.

The administrative function is the heart of the club operation. The club office is the information center of the club. Through its book-keeping procedures, the office provides information to the manager and his department heads and to the Board of Directors. Through bulletins, post cards, letters, and personal contact, members are informed on all club matters.

Increasing administrative expenses should be sufficient reason to give careful consideration to the planning of the office facilities. Because of the government's increased concern regarding the tax deductions taken by members for club dues and entertainment expenditures, the work load of the office staff will certainly become greater.

## CHAPTER XII

### PREPARATION FOR OPENING

Many plans and procedures must be established and supplies purchased before the new clubhouse is open for business. A few of these which will be discussed in this chapter are listed as follows:

1. Organization of staff and responsibilities
2. Establishing personnel procedures
3. Selecting the staff
4. Preparation of a pre-opening training program
5. Food and beverage cost control procedures
6. Hours of operation
7. Purchasing supplies
8. The grand opening

Organization of Staff. The organizational chart illustrated in Chapter I is the particular organizational plan used at Walnut Hills. The organizational structure is based upon the breakdown of responsibilities and work areas. Each club must select the organizational plan which will be best for its type of operation. For the organization to function effectively, it must be well planned, and the plan must have an opportunity to work.

Responsibility must be assigned at each level of the organizational plan. Authority commensurate with the responsibility must also be given.

Each member of the organization must have the capacity to carry out his assigned duties and responsibilities. If the organizational plan is a good plan, then any weakness in the operation is usually due to an individual's weakness in fulfilling certain of his responsibilities.

Personnel Procedures. Before employing a new staff, definite procedures and policies concerning personnel matters must be established. These include employment and dismissal procedures; wage policies; fringe benefit policies such as vacation pay, sick leave, meals, and insurance; and working hours.

At Walnut Hills, all prospective department heads and employees not assigned to a department head are interviewed and hired by the manager. All other prospective employees are interviewed by the department head for a particular job in his department. The applicants for the position are then screened at a meeting of the department head and club manager. The club manager will then interview the best qualified applicants (usually three or four) and again meet with the department head to discuss the applicants. The department head will make his recommendation, and if he can justify his recommendation, that person is hired.

Any decision to dismiss an employee is made by the manager. A department head can make a recommendation to the manager to terminate an employee's employment provided that good reason can be shown. In most cases the manager will speak with the employee and warn the employee of his failures. If the employee cannot correct his weaknesses, his employment is terminated. Every club makes an investment when it hires and trains a new employee and should use some degree of caution in terminating members of its staff.

Policies affecting wages and other employee benefits will depend upon several factors. Geographical location and union influence are the principal factors. At Walnut Hills, wages are competitive with the wage scale paid in the Lansing area. The wage or salary of every employee is determined by the club manager. Except for an insurance program approved by the Board of Directors, employee benefits such as vacation pay, sick leave, meals, and uniforms are left to the manager's discretion.

Paid vacation time is earned at the rate of one-half day per month for all employees, except department heads, for the first twelve months of employment and one day per month beginning the thirteenth month of continual employment. Department heads receive one day per month.

Meals and uniforms are furnished to all employees by the club. Sick leave is paid at the discretion of the manager. Except for department heads, no employee is paid for time off until the employee has been employed for several months and the manager is assured that the employee's absence is due to bona fide illness.

Working hours for all employees is determined by the manager. Most employees work 48 hours per week.

Selecting the Staff. After the organizational structure and the personnel procedures are known, the process of staffing the club can begin. Several factors which are suggested in selecting the staff are listed below:

1. Consider former employees
2. Be selective according to objectives
3. Employ department heads first
4. Utilize department heads in hiring employees



Walnut Hills Country Club enjoyed many successes prior to the fire. One reason for these successes was the competence of many of the employees. Although some of the former employees were not available or considered for reemployment, most of the former staff was rehired. Their knowledge of and experience in the club operation was of considerable help in opening the new clubhouse.

The greatest asset to a club manager is a competent staff. The importance of selecting an employee who is well qualified for a particular position cannot be emphasized too strongly. The task of locating these persons is difficult and should not be delayed until a few weeks before opening.

As soon as the department heads are selected, the job of filling other positions should begin. There are many methods of advertising for prospective employees. Newspapers and trade magazines are the most commonly used methods. One method which is often the most effective is word-of-mouth advertising. Walnut Hills employed three excellent employees through word-of-mouth advertising. Regardless of the media which brought in applicants, the hiring procedure explained previously utilizing department heads to conduct the first interview was followed.

Pre-opening Training Program. Because the new clubhouse is new to all employees, a training program should be conducted before the opening to assure a high standard of performance within each department.

The training program at Walnut Hills included two days of training before opening. Part of the program provided for instruction in the background of the club and a familiarization of all departments within the

organization. The remainder of the program was devoted to instruction in the employee's duties and repeated drilling of these duties.

Although most of the employees were on duty at least two days prior to the opening date, the construction and interior furbishing of the clubhouse was not complete. As a result, the training program was not conducted as planned. Most of the employees' efforts were devoted to cleaning and getting the physical structure of the clubhouse ready for the opening. A club manager would not experience the opening of a new clubhouse without such a pre-opening training program more than one time.

Procedures for Food and Beverage Cost Control. The primary purpose of food and beverage controls is to assure that the right merchandise is purchased at the lowest possible cost and that all merchandise purchased is converted to sales. A sound system of controls will provide the manager with the necessary information to take action if the goals of the food and beverage operation are not being met.

The control system which would be the most effective for a particular club may vary from a system used by another club. Both "too little" and "too much" control can be expensive. The expense of a control system must be less than the savings it effects.

The first step in setting up a food and beverage cost control system is to analyze the entire operation. National accounting firms, such as Horwath and Horwath, specialize in the hotel and food service industry and may be employed to establish a system which is best for a particular operation. Because a detailed outline of a cost control system would be extremely lengthy, the reader is encouraged to read "How to Increase Profits with Portion Control" by D.C. Keister and "Profitable Food and Beverage

Operation" by Broadner, Carlson, and Maschal.

Hours of Operation. Naturally the ideal hours of operation in a club are when the services of a particular area of the club will be utilized. All services cost money and most club directors recognize this. For example, few clubs provide food service as late in the evening as they provide bar service. The difficult task is to determine the times when the various services should be available.

The club manager should continually analyze all services of the club and recommend any changes in the hours of operation to the Board of Directors. In making his recommendation the manager should advise the directors of the savings that his proposed change would produce. Because the club members own the club and elect a board of directors to represent them, the final decision should be theirs to make. The club manager should be responsible to provide information necessary for the directors to make an intelligent decision.

Purchasing Supplies. Considerable work is necessary before supplies and miscellaneous equipment can be purchased. Early in the planning stages for the new clubhouse, a finance program was established. One consideration in determining the need for capital was an estimate for the purchase of supplies and small equipment. The estimate was computed by the club manager and based on a list of supplies needed and an estimated cost for the many items.

With the assistance of catalogs and department heads a final list of necessary supplies was prepared showing the quantity and description of each item. Several price quotations were obtained for most items. A

general breakdown of the items is listed as follows:

1. Chinaware, silverware, and glassware
2. Miscellaneous kitchen and bar supplies
3. Maintenance and janitor supplies
4. Office supplies
5. Locker room supplies

The selection of the chinaware, silverware, and glassware was made by the decorator and approved by the building and executive committees. The selection of all other supplies was made by the club manager with assistance from the various department heads.

The Grand Opening. As the completion of the construction and decorating of the new clubhouse approaches, many ideas and plans are considered in preparation of the opening. The interest of the membership reaches its highest pitch. Believing that the first impression is the most important, the directors were anxious that the greatest effort would be made. Because the opening was delayed twice causing the opening to be eighteen days after the originally scheduled date, the eagerness of the members increased.

The new clubhouse was opened in the evening with only the bars in operation. The tables in the member's dining room were set up with complete service to enhance the beauty of the room and to display the chinaware, silverware, and glassware. Guided tours were carefully planned and conducted by members of the Board of Directors and building committee and their wives, representatives of the architect's firm, and the decorator. Handout sheets were given to each person illustrating the tour route and explaining points of interest along the way.

The doorman in his tuxedo and shined shoes supervised his parking attendants who parked and returned the automobiles. Approximately 1,100 persons made the tour, and everyone was ready on time with the exception of the building committee chairman and the club manager who were still in their old garb tidying up the boiler room.

## CHAPTER XIII

## PROSPECTS FOR THE FUTURE

For the first two months of operation in the new clubhouse, food and beverage sales were almost double the same two-month period in the former clubhouse. Although expenses increased because of the larger clubhouse and the increased volume of sales, the net income from the food and beverage operation was greater than the net income for any twelve month period in the former clubhouse.

There are several reasons for this increase in sales. One is the additional eating and bar areas which appeal to the likes of more of the membership. Another reason is that many members postponed most of their entertaining until the new clubhouse opened. The principal reason for the large increase in sales is the desire for members to see the new facilities and to show them to their friends.

Daily sales have declined after the first two months. Not including special parties, the average number of persons served during the evening dinner hour has dropped from approximately 85 in June to approximately 60 in July. The number of persons served for luncheon and in the Mixed Grill has dropped only slightly. The sales in the Mixed Grill, Stag Bar, and patio depend primarily on the number of persons playing golf and using the swimming pool. Cooler weather and rain during July have caused a considerable decrease in the pool attendance.

The success of the club in the future will depend to a large extent upon the club's ability to maintain a favorable dues structure. The club's mortgage of about \$250,000.00 is four times the mortgage on the former clubhouse. The utilities, taxes, and labor costs are substantially greater. As the new clubhouse operation continues, maintenance costs will increase. To offset these additional costs, additional net income from the increased sales should be realized. That the additional net income and costs will offset one another is doubtful.

The additional facilities of the new clubhouse will probably cause requests for additional services from some of the members. The decision to grant these additional services must be made by the Board of Governors.

The one factor which could have the greatest influence on the dues structure or the ability of the club to afford many of the services now offered to the membership is federal legislation.

Many club memberships are paid by businesses and associations. The costs of some memberships are reported as tax deductions. The federal government now requires evidence that the club membership is used to further a company or individual's business. Likewise, expense deductions are receiving more attention by the government, and this will affect the club in two ways. First, some of the entertaining which members are now doing at the club will stop, causing a loss of revenue to the club. Secondly, the administrative expenses of the club may increase in order to provide the members with sufficient records to satisfy government auditors.

The federal government now prohibits clubs from catering to outside parties. All parties held at the club and financed by a company or individuals not members of the club are considered outside parties. For

example, a Kiwanis Club banquet or a wedding reception for a non-member, even though sponsored by a member, are not legal club functions. Any club discovered catering to these outside parties may lose its tax-exempt status as a non-profit organization. If a private club in Michigan were to lose its tax-exempt status and be required to file as a regular corporation, its Club Liquor License would be withdrawn, and a Class C Liquor License would be issued requiring the club to serve anyone, regardless of membership, in its bar. In 1958 the commissioner of Internal Revenue published Revenue Ruling 58 - 589, 1958 - 2 Cum, Bull. 266, which reads in part as follows:

"Therefore, to qualify for income tax exemption, a social club should not advertise its facilities for non-member patronage since it would be prima facie evidence it was engaging in business. Likewise a social club should not engage in any type of business activity for profit which is designed to increase or which could result in an increase in net earnings inuring to the benefit of any shareholder or individual. Net earnings may inure to members in such forms as an increase in services offered by the club without a corresponding increase in dues or other fees paid for club support or as an increase in the club's assets which would be distributable to members upon the dissolution of the club."

"However, this is not to say that a club will necessarily lose its exemption if it derives income from transactions with other than bona fide members and their guests. A club will not be denied exemption merely because it received income from the general public, that is, persons other than members and their bona fide guests, or because the general public on occasion



is permitted to participate in its affairs, provided such participation is incidental to and in furtherance of its general club purposes and it may not be said that income therefrom is inuring to members. This is generally true where the receipts from non-members are no more than enough to pay their share of the expense.....where, however, a club makes its facilities open to the general public and the purpose is to increase its funds for enlarging its club facilities or otherwise benefiting its members, it is evident that it is not operating as an exempt social club within the intendment of Section 501 (c) (7) of the code."

Other federal legislation, now pending, concerns a reduction of the excise tax which the club pays to the federal government. The present 20% excise tax on dues and membership fees was levied during World War II as a temporary tax. The tax was 10% before this time. Renewal of the 20% tax is now necessary. Through the national office of the Club Managers' Association of America, considerable effort is being made to encourage legislators to allow the 20% temporary tax to expire.

Because of the several factors mentioned here, it is not possible to determine what the members of Walnut Hills will be experiencing in the years ahead. In the opinion of the author, who has been the club's manager for the past four and one-half years, dues within the next five years will increase by \$5.00 to \$10.00 per month per Regular member. Assessments can and should be avoided. Considerations which the author believes will cause this increase in dues are listed below:

1. Net income will not equal increased costs of mortgage, taxes, and operational expenses.

2. Some increased services will be provided.
3. The government will not lower the 20% excise tax during this period.
4. Wages will increase slightly.
5. The requests for eliminating the pool fee may be granted, however, this could be offset by increasing another service fee such as the locker fee.
6. Income from membership fees will be reduced because of the membership quota being filled.

As shown in Figure 3, the present dues structure of the club is equal to or less than most comparable private clubs in Michigan. After the new clubhouse was opened, dues were raised to \$30.00 per month for Regular members. The manager did not receive one complaint. Many members stated that they expected a larger increase. An increase to \$35.00 per month per member, which may be necessary in the next two or three years, may cause a few members to resign. These resignations should be easily replaced. For the present, the club is financially sound, and the outlook for the immediate future is favorable. The success in the future depends upon member participation, sound management practices, the condition of the economy, effects of government legislation, and future board action.

FIGURE 3

MICHIGAN GOLF AND COUNTRY CLUBS  
ANNUAL DUES AND ASSESSMENTS  
1959 and 1960

	Annual Dues		Assessments	
	<u>1959</u>	<u>1960</u>	<u>1959</u>	<u>1960</u>
Arbor Hills Country Club	\$170	\$224	-0-	-0-
Battle Creek Country Club	200	200	\$110	\$110
*Birmingham Country Club	455	420	-0-	250
Bloomfield Hills Country Club	480	480	-0-	-0-
*Blythefield Country Club	260	260	-0-	200
Dearborn Country Club	360	<del>444</del>	-0-	-0-
Flint Golf Club	230	249	12	72
Gull Lake Country Club	240	240	60	60
Country Club of Jackson	275	275	-0-	-0-
Kalamazoo Country Club	302	302	120	120
Country Club of Lansing	324	324	100	100
Lenawee Country Club	210	210	-0-	-0-
Orchard Lake Country Club	468	473	-0-	-0-
*Plum Hollow Country Club	450	576	60	975
Point-of-Woods Country Club	1000	1000	-0-	175
Saginaw Country Club	275	275	-0-	-0-
Walnut Hills Country Club	268	268	-0-	-0-
*Washtenau Country Club	295	295	-0-	1200
Western Golf and Country Club	450	450	125	-0-

\* Denotes clubs which engaged in building or refurbishing projects in 1960.

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