

Institutionalizing Strategic Planning: Developing Achievable Goals

UNDOUBTEDLY MUCH OF THE VALUE FOR ANY PRIVATE CLUB EMBARKING ON STRATEGIC PLANNING IS IN THE "PROCESS," DEVELOPING A STRONG FOUNDATION, THE CLUB'S CORE VALUES, MISSION AND VISION; IDENTIFYING STRATEGIC KEY RESULT AREAS (KRAS) WITH CLEARLY ARTICULATED OBJECTIVES; AND DEFINING SMART GOALS WITH WELL THOUGHT OUT STRATEGIES AND PLANS TO IMPLEMENT.

The formation of the strategic planning committee, usually chaired by the board of director's vice president (president elect), marks the starting point as the process moves into high gear with the realization that private clubs today need to be operating on a solid foundation, with a flexible structure and a strong connectivity between the two.

Core values, mission and vision comprise the club's foundation, meaning strong core values, a unique and differentiating mission and a clearly defined vision everyone believes in and shares in, and meaning there's a buy-in from everyone. Once established the core values, mission and vision become non-negotiable.

Remember, the three key ingredients of the strategic planning process are participation, inclusion and transparent governance. There must be participation from all stakeholders – they must

be encouraged to actively participate. This will debunk the myth that governance in private clubs happens in smoke filled rooms behind closed doors with decisions made by the chosen few. Transparency is vitally necessary.

Since all members are owners, they have the same right in knowing what decision are being made, why they are being made, and what has led to the decisions, as does the chosen few – the club's elected volunteer board. This is even greater cause for the board and paid management to make much more concerted efforts to be transparent by communicating, communicating, communicating.

So the integrity of the strategic planning process is maintained through participation, inclusion and transparency. Ultimately through this process the management and the volunteers will govern the club collaboratively. This will lead to the sustained success of the club.

Let me make that point again: Commitment to collaborative governance means a commitment to operating a club through the strategic planning process. It trains and disciplines volunteer leaders to NOT interfere in the operation of the club, instead to set policy and give guidelines, and no micromanagement. This is a strong and necessary commitment.



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Let's review another point: The transitional leadership (volunteer boards and committees which change members every year) certainly creates a need to ensure continuity in the club's focus and direction. That leads us to the not-for-profit mantra: the three Cs – continuity, connectivity and consistency.

Simply new club presidents and committee chairs often come with "new" agendas and, as a result, traditional governance often gives rise to disparate and tangential directions. This really creates challenges for management to connect with the volunteer leadership, hampering management's ability to continuously deliver a consistent experience for the entire membership.

So slowly and deliberately you've developed your core values, the mission and vision for the strategic plan by way of the lean mean planning machine. It's been built in a slow iterative way, so that no one group in your club community becomes alienated. It can be frustratingly slow, but building trust and changing behaviors that are required through the strategic planning process takes time.

Management now clearly understands the direction the board has chosen for the club and will start to take the reins and responsibility for delivering on it.

It's time for action...to jump in with both feet and make it happen.

If you want the culture in the club to change where volunteers respect the professionals, and give them the autonomy needed, then management has to pony up and take ownership of the plan?

For example, a management group at a client club of mine worked out their goals, and sent them to me for comment and review. I digested what they (the general manager and department heads) had written, and took my feedback to them before presenting it to the club's strategic planning committee.

Ours has been an interesting discussion, and clearly indicative of what happens when clubs begin working their way through the strategic planning process.

This club's golf course superintendent is a very well respected industry leader who occasionally conducts workshops for other superintendents. It took us an hour to discuss his first goal, and here's why. His first written goal was: "Improve the efficiency of the irrigation system."

My feedback was: "While it's a very good goal it's not measurable." I reminded everyone that goals must be measurable so that you can gauge change. What does "improve the efficiency of the irrigation system" mean, I asked? The superintendent became very defensive, and said, "You either like or don't like my greens...and what they should look like and play like."

This reaction clearly shows why members react the way they do, either liking the greens or complaining and wondering aloud why the greens don't play like the greens at Augusta.

With a non-measurable goal like this we've given them (the board and members) the freedom to identify problems, diagnose the problems, and give us their "expert" prognosis. Ever wonder why members make the comments they do...why members micromanage?

For this particular goal to be measurable, the superintendent must illustrate how the efficiency of the irrigation system can be improved, how he'll measure that improvement, and how it affects the playability of the golf course and greens.

For example, if today he's using (X) gallons of water per acre on the course, is the water consumption appropriate or optimum for this course? Is some of that valuable water being lost because of the design and layout of the irrigation system? Are there leaking pipes? Are all parts of the course getting watered evenly?

So let's assume the goal reads, "By the end of 2008 optimize the efficiency of the irrigation system by using (X) gallons of water per acre and still maintain the look and playability of the course."

Assuming this goal is achieved, over a period of time, the members and the club's green committee will stop telling the superintendent how to maintain the course. Instead, they

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will focus on the gallons per acre and the playability of the course, because this goal is measurable. This does not and arguably should not preclude ongoing discussions on the look and playability of the course. Appearance and playability should be moving targets, continuously being improved.

Tarunism: Raising the bar is a prerequisite of sustaining success for any service establishment.

It took me 45 minutes of explaining a “measurable goal” to this superintendent before he begrudgingly accepted the concept. I had to remind him how previously management had suggested to me that they had consistently encountered difficulty getting the volunteer board, its committees and members to accept what management presented as goals.

If the goals are not written and not measurable, the volunteer board isn't going to get it...and the club's paid management will continue to be micromanaged by the board and club members because everyone's so-called “goals” are different. Professional staff continually will be pulled in all directions to meet the whims and desires of members – a frequent happening at many private clubs.

Even with my explanation of why a written, measurable goal is required, many managers still think the micromanagement of the board will continue. They remain “doubting

Thomasases,” not fully trusting of the process. My response? Give the volunteer board, committee chairs and members something ambiguous and they'll continue to micromanage. Give them something tangible and measurable and they'll likely start backing off. Keep them focused on the tangible and measurable goals. Eventually they will get the point and will back off. That's why it is imperative that the strategic planning process must focus on changing behavior and building trust in addition to the mechanics of developing plans.

After all, in this example, it's taken this club 90 years to get to this point, where the board and club members unconsciously micromanage the professional managers. So it'll take a few more years to get them out of the habit, as trust builds and behaviors change.

The point with this particular goal...the superintendent simply assumes and I might add, accepts the board will do what it wants, regardless of what the superintendent wants or does. He lives with it and that's not the way it should be!

So write your goals. Don't let goals reside in your minds. Make them visible...and measurable. Managers must be willing to hold themselves accountable. They must defend the goals with the strategic planning committee and the board. And measurable written goals achieve this.

As we've discussed previously, once this agreement is achieved on broad objectives, the club's planning process can begin to make the transition to making things happen...on multiple levels.

On one level, the key result areas and objectives give you the strategic plan and direction of the club. For example, you have core values, mission and vision, the key result areas, and key initiatives and/or objectives that the club wants to work on over next three to five years. Remember the *hypothetical City Club of Chicago*.

Its *vision* is: by 2011, to become the premier city club in Chicago with:

- a variety of contemporary dining options
- a full service business center
- a calendar of events catering to the needs of our diverse membership
- a full membership of 1,200 regular members
- a waiting list of 100 members
- \$12 million per year in revenues
- A reserve of \$2 million
- a state-of-the-art fitness center and day spa.

This definitive vision paints a clear picture and tells the present and future boards of directors what needs to be done.

To become the premier city club in Chicago by 2011, this club must focus its efforts on food and beverage, business services, social programming, membership sales, accounting and finance and fitness and recreation, all possible key result areas.

Since the vision is to become the premier city club in Chicago through the food and beverage key result area, we developed three broad objectives to help the club achieve this.

The professional managers were asked to set the stage by conducting research, including but not limited to what competitor clubs are doing; trends in food and beverage, strengths and weaknesses of the existing facilities and/or operations, and survey results.

Their deliberations conclude that to become the premier city club in Chicago the club needs to have the following objectives:

- a) Offer contemporary a la carte dining (both casual and formal) to the membership
- b) Provide a full service meeting and catering program to compete with leading downtown hotels, and
- c) Generate \$1 million in net operating income annually from food and beverage.

Once developed by the F & B KRA task force, these objectives are blessed by the strategic planning committee and then approved by the board. While getting to this point is painfully slow, it's deliberative, it's iterative, it's inclusive, it's transparent and it achieves consensus.

The next step is for the professional managers to develop *SMART* goals for the next five years – another layer in the plan.

This is where the rubber meets the road. This is where the professionals have to demonstrate their expertise. This is where the research they conducted, including competitor

clubs, trends, strengths and weaknesses of the existing facilities and/or operations, and survey results come to play.

This is where their creativity comes to play. For example consider objective No. 1 "Offer contemporary a la carte dining (both casual and formal) to the membership." It could have, amongst a larger list, the following two goals:

Goal No. 1: By January 1, 2008, the club will operate *The Grill* as the casual venue

- a) Seven days a week
- b) Three meals a day
- c) Averaging 75 covers for breakfast at a \$5.50 per person average
- d) Averaging 125 covers for lunch at a \$9.50 per person average
- e) Averaging 50 covers for dinner at a \$15.50 per person average
- f) Where revenues cover all direct costs.

If blessed by the strategic planning committee and approved by the board the F & B manager is committing to a very *Specific* (covers and per person averages); *Measurable* (covers and per person averages); *Achievable* (assuming the numbers are fact based); *Realistic* (a stretch and not an impossibility); *Time* dated (by January 1, 2008), the proverbial *SMART* goal.

Both the volunteer leadership and management are agreeing to keep the outlet open three meals a day, seven days a week, and to ensure that operation will become self sustaining, where the club will not provide any funds to operate *The Grill*.

The point is that the focus has been taken away from food and beverage selections, menu pricing etc. Issues that normally are topics within the "micromanagement debate."

Goal No. 2: By January 1, 2008, the club will operate *The Dining Room*

- a) Monday through Saturday for dinner
- b) Monday through Friday for lunch
- c) Averaging 50 covers for dinner at \$50 per person average
- d) Averaging 75 covers for lunch at \$19.50 per person average
- e) At an annual subsidy not to exceed \$200,000

You must make sure all goals are true to the club's vision and mission and that an action plan is developed to accomplish the task. If the food and beverage manager's goals are achieved, they can take the credit for it and feel a sense of ownership as they help achieve the club's vision.

If, on the other hand, the F & B department fails to achieve these goals, the department manager has no one else to blame because they were instrumental in establishing these goals.

The salient effect of goal setting is creating accountability. Goals create a structure. They also necessitate a process for reporting to the board and strategic planning committee. In

reporting results, management will feel the obvious need to justify the result. Therein lies the opportunity.

The opportunity to engage the manager in the ultimate success or failure of the club and to subtly direct the volunteer leadership to focus on policymaking, guideline setting and the "right" outcomes.

Tarunism – If accountability consistently happens, they will begin to trust you.

To get the job done, ensure that consensus-building procedures continue to be enforced. Take the comprehensive list of goals the general manager and department heads have drafted and present them to the strategic planning committee. In essence you're asking the committee: "Will this achieve your objectives in each area?"

If the members of the strategic planning committee say 'yes', then it's incumbent on the chair of the strategic planning committee, who is hopefully the club's president-elect, to present this action plan to the board, resulting in a timetable for achievement of the goals.

Once the board approves the goals, the whole package goes back to the management to develop the next step – strategies.

How will you achieve your goals when no two people will likely agree on the same strategy? This is precisely the reason why club general managers don't want volunteers developing the strategies. It must be the domain of the paid management.

For example, *The Grill*. One member may suggest a strategy similar to that of a five star hotel in which patrons are served freshly squeezed orange juice every day. In past if that's what members wanted, the food and beverage manager gave it to them, even if it raised food costs. The club didn't care, because that's what members wanted.

Now with the strategic plan, and objectives set by the department manager, and approved by the general manager, the strategic planning committee and the board, the board has told the F & B manager *The Grill* must operate with three meals a day and at breakeven. The restaurant cannot operate at a loss.

So the F & B manager says: "Yes, I can serve fresh orange juice or no, I can't serve orange juice at the present price to break even." If the F&B manager can't, then the club must accept a price increase or reject the fresh squeezed expectation.

The integrating of strategic planning in the governance of the club is in the process. As the committee evolves so will the goals. It's all right to change or tweak goals, to have sub goals, to arguably revise the targeted date as long as the club continues to move forward. We're on the road to action! **BR**

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