

# Building Foundations: Focusing on Objectives

*Tarunism: A club's vision is only as good as its buy-in*

It doesn't matter whose vision it is – the president, the general manager or the strategic planning committee chair – the success of the vision is based on everybody agreeing with it, buying into it. And for that buy-in to happen, all stakeholders must believe they've been included in the process.

The vision itself should be reasonably broad and reasonably inclusive. While it should paint a clear picture typically it doesn't have much detail, because once the vision is approved the detail follows. This can create a problem. Some members are willing to approve and accept a broad overview and wait for the details to follow, while others want the detail before they're willing to approve. This is why the process should be defined upfront and the club committing to the process upfront.

As I've written many times, everyone must embrace and accept the club's new core values, mission and vision and the buy-in must happen before the board approves the new values, mission and vision.

These become the club's tenets, part of the day-to-day life of the club to be lived not only by the club's volunteer leadership, management and staff, but also just as importantly, the members. To accomplish this, these tenets must be in the forefront, visible and constant reminders of what the club is and wants to be. For instance, by including the mission,

vision and core values in the club's membership collateral new member expectations have a better chance of being managed.

The new culture is being established and/or reinforced through the use of newsletters, menus, catering packages and club stationary etc. Framed posters in the board and meeting rooms, and employee areas are a constant reminder to the leadership and employees to stay focused.

These tenets should also influence and guide the club's governing documents. The new culture should be reinforced in any and every manner possible with the result that the effectiveness of the board's policies and guideline decisions and management's delivery of the member experience will be based on and constantly checked against the club's new mission, vision and values – the club's foundation.

What this means of course, is that the strategic plan is becoming institutionalized – the basic principles of the lean mean planning machine are being accepted ensuring the connectivity, continuity and consistency required in the building block approach to the club's new culture. It also means the new culture will sustain itself and all this will be seamless.

Remember the detail in the structure is inspired by the club's foundation (the broad concepts) – vision, mission, and core values. Remind people to have faith in the process. The process has integrity. It helps create a sustainable blueprint and a structure that will stand the test of time with rel-



TARUN KAPOOR  
CEO, KAPOOR AND KAPOOR  
HOSPITALITY CONSULTANTS, INC.

evant detail in the goals, strategies and actions.

Introducing the blueprint involves taking the vision and expanding it into key result areas (KRAs), that the club needs to focus on to accomplish the vision statement. Since the club, like any business, has limited resources, the key result areas are areas of focus for the strategic planning committee.

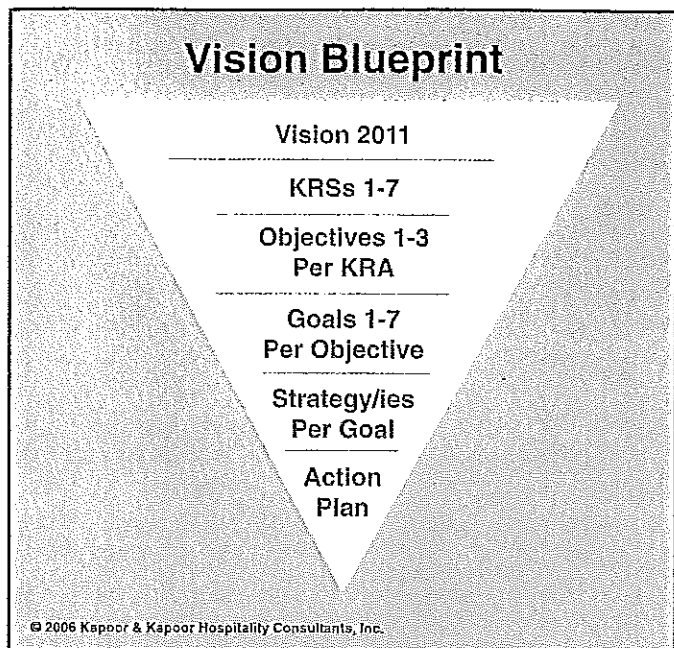
Carefully identifying the key result areas that will deliver the vision is an essential requirement for the board and the strategic planning committee to stay focused. The KRAs indicates where the club must dedicate its limited resources to achieve the vision.

The club's vision is broken down into workable parts – key areas of desired results. KRAs might include golf, membership marketing, food and beverage, accounting and finance, and human resources. Each area requires focused, dedicated attention from the club's leadership (the board and management.) Each KRA will require clearly defined objectives, SMART goals, creative strategies and actionable plans.

We need to be constantly reminded that each KRA addresses a piece of the club's vision that needs to be accomplished. The priority of each KRA

must be established because each and every KRA is critical to the success in achieving the club's vision, although some may be more urgent or time sensitive than others. Within each KRA, objectives also need to be prioritized.

If the club's vision sets out the plan for what's to be accomplished within the next five years, a sound practice for the club is to set the priority for each key result area over the next five years.



Of course, everyone has a wish list and it's highly unlikely the club will have the resources to do everything at once, so the list of priorities must be set, timelines established and resources dedicated to achieve success.

As time goes by and the list of priorities unfolds, ultimately every KRA will get the needed resources. I reiterate: "Don't throw out the baby with the bathwater just because something cannot be achieved in a key result area immediately."

Remember, the planning process needs to be transparent and inclusive. Prioritizing KRAs and within KRAs creates transparency in decision-making. Breaking the club's vision into KRAs provides the strategic planning committee with the opportunity to seek input and/or participation in the setting of objectives and goals by the respective standing committees. For example, the strategic planning committee the opportunity can seek input from the golf and green committees. This inclusion will not only create buy-in from a key group in the club, it will also help create a sense of community critical for any private club.

### OBJECTIVES

Key result areas are comprised of broad objectives, usually three or four, no more than seven. You often hear me speak about the rule of seven, because my premise is simple...people can't remember more than seven, let alone stay focused over multiple years on much more than seven (this is a planner's common rule of thumb).

SEE PRIVATE CLUB LEADERSHIP - PAGE 82

To best understand objectives, members and their families must feel good about being at the club, must believe and honor the club's core values, agree and nurture its mission, visualize and work towards achieving the vision. That's the buy-in we've been talking about.

For example, let's take a fictional City Club that offers individual and corporate (business) memberships and has among other **core values** "that its members believe in business and professional networking, camaraderie and fraternity...."

Its **mission** includes: "providing a forum and venue for people of accomplishment to network and socialize...."

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
- a waiting list of 100 members
- \$12 million per year in revenues
- a reserve of \$2 million
- a state-of-the-art fitness and day spa"

Whether you believe this is a good vision or not, is not the point. Be that as it may, it is definitive! It paints a clear picture. It will tell future boards and management what needs to be done. It directs and guides the strategic planning committee on what KRAs need to be established and what objectives need to be developed. It's transparent.

To achieve this vision, this club, the strategic planning committee and current and future boards need to keep their eye on the ball, meaning focusing on key result areas, where results have to be achieved in five years, a relatively short period to time.

To become the premier city club in Chicago by 2011, this club could establish food and beverage, business services, social programming, membership sales, accounting and finance and fitness and recreation as possible KRAs.

So let's take the F & B KRA and develop three possible broad objectives. Remember, the vision is to become the premier city club in Chicago, and our food and beverage objectives have to help the club achieve this.

The strategic planning committee breaks itself into KRA task forces. Let's assume three members of the committee are on the food and beverage KRA task force. They now invite the paid professionals – the club's F & B director, executive chef, and director of catering to join the task force. The paid professionals are now encouraged to take the lead in developing the objectives. To get buy-in and ensure the process continues to be inclusive they seek input from the food and beverage committee.

The professionals are asked to set the stage by conducting research. This could include what the competitor clubs are

doing, trends in food and beverage, strengths and weaknesses of the existing facilities and/or operations, and survey results etc.

Their deliberations could conclude that to become the premier city club in Chicago they need to:

- offer contemporary a la carte dining (both casual and formal) to the membership
- provide a fully service meeting and catering program to compete with leading downtown hotels.
- lastly, generate \$1 million in net operating income annually from food and beverage.

Once the task force has reached consensus on the components of the vision relevant to their KRA they can set out to develop sustainable objectives. For example:

**Objective No. 1:** By 2008 provide comprehensive a la carte options to include both casual and formal dining.

All objectives need a clearly articulated rationale to get buy-in first from the entire strategic planning committee, then the rest of the membership and finally the board.

This is a city club with:

- members who are professionals – doctors, lawyers engineers etc.
- some who are individual members and some who are corporate members, i.e. law firms
- individual professionals out there networking,
- where both men and women are members and
- where most of the activities happen during the business week. As a city club, activities likely will not draw members living in the suburbs to come back downtown to the club in the evening or on weekends.

It's a club where the objective is to provide optional (casual and formal) a la carte dining for its members and guests Monday through Friday:

- where the casual option can provide three meals a day, seven days a week, and
- where someone dressed in business casual from the local bank can entertain a client
- where the local lawyer can meet friends for lunch
- where a female director of marketing can take clients out for dinner
- it's also the restaurant where the membership has more occasional needs for formal dining, for special occasions, like celebrating a promotion, or entertaining foreign clients; and where there's a formal dress code, and no cell phone use is the protocol. And with it all available Monday to Friday.

Recognizing the price points will be different. The volume, profitability menu, décor and ambience will all be different for casual and formal dining as the broad objective is developed. Once that's approved, SMART goals for each of these areas are easier to develop. It's from this broad objective, which will help the club achieve the key result areas (food and beverage vision) that will come many goals, which can be used to address the more specific areas.

We build layer upon layer. Let's consider:

**Objective No. 2:** By 2009 develop and implement a full service meeting and catering program to compete with leading downtown hotels.

It's a fact city clubs compete against downtown hotels so we want to provide the level of service, the choice in dining, the facilities, and the ambience to compete with the top hotels.

We want to provide:

- *exclusivity* – you can't walk in unless you're a member or an invited guest. The only people who can conduct meetings and have banquets are members. And since we're a city club and we offer business memberships, local member businesses can host events at our club as opposed to the hotel.

- *high value* - members may seek better value than going to a hotel, but sponsored events for non-members may be priced at a higher level

- *profit* - it's customary for catering especially for non-member events, to be profit generating. City clubs should operate a profitable food & beverage operation. If food and beverage generates a profit than that profit can underwrite the vibrant events for the membership. Catering has to be competitive and profitable. The profits may be used to underwrite formal a la carte dining, which usually breaks even or loses money.

**Objective No. 3:** By 2011 generate \$1 million in net operating income from food and beverage.

We want to ensure there is:

- *contribution* - assuming my club is paid for, there are no occupancy costs for food and beverage. The food and

beverage (a la carte and catering) revenue should cover all direct expenses and after that generate a net operating income of \$1 million.

The a la carte dining may generate less while banquets may generate more and the margins for formal may be less than the margins for casual. The margins for club events may be different than member banquets, which may be different than member sponsored events. The pricing policy for casual, formal, member-sponsored, and non-member-sponsored banquets needs to be determined. However, this doesn't take into account investment required in the facilities, improvements for a la carte and banquet dining.

These three objectives have created more clarity for the club's vision when it comes to food and beverage. They do not address the totality of the food and beverage operation, nor should they.

Once the strategic planning committee and board have achieved buy-in from the membership, these objectives can be approved. Then the paid professionals with input from the task force can start developing the SMART goals, up to seven for each objective.

This starts creating the depth and breadth that required in the club's strategic plan. **BR**

*Tarun Kapoor. CHA, CHE is managing director and CEO of Kapoor and Kapoor Hospitality Consultants, Inc. and professor, Collins School of Hospitality management, Cal Poly, Pomona, CA. He can be reached at (626) 975-1486 or via email: tarun@kapoorandkapoor.com*