



BRAEMARGOLF
ST ANDREWS

from strategy to reality



BENEFITS OF A MANAGEMENT COMPANY

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We are often asked by our future clients what are the benefits of a management company. The answers to this question are vast and really do vary according to the situation of the project in question.

In the following few paragraphs I have tried to explain most contexts where the benefits lie for our clients and have also included a chart that gives the impact in terms of a percentage impact to your business.

We believe the benefits of the services provided by a management company, whether delivered as part of a typical management contract, or via a management consultant route to be as follows -

- **That it provides a buffer between the operation and the owners** – this is crucial if the client (owner) has other business interests such as a hotel resort or real estate. The detailed management of the golf operations can be extremely time consuming and not time well spent when larger more lucrative transactions such as real estate deals need to be taken care of.
- **It allows the management team to focus on the key issues of driving revenues** through an increased focus on sales, delivering the service levels and managing the finances of the business, with the management company dealing with some of the other issues such as reporting to the owners, strategy, statutory requirements and ensuring a commercial focus at all times.
- **Through our group buying and net work we drive beneficial procurement rates**, this can be significant at the start of a new project with literally thousands of dollars being saved on machinery, cart fleets and operating equipment.
- **Strong financial controls** ensure tight control on procurement, inventory and operating expenses. All these savings go straight to the bottom line.
- **We provide a recruitment service for key personnel within our fee structure.** In some of our contracts we have covered our own management fees purely by carrying out a diligent and effective recruitment program. With some executive recruitment firms now charging upwards of 30% of the appointed candidate's first year package, the management company provides excellent value when it comes to assembling management and operations teams.
- **Management provides continuity** ensuring that the management team as a whole maintains focus, direction, and alignment to the agreed business strategies and business plan even though members of the management team may change.



- **We are in touch with global industry changes and trends**, as a company run by career golf industry professionals we keep ourselves very much in touch with industry changes, trends and new innovation. As a result of this we keep our clients properties abreast of this information and ahead of their competitors!
- Management companies **provide high end strategic advice** across all major business disciplines of a golf facility, which a typical golf course / resort could not afford to do from within their own organization structure. Therefore by having the support of a management company you are assured that each of your respective departments has sound advice and strength at the top.
- Your management team gain access to the **Braemar Golf's network** of company peers. This allows them to seek advice, share ideas and have access of best practice on a whole range of golf club operational matters. Saving them hours of deliberation and the potential them making the wrong decision.
- **A management company provides direct management** of the senior on site team to ensure their compliance to annual business plan and results. We hold each team member accountable to delivering their part of the business plan and we continually push the respective on site teams for growth in business results.
- **We can add to your head count during key times of your season** at no extra cost. By having projects in locations of different peak seasons we can move staff to your project from other projects during their off peak times. Seasonal secondment of staff and other staff development opportunities can reduce payroll as well as introduce "new ideas and experience" into projects from other projects.
- **We can enhance your member's benefits by enrolling them into a reciprocal program.** This program will provide reciprocal arrangements, member's trips and ultimately added value benefits to existing members, and in turn will make the membership proposition more attractive to potential members.
- By engaging with a management company to gain inclusion in "group" wide initiatives will deliver value and also create efficiencies i.e. PR, group collateral, participation in industry forums and exhibitions etc.



From previous experience we believe a Golf Management Company we can Impact on the following key financial indicators -

- Top line revenues (on percentage terms)

This is dependent on the lifecycle of the project and market conditions, however we believe with the right sales focused approach and strategy, an increase of between 15% - 20% above normal growth would be achievable.

- Pay roll (on percentage terms)

We believe we typically can bring down the overall pay roll commitment by between 10% and 15% and help reduce ongoing payroll commitment increases to a level below annual inflation rates. This is done through a variety of techniques;

- Bringing into the organisation global pay terms for senior management (typically in remote locations senior payroll commitment is unnecessarily higher than global rates or slower to adjust).
 - Ensuring management teams do not add to the pay roll commitment unnecessarily by adding in unnecessary additional personnel
 - Providing a stringent review of effectiveness of personnel performance and actual worth.
 - Introducing part time / seasonal / over time initiatives to reduce head count.
 - Reviewing benefits / expatriate benefits
 - Providing seasonal secondments from group projects.
- Operating costs (on percentage terms)

We believe we can typically reduce operating costs by up to 12% (depending on how well run the facility currently is). In some cases we may have to increase operating costs in the short term to get service delivery up to an acceptable standard



Summary of Target Percentage Impacts

	Example	Braemar Impact	Braemar Result	Variance
Revenues	100	15% increase	115	15
Cost of sale	30	2% reduction	29	1
Pay roll commitment	40	15% reduction	34	6
Operating costs	30	12% reduction	26	4
Net operating profit	0		26	26

There are a variety of ways we achieve the results we do. For example to drive operational efficient we looks at -

- In countries where irrigation water is a major cost we have a proven track record for producing excellent playing surfaces through minimal irrigation. A very high percentage of golf courses are over irrigated and thorough the right cultural practices we can reduce this dramatically. Also we are currently working with specialist industry suppliers who are developing products that can further derive water savings.
- We review the terms of every single supplier and renegotiate terms (price, retro discounts and payment terms) – we take active role to take the responsibility / personal relationship impact away from the onsite team and as a result update all terms and discounts which result in significant savings.
- We reduce the reliance on media advertising by introducing more streamlined and efficient mediums of promotion and communication. Working with a more direct / targeted approach and use of new media to engage with the market.
- We ensuring tighter review of costs during budget reviews and challenge the team to come back more efficient year on year.
- We ensuring compliance to company purchasing procedures regularly which are to be reviewed and strictly controlled.
- Incentivising department heads on cost reduction, whilst still maintaining service levels.
- We develop in house efficiency campaigns amongst the staff e.g. electricity, telephones, paper etc. and create a culture that is second nature within the organisation. By getting buy into this sort of culture has a huge effect on the businesses efficiency.



- We continually reviewing all processes to analyse whether any costs can be taken out or reduced, with no impact to the guest experience or ability to manage the business.
- Reviewing resources being spent on long haul international business which can deliver little value.
- Where appropriate (not at expense of fee paying business), consider “barter” relationships to reduce costs. Any such deals would be properly documented and handled by the finance department.

When looking to driving revenues to a maximum some examples of the tactics we use are as follows -

Through working with the on the ground management team in developing a detailed and focused sales plan we believe we can impact top line revenues by a further 15% - 20% over and above typical organic growth. This is however dependant on the stage the facility is in its life cycle. Some key initiatives are;

- Create a “sales” culture throughout the whole organisation and move away from what are typically more “marketing” led strategies, which although important need to deliver tangible and measureable sales.
- Focus more on “face to face” selling – both via hosting potential client and prospects at the facility (always the best way to deliver results) or through field sales activities.
- Utilise the best assets to sell – **the facility and team** – which are mainly fixed costs, through specially created marketing events which in our experience can actually become self financing events as well as delivering the future sales.
- Introduce “sales incentives” to key staff so that part of their salary is dependent on achieving targets and there is a “win – win” situation for the individual and business for delivering business.
- Ensuring appropriate budget allocation is given to the sale process and maximising the impact of this.
- Through analysis of the business and communicating this with the sales team, ensuring they are selling the most profitable and appropriate products (golf course).
- Ensuring the sales people sell what is required and not just to their comfort zones.
- Review utilisation of facilities and consider new membership or access programmes to maximize revenue of previously under utilised periods, without diluting existing programmes and benefits.



- Have targeted membership drives, where a specific target membership data base is maintained.
- New markets and rediscovering old markets – Discover the {Facility X} & re Discover the {Facility X}.
- Introduce more social, online and media marketing and direct booking options.
- Create innovative events to increase “reasons to go to {Facility X}” which in themselves create sales opportunities and strategy that **“activity creates activity”**.
- Focus on local and regional markets (away from long haul international markets) as we believe this will deliver more business and value (as well as reduce underperforming resources).
- Re focus on making the being a member or guest at {Facility X} an “experience” through introducing into the already excellent culture that “we are in the entertainment industry”.
- Review the whole customer journey and especially the “key selling moments”

Our ongoing strategy to Membership satisfaction and retention can include -

- Create a "concierge" service for members (or more formal than exists) and assist them with out of golf club experiences and reciprocal arrangements i.e. Regional and international golf clubs, restaurants etc. - creating opportunities that are "hard to find".
- Membership incentives - incentivise members to introduce new members to the club.
- Follow up on previously resigned members to "invite" them back. Their circumstances may have changed and they may wish to re-join.
- "Buy now, pay later" scheme - this scheme defers full payment to a later date for the prospective member.
- Develop a corporate flexible category of membership, which gives membership privileges to busy corporate executives who may not have enough time to warrant a full membership.
- Introduce a member's loyalty scheme to reward the biggest spenders.
- Proactive direct mail campaign to potential membership data base - old fashioned letter (not e-mail).
- Develop synergies with other {residential communities} that do not have golf and create a special membership / society category for them.
- Develop membership synergies with other high end memberships / privilege programs sold in your local area e.g. Business Clubs, Hotels, Sporting Clubs, Premium Credit cards, Airline loyalty programs.



- Create an "International" or "regional" membership that gives certain membership privileges along with a discounted pay as you go rate. This would be attractive to travelling business people.
- 50:50 deal with other clubs. This concept sees {Facility X} offering an equal amount of discounted memberships to another local golf clubs in return for the same amount. In order to avail of the offer you must join both clubs.
- Regular membership surveys – find out what they want and then give it to them!!

As you can see there are many, many benefits of engaging a Management company. We really do take care of your business for you.

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If you require more information on this article or would like to discuss any of the points within please contact Braemar Golf at enquiries@braemargolf.co.uk

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