



The General

BY DAN DENEHY

The general manager embodies the heart and soul of a private club. General managers (GM) work hand in hand with the board to carry out the club's mission and vision and represent the club to its members. How, then, do you evaluate the performance of such an important staff member? Executive reviews are frequently a difficult process even in the for-profit world, where arguably all parties fully understand the executive's role, the performance expectations, the organizational culture and the company's vision and mission. In the nonprofit and, specifically, the member-owned club world, these reviews are being conducted by board members, most of whom are not in the hospitality industry. While they are successful in their respective professions and smart and passionate about their clubs, they may not be

[It's Really Not About the Review]

aware of the many elements, nuances, challenges and situational dynamics of the general manager role and what it takes to lead a successful private club.

Club presidents are faced with evaluating the GM's performance on behalf of the board and membership, and then determining a potential pay modification and assigning a value to a "performance bonus" (in many situations, not much more than a discretionary bonus). Additionally, the discussions around performance and compensation can be awkward for both parties, because they are generally rife with opinion—which can lead to disagreements and conflicts.

A comprehensive Performance Management Plan, aligned with the objectives for the club, departments and individuals, can make executive-level performance reviews much more productive and substantially less awkward. Here we will outline the best practices and concepts that can help you work with your general manager to develop the tools, processes and human resources your GM needs to lead your club to success.

What is a Performance Management Plan?

The Performance Management Plan is a seamlessly integrated collection of best practices to ultimately increase a club's performance and productivity. A comprehensive performance management program is designed to ensure the maximum effectiveness of the club's

human resources by concentrating on both sides of productivity—the input, measured in terms of people times hours, and the output. At the

same time, performance management ensures that everyone understands the process' goals and objectives and can take pride in the end result, their fellow employees, and the club as a whole.

As an overview, there are four main components of the Performance Management Process:

1. Planning and Goal Setting
2. Performance Reporting and Evaluation
3. Feedback and Coaching
4. Continuous Improvement Plans and Assessments

Manager Review

1

Planning and Goal Setting

The planning and goal setting process starts at the executive level, where the club's performance objectives are identified based on the club's vision, mission, strategic plan, annual business plan and budget. Each manager determines what will be required of their respective roles in order to accomplish the club's objectives. This "cascading objectives" process continues to flow down through each department, where virtually all employees identify what they will do to achieve the functional objectives that support the vision and mission.

During the planning process the general manager should pay careful attention to the following elements and ensure that they cascade down to all managers and the entire staff:

- **Define the purpose of the job**, the job duties and responsibilities and what the responsibilities do not include
- **Define performance goals** with measurable outcomes
- **Define the priority** of each job responsibility and goals
- **Define performance standards** for key components of the job
- **Define objectives that are situational** and address the critical needs at this time in the club's evolution and business cycle
- **Define objectives that address specific areas** for personal or professional growth

A crucial element of the process is how the objectives, or critical success factors (CSF), are defined. These statements must:

- **Define an outcome, not a process**—We don't pay for process, we pay for results!
- **Define how success is measured**—Effectively all objectives can be measured including member satisfaction.
- **Define the methodology for how the objective will be achieved**—It is critical for all stakeholders (employees, board members, the club president and the management team) to agree upon the goals and be in alignment with the approach to achieve the goals.
- **Define a time horizon**—It need not be a year; it could be a month. For longer and more complex objectives, there can and should be interim milestones.

The general manager's objectives should be broad, cross-departmental and at the highest level. Those objectives will cascade down to each department head and be articulated and actualized in those departments and by those managers in their objectives.

An example of an objective or CSF for the general manager is:

Create and shape a club-wide culture of anticipatory, familial, engaging service that is delivered with passion by all staff.

This objective is achieved by:

- Establishing club culture training for all staff
- Establishing metrics for all service deliverables across all departments with and through all department heads
- Creating systems to monitor the service standards and the success of those standards

In this example, progress toward the main objective may be measured using

bi-annual member surveys conducted on June 30 and December 31. Success may be defined as earning a club-wide 90 percent or greater overall member satisfaction percentage. Departmentally, this objective may be defined as earning a 90 percent or greater member satisfaction level in that department.

This sample objective illustrates the outcome (a certain member satisfaction level), how success will be measured (90 percent or greater member satisfaction level throughout the club and departmentally), and within projected timetables.

Cascading Objectives

"Cascading objectives" first defines the club's long-term objectives and then identifies the current year's short-term objectives that move the club towards their ultimate goals. Current year objectives are expressed in terms of an annual business plan, including the single most important objective over the next 12 months plus the five key objectives that support it. Here is an illustration of cascading objectives:

The Vision: To offer the preeminent club experience of all the city clubs in the United States.

The Mission Statement: To expand services and amenities through excellent facilities in order to attract and retain those members who best fit within our club culture.

The Annual Operating Plan expressed in terms of the highest priorities of the business:

- To increase membership sales by 10 percent this year (and in each of the next five years) >>>

- To increase gross margins from five percent to 10 percent this year (and to 30 percent over the next five years)
- To increase member satisfaction results by benchmarking survey results from 3.4 to 4.0
- To improve quality of staff training and member service ratings by 15 percent in the dining operations member survey
- To refine and rebuild infrastructure (people and assets) of the business toward maximum effectiveness

At this point, each department head takes the club's objectives that relate to their respective department and expands them one more level. For example, the general manager applies their key objectives to the food and beverage manager, focusing on the member experience, financial performance and specific departmental goals. This is an excellent point to assign mutually agreed upon quantitative elements to the objectives. The F&B manager's objectives might look like this:

- To hire and train six new excellent service staff by year end
- To train the sales manager in professional selling skills by June 1st
- To refine the sales incentive plan so that it better communicates sales objectives, targets and budgets and increases the motivation toward achieving them
- To work with the marketing department to develop the catering section of the website so that it is more responsive to member requirements

In this way, the F&B manager can "own" his or her objectives. The process details the methodology and how managers (and the club's GM and board) will accomplish their goals.

2

Performance Reporting and Evaluation

As time goes on, it is important for managers to monitor and report on performance progress (and obstacles or shortfalls) so that adjustments can be made along the way to ensure success in the long-term.

Traditionally, the term "management" has focused on a manager's role in managing down and overseeing the rest of the staff, which tends to work well in for-profit environments. However, in private clubs, where board members and the club president are volunteers, it is critical for club management to embrace the leadership practice of "managing up" to the board and club president by keeping them informed at the right level of critical successes, challenges and plans as well. Effective managing up will earn the GM the board's trust and develop a reputation of credibility by demonstrating competency and a track record of consistently delivering results. At the same time, this process will reaffirm the critical club stakeholders' expectations for the GM's performance.

Among hospitality executives today, the most important elements of managing up are:

- Being proactive; demonstrating initiative
- Understanding a president/manager's style, working preference and needs
- Keeping the president/manager apprised of progress in executing against critical success factors, projects and tasks
- Anticipating and facilitating resolutions to problems

Senior leadership must send the message that it is both appropriate and expected for all levels of management to

engage in the practice of managing up. The message must start with the club president and permeate throughout the entire organization—becoming part of the fabric of the club culture.

Evaluation

There should be at least one formal performance evaluation per year and periodic, less formal progress meetings throughout. This best practice is important not only for meetings between general manager and department managers, but especially for those between the club president and general manager as well. A lack of communication between the club president and GM can result in confusion—sometimes both parties think it was the others' responsibility to facilitate the flow of information. Again, the best managers take ownership of their relationship with the current president and tailor that relationship to each president's needs.

Discussions between club presidents and GMs enable managers to provide appropriate guidance, coaching and support to high performing employees, as well as to those who may be experiencing difficulties. In doing so, managers can recognize resource allocation problems early enough to make adjustments in time to meet the annual objectives.

3P Performance Reporting

Periodically, each participant reports to their supervisor in terms of his or her "Progress, Plans, and Problems"—the 3Ps. The report should generally be one to two pages and should take less than two hours to put together. Such periodic updates encourage information sharing and thereby facilitate the performance management processes of planning, goal setting, communication, performance reporting and evaluation, coaching, performance improvement, and updating the plan.

Overcoming GM-President Conflict

What do you do when things go wrong?

The 3P process is an absolute best practice, and it allows the management team, through the general manager, to succinctly communicate successes, challenges and the approaches taken to meet those challenges through the planning process. When done effectively, this kind of communication earns credibility with various stakeholders, relays successes in a professional manner, and provides assurances that management is focusing on the right issues and taking a thoughtful approach to finding solutions.

The process starts with performance objectives and ends with the development of the periodic 3P reports, including:

- **Progress** toward achieving each of his or her performance objectives
- **Problems** experienced in carrying out these plans where outside help may be necessary
- **Plans** going forward

Additional comments on a 3P report may include a recommendation to modify or refine the goals, targets, measures or due dates (which may be updated from time-to-time based on changed priorities, new technology, competition or other internal or external events).

The benefits of the 3P performance reporting are:

- The board and club president are informed in a comprehensive, systematic way as to how the club is running—critical for compliance with fiduciary responsibilities
- Shared priorities and consistent effort toward achieving them
- Clear and explicit communication between manager and direct report(s)
- A forum for line manager follow-up where the primary responsibility is on the director to report back ensuring the manager is not required to “nag”

The rapport between the general manager and the president and board is a club’s most important relationship. It must be well managed and requires mutual trust, understanding and clarity on the critical success factors and expectations from both sides. To achieve success:

- **Get in Sync.** Spend considerable time finding points of common ground and opening debate on areas of conflict. Seek compromise on the best ideas.
- **Clearly define roles, responsibilities and policies** that have been agreed upon for both the general manager and the board.
- **Establish clear lines of communication** and agree upon a style, format and schedule.
- **Stay in sync.** This pertains to being on the same page with any changes, issues and challenges—both internal and external.

When either side loses trust and has concerns that they cannot achieve the objectives outlined in the performance management plan, consider the following approach to correct the issue:

- **Don’t delay**—address concerns and potential issues at an early stage.
- **Reconcile** areas of disagreement and misunderstanding.
- **Invest the time** to develop clarity around the issues and reset expectations and objectives as necessary.
- **Keep in mind that different people have different levels of expertise.**

As the leader of the board, the president must be prepared to take the following steps should there be a concern that the general manager is failing to meet expectations and compromising the success of the club:

- **Work privately with the general manager** to recognize differences, using the tactics above.
- **Involve a few key board members** who can align effectively with the general manager. Seek their perspective and advice.
- **Live in truth.** Ensure that all parties involved truly understand the reality of the situation at hand and are willing to reflect on any shortcomings on the table. Only then, through this transparency and openness, will diagnosing the situation and strategizing a forward-moving plan be effective.

- A baseline from which to change direction, solve problems, make decisions and reallocate resources
- An objective basis for evaluation when determining performance compensation

The inevitable results include increased productivity and better overall operating results. >>>





3

Feedback and Coaching

In an effective performance management system, feedback remains integral. Performance management, and the feedback that goes along with it, should be formal and informal and ongoing—not just at year-end. Feedback, however, is a discussion.

Effective feedback has many dimensions and should:

- Focus on specific behavior, not a person or their intentions
- Identify both positive elements and areas of potential improvement and includes specific corrective action
- Closely tie to positive or negative events so the feedback is timely

The club president should consistently work with the GM to identify and understand areas where they may be out of sync to work toward a professional understanding.

- Be consistently delivered with an evenness and care demonstrating that the intent is improvement
- Be specific, timely and frequent. (Rapid feedback is critical for immediate response and improvement and should be balanced with both constructive and positive/motivational feedback.)

360 Degree Feedback

The president and the GM, the GM and the department heads, and so on have an equivalent opportunity to bring information to the review process. Feedback can and should come from peers, direct reporting staff and club members to enhance mutual understanding of an individual's contribution and developmental needs. This is commonly known as 360 degree feedback and can be done informally as well as online using custom tools that provide for confidentiality.

Coaching

A personal development plan establishes the organization's commitment to help each person continue to expand his knowledge and skills. Through the 3P reporting process, clubs can help contribute to their employees' professional development by providing a forum for regular communication and feedback between managers and those who report to them. At the same time, the nature of the issues raised will create opportunities for the manager to coach the employee on issues related to performance improvement. The coach should also address areas of core

competency identified as needing improvement in the most recent performance evaluation and identified in the employee's personal development plan.

The best club presidents are excellent coaches in specific ways. While they are generally not in the club management business, they are the person to whom the general manager reports, so the flow

of information is critical. It is important for the president to provide managers with feedback on specific areas of concern and improvement. The club president should consistently work with the GM to identify and understand areas where they may be out of sync to work toward a professional understanding. While they may not agree on every element of club business, this discussion and process of exchange is another opportunity for general managers to manage up—earning credibility and demonstrating their knowledge of club operations and strategic direction. (See the sidebar on page 25 for information about overcoming conflict when the GM and club president don't see eye-to-eye.)

Key coaching skills:

- Using open-minded questioning
- Focusing on impact of behavior or action
- Maintaining employee self-esteem
- Using listening skills
- Using positive, negative reinforcement
- Providing balanced responses

Performance Feedback

As pointed out earlier, performance evaluation is not just an annual review, although that may be part of it. Rather, it should be a periodic evaluation of the performance objectives, which includes:

- Celebrating what went right
- Highlighting those things that are “okay”
- Positive and proactive spotlighting of the areas that need attention—the evaluation part
- Assessments based upon the specific critical success factors identified at the onset of the year or performance management process
- A reminder that we don't pay for process, we pay for results!

4

Continuous Improvement Plans

Constant evaluation is required to identify and address potential issues or obstacles in achieving the club's mission. Continuous improvement plans can help to maintain the level of performance and productivity by continually striving for improvement across all departments and on an individual level.

This process requires forecasting and analyzing problematic issues and developing workable solutions. The benefits of this practice are:

- Increased efficiency and process improvement
- Improved performance and productivity
- Improved member satisfaction

So, it's really not about the review, but about a holistic approach that confirms that individual, departmental and club objectives are aligned. When your club's vision, mission and strategic thinking are embedded in the annual business plan—from the roll-up of the performance objectives of each individual employee all the way up to the general manager—your club can seamlessly address underperformance or misalignment while continuing to acknowledge achievements and promote the development of your club and its employees for future success. ■

Dan Denehy is the president of DENEHY Club Thinking Partners, an executive search and management-consulting firm that has handled nearly three hundred projects for more than one hundred private clubs and boutique resorts. He can be reached at dan@denehyctp.com or visit the website to learn more at www.denehyctp.com

Vinotemp®

WWW.VINOTEMP.COM

MAKE A PROFITABLE INVESTMENT WITH A WINE LOCKER OR CELLAR



Allow members to store wine bottles in your clubhouse with wine lockers



Store retail wine bottles in a custom cellar or cabinet



Let us create the perfect wine storage solution for you

FREE custom cellar design!

CAN BE BUILT TO MATCH YOUR CLUBHOUSE FURNISHINGS

1-800-777-VINO

17621 S. Susana Rd. Rancho Dominguez, CA 90221