

Club Director

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PERSPECTIVES FOR LEADING PRIVATE CLUBS

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Employee Engagement

Sometimes, it's just showing that you care!

BOB: In April 2022, Dan and I presented an NCA webcast for which one of the topics was employee engagement: Does club leadership really know what's important to their employees, and are they prepared (and supported) to make meaningful changes? The concept was undoubtedly familiar then but has received much attention.

Unfortunately, the hospitality industry has not seen much progress, which may have been interrupted by the COVID-19 years. Even though much talk about employee engagement continues, action needs to be taken. Is the concept too broad and nebulous?

Employee engagement refers to an employee's emotional commitment and dedication toward their work and the organization. It is the degree to which an employee feels connected to their club, its values and its goals and is willing to put in extra effort to contribute to its success. In a September 2023 McKinsey & Company article, "Some employees are destroying value. Others are building it. Do you know the difference," the author states that more than half of all U.S. employees report needing to be more productive at work. Their survey data revealed that the higher the level of satisfaction and commitment experienced by employees, the higher their self-reported performance and well-being. Unfortunately, the opposite is also true; disengagement leads to lower motivation and reduced productivity. The article relates disengagement with low productivity levels and its impact on employee retention.



According to McKinsey, approximately 53% of employees fall into one of four categories of disengagement:

- McKinsey reports that approximately 10% of an organization's employees are clearly disengaged from their employers—quiet quitters.
- Disruptors are a second class of employees (representing 11% of the workforce) who are also substantially disengaged from their work, but they are vocal and disrupt others who are more engaged. These are the bad apples that McKinsey suggests you nip in the bud.
- A whopping 32% of the workforce is moderately disengaged, doing the bare minimum.
- The final group of disengaged, representing 5%, are what they call the double dippers, employees holding two or more jobs who are either unable

or unwilling to be engaged in their primary jobs. However, the article carefully points out that the double dippers may represent more than 5% of your workforce, with many of their group engaged but needing extra effort. We have many double dippers in the club industry, but my experience has been that they are hardworking and conscientious, working two or more low-paying jobs to provide for their families.

McKinsey's statistics are from a broad range of industries, but they speak to general human nature and the work ethics of today's workforce. The total percentage of disengaged employees adds up to 53%, roughly the same 50+ % of employees reporting themselves as relatively unproductive at work.

So, is this a problem for clubs, and if so, are we or can we address the problem?

DAN: Bob, you correctly point out that employee engagement is an employee's commitment to the organization. Yet, that result directly correlates with the sophistication of leadership, the organization's culture, and the environment in which service is delivered. This issue is a problem for the club industry. As such, we must recognize that an employee never gets engaged or, for some reason, becomes disengaged, mainly because what we sell and service is all about how we make the member feel, which is so connected with how our employees think. The attitudes of all employees are paramount, and almost every employee, regardless of department or function, comes into contact with our members, shaping the member experience and affecting it positively or negatively. We must be concerned about productivity, but also the atmosphere and its general effect upon all of our stakeholders. The introduction to this article concentrates on disengagement relative to productivity, which frames the issue but does not explain its other products on an organization. Employee engagement should be a priority for private clubs that want to provide excellent experiences and achieve long-term success.

This explicit commitment will lead to:

- Improved employee retention.
- A positive environment that attracts new employees.
- Higher productivity.
- Improved member experience.
- Better teamwork.
- Increased innovation.
- Better communication.
- Increased revenues.
- Increased bottom line—however you measure it.

Clubs must invest in employee engagement by providing opportunities for

growth and development, recognition and rewards for good work, clear communications and feedback, and a positive work environment. They can accomplish this by:

- Creating clear communications channels.
- Establishing employee recognition programs.
- Developing health and wellness programs.
- Establish feedback mechanisms.
- Instituting training and development programs at all levels of the club.

BOB: Dan, I couldn't agree with you more; however, you built a bridge too far.

McKinsey's results are startling and threatening as a picture of the American worker. The shock factor should move us to action, but the problem of profound disengagement is less pervasive in the club industry than in the big business world, where most of McKinsey is sourced. Clubs, for the most part, intimate settings with small teams of workers in close proximity to their supervisors and customers/members. There is little work from home in the club business. The environment and peer relationships are somewhat self-policing. We don't have a severe problem of quiet quitters or disrupters, which represents 21% of the American workforce according to McKinsey's survey—they just wouldn't survive. They have it right about the disrupters; we must nip that group in the bud.

Most clubs need more resources to implement an employee engagement program at your suggested level. I wouldn't argue with you about the benefits you listed. Some of the more straightforward programs you suggested are realistic for most clubs. Still, there needs to be more

clarity in establishing health and wellness programs and elaborate training at all levels. Recognition programs are complex enough to administer successfully without a human resource department, and that department is still a luxury for most clubs.

Recent years of inflation have clubs feeling strapped to meet the increasing costs of wages and operating expenses. Making a case to embark on an employee engagement program would likely be a hard pitch, especially considering the other related costs:

- Increasing departmental staffing to accommodate shorter work weeks, more paid time off, absenteeism, training periods, etc.
- Increased wage rates and benefits so employees can afford fewer work hours or shorter work weeks and maintain their living standards.
- Reduced overtime would likely be a result of work-life balance programs. This would require more employees to cover the same amount of work. The cost of additional minimum hourly shifts and benefits for those additional employees could be substantial.
- Time and out-of-pocket costs of training programs, teambuilding projects and retreats.
- Human resource professionals to administer the programs.

If a club pursues an engagement program seriously and still needs an HR director, the first step would be establishing a proper HR department with a dedicated program director. Before embarking on an engagement program, the department's priority would be to review and update the club's personnel practices. To meet current-day standards, the interviewing, hiring and disciplinary processes will require significant time, as

will onboarding new employees. With just one HR employee, a club would be fortunate to administer just these programs; to do more requires at least an additional employee. This would be a big bite from the budget for many clubs, and then there would be the cost of the engagement program itself.

DAN: Recruit, develop, retain, repeat.

CFO: What if we invest in our people, and they leave?

CEO: What if we don't and they stay?

A club's most valuable asset is its employees. Without an adequate staff size, with skills and dedication, all the spending in the world on facilities and services will not make a great club. We are not making wiffle balls; we're creating experiences. We must hire right, onboard effectively, train, coach, compensate and reward competitively:

- The Four Seasons Hotel Group invests 20 to 40 hours of training time before an employee is put in a guest service role.
- Starbucks was one of the first quick-casual food service companies to pay above-market wages and benefits to most full- and part-time employees, offering employee scholarships, dependent care, paid time off, transportation support and a host of other benefits that are particularly attractive to entry-level employees. Statistically, they have some of the most loyal hourly staff workers in their industry segment.
- Some of the best-run clubs in America behave, to a certain extent, like teaching hospitals. They're developing a highly skilled staff who contribute at a high level and are expected to move on but spread a reputation for the club that attracts the next class of high achievers.

What are some of the club industry's problems?

- Most clubs' financial statements do not

have a significant training budget for expenses other than management's professional trade association expenses.

- Most clubs need a full-time dedicated HR specialist.
- Generally, boards need to be more educated about why humanistic management is so critical in the hospitality industry, and it is exacerbated when management undervalues it as well.


You've seen hundreds of club financial statements in your career; how many have departmental line items reflecting training? Five percent? Not even.

BOB: I agree that clubs should focus on employee engagement—what you referred to as humanistic management—just as they must provide a living wage, offer competitive health and welfare benefits, and lawfully follow the myriad of federal, state and local labor laws and regulations. Those clubs that cannot afford a dedicated HR professional at a minimum need to outsource these roles without spending a bundle; they are not likely to also outsource an elaborate engagement program. However, a club can do several things without an extensive training and employee development budget:

- Create a “we,” not “me” environment through collaboration between departments, staff and management.
- Provide meaningful work, understood to develop skills for future advancement.
- Recognize good work publicly and reward privately. Rewards don't always need to be substantial.
- Create rituals that bond employees together and provide occasions to look forward to. It can be as simple as wizza Wednesdays, celebrating birthdays or employment milestones, Halloween pumpkin carving competitions, etc.
- Most importantly, maintain a positive work environment where fairness and

respect are the rules and sour apples are quickly separated from the barrel.

Regardless of our differences in opinions, we both believe in employee engagement and acknowledge that it starts with adequate pay and benefits, and then motivation levels rise as an employee's hierarchy of needs is satisfied. We also agree that clubs need to recognize the importance of their employees and work environment, which motivates them to perform at a high level. Clubs must invest in their employees; an HR specialist is a must for all but the smallest of clubs, and club leadership can only expect to obtain and maintain a great club with a sophisticated human resource program.

The more you have to invest in your employees, the better. Still, it is essential to remember the classic motivational Hawthorne Studies conducted way back in the 1920s in the Western Electric Plant in Illinois. Non-substantial changes were made to the work environment, like changing the paint color of the walls, and some employment practices, like making the water cooler more accessible, resulted in higher employee motivation. Still, reason returned to its former levels when they were left unchanged or removed over time. The study concluded that productivity gain occurred due to the motivational effect on the workers because of the interest being shown in them. Clubs need to address more than just their employees' fundamental needs and desires to succeed. It starts with showing that you care and then building upon that as a high priority. 



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