

Guarding *the* Gates

*Why private clubs
must rethink
member vetting*

BY DAN DENEHY AND BOB JAMES



GREAT PRIVATE CLUBS ARE BUILT ON CULTURE, REPUTATION AND TRUST.

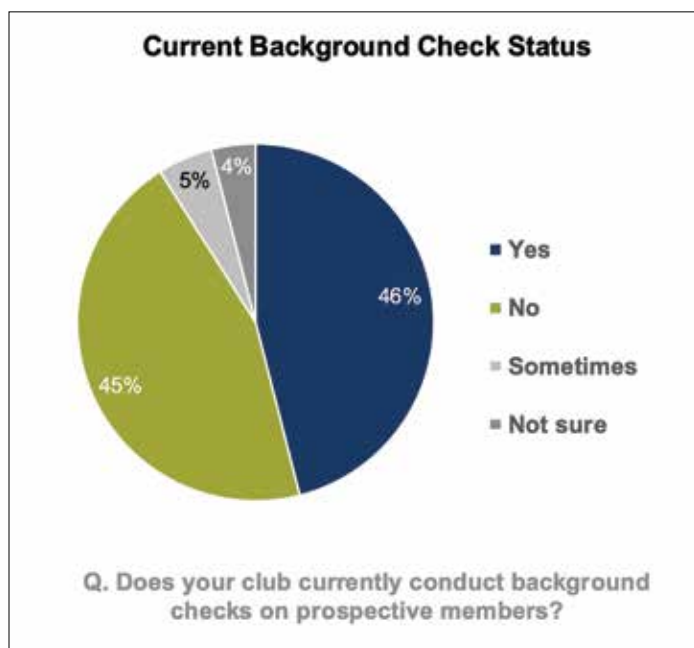
Yet many still rely on outdated or inconsistent admissions processes that leave them vulnerable, overlooking excellent candidates, admitting the wrong ones, and exposing themselves to reputational or legal risk.

Clubs intuitively understand the importance of screening. The challenge is how it is done. Sponsorships and references often fail to reveal critical details about a candidate's financial stability, legal history or behavioral red flags. Once admitted, removing a member is a disruptive and challenging process. That is why a modern, intentional vetting process—one that blends tradition with due diligence, both quantitative and qualitative—is essential. This issue is not only about protecting reputation today; it is about defining the future culture of the club for decades to come. The candidates who become members today will shape that club's future, like it or not.

What Our Survey Revealed

DENEHY CTP surveyed clubs across the country and found near-universal reliance on referrals and recommendations. Yet only 51% of clubs regularly or occasionally conduct third-party background checks. Opinions were split: some see checks as essential protection, while others view them as intrusive or culturally misaligned.

Interestingly, 79% of respondents agreed that background checks strengthen culture, while just 7% believed they undermine it. And 66% expect them to become more common within five years.



In written responses, some managers highlighted the peace of mind that background checks provide:

- ◆ Background checks bolster confidence in the admissions process, the Membership Committee, and the Board of Governors.
- ◆ “Others pointed out that checks help avoid embarrassing situations later: “Understanding who you are considering for membership and any past behavior that may be an indicator of future behavior is invaluable.”

Vetting vs. Background Checks

The terms are often conflated, but the distinction matters. Background checks are transactional, flagging criminal records, credit issues or litigation history. Vetting is a holistic process: it assesses whether the candidate truly aligns with the club's culture, values and strategic direction.

The best admissions processes use both, layering a deeper cultural lens over factual due diligence. Vetting considers how a member and their family will engage with the club's life, whether they align with its mission and how they will contribute to sustaining its traditions. A background check assures us that there are no hidden risks that could undermine trust or reputation. Beyond process, which is critical, the vicarious questions remain: Would the candidate and spouse be additive to the club's culture and be broadly viewed as fun?

What Clubs Should Consider Cultural & Social Compatibility

Beyond résumés or clean records, the right member shares the club's ethos, interacts respectfully and contributes to community life. Social media scans, informal interviews and family integration all play a role in this process. A 2020 Kaplan Test Prep study found that 36% of college admissions officers used social media to assess applicants; club admissions committees may similarly benefit from these insights. A clean record does not guarantee cultural compatibility, and many survey respondents emphasized that behavioral fit is as critical as financial or legal checks.

Financial Stewardship

A candidate's ability to meet obligations is critical, but so is their willingness to engage—whether volunteering, attending events or supporting capital initiatives. Some clubs extend the question



further: will this individual be philanthropic, supportive of staff programs or generous in capital campaigns that shape the club's future? Financial stewardship is as much about attitude as it is about ability.

Legacy & Sponsorship

Sponsorship remains a cornerstone of great private clubs. Some clubs require one sponsor, while others need as many as 12 letters of recommendation from long-standing members. Many admissions processes are sensitive to potential business relationships that may not align with the club's social ethos. These practices ensure that candidates are known personally and vouched for, but they can also be inconsistent. With membership turnover projected at 50% within a decade, legacy ties help maintain continuity, exerting influence on new members as they assimilate into the culture.

Strategic Alignment

Admissions should reflect not only today's membership, but also tomorrow's. Clubs may seek demographic diversity—by age, profession, geography or interests—to ensure long-term vitality. Is the family local with kids who would be a good addition to the club's junior and athletic programs, or is that not important? It is essential to review the acquisition criteria to determine the profile of the ideal candidate and their family. The admissions process should align with, rather than dictate, the club's mission, and vision. Strategic

alignment ensures admissions are consistent with the club's goals in five, 10 or 20 years.

Discretion & Confidentiality

Confidentiality is critical. Clubs maintain discretion to protect committee members from undue influence, secure candid sponsor input, and ensure the dignity of applicants. Secrecy also reinforces prestige, avoids public scrutiny and provides candid deliberation. High-profile applicants expect this level of privacy, and discretion protects rejected candidates from embarrassment and potential harm. It also reduces legal exposure: by keeping deliberations confidential, clubs minimize the risk of claims of bias or defamation. Surveyed clubs emphasized that discretion is not just tradition—it is governance best practice.

The Role of Background Checks

Once cultural and social fit is evaluated, background checks add a deeper layer of protection. The survey revealed that among clubs using background checks, only about a quarter found no issues, while the majority uncovered concerns or factors requiring closer review. This underscores their value: most checks reveal something worth knowing before admitting a candidate.

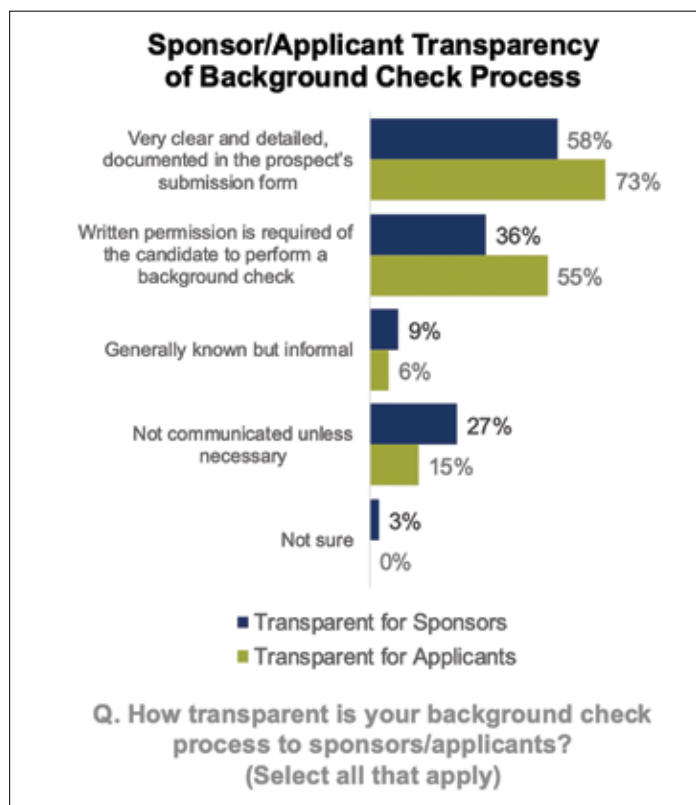
Typical background checks include:

- ◆ Criminal convictions.
- ◆ Civil litigation.
- ◆ Financial/credit history.
- ◆ Employment and education verification.
- ◆ Reference checks.
- ◆ Social media scans.

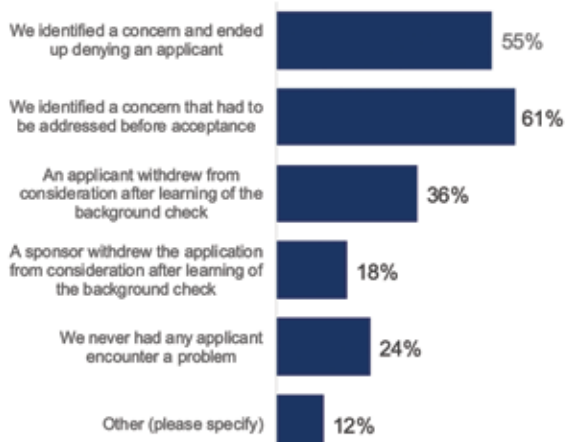
The most significant red flags in membership vetting include poor financial standing, serious or repeated criminal offenses, and behavior that demonstrates poor character or mistreatment of others. Disqualifying issues often extend to felony convictions, bankruptcies, repeated misdemeanors, negative references or termination from another club. While context and severity should always be weighed, these factors consistently signal risks to a club's reputation, culture and stability.

Clubs are discovering that outsourcing portions of the vetting process to reputable third-party vendors not only reduces the administrative burden but also protects staff and committee members from bias and liability. Collaboration ensures that no one person shoulders responsibility, and the process maintains fairness, transparency and consistency.

Survey responses indicate that the membership director often bears the heaviest administrative burden (24% of clubs), followed by the general manager (20%), the membership committee (18%), or is outsourced to a third party (18%). In practice, this makes screening a collaborative effort across staff and volunteer leadership, but not always a consistent one.

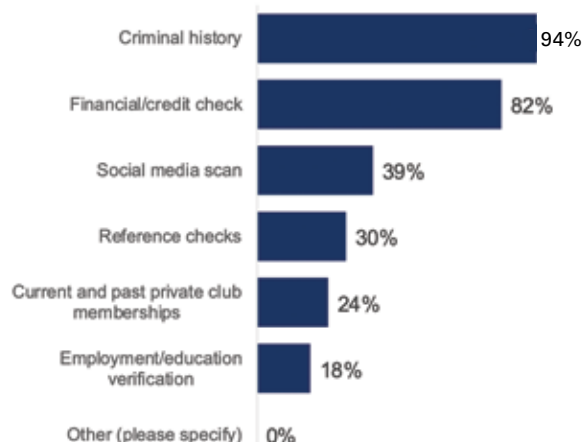


Sponsor Transparency of Background Check Process



Q. Which of the following has "ever" happened as a result of a background check at your club?
(Select all that apply)

Professional Vendor Services Used



Q. If you use a professional vendor, what services do they offer as part of the background check process?
(Select all that apply)

The admissions process should align with, rather than dictate, the club's mission, and vision. Strategic alignment ensures admissions are consistent with the club's goals in five, 10 or 20 years.

Note that many clubs have their general manager call the general manager or membership director at the clubs the candidate notes they are members of on their application. The application should clearly indicate that this is a matter of protocol at the club to which they are applying. The caller probes as to their financial competence, but beyond that, are they respectful to the staff? Do they integrate with a range of members? Are they "socially competent" as a couple and as a family? Do they respect the rules and do they hold their children accountable for their actions? These are factors not revealed in a background check but can be surfaced if the general manager or membership director is helpful. Most club staff in these roles know these calls work both ways. Findings from these calls are documented and included in the applicant's file.

Increasingly, clubs are turning to third-party vendors to provide comprehensive reports covering financial reliability,

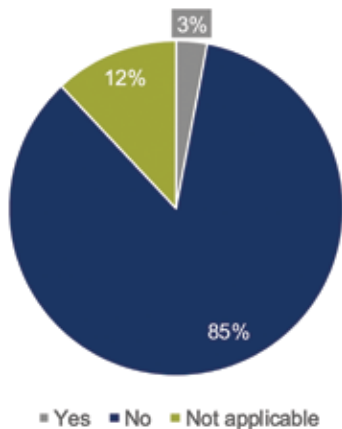
litigation history, and even social media scans. These tools not only reduce administrative strain but also protect committees from overstepping their expertise or unintentionally introducing bias. This signals a shift: clubs today have more tools than ever to professionalize admissions and reduce liability exposure.

Why Clubs Hesitate

Despite the benefits, nearly half of clubs avoid third-party checks. Concerns include:

- ◆ Legal/Ethical Risks: Privacy concerns, discrimination claims and Fair Credit Reporting Act (FCRA) compliance.
- ◆ Cultural Impact: Fear that checks erode trust or deter applications.
- ◆ Operational Burdens: Administrative complexity, managing data securely and handling appeals.
- ◆ Costs: Ranging from modest to significant, depending on scope, with an average of \$500.

Sponsor Voiced Reluctance For Candidate to Do Background Check



Q. Has a sponsor voiced an unwillingness or reluctance to have their candidate comply with the background check element of the process?

Clubs worry about alienating sponsors or creating a culture of suspicion. Some fear “mission drift”—moving away from camaraderie and tradition toward bureaucratic oversight. Others warn that checks can create a false sense of security: a clean record does not guarantee good behavior, while a blemish does not necessarily indicate future problems.

Avoiding checks is not risk management; it is gambling with the club’s reputation at far greater cost. A single reputational incident can cost far more than the screening process itself. Cultural damage is more challenging to measure, but it is equally significant. When clubs admit members who do not share their core values, it can create friction, diminish trust and even lead to resignations. Survey respondents noted that one disruptive member can significantly impact the enjoyment of dozens of others, especially in smaller clubs where community dynamics are closely intertwined. Unchecked admissions can also lead to factionalism, as members question why specific individuals were approved or perceive favoritism, which undermines the committee’s credibility and integrity. In contrast, rigorous vetting protects what members value most: trust, harmony, and the club’s reputation, which the admissions process safeguards, thereby preserving the very culture they joined the club to enjoy.

Risks of Skipping Vetting

Clubs must recognize that legal frameworks apply even in private settings. Improper handling of background data can trigger obligations under the Fair Credit Reporting Act (FCRA), which requires disclosure, written consent and an appeals process if third-party

screeners are used. Failure to comply can expose clubs to lawsuits or regulatory penalties.

Defamation and privacy concerns are also real: If committee discussions or background information are mishandled, candidates may feel unfairly judged and take legal action. For boards, the liability is not theoretical. Without clear guidelines and legal oversight, the admissions process can unintentionally become a governance weakness rather than a safeguard.

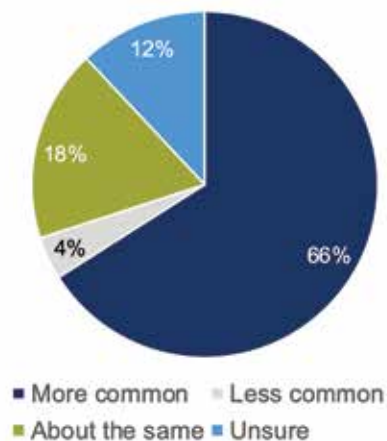
Maintaining Culture & Traditions Amid Change

Private clubs evolve slowly, cherishing continuity and tradition. Yet societal change pressures even the most established institutions. Membership vetting has always been a crucial part of protecting that culture, but it is rarely considered part of membership marketing. Boards must recognize that vetting is a strategic safeguard, not merely an administrative step.

With membership attrition averaging 4 to 5% annually, and higher in smaller clubs, the composition of membership can shift by as much as 50% within a decade. Clubs that rely only on tradition risk losing alignment between culture and membership. Rigorous vetting, balanced with inclusivity and fairness, helps clubs maintain identity while adapting strategically.

Looking ahead, membership vetting will continue to evolve in tandem with technological advancements and shifting member

Sponsor Voiced Reluctance For Candidate to Do Background Check



Q. Do you anticipate background checks becoming more or less common in the club industry over the next 5 years?

expectations. Digital platforms now enable clubs to manage consent, record-keeping and reporting more securely. Third-party vendors are beginning to integrate artificial intelligence, offering tools to scan public records and media more efficiently, reducing administrative time.

More importantly, predictive analytics may one day help clubs assess engagement potential, identifying candidates who are most likely to become active and loyal participants. While human judgment will always be at the core of admissions, the availability of better tools means clubs can combine tradition with innovation to strengthen governance and reduce risk.

Recommendations for Boards

To strengthen admissions and mitigate risk, boards should:

- ◆ Reassess policies regularly with legal counsel.
- ◆ Standardize admissions to ensure vetting is consistent across all candidates.
- ◆ Keep sponsors engaged while securing candidate consent for checks.
- ◆ Include the general manager or membership director in the process of calling other clubs where the applicant is a member. This step confirms the applicant's standing and provides valuable insight into their behavior and engagement.
- ◆ Select reputable vendors and define who reviews findings.
- ◆ Document processes for accountability and transparency.
- ◆ Manage communications carefully to maintain discretion and trust.

Advice from survey respondents included: "Do your research. Find a reputable company that will assist you in the process." Others stressed: "Be transparent about the reference parameters," "Ensure legal counsel reviews all documentation," and "Use secure tools such as DocuSign for candidate consent." Boards that follow these steps not only reduce liability but also strengthen member confidence in the admissions process.

Board Action Playbook: Six Steps to Safer Admissions:

- 1. Establish Written Policy.** Define what will be reviewed (criminal, financial, references, social media) and ensure consistency.
- 2. Engage Legal Counsel.** Have attorneys review all processes to confirm compliance with FCRA and local laws.
- 3. Clarify Roles.** Assign responsibility clearly between the membership director, the GM, the committee and the vendor.
- 4. Adopt Digital Tools.** Use secure platforms for applications, background checks and recordkeeping.
- 5. Train Committee Members.** Educate them on confidentiality, bias avoidance and governance responsibilities.

6. Audit the Process. Review annually to ensure consistency, fairness and alignment with club strategy.

By treating admissions with the same rigor as finance or governance, boards send a clear message: protecting culture is a leadership priority.

Expanded Playbook for Boards

Consider two contrasting scenarios:

- ◆ **Club A:** Admitted a candidate based solely on strong sponsorship letters. Within a year, disputes over unpaid dues and inappropriate behavior created tension among members, forcing the board into a complicated removal process. The reputational damage lingered long after the individual left.
- ◆ **Club B:** By contrast, combined sponsorship with a third-party background check. The process revealed a pattern of litigation that sponsors were unaware of. The board declined the application, preserving harmony and sparing the club from potential future issues.

These examples underscore the value of layered vetting: cultural insight from sponsors and members paired with factual due diligence creates the strongest safeguard. In this case, dues defaults alone cost the club over \$75,000 in a single fiscal year, not including the reputational damage caused by the resignation of multiple long-standing members in protest. By contrast, Club B's modest investment in vetting saved immeasurable costs by avoiding similar defaults and preventing at least three potential resignations by reassuring members that the admissions process was thorough and fair.

The Bottom Line

Membership defines culture—and culture defines the club. Admissions is not just hospitality but governance. Clubs that fail to modernize their vetting process risk reputational damage, legal exposure, and cultural drift.

Survey respondents reminded us that background checks are not about suspicion; they are about stewardship. Today's admissions decisions will determine tomorrow's culture. If your board has not reviewed your process recently, now is the time to do so.

The tools exist, the expectations are clear, and the risks of inaction are real. The question for every club is not whether to evolve, but how quickly to act to protect culture, reputation, and community for the long term. 

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