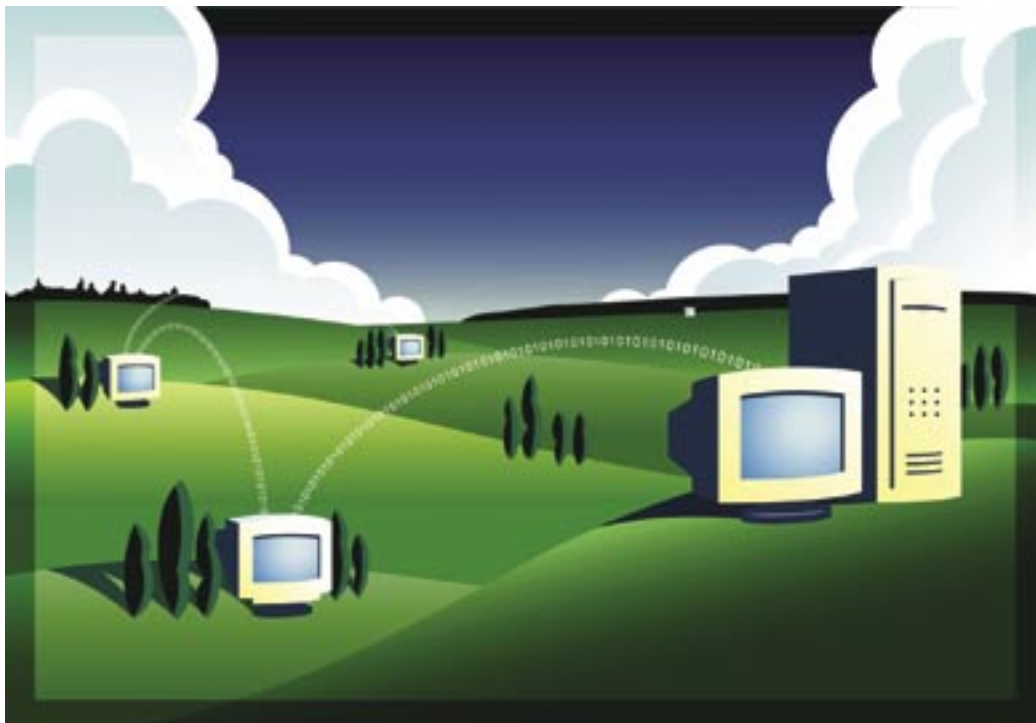


NEW DEVELOPMENTS IN CLUB TECHNOLOGY

By Bill Boothe



Each year, new technologies enter the private club market. Some are completely new, while others are simply extensions of existing ideas and approaches. And some (as you will read later) are “not ready for prime time” in the private club industry. As a part of our work with private clubs across North America, we are constantly researching and analyzing new developments as they reach the market. Here’s the latest on new technologies that are now, or will soon be, available for your club.

Realtime Labor Cost Controls

Traditionally, club management has relied on monthly financial statements and departmental reports to manage labor costs — which for most clubs represent about 50 cents of every dollar spent in overall club operations. Unfortunately, this information reaches management far too late to make meaningful adjustments to schedules and staffing. A new generation of computer software and systems is now being used in progressive club operations. These provide a host of capabilities that allow management to foresee labor cost overruns, and do something about them before it’s too late. Let’s take a closer look at the capabilities offered by these systems.

Realtime systems begin with weekly labor budgets. These budgets are derived from the club’s annual budget, as approved by management and the board. The weekly budgets usually focus on food and beverage, and possibly grounds maintenance, since those two departments generally have the highest number of employees in the club and their costs tend to fluctuate more than other departments.

For each work week, a labor schedule is prepared with each employee’s work days and hours recorded. An integrated payroll system provides the pay rates needed for the system to calculate a projected cost for the week’s schedule. That cost is compared to the budget, and adjustments are made to the schedule as needed. Any budgeted overtime is identified, along with a listing of employees with less than a full week’s worth of hours budgeted.

As the week progresses, realtime systems provide daily reporting on the actual labor cost incurred versus the budget. At the end of each day, an integrated time and attendance system provides those costs — based on actual hours worked and associated pay rates — and compares these costs to the daily and week-to-date budget for each department.

It's well-understood in the club industry that schedules must change to accommodate a variety of unanticipated developments — employee illnesses require substitutions, last minute event changes can require additional (or less) staffing, poor weather can reduce member activity — and the need for staffing. Realtime systems can focus management's attention on overtime issues as these changes occur during the week. In particular, as schedules are shuffled, the systems alert management of "approaching overtime" situations with individual employees, encouraging management to look for substitutions that will keep the club from incurring overtime.

Until recently, realtime systems were extremely expensive — so much so that for work forces of under 500, the cost of this technology could not be justified in labor cost savings. All that has changed in a hurry. Now, clubs with as few as 100 employees can see a measurable return on investment with this powerful technology.

Biometric Time Clocks

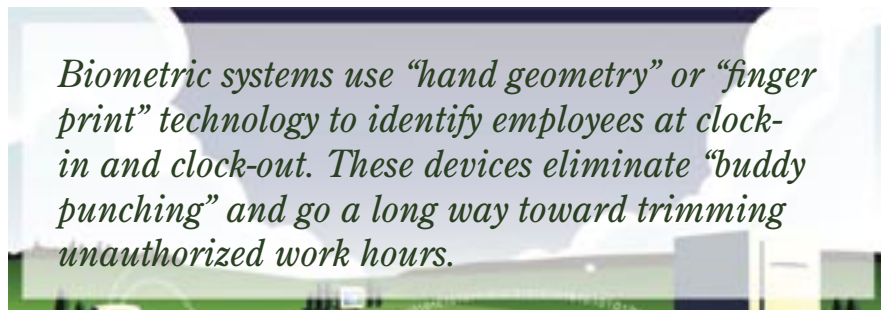
This technology was seen only in sci-fi movies just a few years ago. Now it's available to clubs for a surprisingly affordable investment. Biometric systems are replacing traditional electronic and manual time clocks in clubs across North America. And not just large clubs with many hundreds of employees, but in smaller clubs with as few as 100 full-time staff. Biometric systems use "hand geometry" or "finger print" technology to identify employees at clock-in and clock-out. These devices eliminate "buddy punching" and go a long way toward trimming unauthorized work hours. Biometric units are utilized as part of a sophisticated time and attendance solution, which includes some or all of the elements discussed above with realtime systems: employee schedules and budgets, labor cost vs. budget and overtime control.

PDA-Based POS

Personal Digital Assistants (PDA's) have been around for years. Until

recently, these hand-held devices were limited to tasks such as personal scheduling, contact management and more recently, e-mail and web access. Now they're operating more like miniature PC's, and the club systems vendors are on the verge of bringing them to life in the F&B arena.

Long a topic of discussion at clubs, hand-held POS has been available for some years with RF (radio frequency) communications systems from companies such as Micros, Squirrel, POSitouch, and others. These units have proven popular in stadiums and other public venues, but have not fared well in clubs. High costs, transmission limits and interference, and cumbersome operations have kept them mostly in the public domain.



PDA's are changing all that. Systems in testing (or recently released) are offering easy-to-use POS capabilities — including member signature capture. Perfect for the pool, outdoor barbeques and other events that are beyond the reach of traditional POS devices, PDA's work with the club's computer network to access the F&B POS software used club-wide. We'll be interested in seeing how far this technology reaches within the clubhouse walls (PDA's at tableside?).

Network-Based E-mail and Internet Access

This technology has been around for many years, but we estimate that more than half of all private clubs still do not make the Internet and e-mail available to users on the club's network. Happily, this is changing as clubs discover how easy, and cost effective, these services can be.

For clubs with less than 25 network users (that's a great majority of clubs in North America) we are seeing a strong increase in the use of a local Internet Service Provider (ISP) to install a "turn-

key" solution for the club. This solution begins with the connection (usually DSL) to the Internet, and the equipment (router) required to make the connection work. All electronic mail (internal and external) is sent and received through the Internet Service Provider. Each user has an e-mail address that is a combination of the user name and the name of the club, for example: dsmith@anyclub.com. The e-mail resides at the ISP's office and is accessed through the Internet connection.

In order to access the Internet, the user starts up MS Explorer and a connection is automatically made through the ISP. A "Home" web site automatically appears and Internet navigation is then possible. The router provided by the ISP also includes a "firewall" to keep intruders out of the club's network.

Start-up and monthly costs for this arrangement are very reasonable. Most importantly, this design is easy to install and maintain, and requires no special skills at the club end.

ASP Solutions

This is a hot topic in club circles as various players in the industry debate the practicality of this technology in private clubs.

ASP stands for *Application Service Provider*. Simply put, an ASP company offers software solutions that are housed on a remote central server, with user access to that software provided through an Internet connection. The software is maintained and updated by the ASP and, typically, user access is rented on a monthly basis. There are a number of *potential* benefits associated with ASP technology. We use the term *potential* because these benefits may or may not apply to particular industries or customers. Some of the *potential* benefits of ASP are:

1. Simplifies software updates and fixes.
2. Improves data security and recoverability.
3. Allows access from any PC connected to the Internet.
4. Reduces the overall cost of ownership.

While we agree that the first three potential benefits are applicable to many private clubs, we take issue with potential benefit 4. ASP isn't cheap. And over the full life of a software application, we believe that ASP may be more expensive than a traditional installation on the club's own server. Keep in mind that most ASP agreements are set for one to three years, after which the customer can either continue the "rental" arrangement or purchase the software to operate on a local platform. Either way, the long-term cost is substantial – and may be greater than an outright purchase over time.

In addition, bandwidth isn't cheap. Adequate DSL service (the preferred ASP pipeline) can cost hundreds of dollars each month. Since there are currently no ASP solutions available from the major players in the private club industry, it is impossible to do a cost comparison between ASP and a local installation. However, our discussions with the leading club software providers has found a common theme, the providers do not believe that ASP would reduce costs for private clubs.

We have another concern about ASP that, in our opinion, knocks it out of contention at most private clubs — bandwidth reliability. The key to a successful ASP implementation is reliable connectivity between the



ASP server and remote users. Thus far we have not been convinced that the telephone companies or the Internet can deliver the kind of up time and reliability that clubs have come to expect from their local networks. Stories abound of phone lines being down for days or weeks, and all of us have suffered with sluggish Internet performance and disconnects. While other organizations with significant needs for multi-location

or multi-personnel connectivity may be willing to live with these reliability issues, most private clubs have little motivation to accept the uncertainty of ASP connections.

Realistically, we aren't going to see the private club industry move to ASP any time soon with core applications like membership, accounting and POS. However, some progress has been made in certain areas, such as club web sites and tee time reservations — both naturals for web-based solutions. But these narrow applications are not, in our opinion, indicative of ASP's future in private clubs.

Conclusion

The new technologies discussed above, and others on the horizon, will offer private clubs the potential for improved cost controls and accountability, improved management information, faster and more flexible member service, and increased staff efficiencies. We encourage you to closely monitor these ongoing developments, by attending industry conferences, reading technology periodicals, and very important, interacting with your fellow club professionals. Through such activities, you will be in a position to take advantage of new technologies that truly offer value to the private club industry. ■

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