



BOB SALMORE
RSM MCGGLADREY

Managing Member Generational Transitions

THE PRE-BOOMER AND BOOMER GENERATIONS, BOTH OF WHICH ARE COMFORTABLE WITH A HIGH LEVEL OF STRUCTURE, NOW DOMINATE MOST PRIVATE CLUB MEMBERSHIPS.

These members drive the operations and financial decisions of the club, and tend to reflect their own preference for structure in their actions. How does a club handle the inevitable transition from a high level of structure to a more relaxed level of structure, but with leadership that is skewed toward the structured end of the continuum?

In my last article, *“Avoiding the Generation Gap Trap”* (Boardroom November/December, 2010) I addressed the challenges facing private clubs as older member generations are gradually replaced by members from newer generations.

The main premise suggests that each new generation – late Baby Boomers, Gen Xers and Gen Ys – is less willing than the previous to accept structure and tradition in their lives. That desire for personal independence is an increasing source of friction between newer generation members and

GENERATIONAL TRANSITIONS

Transition is unavoidable. Members age and resign. New members join. It’s the natural course of events. In previous decades these transitions were rather mild with only minor differences between generational lifestyles and demands. Not so now.

The abrupt differences between pre-Boomers and Xers – with just one generation separating them - is something the private club industry has never experienced. Fortunately there are the Boomers – straddling the fence between the highly structured and conforming pre-Boomers and the independent tech-savvy Xers.

The ascendance of the Boomers gives private clubs a window of time to plan for their futures – an opportunity to study the past to understand generational trends already in motion, and to see into the future to project the club’s approaching generational makeup. But there’s a catch.

Most clubs have little if any solid data on their own generational trends. Commonly, clubs focus on member categories – not member generations – in tracking member transitions.

Sample Club's Generational Transition				
Generation	Current % of Membership	2016 % of Membership	2021 % of Membership	2026 % of Membership
Pre-Boomer - now 65 or older	60	50	40	30
Boomer - now 51-64 years old	30	35	40	45
Xer - now 30-50 years old	10	15	20	25

an array of traditional club amenities and operations. If left unaddressed, such friction can have a significant impact upon the club’s ability to attract and retain new members.

A written earlier: “Mainstream private clubs will need to operate a bit like department stores. To attract and retain customers of all ages, clubs will have to satisfy a broad array of customer wants and needs – *in an environment that is comfortable for each age group.*”

So how do clubs make these transitions?

Most every club produces an annual report listing member category movement in an effort to understand how the club’s membership is changing. While this exercise produces some helpful data, it does not address the most significant trend facing private clubs – generational transition.

YOU HAVE THE DATA YOU NEED

Fortunately every club has the data needed to predict its generational future – member-join dates and birthdates.

With that data you can look back to establish the trend, and see forward to project the future.

Here's how it works. You begin by putting together a list of all current members. (Microsoft Excel is a good tool to use.) Your list should include the name and birth year of each club member. Once the data is entered, you should sort the list on birth year, from old to young. You then add a column to the right titled 'Current Generation.'

In that column you assign each member to their proper generation. Use a simple coding system – 'P' for pre-Boomer, 'B' for Boomer, 'X' for Xer. Finally, determine the number of members, and percentage of your membership currently in each generation. Next you look back in history. Prepare a list (same format as above) for all members who have joined the club in the past five years. If your club's joining rate has been badly affected by the recession, go back an extra two or three years. This will give you data on joining activity by generation.

Finally you look into the future. This is the tough part because there is no simple spreadsheet design that you can use to accurately project future results from current and past data.

However, you can achieve a rough approximation by projecting out the expected number of new members from each generation, for each of the next 15 years, and add them to the existing member roster for years 2012 through 2026. To complete the task you must then reduce the existing membership roster over time to reflect resignations. This is far from a perfect science, but it often yields results that look something like the chart.

Of course, this projection is based upon past trends and assumes no significant changes in key factors that affect attraction and retention of members, such as the economy (national and local), nearby competition, and of course what your club does to adjust amenities and services to accommodate changes.

FUTURE PLANNING

Once you have generated your club's data, you are in a position to begin planning for the future. This is best accomplished with formal strategic planning that may require assistance from an outside expert. What's important is that you get moving on this now.

Establishing a strategic direction for your club is hard work and takes time, so there is no room for delay. Both facilities and services will have to change to attract the "generations" of future members.

A good strategic plan will include broad-based input from your membership, a cogent vision for the club's future, and a realistic approach to finances. Most importantly, your planning must be based upon the membership generations that will make up your roster in the future – not those of today.

Clubs have a tendency to plan as if the future membership will be just like them. But as you can see from the sample generational transition chart, the generational make-up of a club can change dramatically in just a few years.



AGE VERSUS GENERATION

And here's a final note on an important distinction that should be understood for effective future planning. As people age, their personalities actually change very little.

Many studies have shown that when individuals are given standardized personality tests, beginning at childhood and periodically over their entire lifespan, their basic personality traits do not change over time.

So discussions of "younger" members, and how their values and expectations differ dramatically from "older" members, is a misconception. The differences are generational, not age-based.

Pre-Boomers were prone to their personality traits from childhood – they didn't adopt a willingness to conform later in life. Conversely, late Boomers and Xers won't change their expectations for flexibility and technology presence as they age. We've grown into who we are! **BR**

Bob Salmore is a director with McGladrey, the nation's 5th largest provider of assurance, tax and consulting services. He has more than 30 years of experience in hospitality audit and accounting. Bob manages some 50 private club annual financial audits and is a key member of the McGladrey Club Service Team. He can be reached at bob.salmore@mcgladrey.com or (561) 697-1785.*

**McGladrey is the brand under which RSM McGladrey, Inc. and McGladrey & Pullen, LLP serve clients' business needs. The two firms operate as separate legal entities in an alternative practice structure. McGladrey & Pullen is a licensed CPA firm providing assurance services. RSM McGladrey provides tax and consulting services.*