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Retaining and Aging Membership

By MacDonald Niven

A very successful 100-year old club has a single full privilege membership: golf, tennis, pool, etc. The issue is an aging membership. There is concern that the older members with long tenure are no longer capable of playing golf or tennis, but still have strong ties to the club through friendships. A fear is that the older members will resign because the loss of playing while still paying full dues will diminish the club value to them.

The challenge being considered is to create a category that fosters good – will towards long time members yet maintains required revenues. The club does not currently experience a wait list for entry.

The issue was put before 187 managers from across the country and the responses were varied, as we expect. However, there were two themes: Good will towards long-term members and maintaining the revenue stream. Clubs should determine the reason for a new category. The underlying reason is important, and the solution needs to be carefully thought through or there could be unintended consequences. One club reported having over 48 categories of membership!

As one respondent replied, “People tend to hang on to their clubs and their places of worship.” This, of course, is a theme for successful clubs. They have created a place where the members are safe, secure, and become very loyal. The same manager went on to share that his parents were 60-year members of a club, became infirm, lived out their lives in a nursing home, and were still paying full dues! His point was that to this day he resents the club for its callousness. There should be a way to do the “right thing.”

However, sometimes in trying to do the right thing a wrong thing rears its ugly head. A club was doing the right thing in offering its aging membership categories of lesser dues and ended up with 250 non-dues paying, substantial club users out of 1500 membership! The problem was so substantial that they were facing ruin if an adjustment was not made. They subsequently discontinued the category and became financially sound. In this case, it appeared that the decision makers, many aging into the created category, may have been concerned with their own benefit and, while producing good-will, did not think of the long-term consequences as everyone aged!

The original question above seems simpler and more in line with the managers parents’ predicament. Long-term members can no longer enjoy all the amenities but are still able to enjoy the social aspects: Should something be done for these members? And the answer from many respondents was, “Yes.” Some suggested creating a social category, some suggested a tiered

approach. As one manager puts it, “I think every club should use a tenure-based model for dues. The longer you stay, the less you pay. Reward for longevity, not how far away you live from the Club or how many of the club activities you use. The % discount should be figured out depending on the revenue requirements of the individual club. An example is 10% off after each 10 years, free after 50 years of membership.” One manager’s club has in place a “Lifetime” Membership which was created specifically for those members who have entered the nursing home.

Clubs more concerned for revenue loss have similar responses, but with the added twist of creating different full privilege categories, such as the “Rule of 90,” which is the sum of the member’s age and years of membership. Once the member reaches 90 (or 100, 110, etc.), they have reduced dues, maintaining the same privileges. Some suggested that lower dues mean loss of voting rights or that a member may sell their ownership and retain a non-voting, non-equity membership at reduced dues.

A significant concern is that while trying to retain dues revenue, clubs will try to entice a dissatisfied member by creating a category that will “hold” them and keep dues coming in. As one responder quipped, “Some dues revenue is better than no dues revenue, if the member resigns.” Unfortunately, care needs to be taken that reducing dues to save one, may have the unintended consequences of opening the door for others, who would not have required reduced dues to remain a member. And, the member being saved may have lacked the stickiness of the club and will resign in the near future regardless of the lower dues. Now, the club increased its membership categories from 48 to 49 and had over-all reduced revenues – not the intended result.

Being empathetic is part of having a strong family. Clubs should take care of their own and that includes those aging out. However, we need to be careful about the underlying reason for considering a new category, saving a resigning member by offering lower dues may not be the best solution.

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