

Strategic Change in a Mature Industry: Can a Downtown City Club Turn Around Its Declining Membership?

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Early in 2013, Barry Shields was pondering the future of The Tampa Club. For several consecutive years, The Tampa Club had experienced declining membership enrollment and flat or declining revenue. Barry's frustration was not unique in the industry: country clubs, city clubs, and private dining clubs were showing similar results throughout the USA. Many clubs had closed and the remaining ones were often losing more members than they gained. In 2012, The Tampa Club's membership roster was 13% smaller than 2008. Unless the leadership of The Tampa Club could reverse the declining membership trend, its existence was in doubt.

Barry Shields, General Manager of The Tampa Club, was preparing for a meeting with his board. The board members had always been supportive of Barry, and were dedicated to the success of The Tampa Club. But he wondered whether their patience was waning. It was January 2013 and Barry was preparing to disclose the most recent annual operating results. Some of the board knew the bad news that Barry was going to report, but others would be surprised that the club was still showing a decline in membership. During 2012 membership declined 3% and dues revenue declined 2.1%. The long term trend was not positive either. Since 2001 membership had declined by 30% and annual dues revenue had decreased by 11%. See Table 1 for a history of the membership and revenue. The one bright spot was restaurant revenue. It had increased during 2012, driving total revenue to just about \$3 million. Barry was worried about the future of The Tampa Club, and also the future of the industry.

As Barry finished his preparations for the presentation, he described the dilemma facing The Tampa Club. "We offer excellent restaurant service at the top of a 'class A' building downtown. We have views that are the best in the city. We have special events that our members love, a dedicated staff, and ample space for hosting private events. Even with all these amenities, we have trouble retaining members." Barry knew the board would be disappointed, but even worse, he feared that the board might not provide suggestions for reversing the membership decline that was threatening the club's viability. What would he do if the board was unable to make any promising recommendations?

HISTORY

The Tampa Club was founded in 1981 to provide an upscale private club setting for the downtown Tampa, Florida business community. The club's original location was at the Exchange National Bank building on Franklin Street in downtown Tampa. The Founding President of the club was Mr. Max Hollingsworth who was followed by Mr. John Germany. Mr. William MacInnes, a founding Board of Director for the club and a former Chairman of the Board for the Exchange National Bank and for Tampa Electric Company, was instrumental in the club's formation. In 1987, the membership outgrew the original location and the club was moved to the top two floors of what is now known as the Bank of America building also located in downtown Tampa. The Tampa Club was the first private club in the area to open as a non-discriminating club. It operated under a 501(c) (7) not for profit status and was member-owned and operated.

THE PRIVATE CLUB INDUSTRY

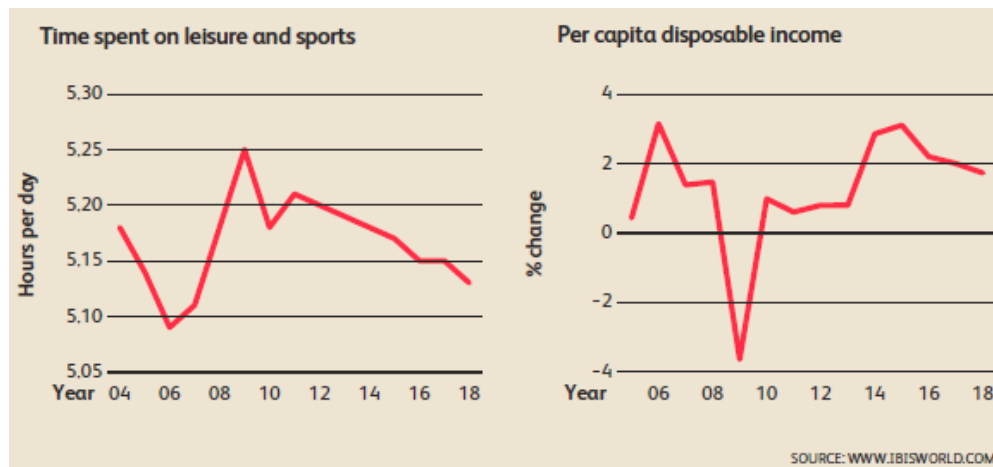
The Tampa Club, as a private, city club, fit into the industry category of civic and social clubs. This industry segment was “comprised of establishments primarily engaged in promoting the civic and social interests of their members. Establishments in this industry may operate bars and restaurants for their members” (Industry Statistics Sampler, 2007). Private, city clubs were typically located in urban areas and emphasized food, networking, and business relationships, whereas country clubs typically were located in neighborhoods or suburbs and offered a range of activities like golf, tennis, exercise facilities, and swimming. Another category, athletic clubs, usually provided most of the benefits of a country club, but without a golf course. They also tended to provide a wider range of exercise classes, equipment, and personal training. Members of all private clubs paid membership dues in exchange for the privilege of using the club’s facilities (O’Donnell, 2012).

Throughout the private club industry, the 2000s had been a difficult decade. In 2004, industry revenue was \$18.2 billion. It had fallen to \$16.0 billion in 2008, which was a 12% decline since 2004. Additionally, the country clubs segment of the industry experienced a 6% decline in number of clubs between 1990 and 2000 and a 10% decline between 2000 and 2010 (Fisher, McMahan, Sr., Boughton, Vain & McMahan, Jr., 2009). The decline in revenue and number of clubs could be attributed to many factors including changing demographics of members, increasing competition from substitutes (i.e., pay by the day facilities for activities and fine dining for restaurants), and a sustained economic recession.

According to the Fisher, et al. (2009), the struggles in the city club industry began even before “the Great Recession.” Beginning in 1995, the IRS no longer allowed companies or individuals to claim that club membership dues were a business expense. Therefore, dues could no longer be claimed as a tax deduction. When the deduction disappeared, many companies dropped their memberships in private clubs. After that, the “dot com” bubble burst and many affluent people stopped spending as much money on leisure activities. The 17% decline in total U.S. annual golf rounds from 2001 to 2002, as recorded by the National Golf Foundation, is not surprising given the loss of household net worth and the somber attitude of the period. What is startling, however, is that golf rounds never did return to 2001 levels throughout the strong economy of 2003 to 2007. Similarly, most city clubs never recovered from the massive fallout in their ranks that occurred when corporations stopped funding memberships when they were no longer a deductible business expense” (Fisher, et al., 2009, p. 2).

The trends in the industry became too negative for some city clubs to withstand. In January 2011 the Miami City Club announced that it was closing. It had occupied the 55th floor of the Wachovia Financial Center (the tallest office building in Florida) but according to the *Miami Herald* (Walker, 2011), the club’s membership had dwindled to only about 280. Similarly, the First City Club of Savannah, GA announced that it was closing in March of 2011. The *Savannah Morning News* (Van Brimmer, 2011) reported that the club had over 1000 members for many years, but the membership had fallen to less than 700 in 2010. During 2011, the City Club of Cleveland saw membership decline by 5.5% and revenue fall by 6% (Park, 2013).

Another damaging trend impacting all private clubs (e.g. country clubs, athletic clubs, and city clubs) was the decreasing leisure time that Americans were enjoying. Even as the recession was ending, there was evidence that lifestyles across the country were changing in ways that did not look promising for clubs that provided leisure and recreation. According to Amari (2013), leisure time in the US peaked in about 2009 and had fallen through 2012. The trend was expected to continue through 2018 (see Figure 1).

Figure 1: *Leisure Time & Disposable Income in the USA*

The same pressures were affecting private clubs in Canada as well as the US. Cedar Brae Golf & Country Club in Toronto drastically reduced its membership fees to attract new members. During the 1980s new members paid an initiation fee of \$30,000. In 2012 the fee had fallen to \$7,500, payable over five years, interest-free.

Locally, The Tampa Club had two main competitors. The University Club was also located in downtown Tampa. In fact, the two clubs were located within a quarter mile of each other, both in the top floors of prominent office buildings. The University Club was founded in 1946 as “a downtown luncheon club which would provide a pleasant friendly atmosphere to enjoy good company in comfortable surroundings” (“History of the University Club of Tampa,” 2011). It was the original downtown social club in Tampa and continued to maintain a more prestigious reputation than The Tampa Club.

West of downtown, in the Westshore Business District, was the Centre Club. It was founded in 1984 to provide fine dining, networking, and meeting space for clients who did not want to join a downtown club. It was owned by ClubCorp, which was a company based in Dallas, TX that had created a network of more than 150 golf clubs, country clubs, and city clubs throughout the United States (“History,” 2011).

OPERATING PERFORMANCE

Barry believed that two trends were responsible for the declining membership. With the recession that began in 2008, most private clubs in the U.S. had seen declining memberships and declining revenue. Club membership was probably perceived as a luxury expense by most people and the recession convinced many people to reduce their personal spending.

Secondly, club membership may have different meaning to different generations of Americans. Generation X seemed less interested in what clubs offered compared to the Baby Boomers (Kyriakidis, 2013). Consequently, many private clubs had been unsuccessful at identifying and offering the benefits that younger consumers wanted. Writing about private clubs in the *Wall Street Journal*, Newport (2008, pg. W7) recognized that “No one type of club or situation -- old or new, member-owned or for-profit, stand-alone or real-estate-based -- dominates the distressed category, but all are being hurt by the same two big-picture trends: changing demographics and the economy.” Newport interviewed Dana Garmany, chief executive of Troon Golf, the largest manager of golf courses in the US. “For prospective members under age 45, the cachet of belonging to a club doesn't mean much. For them the deal has to make sense financially and fit into their lifestyle,” Mr. Garmany said. In many cases, what clubs offer doesn't fit their schedule.”

GENERATIONAL DIFFERENCES AND THE TAMPA CLUB

At the end of 2010, The Tampa Club had 910 members. Of those members, 23 % were female and 77 % were male. The average member of The Tampa Club was a male in his mid-fifties whose household income was between \$300,000 and \$500,000. This person had been a member of the club for an average of 8.7 years. Similar to most private clubs, the average member was in the Baby Boomer generation.

BABY BOOMER GENERATION

The majority of members that were active in the private club sector are considered part of the “baby boomer” generation. These members were born between 1946 and 1964 with a median age of 53 years. The vast majority of this demographic are married (92%) and are well educated (68% had college degrees). The Boomer generation in total accounted for 45 million U.S. households and nearly 25% (over 10 million) of Boomer households represented the core market for country clubs (Fisher, et al., 2009). The Boomer generation was expected to account for 40% of all U.S. spending by 2015. This income for this generation was significant with average household incomes over \$100,000 and average net worth in excess of a million dollars (Fisher, et al., 2009). Boomers’ high level of discretionary income made them the perfect restaurant dining customer. They did not hesitate to spend money on the full dining experience and tended to prefer the formalities included in the fine dining experience. Boomers often began their dining experience with cocktails and hors d'oeuvres and end with dessert and coffee (Rowe, 2008).

Given their quickly approaching retirement age, the Boomer generation was also expected to experience an increase in leisure time. This increase in leisure time indicated that they may more open to changes in their lifestyles and eager to try new experience (Fisher, et al., 2009).

GENERATION X

Generation X was estimated to make up 50 million persons in the US. This generation was born between 1965 and 1977. As a whole, this generation was highly educated (over 60% attended higher education institutions) and more technologically advanced when compared to earlier generations (Lyon, 2010). Generation Xers tended to be thrill-seeking but pragmatic in other situations. Seventy-one percent of Gen Xers had children under the age of 18. Spending time with their children and finding work-life balance was a priority of this generation. Establishments that offered a casual dress code, friendly and accommodating service, value for dollars spent and most importantly a kid-friendly atmosphere, met the needs of this generation (Erickson, 2009).

Given their age range (mid-30s to mid-40s), this segment was beginning to be established in their careers and were an attractive member segment for private clubs. Another trend that emerged with the generation was the prevalence of women in the workforce. The increase of women in powerful position in organizations has contributed to increases in membership in the private club sector (Fisher, et al., 2009).

GENERATION Y

Generation Y, otherwise known as the Millennial Generation or Echo Boomer generation, were people born between 1978 and 1994. Generation Y was expected to be the fastest growing segment of the workforce with very high expectations of themselves and their employers. This was the generation beginning to establish themselves in their early careers. This group was expected to change jobs more frequently and seek creative challenges, immediate responsibility, and have a strong emphasis on

technology. This was the first generation considered digital natives since they were always surrounded by technology. This segment used social media to interact with friends but also to make decisions about where to spend their time and money. Additionally, this group was generally considered to be the children of the Baby Boomer generation, which made up the largest percentage of current private club memberships. They tended to dine out twice as often as Boomers, often on impulse. Eating out and socializing with friends was an essential part of their lifestyle; however they had a lot less money to spend on entertainment. Millennials were also not big eaters and actually preferred wide variety of smaller dishes/portions, with wide ranging, bold flavors.

This generation viewed the establishments they patronized as extensions of their living rooms and dining rooms as they enjoyed congregating with friends. They did not like stuffy or pretentious environments but instead preferred a casual, laid back atmosphere (Rowe, 2008). Robert Thompson, columnist for *ScoreGolf Magazine*, described the demographic shift succinctly to *CBC News*, "As this demographic has changed, you have an increasing focus on family time. It's not the 1950s. It's not *Mad Men* where Dad is going to grab his clubs on Saturday morning, leave the wife and kids, go to the club for 27 holes and then have a boozy dinner or something. It doesn't play that way anymore" (Saltzman, 2012).

FACILITIES IN THE TAMPA CLUB

The Club occupied the top two floors of the second tallest building in downtown Tampa. The top floor of the club consisted of several dining areas that could accommodate both formal and casual events in addition to Private Dining Rooms for more intimate settings or when privacy is required. The Grille Room was the most comfortable, casual and popular room in the club. In the Grille, breakfast was served Monday through Friday from 7:00 am to 9:30 am. Lunch was served in the Grille starting at 11:30 am. A full lunch buffet was offered in the Grille that included carved meats, hot items and a soup and salad section. At 4:30 pm the Grille was then transformed into the Members' Lounge offering several Happy Hour drink incentives. Casual attire was welcome in the Grille. The Board approved the inclusion of jeans among acceptable attire but only in the Grille Room. Dinner was also served in the Grille upon member request.

The Main Dining Room (MDR) offered a more formal setting for lunch and dinner with a more extensive menu offering than in the Grille. Lunch was served in the MDR Tuesday – Thursday from 11:30 am to 2:00 pm. Dinner was served Wednesday – Saturday from 6:00 pm until 10:00 pm. There was also a room called the Rotunda that was located between the MDR and the Grille. The Rotunda had the identical décor as the MDR with an oversized double door that opened into the MDR. The Rotunda was used as an extension to the Main Dining Room when needed or as a Private Room by itself. There was also a banquet room called the Ballroom. The Ballroom was used mostly for private, catered member events.

Additional facilities at The Tampa Club included 12 different meeting rooms of all sizes for social and business gatherings. These rooms were located on both floors and were equipped with the technology to give presentations to small groups. The Club staffed a wedding coordinator for weddings, wedding receptions, showers, and other parties and personal events. Another popular service offered was the Vintner's Club, which gave members access to their own personal wine lockers for an annual or monthly fee. Aspiring oenophiles could collect wine and keep it in the club in a climate controlled environment. Other services available were networking and club events, which provided "meet and greet" and educational opportunities. All members had access to premium seating for certain local events outside of the club such as sporting events and concerts. At regular intervals, emails were sent to members, offering them opportunities to buy tickets to local venues that were hosting events that the Club thought members might want to attend.

CURRENT STRATEGY AND PERFORMANCE

During the early years of the club, the primary usage was for lunch. Most days the club would serve over 150 members lunch between the Grille and the Main Dining Room. Evening business was scarce with most nights only serving a few tables for dinner and a handful of guests in the bar. Over the last ten to fifteen years the usage has changed significantly. Recently, usage was more evenly divided between day and evening as opposed to the past pattern of having most of the usage during the weekday lunches. To Barry, it seemed that the club was not in as much demand to the business community as it once was during lunch.

Another change the club has experienced over the last 15 years was that the club has become much more social. In the early years of the club people joined primarily for business purposes. The club was used as a place to entertain clients and for power lunches. It was rare that members used the club for personal reasons and typically when they did it was for a special occasion. In 2005 the members were surveyed and asked whether they viewed their membership as social or business. The response showed that approximately half the members used their membership for social purposes and the other half for business purposes. Interestingly, most resignations over the last several years seem to be associated with business cutbacks. Therefore, once a business was no longer footing the bill for the club, the membership was eliminated. Members whose companies have made such expense cutbacks have not usually been willing to pay for the membership from their own pocket. Perhaps those members that saw a social value in the club have been able to justify the expense of the membership for personal gratification verses business benefit.

REVENUES AND EXPENSES

MEMBERSHIP DUES

Dues revenue is the lifeblood of the club business. Table 1 shows that the club's dues revenue declined by about \$300,000 between 2008 and 2012. Enrollment at The Tampa Club peaked in 2006 and declined every year since then, with the exception of 2011 when there was a small increase. The club measured membership longevity. The last 100 members to resign had an average length of membership of 5.2 years, which seemed to indicate that resigning members had tried to appreciate the club for a while, but it was not able to create enough value for them to continue maintain their membership.

Table 1: *Ten Year Membership History*

Year	Enrollments	Resignations	Total Members	Total Dues Revenue	Average Monthly Dues
2001	369	315	1341	\$1,221,304	\$76
2002	308	331	1318	\$1,251,514	\$78
2003	176	316	1178	\$1,188,252	\$79
2004	273	196	1255	\$1,246,112	\$86
2005	223	218	1260	\$1,264,856	\$84
2006	233	230	1263	\$1,291,877	\$86
2007	247	273	1234	\$1,257,985	\$84
2008	112	273	1073	\$1,310,348	\$95
2009	113	202	984	\$1,202,272	\$97
2010	152	195	941	\$1,089,075	\$94
2011	171	149	957	\$1,109,581	\$97
2012	167	189	929	\$1,086,150	\$97

FOOD AND BEVERAGE

Food and beverage sales were the other primary source of revenue for the club although not necessarily profitable every year in the past. In April of 2010 the club instituted a \$30 per month Service Fee that most members paid. The Service Fee was optional. Those members who agreed to pay the Service Fee did not pay the 20% gratuity upon each purchase at the club. This Service Fee added to the profitability of the Food & Beverage Department.

See Table 2 for a summary of the food and beverage results. In 2012, food and beverage revenue was a bright spot for The Tampa Club. In spite of falling membership numbers, the a la carte sales and the private party sales were both higher than in 2011. The net income from the food service was about \$435k during 2012, which was the best performance over the last ten years. This outcome pleased Barry, because he believed it indicated an end to the recession's pressure on the restaurant industry. The Tampa Club offered a high-end dining experience; if it could turnaround the restaurant while the economy was still struggling, maybe more good results would follow. Driven the restaurant sales, total revenue increased to about \$3.2 million in 2012 from \$2.9 million in 2011.

Table 2: *Food & Beverage Financial Results*

Year	A la carte Sales	Private Party Sales	Food & Beverage Net
2001	\$623,970	\$830,927	(\$11,941)
2002	\$652,460	\$708,714	(\$110,951)
2003	\$587,967	\$752,042	\$19,053
2004	\$617,681	\$875,635	\$129,086
2005	\$667,284	\$916,846	\$99,691
2006	\$737,794	\$1,121,674	\$189,658
2007	\$755,672	\$1,095,056	\$75,061
2008	\$675,169	\$1,053,763	\$234,905
2009	\$701,822	\$816,834	\$113,626
2010	\$691,104	\$849,831	\$263,519
2011	\$650,186	\$905,746	\$321,825
2012	\$776,533	\$1,066,210	\$435,478

RENT EXPENSE

The rent payment was the club's largest expense. Rent was based on leasing approximately 23,500 square feet in the 42 story Bank of America building. The building was considered a "class A" property. Being in a financial position to pay the rent was becoming increasingly more difficult. The club had been successful in getting the rent discounted over the last couple of years but the amount discounted was being deferred instead of forgiven. The current lease was due to expire on March 31, 2016. It was the club's desire to be able to obtain a more favorable rent structure for the next lease agreement. See Table 3 for a summary.

One tactic that was discussed over several Board of Director meetings was the possibility of looking for a new location for the club. The reasoning behind making a move was to secure a more financially favorable rent. The board believed that another landlord might view the club as an amenity, and therefore willing to offer a preferred lease rate. Even with a new location, the core strategic issues facing The Tampa Club would persist. The club managed to attract new members every year, but for several consecutive years, there were more resignations than new members gained (See Table 1). Whatever the cause of the decline, Barry knew that The Tampa Club needed a bold solution to turn around the trend in declining membership. What blend of amenities, events, service, décor, and food would attract new members, and prevent existing members from leaving? Barry was not sure, but he still believed the concept of a downtown social club was a viable business concept.

Table 3: *Rent Expense and Cash Flow Summary*

Year	Total Rent Expense	Net Cash Flow
2001	\$470,707	(\$14,498)
2002	\$504,670	(\$79,035)
2003	\$533,802	\$22,748
2004	\$539,007	\$133,804
2005	\$561,908	\$80,805
2006	\$622,049	\$179,111
2007	\$671,652	(\$129,952)
2008	\$680,759	\$10,904
2009	\$705,620	(\$147,447)
2010	\$612,535	\$8,538
2011	\$685,552	\$8,228
2012	\$797,120	\$9,900
2013	\$824,748*	
2014	\$842,376*	
2015	\$845,668*	

* forecasted amount

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Strategic Change in a Mature Industry: Can a Downtown City Club Turn Around Its Declining Membership?

TEACHING NOTE

This case examines the challenges that small businesses face in a poor economy, in a mature industry. The Tampa Club is a downtown city club, which has been facing declining membership since 2001. The challenges facing General Manager, Barry Shields, revolve around how to increase membership including attracting new members and retaining existing members, reduce operating expenses and enhance the awareness of benefits of membership. The students are asked to evaluate The Tampa Club's current position and develop recommendations that will help launch the thirty-two year old landmark into another period of growth.

METHODOLOGY

The case was part of a graduate level capstone course in strategic management. The case facts are based on primary research that the authors and students conducted throughout the course of the semester. The results, tables and exhibits in this case are the actual results found in the study conducted by both the faculty and the student groups.

RELEVANT COURSES

The case focuses on developing strategies for a small business which makes it appropriate for Entrepreneurship, Small Business Management, Strategic Management and Hospitality Management courses at the undergraduate and graduate level. For Entrepreneurship or Small Business Management classes, this case would fit well with chapters focusing on revenue model development in mature businesses. This case would also work well in Strategy and Hospitality Management classes where both external and internal audits are examined. The case can be covered in one 70 minute class period, if the discussion about generational differences is minimized. In the authors' experience, it is worthwhile to spend a lot of time discussing the decline of the entire private club industry. Private golf courses, dining clubs, and social clubs throughout North America are struggling to retain members and revenue. To fully explore this powerful industry trend and the specific strategy of The Tampa Club should require one 3-hour class or the weekly equivalent in one or two classes per week.

CASE OVERVIEW

The case begins with The Tampa Club's General Manager, Barry Shields, preparing his agenda for a meeting with his board of directors. Barry was preparing to discuss the most recent annual operating results. Since 2001 membership had declined by 30% and annual dues revenue had decreased by 11%. During 2012, membership declined an additional 4% and dues revenue declined 9.4%. Barry was concerned about the trends in the city club industry and how The Tampa Club could respond to them. These trends include a steady decline in membership and revenues in the past decade. The closing of a similar facility, Miami City Club, was catching a lot of press in both mainstream and industry publications.

As Barry finished his preparations for the presentation, he described the dilemma facing The Tampa Club. "We offer excellent restaurant service at the top of a 'class A' building downtown. We have views that are the best in the city. We have special events that our members love, we have a dedicated staff, and ample space for hosting private events. Even with all these amenities, we have trouble retaining members." Barry knew the board would be disappointed, but even worse, he feared that the board might not provide suggestions for reversing the membership decline that was threatening the club's viability.

The small business, which had thrived since opening in 1981, had seen decreasing sales, new membership and experienced retention issues in recent years. The “Great Recession” had a profound adverse impact on this business, which has compounded the difficulties of The Tampa Club’s ability to drive revenues. Some board members believed that The Tampa Club’s problems were all due to the recession. However, Barry was worried that changing industry characteristics would last well beyond an upturn in the economy.

The case gives background information on the founding of The Tampa Club, followed by a detailed literature review on the Private Club Industry. This information is provided so students can better understand the environmental challenges facing this industry. The case then examines generational differences and links specific characteristics into the private club industry, which may have been a driver in the decrease of membership. Students are then given detailed information regarding operational issues impacting The Tampa Club including, financial analysis, facility details, local trends and membership related data. The case ends with students being asked to make recommendations regarding the most appropriate approach to improving the issues The Tampa Club is facing.

LEARNING OBJECTIVES

- Identify opportunities for a small business in a mature industry.
- Conduct a detailed SWOT analysis by examining external and internal environmental forces impacting the organization.
- Develop functional-level strategies including implementation plans to help the organization grow in a mature industry.

DISCUSSION QUESTIONS

Question 1. Identify and discuss the key external environmental factors impacting The Tampa Club.

External Analysis

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Opportunities

- Technology and Social Networking-Word of Mouth
- Affordable real estate
- Low interest rates
- Increased amenities (i.e. daycare, collaboration with golf clubs)
- Customer relationship management and data mining
- Change in pricing structure (eliminate excessive fees)
- Growth in Generation X and Y populations in professional positions
- Rising buying power within the female and minority demographics

Threats

- Availability of substitutes products and services (i.e., fine dining restaurants in the area)
- Mature industry
- Macro-economic forces including decreasing consumer confidence and spending
- Depressed consumer confidence
- Limited discretionary resources
- Lingering unemployment rates
- Change in taste preference; consumer shift towards casual dining and quality demands continue to rise
- Increasing input costs are cutting profit margins for businesses

Question 2. Identify and discuss the key internal environmental factors impacting The Tampa Club.

Internal Analysis

Strengths

- Downtown location of the club and the view it provides to members
- Head management's democratic management style and openness to change
- The Tampa Club's ability to offset prices for members
- The assortment and convenience of amenities offered to members wishing to conduct business meetings

Weaknesses

- Informal employee training and development
- Accessibility to the club for members and guests
- The Board of Directors resistance to change and lack of representation of membership levels on the Board
- Legacy point-of-sale system and lack of technology use
- Lack of available funds for strategy implementation
- Little variety of menu options
- Member attrition rates

Question 3. What functional level strategies could be implemented to help improve the multiple revenue centers in The Tampa Club (i.e., restaurant revenue, banquet revenue, bar/lounge revenue, membership revenue)?

Before generating strategies for The Tampa Club, students must understand the opportunities available in a mature industry for competitive advantage. These generic opportunities should be the bases of the recommendations suggested by students.

Opportunities in a mature industry include focusing on: a niche or segment of customers; maximizing economies of scale; creating and communicating clear differentiation from competitors; and non-price competitive strategies (included product proliferation, market development, market penetration, and/or product development). These generic strategies can be used as a basis for a variety of functional-level strategies. Some specific strategies suggested by students include:

- Niche or customer segmentation
 - Focus on marketing to Gen X (and to a lesser extent Gen Y)
 - Offer special pricing for younger members
 - Create mentor program between members with more professional work experience and younger members
 - Market to women (variety of different ways)
- Maximizing economies of scale
 - Review menu pricing for members – current prices were too high given competition. Increased revenue from lower pricing should maximize economies of scale (especially true since wait staff were paid hourly wages not service wages)
 - Convert unused space to office space for member
 - Implement new point-of-sale system to personalize member experience
 - Implement a variety of special programs to increase use of club during slower hours

- Clarify and improve differentiation
 - Training program for current wait staff to increase current member's perceptions of quality.
 - Implement new point-of-sale system to personalize member experience
 - Update/modernize menu
- Product development
 - Offer Sunday brunch to members
 - Convert unused space to office space for member
 - Implement a variety of special programs to increase use of club during slower hours
- Market development
 - Market to Gen X (and to a lesser extent Gen Y)
 - Market to women (variety of different ways)
- Market penetrations
 - Convert unused space to office space for members
- Product proliferation
 - Offer Sunday brunch to non-members

Some strategies actually meet more than one of the generic sources of competitive advantage for firms in a mature industry.

Question 4. How could The Tampa Club understand the cause of its declining membership?

As described in the case, The Tampa Club has typically lost 15-20% of its members during most years. There is some evidence for how generational differences MIGHT explain why younger members are resigning, but no primary data is presented. An additional class activity or homework assignment might be to have the students develop surveys that could be distributed to both current club members and former club members. Collection of this primary data would be instrumental in the strategy development process as it would assess the organizational competencies as perceived by the club members and former members. The surveys should be structured in a manner that would elicit service related data as well as demographic data. Of course this is only an academic exercise since students cannot contact former members of the Tampa Club. We think it is a good exercise in critical thinking to ask the students to imagine what primary data they would need to answer the question of causality: why are members resigning from the club? The following information could be used as a guide for the survey development.

- Evaluate the facilities of The Tampa Club (using a Likert Scale).
- Evaluate the food and beverage services of The Tampa Club (using a Likert Scale).
- Evaluate the banquet facilities and amenities of The Tampa Club (using a Likert Scale).
- Evaluate the pricing structure of The Tampa Club (using a Likert Scale).
- On a monthly basis how often do you use the club?
- How much do you expect to spend (per person) on: breakfast, lunch and dinner?
- Is The Tampa Club your first choice for special events: workshops, retreats, private parties, etc.?
- Do you think that being a member of The Tampa Club reflects positively on your image as being a successful business person?
- What are the most important features of The Tampa Club (ie. dining, happy hour, socializing, networking)?

- How would you rate the food and beverage operation of The Tampa Club (using Likert Scale)?
- To what degree do you value your membership (using Likert Scale)?
- Do you plan on renewing your club membership?
- Add demographic questions capturing data including:
 - Gender
 - Age
 - Salary
 - Profession
 - Number of years you have been a club member?
 - Distance from the facility