

# Faculty Clubs: Operating and Governance Models for Success

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# Presentation Outline

## The Basics

- Mission / Values
- Organizational Structure
- Operational Paradigm
- Financial Elements

## Analysis

- Market Demand and Supply
- Existing Facility Assessment

## Successful Attributes

## Trends



# THE BASICS – Mission / Values

- Critical to **establish guiding principals** from which achievements / success can be gauged:

*“...B&D recommends that the Club establish Core Values to augment its mission statement, to state goals for all aspects of the Club’s operational and financial performance. The core values should provide for a faculty club that is:*

- Fiscally Responsible**, delivering a desirable product to patrons while remaining financially sustainable;*
- Operationally Nimble**, operating a Club that responds to changing customer interests and adopt new models for attracting customers; and*
- Conscientious Employer**, providing a safe and friendly working atmosphere for staff.”*



# THE BASICS - Organizational Structure

- Clubs serve a **narrow market** of base users
  - Varying options for inclusiveness / exclusivity
  - Club capacity understood through market analysis of both users and competition
  - “Membership” pro’s and con’s
- Day part use generally compacted into mid-day use
- “Event” use is critical and must contribute significant margins
- Food and beverage must distinguish itself





# THE BASICS - Organizational Structure

- **Changing organizational structure** can be **difficult**, but **important**
  - Making the correct early decision can be critical
  - Impact on success / bottom line / potential for self-sustaining operations can be significant
  - Successful formula can vary on case-by-case basis
- Policy matters are the purview of Board, operational matters must be delegated to club management
- Membership model must be embraced by campus, and be supported through campus infrastructure (i.e. payroll deductions, campus card integration, parking, etc.)
- Financial acumen of policy makers is helpful
- Club must be seen as accessible, even though it is primarily geared to a narrow audience.

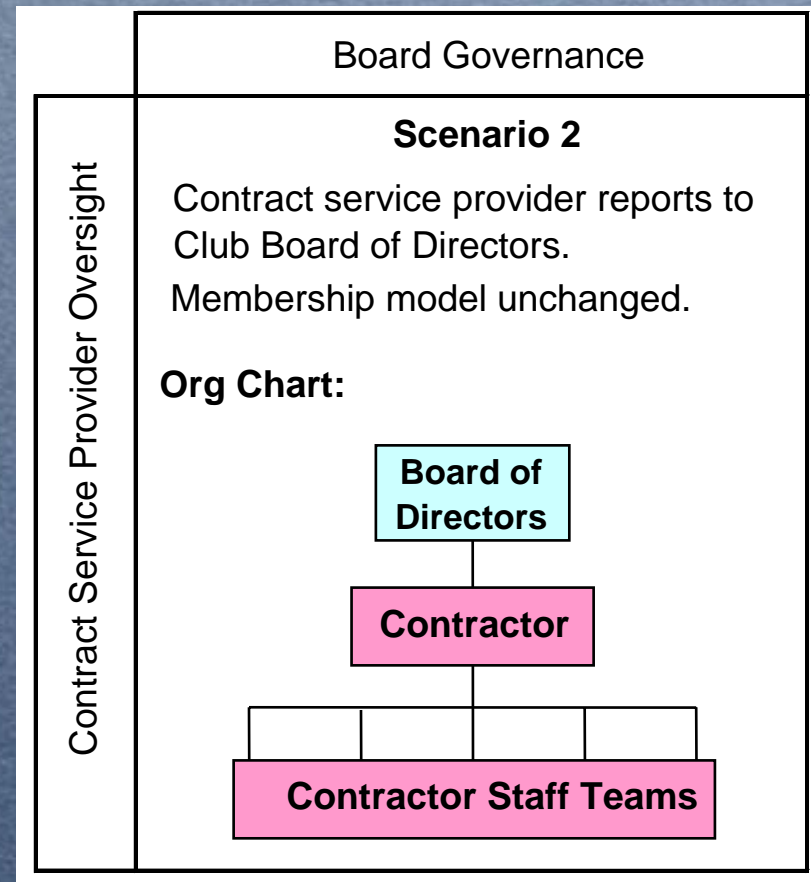
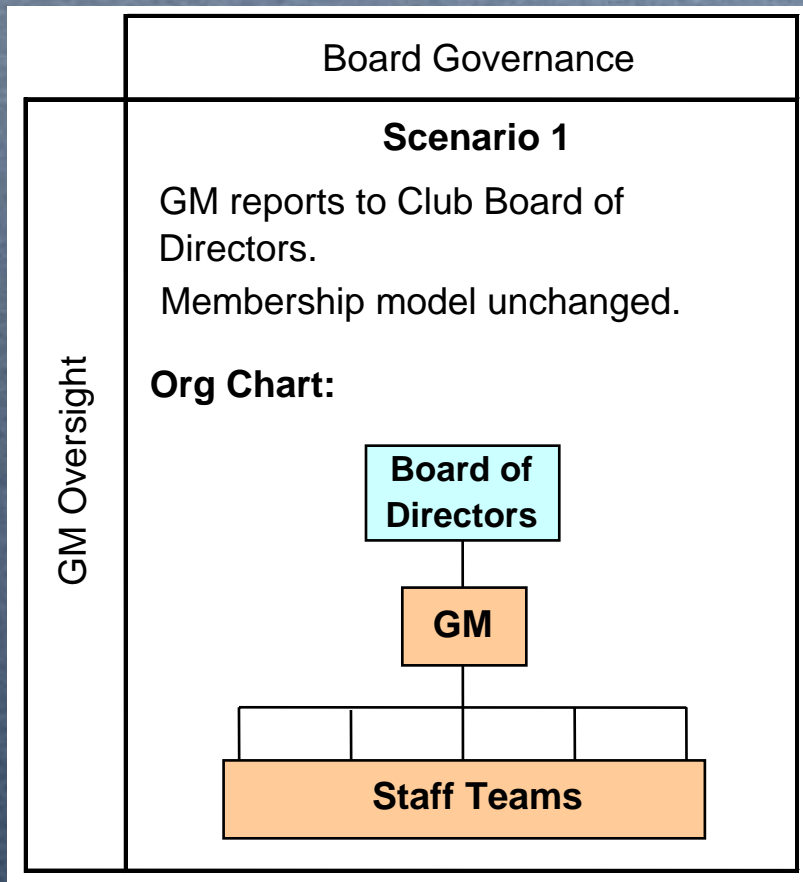




# THE BASICS - Organizational Structure

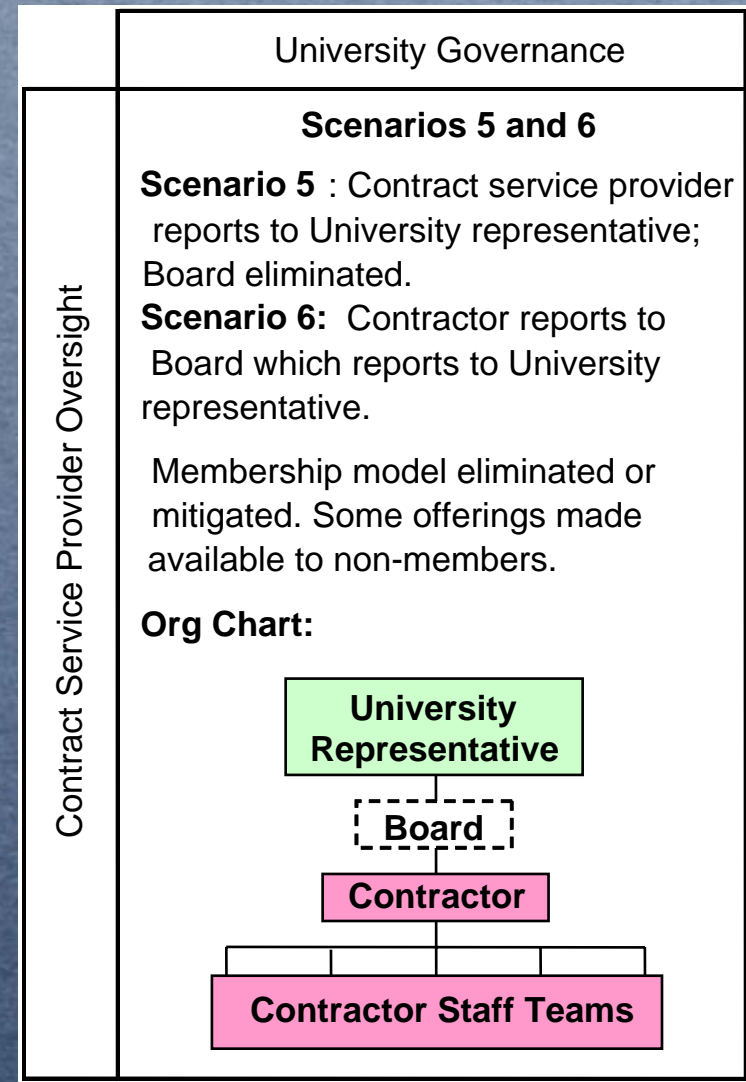
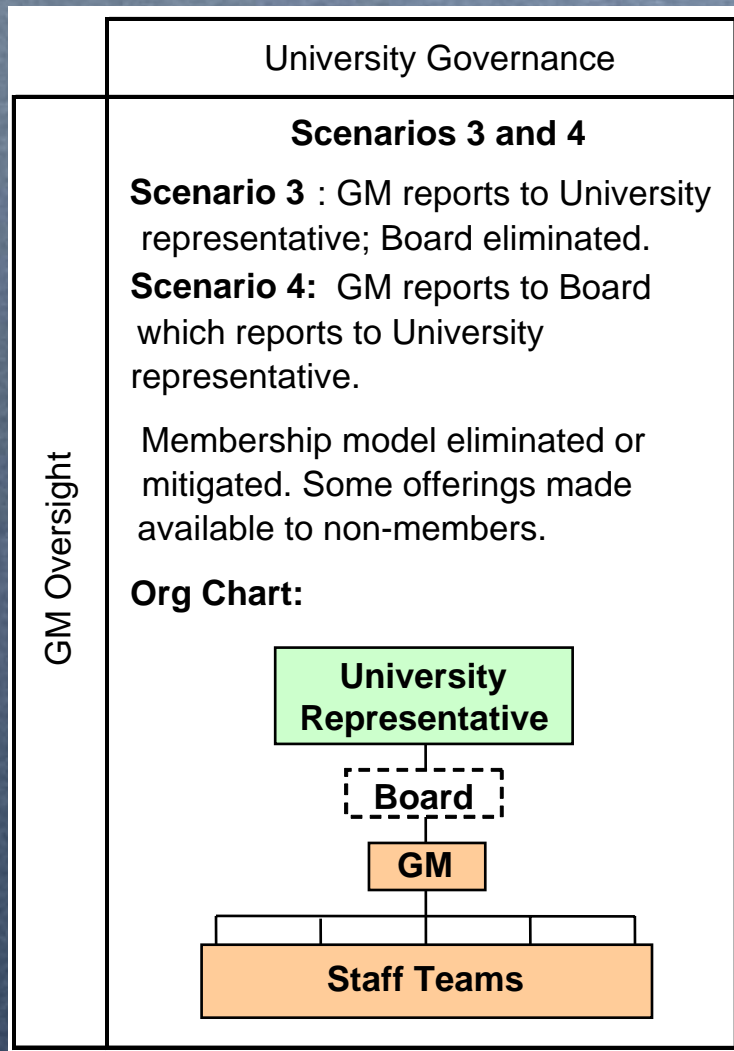
Governance Options	
Operations Options	<b>Scenario 1</b> Board Governance GM Oversight
	<b>Scenario 3</b> University Governance GM Oversight
	<b>Scenario 4</b> University Governance Board Intermediary GM Oversight
	<b>Scenario 5</b> University Governance Contract Service Provider Oversight
	<b>Scenario 2</b> Board Governance Contract Service Provider Oversight
	<b>Scenario 6</b> University Governance Board Intermediary Contract Service Provider Oversight

# THE BASICS - Organizational Structure





# THE BASICS - Organizational Structure





# THE BASICS – Operational Paradigm

- **Critical considerations** to remember:
  - Target market / membership eligibility
  - Product positioning / marketing
  - Product offerings
  - Outsourcing management and/or services
  - Quality and pricing → Value
  - Membership fee structure
  - Billing methodology
  - Technology / tracking successes



# THE BASICS – Financial Elements

## KEY ISSUES:

- Who or what office will ultimately take risk or reward for the operation?
- What experience does this office/individual have with food and hospitality related operations?
- Who are the stake-holders?
- Is the market understood/is there a sufficient market?
- Can you estimate the number of dollars currently spent off-campus that could be potentially migrated to a faculty club?





# THE BASICS – Financial Elements

## KEY ISSUES:

- How many catering dollars currently spent on campus could migrate to a faculty club?
- Can the flexible spending base of the campus budget be identified? Research dollars, institutes, grant related expenditures, etc.
- Most faculty clubs are subsidized either directly or indirectly as a campus amenity: is this a commonly held precept for the operation of a potential club?
- Get the boundary issues of subsidy, whether direct or indirect, figured out early-rather than later
- How much on campus competition currently exists, how much business can be migrated from on campus sources





# THE BASICS – Financial Elements

(see Financial Model)





# ANALYSIS – Market Demand

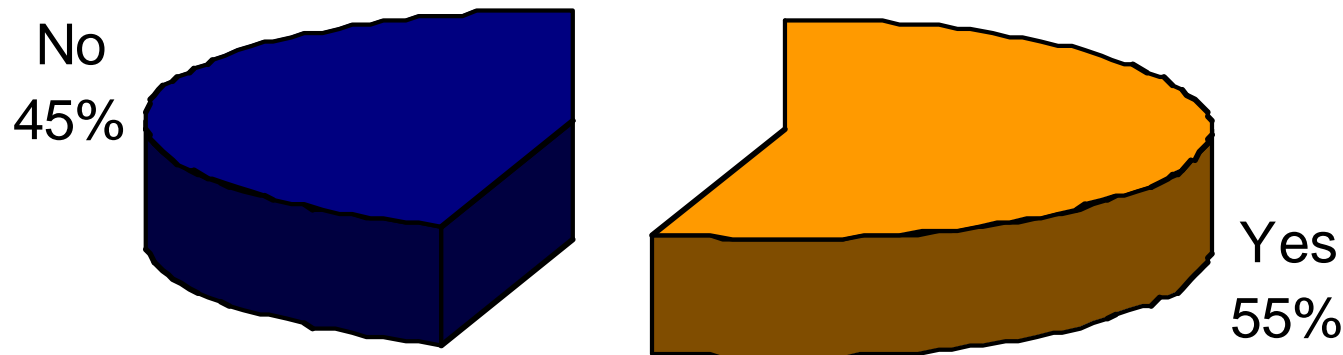
- Clubs serve a relatively narrow base
- Club capacity understood through market analysis of both users and competition
- “Membership” pro’s and con’s
- Day part use generally compacted into mid day use
- Event use is critical and must contribute significant margins
- Food and beverage must be distinctive
- Membership focus as a marketing tool



# ANALYSIS – Market Demand

## Survey Data: Awareness

**Have you ever considered membership  
in a University Club at any university  
you have been affiliated with?**

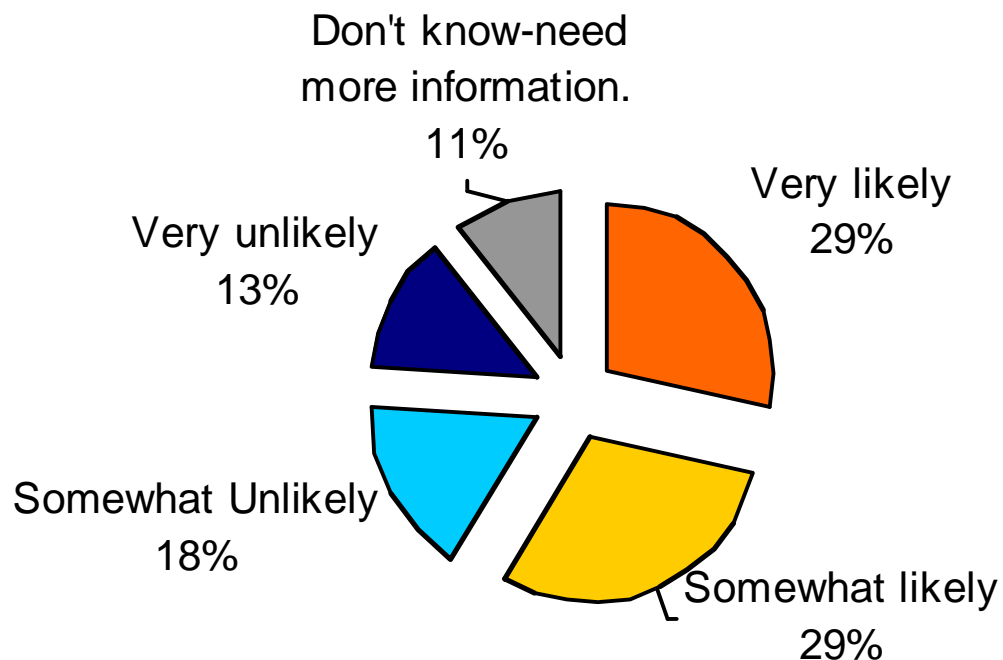




# ANALYSIS – Market Demand

## Survey Data: Membership Fee Potential

**How likely would you be to join a University Club with a \$15 - \$30 membership fee?**

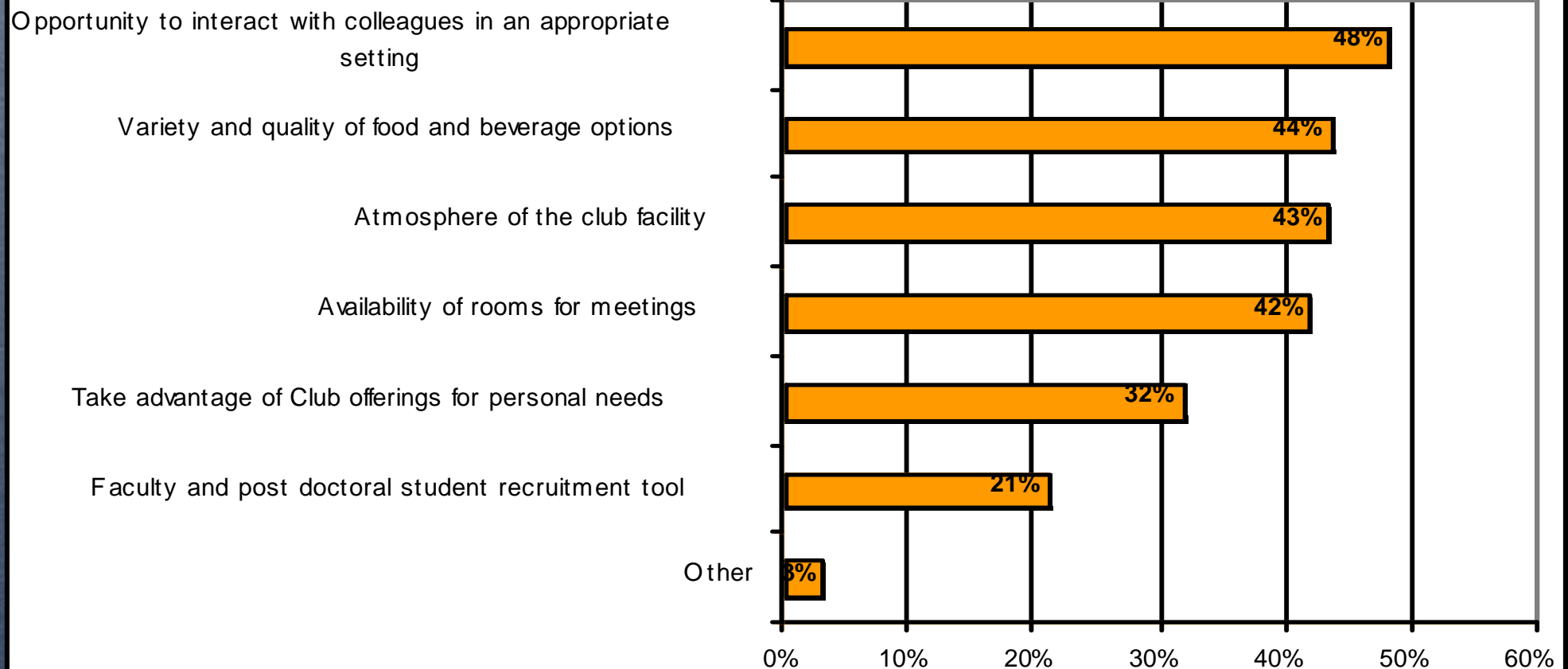




# ANALYSIS – Market Demand

## Survey Data: Key Influencers to Join (new club)

### Factors that influenced consideration of University Club

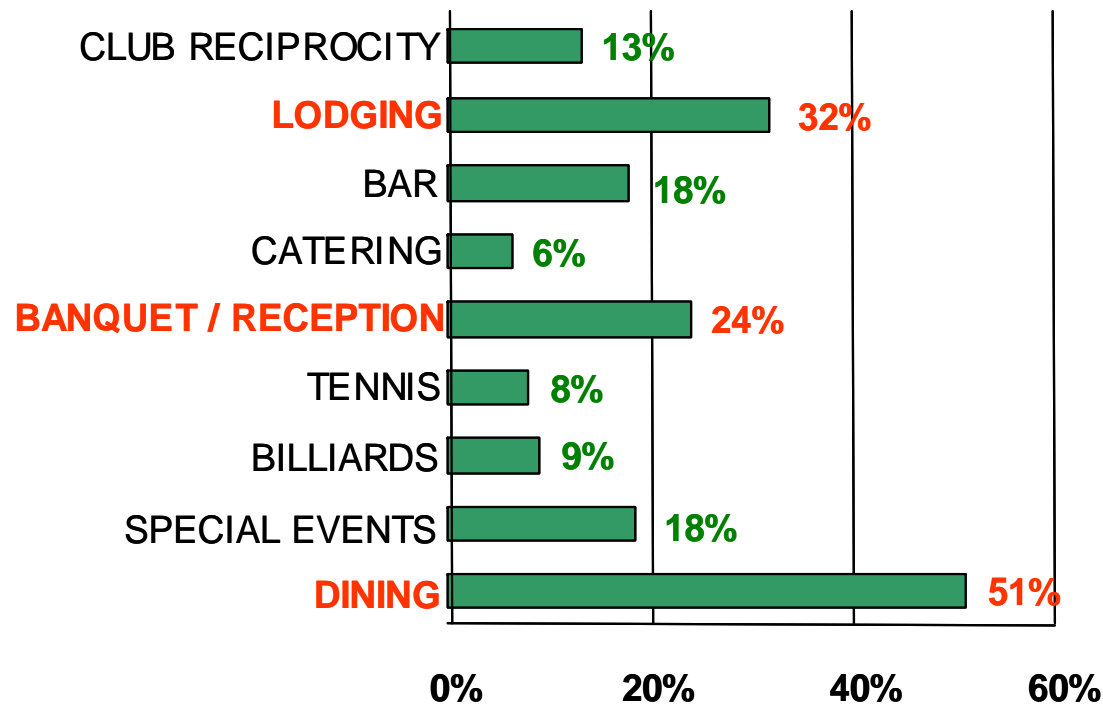




# ANALYSIS – Market Demand

Survey Data: Key Influencers to Join (existing club)

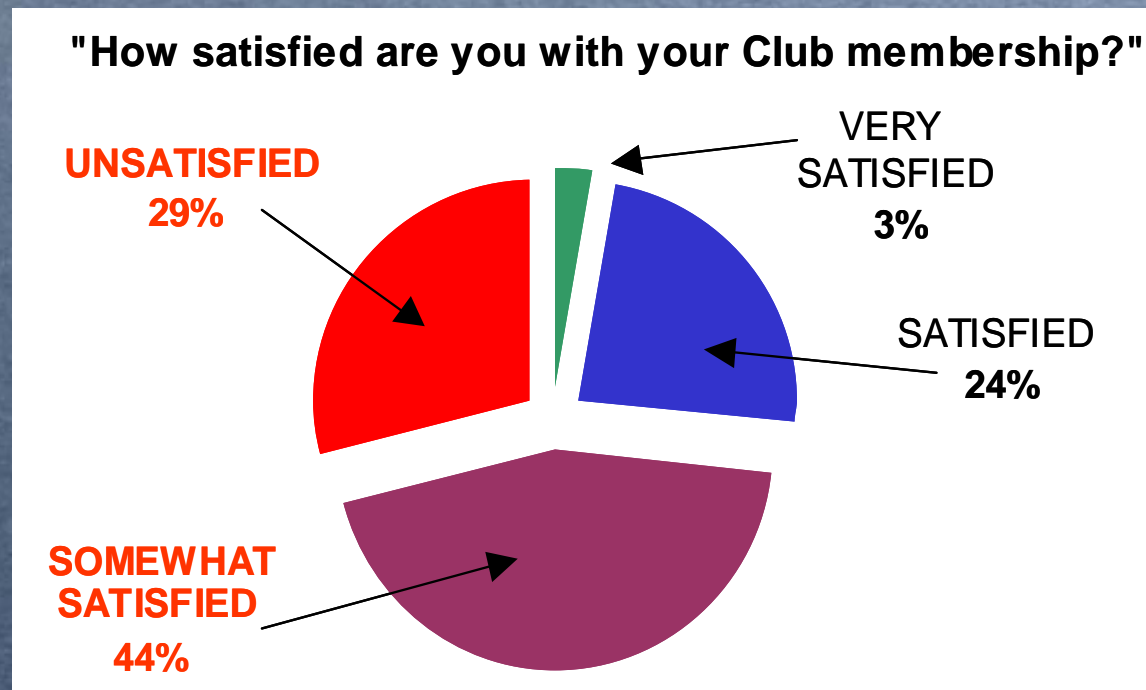
"What QC offerings are appealing to you and would cause you to consider membership?"





# ANALYSIS – Market Demand

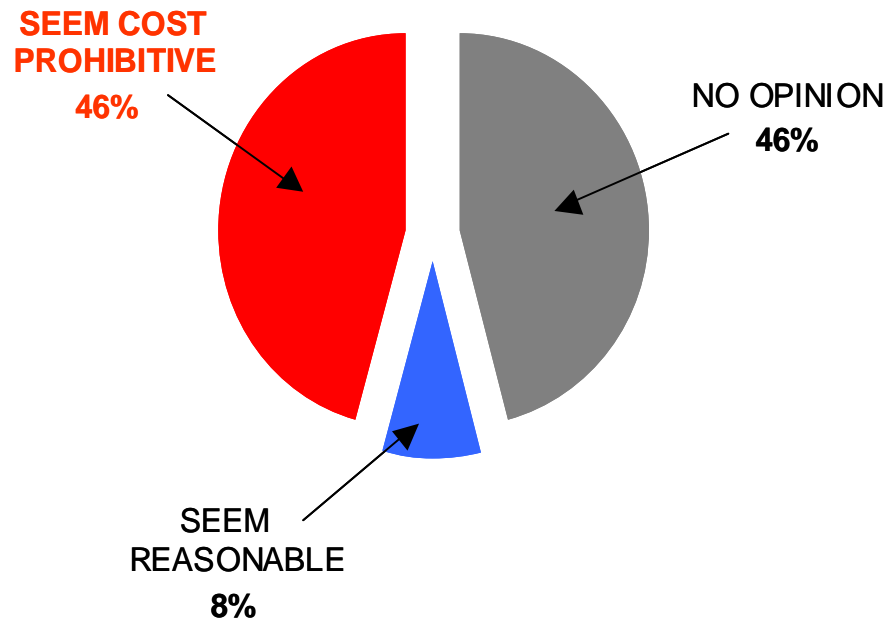
## Survey Data: Satisfaction



# ANALYSIS – Market Demand

## Survey Data: Value

"QC membership and services..."





# ANALYSIS – Market Demand

University Club							
Projected Lunch Revenue for University Club for Very Likely and Somewhat Likely to Join							
<b>Conservative</b>	<b>Faculty</b>	<b>Researchers</b>	<b>Librarians</b>	<b>Administrator</b>	<b>Prof. Staff</b>	<b>Other</b>	<b>Total</b>
Number on Campus	851	305	161	210	578		2,105
% Very Likely to become a UC member	52.00%	5.0%	1.5%	60.0%	23.0%		
Discount Factor	62.15%	62.15%	62.15%	62.15%	62.15%		
Number of Potential Members	276	10	2	79	83		450
Projected frequency at UC for lunch / week (%)	15.6%	11.2%	1.6%	10.0%	10.6%		
Mean Times per Week	0.78	0.60	0.32	0.50	0.53		
Potential Visits (Customers) per week	215	6	1	40	44	150	456
Anticipated Check Ave. (mean)	\$9.67	\$9.25	\$9.33	\$9.25	\$9.52	\$9.40	
Anticipated Revenue / week	\$2,081.76	\$55.50	\$5.88	\$365.38	\$414.83	\$1,410.60	\$4,333.94
Number of Operating Weeks							36
Total Revenue for Lunch for 36 Operating Weeks							\$156,022
<b>Mid-line</b>	<b>Faculty</b>	<b>Researchers</b>	<b>Librarians</b>	<b>Administrator</b>	<b>Prof. Staff</b>	<b>Other</b>	<b>Total</b>
Number on Campus	851	305	161	210	578		
% Very Likely to become a UC member	52.00%	5.0%	1.5%	60.0%	23.0%		
Discount Factor	90.00%	90.00%	90.00%	90.00%	90.00%		
Number of Potential Members	399	14	3	114	120		650
Projected frequency at UC for lunch / week (%)	15.6%	11.2%	1.6%	10.0%	10.6%		
Mean Times per Week	0.78	0.60	0.32	0.50	0.53		
Potential Visits (Customers) per week	311	8	1	57	63	225	665
Anticipated Check Ave. (mean)	\$9.67	\$9.25	\$9.33	\$9.25	\$9.52	\$9.40	
Anticipated Revenue / week	\$3,009.50	\$77.70	\$8.82	\$527.25	\$599.76	\$2,115.90	\$6,338.92
Number of Operating Weeks							36
Total Revenue for Lunch for 36 Operating Weeks							\$228,201
<b>Aggressive</b>	<b>Faculty</b>	<b>Researchers</b>	<b>Librarians</b>	<b>Administrator</b>	<b>Prof. Staff</b>	<b>Other</b>	<b>Total</b>
Number on Campus	851	305	161	210	578		
% Very Likely to become a UC member	52.00%	5.0%	1.5%	60.0%	23.0%		
Discount Factor	100.00%	100.00%	100.00%	100.00%	100.00%		
Number of Potential Members	443	16	3	126	133		721
Projected frequency at UC for lunch / week (%)	15.6%	11.2%	1.6%	10.0%	10.6%		
Mean Times per Week	0.78	0.60	0.32	0.50	0.53		
Potential Visits (Customers) per week	346	10	1	63	70	300	790
Anticipated Check Ave. (mean)	\$9.67	\$9.25	\$9.33	\$9.25	\$9.52	\$9.40	
Anticipated Revenue / week	\$3,341.37	\$88.80	\$8.82	\$582.75	\$664.73	\$2,821.20	\$7,507.67
Number of Operating Weeks							36
Total Revenue for Lunch for 36 Operating Weeks							\$270,276



# ANALYSIS – Market Supply / Competition

- **Competitive context** needs to be understood:
  - Services, Operations, Pricing, etc.
  - How much? How little?
  - Lessons Learned / Trends
- Campus club can have relevance to off-campus audiences
- Accessibility (parking and proximity) and pricing competitiveness are critical components
- Campus development office/officers represent a baseline of information on potential





# ANALYSIS – Market Supply / Competition

## Selected Off-Campus Facilities Analysis

### Comparable Club Facilities Operational Characteristics

Facility Name	Membership Cost				Exclusivity			Building			Funding			Governance		
	High	Medium	Low	Free	High	Medium	Low	Club Owned	University Owned	Self-Sustaining *	Subsidized	University Pays Some Expenses	University Collects Rent **	Autonomous	Semi-Autonomous	University Controlled
University of Chicago	\$465 → \$145															
<b>Comparable Facilities</b>																
1 Columbia University																
2 Harvard University																
3 Princeton University																
4 Stanford University																
5 Yale University																
6 Johns Hopkins University																

#### Notes

- \* The Quad Club has received significant financial contributions from the University, but is theoretically unsubsidized
- \*\* The Quad Club pays the University only \$1 per year.
- Indicates the appropriate variable option for the facility
- ↔ Indicates the spread of dues levels charged, for all membership categories, from lowest to highest amount
- Indicates the annual dues amount most closely representing what a typical faculty member would pay

# EXISTING FACILITY ASSESSMENT

- Performance Measures

- Operational
- Financial
- Architectural

- Analytical Context

- Customer Satisfaction
- Mission Satisfaction
- Competitive Performance
- Sustainable Performance



	Customer	Mission	Market	Sustainable
Operational				
Financial				
Architectural				



# EXISTING FACILITY ASSESSMENT

		Analytical Context			
Performance Measures		Customer Satisfied?	Club Mission Satisfied?	Performance at Market Levels?	Are Current Performance Levels Sustainable?
1	Operational	This matrix forms the structure for analysis.			
2	Financial				
3	Architectural				

# SUCCESSFUL ATTRIBUTES

- Strategic alignment of org. structure, operational paradigm, and balance of inclusiveness/exclusivity with mission/values
- Org. structure consistent with vision of campus
- Understanding by the campus of the nature and degree of risk
- Location of proposed club is in line with campus master plan for access to a large number of faculty and staff: central vs. edge location
- Parking for a limited number of off-campus customers is either allocated or made available for purchase by the club



# SUCCESSFUL ATTRIBUTES

- Key stakeholder group is realistic with expectations of menu, pricing, and operational realities of a club operation
- Offerings are supported by market demand
- Menu and pricing represent value
- Guest room formula can be difficult; should potentially be aligned with campus housing entity
- Dining operations must offer menu items that are not duplicated elsewhere on campus



# SUCCESSFUL ATTRIBUTES

- Meeting room options geared for faculty and staff related amenities
- Membership options are tangible and sustainable; pre-tax payroll deduction options
- Variety of payment options
- Operation is scaled correctly to campus need, with room for growth
- Club management is campus savvy with flexibility from policy makers
- 3-5 year planning cycles, with annual review of options



# TRENDS

- Lodging elements becoming scarce
- Small meeting room access independent of main facility a consideration in design
- Integration with conferencing facility a reality and operational necessity
- Campus dining dollars provide a needed influx of revenues, reducing expenses, extending hours, and services
- Sense of “getting away” is being redefined as a change of pace, as well as a need for a different place
- Move toward inclusiveness to broaden market and increase revenues