

2012 Springbrook Annual Meeting

January 15th, 2012



The mission of Springbrook Country Club is to provide our membership with a friendly atmosphere for quality golf, dining and social activities.



AGENDA:

- Welcome
- Grounds Report – Ike Hurning
- House Report – Merle Ocken
- Finance Report – Carol Schuster
- Election of New Directors
- Special Finance Committee – Jean Bowen
- 2012 Business Plan – Board members
- Q&A
- Selection of New President
- Adjournment



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A Historical Perspective

MEMBERSHIP COUNTS:

	<u>Golf</u>	<u>Social</u>
2007	226	36
2008	225	38
2009	214	34
2010	200	43
2011	218	39

A Historical Perspective

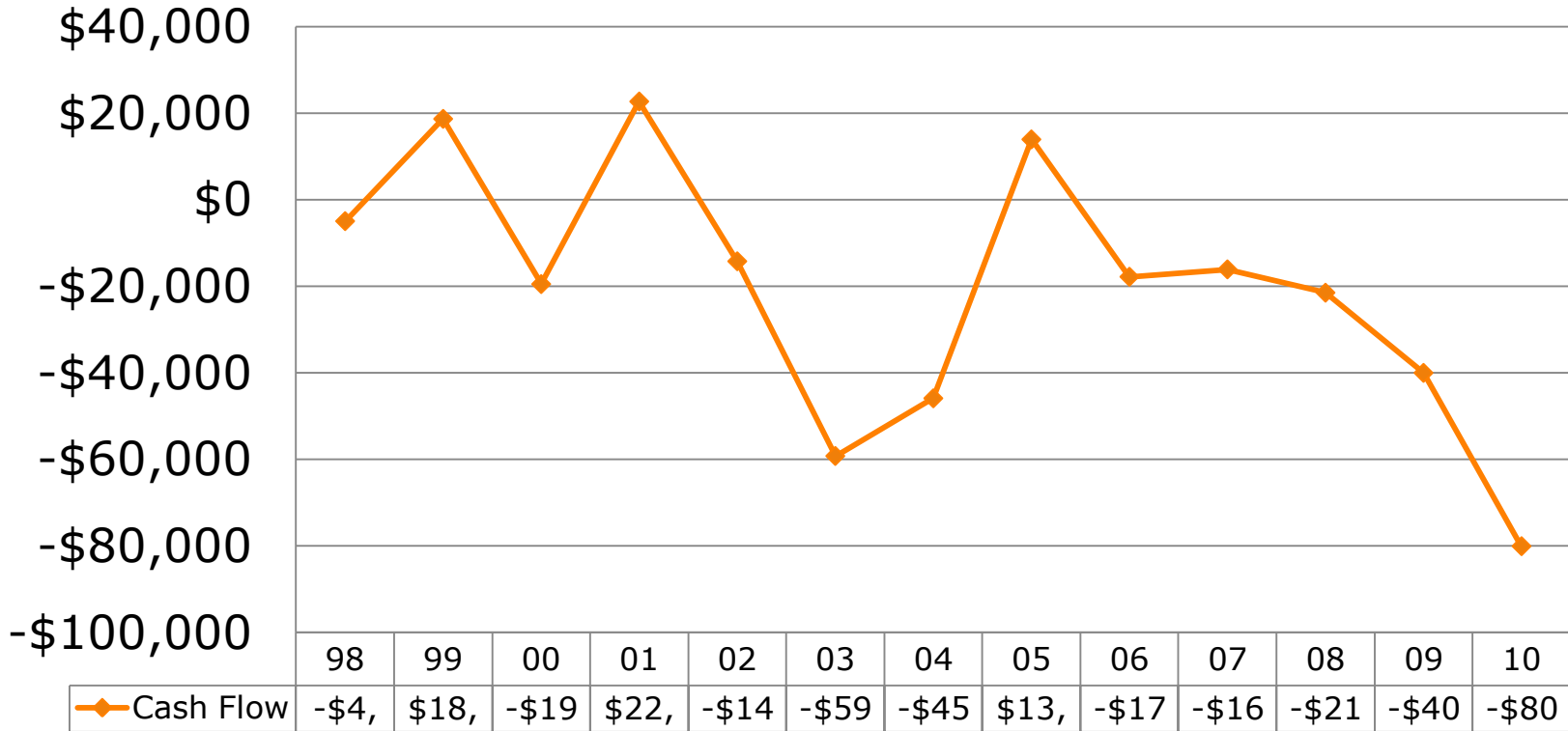
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A STEADY
DECREASE UNTIL
THE SUCCESSFUL
MEMBERSHIP
DRIVE IN 2011

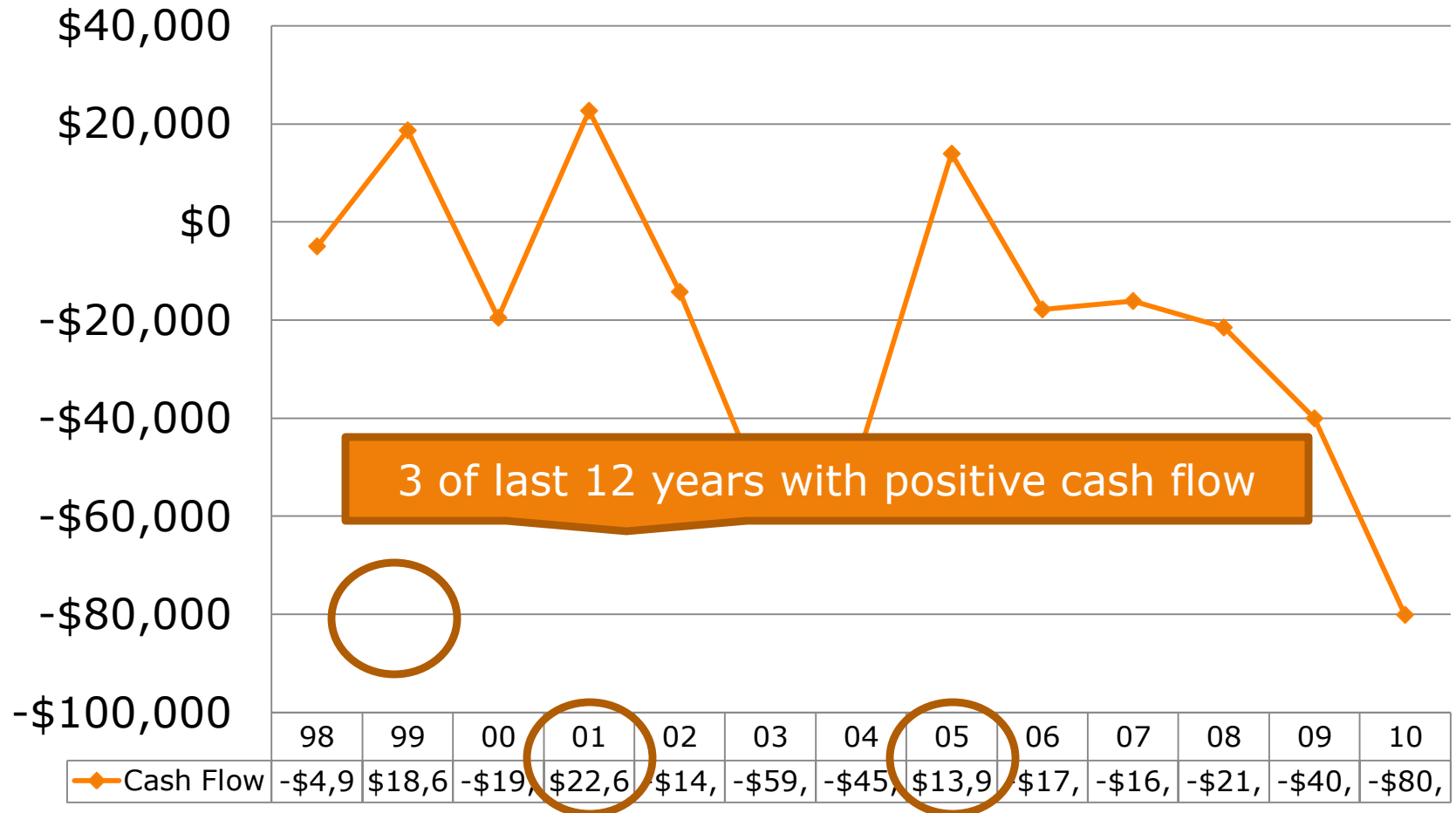
A Historical Perspective

Yearly Cash Flow



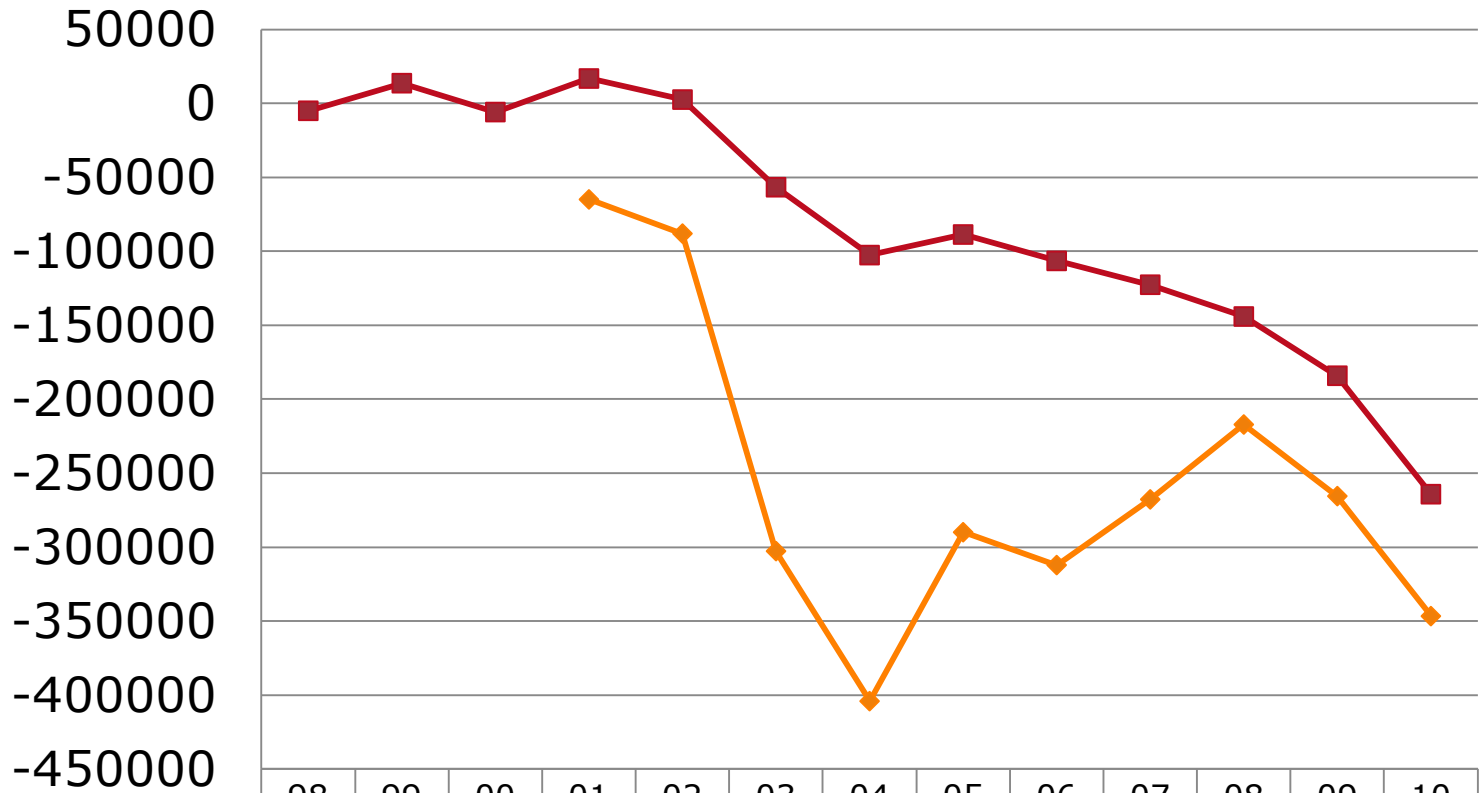
A Historical Perspective

Yearly Cash Flow



A Historical Perspective

Liabilities



◆ Total Debt

■ Total Operating Debt

				-\$64,000	-\$88,000	-\$302,000	-\$404,000	-\$289,000	-\$312,000	-\$267,000	-\$217,000	-\$265,000	-\$346,000
	-\$4,900	\$13,600	-\$5,800	\$16,800	\$2,600	-\$56,000	-\$102,000	-\$88,000	-\$106,000	-\$122,000	-\$144,000	-\$184,000	-\$264,000

Factors leading to current situation:

- ❖ Inability to grow membership
- ❖ Historically optimistic membership projections resulting in failure to achieve dues income
- ❖ Mismanagement of dining operations
 - Poor quality of food
 - Unacceptable margins
- ❖ Unplanned expenses necessitated by club house repair project
 - New electrical service and rewiring, shelving, cap well
- ❖ Loss of sales in March due to club house expansion
- ❖ Capital expenditures
 - Water and sewer, drainage, POS, golf carts, etc.
- ❖ Overall economy

Actions Taken So Far:

- ❖ Hired Kevin Bowman to be manager / executive chef
- ❖ Raised monthly minimums to \$75 and changed it to include food and beverages
- ❖ Passed resolutions that all members with A/R amounts over \$250 and 60 days will lose club charge privileges and may have names published

Actions Taken So Far:

- ❖ Approved a conservative budget and dues increase of 6% for 2012
- ❖ 2011 Operating assessment
- ❖ Membership survey
- ❖ Special finance committee created

Planned Actions:

- ❖ Expand committee participation, powers and responsibilities to include non-Board members
- ❖ Reduce operating hours for the downstairs grill
- ❖ Increase membership participation in the planning, promotion and execution of leagues and social/golf events
- ❖ Promote the club's facilities to attract more private events (weddings, etc)

Planned Actions:

- ❖ Complete survey analysis and develop plans accordingly
- ❖ Evaluate financing options for accumulated deficit
- ❖ Develop and execute a successful membership drive (suggestions?)

Required for success in 2012

- ❖ Food margins must improve
- ❖ Conservative and realistic budget
- ❖ Increased oversight
- ❖ Labor cost reduced
- ❖ Successful membership drive
- ❖ Limit loss of existing members
- ❖ Increase participation/usage of club facilities
- ❖ Additional events (weddings, outings, etc)

Business Plan Alternatives:

- ❖ Management Structure
- ❖ Closing the restaurant upstairs
- ❖ Using only the upstairs to service golf and dining for the club
- ❖ Opening the upstairs dining to the public
- ❖ Reduce social membership costs
- ❖ Limited menu upstairs
- ❖ Staffing levels

Manager/Chef Model:

- ❖ Reduce total salary expense of management / chef positions
- ❖ Culinary and food/beverage experience from manager
- ❖ Better oversight of food purchasing, cost and waste
- ❖ Understanding of promotion, specials and ways to increase participation
- ❖ Experience creating menus and preparing meals

Closing the restaurant upstairs:

- ❖ Analyzed and considered
- ❖ A priority for some members and all social members
- ❖ Under normal circumstances (not this year) helps to defray fixed costs from overall operation and golf course
- ❖ Dues would go up if upstairs dining facility closed due to fixed overhead absorption

Historical Food Sales/Margins

	2007	2008	2009	2010	2011 (Nov)
Food Sales	\$214,319	\$235,787	\$254,128	\$224,991	\$187,091
Food Costs	<u>\$111,202</u>	<u>\$135,006</u>	<u>\$129,916</u>	<u>\$140,017</u>	<u>\$133,301</u>
Food Gross Profit	\$103,117	\$100,781	\$124,212	\$84,974	\$53,790
Food Profit Margin	48%	43%	49%	38%	29%

Historical Beverage Sales/Margins

	2007	2008	2009	2010	2011 (Nov)
Beverage Sales	\$120,562	\$135,467	\$147,331	\$141,706	\$131,858
Beverage Costs	<u>\$50,780</u>	<u>\$41,819</u>	<u>\$53,751</u>	<u>\$49,963</u>	<u>\$40,868</u>
Beverage Gross Profit	\$69,782	\$93,648	\$93,580	\$91,743	\$90,990
Beverage Profit Margin	58%	69%	64%	65%	69%

Variable Food and Bar Expenses

	2007	2008	2009	2010	2011 (Nov)
Labor Costs (All Kitchen, Bar and Wait Staff)	\$138,414	\$144,494	\$160,157	\$129,489	\$133,175
Kitchen Supplies	\$29,134	\$26,273	\$32,545	\$10,071	\$17,430
Utilities (estimated 25%)	<u>\$10,000</u>	<u>\$9,100</u>	<u>\$9,500</u>	<u>\$13,000</u>	<u>\$12,500</u>
Total Variable Expenses	\$177,548	\$179,867	\$202,202	\$152,560	\$163,105

Food and Beverage Totals

	2007	2008	2009	2010	2011 (Nov)
Food and Beverage Gross Profit	\$172,899	\$194,429	\$217,792	\$176,717	\$144,780
Total Variable Expenses	\$177,548	\$179,867	\$202,202	\$152,560	\$163,105
Net Profit or Loss	-\$4,649	\$14,562	\$15,590	\$24,157	-\$18,325

Expense Summary

2012 Golf & Club Fixed Expense	2012 Dining Expense	2012 Total Budget
\$563,750*	\$177,000	\$740,750
Golf salaries, manager and grill salaries, seed chemical and fertilizer, payroll and property taxes, utilities, equipment maintenance, gas and oil, and insurance	Salaries, utilities, supplies, and payroll taxes	

* Includes debt and capital expenses

Conclusions:

- ❖ Upstairs dining provides an important part of the club's experience to many, including the social membership
- ❖ With reasonable margins and sales, dining provides a revenue source that helps defray the fixed costs of operating the club
- ❖ Provides an opportunity for outings and events

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