

A Fast Train Link to Regional Success

Linking resources and expertise through club amalgamation is proving a win/win situation for regional communities in particular. There is more good news as legislative changes speed up the amalgamation approvals and streamlined process cuts costs.

BY CAROL MAJOR.

Changing demographics and the pressures of a new market are challenges for all clubs but perhaps felt most keenly in regional areas. Improvements to facilities and customer service demand a level of expertise and talent that may not be as readily on hand in areas further from large cities.

A club that is beginning to lose market share can fall into a reactive mode that leads to a downward spiral. Corners are cut to save costs; promotional activities are dropped; amenities begin to look bleak; and, over time staff become uncertain about their jobs. The focus falls away from customer service as a bunker mentality takes hold. Bit by bit members drift away, further increasing cash flow problems.

At a time when a club is feeling most alone, it may be useful to remember that there is strength in numbers. No club should feel as if it is free-floating without any gravitational pull toward a common goal. While each club is unique, there is a shared vision throughout the industry. Clubs exist to provide services to their members and in so doing create benefits for the community at large. It might be useful to think of clubs as bright points on a giant web spread over the map. Common threads link one club with another and there are opportunities to develop the strength of these threads to the benefit of all.

Wise clubs develop strategic plans and explore all options. Clubs wishing to maintain their traditions and members may wish to consider amalgamation with another like-minded venue. Such a decision does not lead to extinguishing an identity; instead these unions allow the commercial realities of a common business to be shared while retaining

the unique features of each club. Amalgamations between regional clubs can be particularly profitable as they create a strong corridor for the benefits gleaned from a more populated area to fertilise the creative ideas of clubs situated further a field. The end result is a win/win situation for both clubs and the communities they serve.

A Renewed Focus on People Development

While the most obvious benefits of an amalgamation are an influx of funds, there is so much more that can be gained. Paul Barnett, CEO of the Mingara Recreation Club in Tumbi Umbi, a club that recently amalgamated with the West Port Bowling Club at Port Macquarie, explains that customer service improvements and community programs can be the big winners from an amalgamation.

"People make the difference to an operation," explains Barnett. "Staff confidence rises when employees know that a club is financially secure. Amalgamation takes the wolf away from the door and allows a club to refocus its energy on strategies that will win customer loyalty."

Secure staff are happy staff, ready to embrace the concepts of customer service - an important point of differentiation when competing with other businesses. But amalgamation also brings employees into a larger organisation that can offer improved working conditions. Under regional legislation, organisations with less than 100 people can terminate staff without the application of unfair dismissal laws. The combined work force of the West Port and Mingara clubs now comprises 300 people, providing

employees with greater peace of mind. A larger pool of workers also allows skills to be shared and further opportunity for personal development.

A new position of Sports & Community Manager has also been created at West Port, contradicting assumptions that an amalgamation simply leads to attrition of staff. Activities undertaken by the person in this role ensure funds distributed to the community target appropriate areas of development and that the club receives recognition for its role.

Getting the Right Advice

Noel Neate, CEO of the Ramsgate RSL Memorial Club, a venue that has amalgamated with the Lennox Head Bowling Club, stresses that a happy amalgamation is one that benefits both parties. Due diligence must be performed so that everyone understands what the clubs are trying to achieve through the union. Time must be spent before the amalgamation to create long term plans up front. "It is important to obtain good advice and use the right people to facilitate the process," he says, adding that distance isn't a limiting issue. Instead, it's important to have similar demographics and operations. While the Ramsgate Club is many kilometres away from Lennox Head there are similarities between their operations.

"We're on the water at Sans Souci," explains Neate. "And they are on the water not too far from the Queensland border. We are both looking at how the discretionary dollar is spent in related situations and maximising our expertise."

The realities of an electronic age means the clubs could be across the street from one another. The distance certainly isn't a problem for management. Administration

files are at the fingertips of either party and skills are shared across the board. The sharing of expertise, systems, and processes is particularly useful for smaller clubs who do not have professional advice in house. In fact, the amalgamation between West Port and Mingara also rests on similarities between demographics and trading patterns. Both sit within holiday destinations with comparable peaks and troughs in trade.

A Speedier Process

Clubs considering amalgamation will be happy to hear that the process for approval has recently become significantly faster and easier. Previously, a police report was required to obtain a conditional order from the licensing court in respect to a proposed amalgamation. While the NSW Police have an important role to play in gaming compliance and enforcement, there were concerns as to whether this was the most appropriate organisation to provide advice on financial matters. There were also lengthy delays.

Greg Russell, principal of Russell Corporate Advisory, the financial arm of ClubsConsulting, and David Kennedy from Colin Biggers & Paisley Solicitors

have created a process whereby an independent expert's report now replaces the Police Services contribution. A model has also been developed that structures financial arrangements and agreements between clubs so that much of the work can be done outside of the control of a liquidator, thereby substantially cutting costs.

Keeping a liquidator out of the loop and speeding up the legal process makes an amalgamation a more commercially viable solution. A struggling club may find it difficult to survive through a long drawn-out process. Cash flow must be maintained so that debts are paid when they fall due so that the club does not need to go through a costly administration process.

Russell also says that there are creative ways of structuring the payment of debts so that this situation doesn't arise. However, clubs should consider amalgamation while their financial affairs are still in reasonable order. The decision should be a strategic one - not the distress call of an organisation sinking beneath the waves. By keeping a club solvent the mechanical aspects of amalgamation can be done by staff rather than lawyers

and accountants. The aim of the process is to ensure the club's assets are retained for the community.

But Greg Russell is also all too aware that some clubs feel that their identity will be merged into the parent club, but this has not been the case in the amalgamations he has overseen. Instead, an amalgamation ensures that the benefits created by a lucky demographic in one area are shared for the profit of both clubs. The union also allows creative engagement with similar markets in which both clubs have expertise.

The end result is the preservation of club traditions within the community. For example, the West Port Club at Port Macquarie was able to host the annual Salvation Army fund raiser, which was a huge success. Paul Barnett concedes that if the club had gone under this activity may have been picked up by someone else. But then again, the event might not have gone ahead at all. There was much consultation with members in both amalgamations. Barnett says that this is essential to allay fears. But the proof of the successful union is in the pudding. West Port is still providing bowling greens, the doors are open, and all of the familiar faces are still there. ■

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