

CREATING A BRIDGE OVER TROUBLED WATERS



So, the news that clubs are now allowed to open their doors for the first time in weeks is a double-edged issue.

Some clubs have been operating takeaway food and beverage service, and may see the change in New South Wales to allow 10 people to dine-in is a relatively easy extension of service with the aim to get some day trade back and continue to engage with members.

Others chose to avoid further potential losses from a takeaway option, and may choose to continue to remain closed for the same reason. Some of these clubs may have calculated that the 10 person dine-in option is feasible to undertake from a financial and customer re-engagement perspective.

Each step to reopening will bring with it opportunities, and challenges. As businesses start to reopen, competitive forces return. Pubs, cafes and restaurants will have the similar considerations and choices to make.

Competition is not new to clubs, in fact it has been increasing over many, many years. For clubs near to each other with common membership, strategic plans in the past have often looked at ways to take market share from each other. In this new world order living with

COVID-19, the case for consolidating revenue and community assets is the strongest it has ever been.

Putting past differences aside is imperative to plan for the strongest future possible for those competing clubs that are at risk.

We need to create a safe passage through troubled waters, and building a bridge is an analogy to creating the safest passage possible to viability. When considering the reopening budget for a club, can a consolidated revenue of say 2 clubs at 40% of pre-COVID levels, mean the combined clubs become a viable option compared to 2 solo entities with similar cost bases?

For some, consolidation may mean the difference between a future, or no future at all. If ever the "A" word (amalgamation) needed to be considered as a top strategic issue, the time is now – either as a "child", or as a "parent" club.

Amalgamations are increasing now, even during the shutdown, and all club boards and CEOs should now reassess this opportunity if they have not already done so.

The announcement this week that members meetings can be held virtually, using conferencing software on digital devices, will provide an easier and much lower cost option to hold members meetings and to conduct the member vote.

There are legal and due diligence costs involved along the way, and these are usually predominantly borne by the club that is in a stronger cash position. Otherwise there may be ways that we can assist to provide the important advice your club needs at this time.

For an obligation free discussion about your club's circumstances, please call Greg Russell or Harry Harris on the below contact details:

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