

Private Club TECHNOLOGY update

*Helping Private Clubs
become educated technology
consumers.*

Spring, 2017

Net Promoter Surveys



A survey technique using the Net Promoter Score (NPS) concept has gained wide acceptance throughout the business world. The NPS approach uses a single survey question to measure the loyalty of customers to a particular company or brand. This customer loyalty metric was developed by Frederick Reichheld and introduced in the Harvard Business Review way back in 2003. Now some 14 years later it is seeing wide usage as a valuable tool for businesses to gauge the overall satisfaction and loyalty of their customers. Originally touted by the inventor as a measure of potential business growth, companies have focused instead on the fact that customers are more likely to respond to a brief and timely survey than a lengthy list of survey questions.

Here's how NPS works (according to Wikipedia): A single question is posed to the customer: *How likely is it that you would recommend our company/product/service to a friend or colleague?* The scoring for this answer is most often based on a 0 to 10 scale.



Those who respond with a score of 9 to 10 are called Promoters, and are considered likely to exhibit value-creating behaviors, such as buying more, remaining customers for longer, and making more positive referrals to other potential customers. Those who respond with a score of 0 to 6 are labeled Detractors, and they are believed to be less likely to exhibit the value-creating behaviors. Responses of 7 and 8 are labeled Passives, and their behavior falls in the middle of Promoters and Detractors. The Net Promoter Score is calculated by subtracting the percentage of customers who are Detractors from the percentage of customers who are Promoters.

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Services We Offer

The Boothe Group, LLC provides Independent, unbiased technology consulting services to the private club industry, including:

- Strategic IT Planning
- Software Selection
- Software Reengineering
- Online Technology Education
- Network Security Analysis
- Cyber Security Employee Training

Net Promoter Surveys (continued)

Private clubs are getting into the Net Promoter act by issuing brief surveys (usually 1-3 questions) to measure member satisfaction. These mini-surveys are generally focused on a particular member experience, and are often timed to arrive via text to the member's phone soon after the target event (i.e. an hour after the member's POS check is closed in the dining room). Some Club software solutions are able to automatically issue these surveys based upon a specific experience, in a specific amenity area, during a specific date/time range. By issuing timely, targeted mini-surveys, clubs are able to measure member satisfaction in a precise manner, and respond to specific member opinions rather than wade through mounds of generalized data. In addition, since the survey respondents are known (which is not the case with anonymous club-wide surveys), members who report a high degree of dissatisfaction can be approached to address their individual situations.

Software License and Services Agreements: How to Negotiate Favorable Terms & Conditions For Your Club



Whether you are currently in negotiations with a software vendor, or will be negotiating sometime in the near future, here are some suggestions to help you gain favorable contract terms and conditions for your club. Keep in mind that, in most cases, you will be negotiating a Software License & Services Agreement. The basis of these agreements is that you are gaining the use of the software, but not its ownership. As long as you abide by the terms of the agreement you can continue using the software and receiving customer support.

1. Included Software: This section of the agreement should list all of the software modules and/or special features that you want. Some vendors simply use terms like “club management suite” or “software package” to describe what you’re entitled to. Not good enough. Make sure you have a detailed listing of the various software modules/applications/special features you are expecting to be included. Finding out during the implementation that you are missing certain elements is the wrong time to be negotiating.
2. Software Enhancements/Customizations: If you have requested that the vendor enhance or customize their standard software offering, this section should detail the following: exactly what features are being modified/provided, when they will be available for user testing and deployment, and what additional costs are associated with these elements. Consider anything promised verbally by the vendor to be “vapor ware” that you may or may not ever receive. Get it in writing.
3. User Licenses: Some vendors provide unlimited user licenses, some sell individual licenses, and some sell a mixture of the two (i.e. specific number of POS terminal licenses and unlimited back office/admin users). In most cases, the back office licenses are “concurrent” meaning that a certain number of users can simultaneously use the back office software – no matter how many users are accessing a particular module. Make sure you include enough licenses to avoid users being blocked from access.

Software License and Services Agreements (continued)

4. Implementation Services: These services include project management, onsite assessments or reviews, onsite and online user training, data transfer, onsite and online go-live assistance, and post go-live services such as onsite/online assistance with the first month-end processing. Make sure the agreement details what services are to be delivered, and how many hours or days are to be provided. Remember to ask if travel time is included in the hours/days listed, and if not, what the travel rate is for vendor personnel visiting the club.
5. Payments: This is a critical section of the agreement. Unfortunately, many clubs agree to very unfavorable payment terms – mostly because they don't realize that these terms are highly negotiable. The strategy here is to provide as much financial leverage to the club as possible, to help assure that the vendor is financially motivated to perform at a high level.
 - a. Software License Fee Payment Schedule: we normally recommend four installment payments – 25% at the signing of the agreement, 25% when the software is installed and activated, 25% at go-live, and 25% thirty days following go-live. The same schedule should be used for any software enhancements.
 - b. Services Payment Schedule: a good rule of thumb is to pay 25% of the estimated amount at the signing of the agreement, and then pay monthly as the services/expenses are rendered.
 - c. Ongoing Maintenance and Support Payment Schedule: should not begin until the day of go-live, and should be paid quarterly, not annually.
 - d. Equipment Purchases: if you are buying equipment such as specialized bar code scanners or printers, we suggest paying 50% up front and 50% upon delivery, set-up and successful operation (i.e. don't pay 100% up front for scanners that are still sitting in boxes waiting to be configured the day before go-live).
6. Software Maintenance and Support Fee Increase Control: Over time you will pay much more for software maintenance and support than for the license and service fees. Yet, many clubs accept whatever the vendor proposes for future M&S increases. Most agreements simply state that the vendor has the right to increase the fee annually, with no limit on what those increases might be. To protect the club from unreasonable increases, we generally recommend either an annual limit of COLA + 2% or a flat percentage (3-5%) increase limit. This negotiation is all over the board with the various vendors – but you must put some kind of reasonable cap on future increases.
7. Termination: All of the vendor agreements state that the club has the right to terminate the relationship. But some agreements stipulate a lengthy term that must pass before termination can occur. This is especially true for agreements that have very low up-front costs with higher fees “back-loaded” into the payment plan to smooth out the cash flow for the club. If you are paying all of the fees up front (i.e. 100% within a month or two of go-live) then you should not agree to a term of more than 36 months from the go-live date. If your payments are spread over time then the term can be up to five years – but no longer.
8. Partial Termination: All of the vendor agreements stipulate that if the club terminates the agreement, the entire agreement is terminated, and no portion of the software can be used by the club. But, what if you just want to discontinue the use of one or more modules (i.e. the website module, or the tee times module) and use a separate solution for those activities? To



Software License and Services Agreements (continued)

accommodate that possibility, you must add language that allows individual modules to be removed from usage without having to terminate the agreement. As a part of that language you should stipulate that the M&S fee will be reduced accordingly.

Of course, there are many sections to the vendor license and services agreements that we have not addressed here. And we are not offering legal advice on any aspect of these agreements – just suggestions on improving the club’s negotiating leverage. Having the club’s legal counsel review the agreement(s) is always recommended.

Quick Tech Stats - Ransomware



- On average, 4,000 ransomware attacks occurred each day during 2016.
- The attack pace is accelerating. Between January and September 2016, ransomware attacks on businesses increased from once every 2 minutes to once every 40 seconds.
- The number of new ransomware families uncovered during 2016 more than tripled to 101.
- Attackers are demanding more and more from victims with the average ransom demand in 2016 rising to \$1,077, up from \$294 a year earlier.
- Attacks usually involve malware hidden in innocuous emails, unbreakable encryption, and anonymous ransom payment involving cryptocurrencies.
 - Sources: Symantec, April 2017 and Barkly, January 2017.

F&B POS User Certification



One thing we know for sure about your F&B operation is that you have constant employee turnover. And turnover means new staff that need to become proficient on your POS system. Clubs typically use the “hand-me-down” training method where an experienced staff member shows the new employee the ropes. But in most cases, this training has no real structure or consistency to assure that every server is using the system properly and efficiently. Since you can’t have the software vendor come in to provide training every time a new server is hired, what can you do to improve this situation?

Our consulting practice has provided a great testing ground for trying out various training methods. One of our most successful tools is what we call the F&B POS User Certification. Simply put, this is a structured list of exercises that a new server must perform – and master – before being turned loose on the live POS system. The new server works with a highly experienced staff member to walk through each step of the POS process: opening checks, assigning them to member accounts, entering the order, mods and sides, special instructions, coursing, sending, splitting checks, etc. All of these tasks are captured on a printed document that is used by the trainer to guide the practice sessions and grade the server’s performance. Here’s a sample Certification Form that we used recently with one of our clients:

Training Plan/Certification for F&B POS - Each Employee

Employee Name: _____

Date Trained: _____

Employee Signature: _____

Manager Signature: _____

A. Do this 20 Times:

- 1 Open Check to Member
- 2 Enter Items/Send
- 3 Close Check

B. Do each of "3's" 3 times each:

- 1 Open Check
- 2 Enter Items/Send
 - 3a Transfer Check from Table to Table
 - 3b Split Check by seat – assign to members
 - 3c Split Check by amount – even or odd – assign to members
 - 3d Split a single item between two or more member checks
- 4 Close Check

C. Do this 3 Times:

- 1 Open Check
- 2 Enter Items/Send
- 3 Close Check
- 4 Re-open Check
- 5 Comp / Discount line items or the whole Check
- 6 Close Check

D. Do this 3 Times:

- 1 Open 2 Checks on different tables
- 2 Enter Items/Send
- 3 Merge checks
- 4 Close Checks

E. Do this 3 Times:

- 1 Open Check
- 2 Enter Items/Send
- 3 Transfer the Check to another Server (Done by Manager)
- 4 Close Check

F. Do this 3 Times:

- 1 Close Your Shift
- 2 Print Your Shift Report

Software Training: The Best Technology Investment Your Club Can Make!

If your club is like most, the last time any of your employees received training from your club management software company was during its initial implementation. How long ago was that – five years ago, ten years, longer? Retraining of club employees on these critical software applications is almost unheard of in the private club industry. Yet the rest of the business world has proven that retraining is the most efficient and cost-effective way of increasing user productivity with business software. We could speculate all day long on why clubs don't employ this well-accepted business practice, but let's not waste time on why it doesn't happen and focus on how it can happen. Here's what we routinely recommend to our club clients:

1. Put dollars into the club's budget for annual software training – yes ANNUAL.
2. \$500 per key user (each department should have a software champion or two who is responsible for learning that department's software inside out). For most clubs, this will be in the \$5,000 range (10 key users).
3. Arrange for ONSITE training. Online training is marginally effective as users are easily distracted by office activities around them.
4. Make sure the trainer is a seasoned, experienced professional – not the new kid they just hired last month.
5. Have the trainer cover all of the latest features in each module, as well as provide refresher training on the standard features. This is especially important for new employees who have received the "hand-me-down" training of other employees in the department, or who are self-trained.



And that's all there is to it. A minimal annual investment to maximize the utilization of your club management software!

(Note: This topic was suggested by PCTU subscriber Drew Nooney at Spring Lake Country Club in Michigan, who asks "Would you buy a new Mercedes/BMW/Porsche and not do routine maintenance on it?" Well said Drew!)

About Our Services... IT Strategic Planning

This is one of our most popular consulting services for private clubs. We begin with a thorough review of each club department's technology needs—software, equipment and connectivity. Our review explores all facets of technology available to the club. We then evaluate and prioritize each area of technology. Finally, we create a five-year technology implementation plan and budget – to create a roadmap for management to follow over the coming years. For more information on this and other services we offer, visit our website at www.boothegroup.com.