

Case Study

Lexington Golf & Country Club

Lexington, VA
Est population 7,100

Presented by:

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Up To Par Management

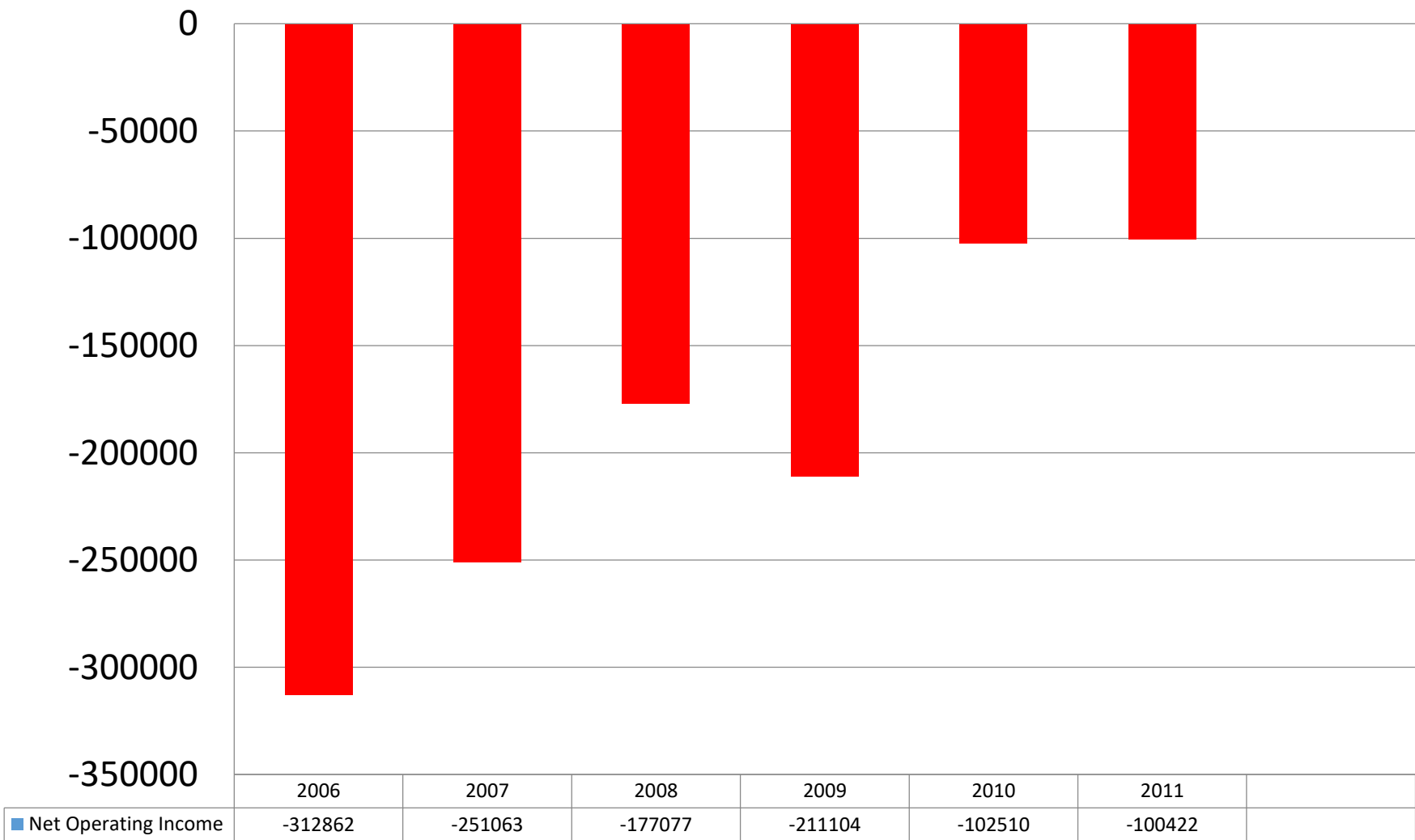
Welcome to Lexington Golf & Country Club



Sept 2011 – 17th Green, 10 other greens looked the same

It Get Betters - Operations 2006 – 2011

Net Operating Income



It gets better!

- Accounts Payable – \$180,000 – 80%, past 120 days, 60% of the AP was owed to local member vendors
- Line of Credit – \$160,000 Fully extended
- Long Term Liabilities 2.3million
- Short Term Liabilities \$352,000
- AR – Est.\$100,000
- Cash on Hand – \$5,000
- Over the summer of 2011 – the club lost 75 members due to product & service
- Lost the greens 3 out of the last 4 years

It gets better!

Initiate Baseline Member Surveys – Sept 2011

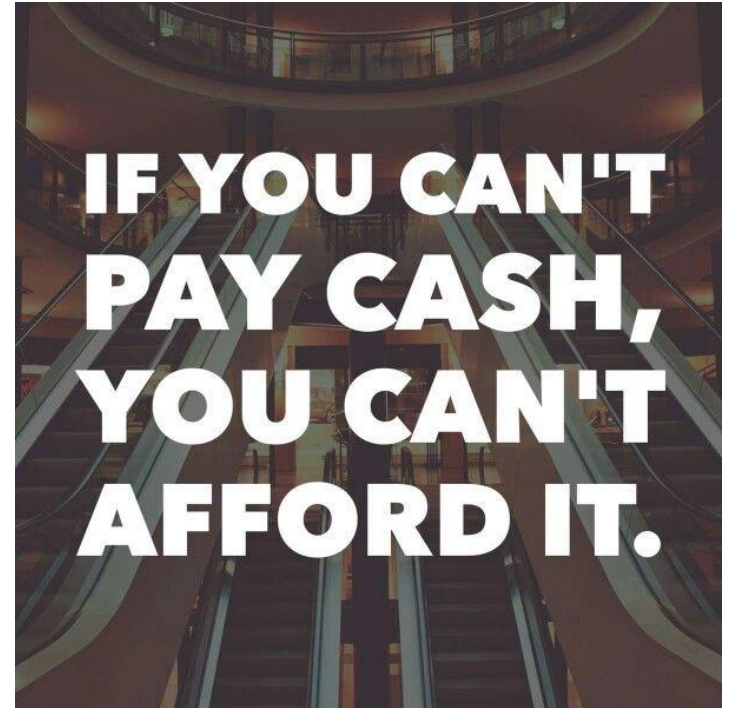
- 47% rate Golf Operations Very Good / Satisfied
- 29% rate Golf Course Condition Very Good / Satisfied
- 37% rate Dining Very Good / Satisfied
- 61% rate Communication Very Good / Satisfied
- 50% would recommend the Club to their friends to join
- First Month Caught Staff Stealing from the Property

GOOD TIMES!

Short Term Goals

Live to Fight Another Day

- Needed Cash – Called all members that owed the club, introduced us, and asked them to become current with the club. Gave 24 hours or we will cancel their membership. Raised \$60,000 in 24 hours.



Saving Graces



- Board turned the club over to us to operate – they stepped back
- We had an outstanding board president that championed our cause
- Club generated 1.8 million in total revenue
- Golf Course was a solid design
- We were able to bring our people in to start over

Short Term Goals

- Outlined new operating plan for Q4 and 2012.
- Evaluated all business practices – If it wasn't profitable we eliminated the business. Eliminated one of the dining options – The View Restaurant – lost appropriately \$750 - \$1,000 each day it was open.
- Reorganized roles and responsibilities – eliminated approximately \$100K annual in payroll



Mid Term Goals – Get the Right Who

- Recruit Staff that would by into Lean Operations
- Hired – New Golf Professional – Shaun Fronk
- Hired – New Golf Course Superintendent – Jeff Karlstrand
- Hired – New Chef – Buddy Noble
- Hired – New FB Manager – Walter Bichay
- Retained – Debbie Knick - Controller



Mid Term Goals – Increase Cashflow

- We placed tighter turns on AR – Due upon receipt.
- Prepay banquets and events
- Setup payment plans for all vendors that we owed money – we were determined to pay all vendors in full
- Negotiated new long-term debt to lower terms – same number of years – Added another 15K per year in Cashflow
- Took advantage of depressed real estate values and had the land reassessed for lower value – thus lowering our tax burden by 10K per year
- In one year we reduced our AP by \$106K
- In one year we reduced overall expenses by \$252K
- In one year we reduced overall liabilities by \$191K
 - (note plus credit line)

Mid Term Goals – Get the Golf Course Playable

- We knew that we needed to increase revenues – but first had to have a product to sell i.e. golf course
- We aggressively began to bayoneted the greens every two weeks so that the greens could percolate
- Fall we overseeded all fairways – Worked with Harrell's with a payment plan
- Fixed several drainage areas for better turf conditions



Mid Term Goal – New Operating Model

- Our management team covered other areas and pulled combined shifts
 - Golf Professional ran the restaurant once a week
 - GM mowed fairways once a week (3rd mow of the week)
 - Bookkeeper covered lunch shifts two days a week
- Enlisted a new Social Committee – 40 members
 - Everyone had one event that they sponsored and were responsible for attendance – this guaranteed that all our events are highly attended
 - Ex. Jack Frost Winter Social – sponsored by “The Leonards”

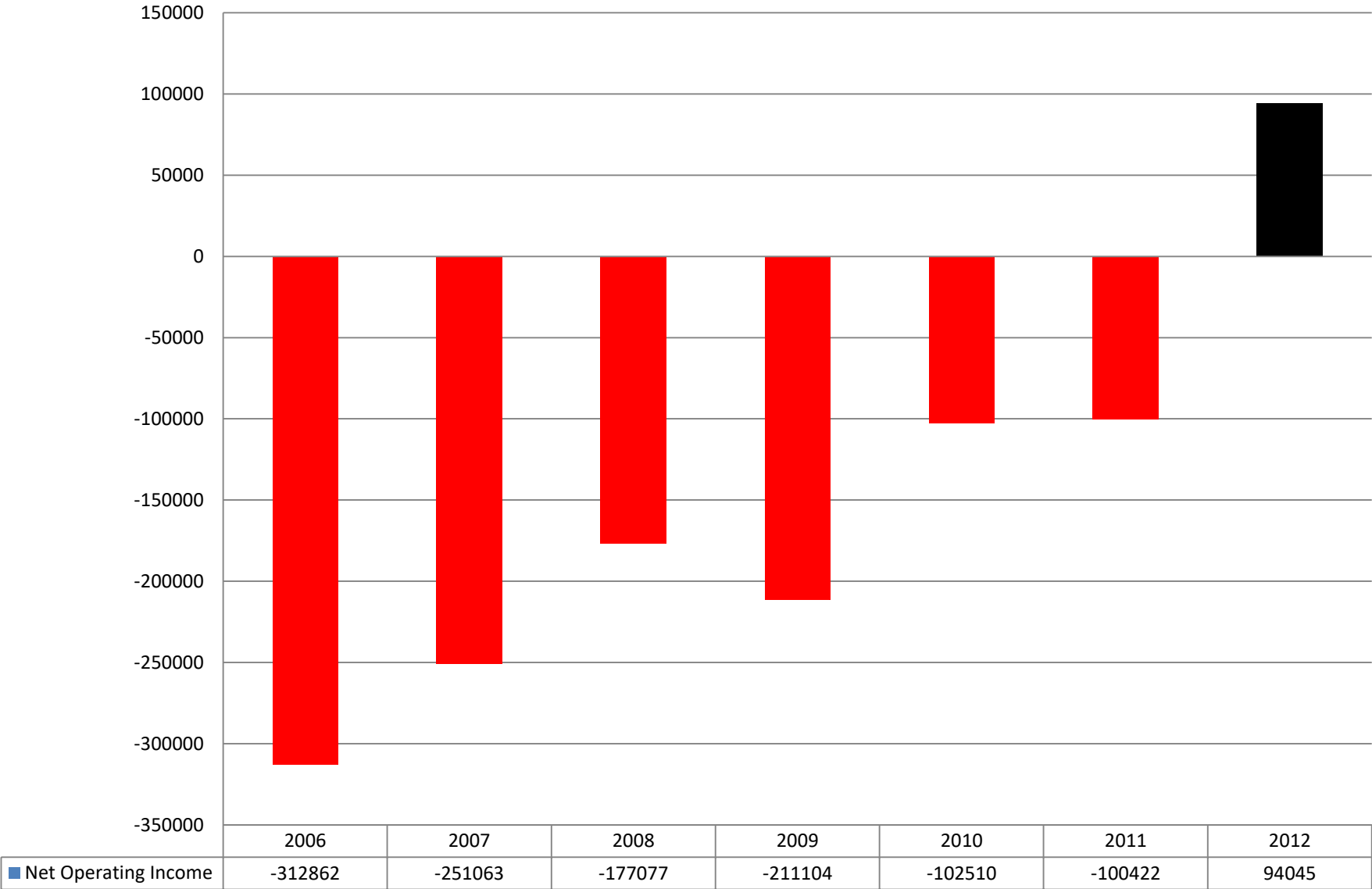


Mid Term Goal – New Operating Model

- Membership was overpriced for the area – conducted demographic study, to see how to increase the funnel of prospects
- Developed new membership categories
- We developed a three year plan to reduce dues and increase memberships
- First year we added 25 new members to the club this allowing us to reduce the dues to the existing members; however we added more usage of the club
- Second year we added another 20 members to the club again allowing us to reduce the dues to the existing membership
- It took us four years to get everyone on the same plan but we went from 280 members to 350 members

Mid Term Goals – Positive NOI

Net Operating Income



Long Range Goals – Strengthen Balance Sheet

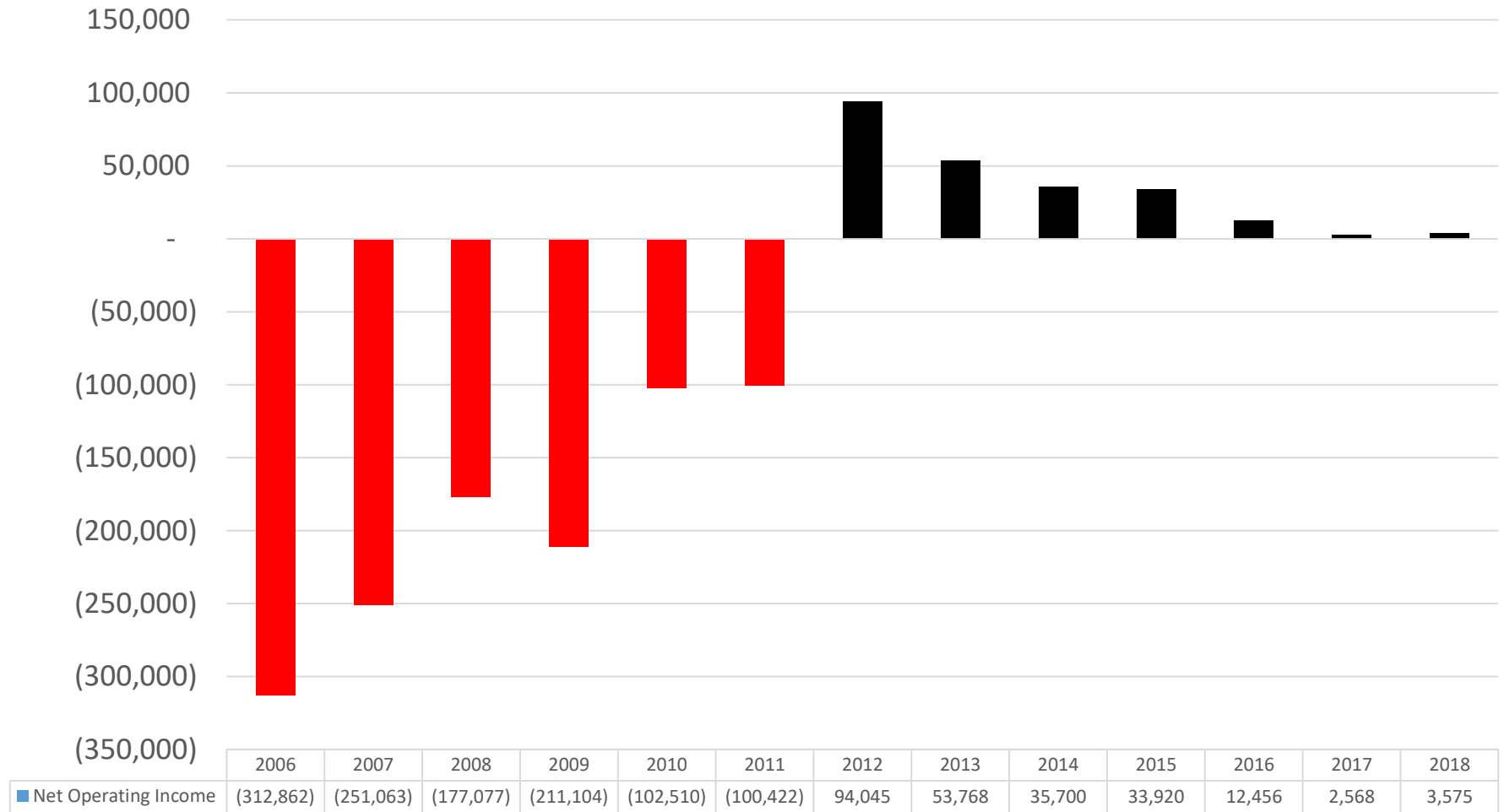
Over the last 7 years we have eliminated **\$1.3M** in debt!

- Long Term Note – 930K
- Accounts Payable – Reduced by 140K sustaining at 30-50K
- Eliminated Line of Credit – 160K
- Leases – 70K



Adding Back Services – to Zero Based

Net Operating Income 2006 - est2018



In the Future

- The club continues to evolve and we continue as well

