

# The Catch-22 of Club Technology Budgeting

**JOSEPH HELLER'S CLASSIC NOVEL, CATCH-22, CHRONICLES THE TRIALS AND TRIBULATIONS OF A FICTIONAL AIR FORCE SQUADRON DURING WORLD WAR II.**

The book's title is based on a military term that can be a bit difficult to define. In essence, a Catch-22 is a situation or predicament characterized by a contradictory or self-defeating course of action. And so it goes in the private club world with certain facets of computer technology.

Take budgeting for instance. Clubs had it easy in the 70s and early 80s when mini-computers were chugging along in the accounting offices. Limited capabilities and a very select list of users meant that the club could count on a lengthy life for hardware and software, as system lives could stretch to 10 or more years. Then came the PC revolution, and with it an important Catch-22 – *planned obsolescence*.

Microsoft quickly took command of the desktop in the late 80s, and turned computing on its head. Bill Gates transformed the computer industry's business model from a slow growth approach with a focus on a few big-ticket sales, to a mass-marketing tactic designed to turn out new, inexpensive desktop software every few years. And to create a ready market for these new software products, Microsoft did its best to push the processing, memory and storage demands of each new release well beyond the capability of current hardware standards.

Today's Microsoft legacy is one of constant upgrades and replacements, as software continuously stretches the hardware

envelope, and "PC lives" dip below three years.

## DIGGING A "TECHNOLOGY HOLE"

Now you might be thinking to yourself, "Why does this matter to me and my club? We're not replacing our computers every three years." True enough. The private club industry is on a much slower track for PC equipment upgrades and replacements compared to almost all other industries. In fact, we estimate that the average PC life in clubs is five, six or even more years. Is that a good thing? Definitely not – and here's why.

Stretching the life of your club's PCs simply digs you into a "technology hole." Once your PCs are more than one operating system behind the current version (think Windows 98, Windows 2000, Windows XP, Windows Vista) you're in trouble. Software updates that are critical to security and performance can't be applied. New devices (scanners, printers, PDAs) won't work with old software. New-generation documents you receive from others can't be accessed. And of course, Microsoft doesn't provide support for their products that are more than one generation behind the current version (i.e. Windows 2000 is no longer supported). But that's only the irritation factor.

The real problem is the enormous resistance you will encounter – from your Finance Committee and Board – when the pain eventually becomes so great that you decide to bite the bullet and "do the big upgrade." That's when you'll be faced with justifying a huge capital expense that must compete for funds with the golf course,



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clubhouse, and every other high-profile capital project. Fortunately, there's a better way.

## ANNUAL TECHNOLOGY BUDGETING

Common sense dictates that, if a club keeps its computer hardware and software up-to-date, huge periodic expenses can be avoided. Looking at how clubs budget for golf course maintenance equipment easily makes this case. Most clubs have a long-term budgeting plan (three to five years) that anticipates the purchase of new equipment. Such a plan is expressly designed to avoid large, unexpected expenditures.

Superintendents and club managers learned long ago that requesting special funding each year for equipment replacements was a burdensome chore. Instead, they have convinced their boards that long-term budgeting helps to smooth out the expenditures and assures that the club's finest asset (the golf course) is properly maintained with the needed equipment.

Seems simple enough, so why do most clubs wait until their computer equipment is woefully out-of-date before requesting replacement funds?

*Catch-22: The computer equipment is still running fine. It boots up in the morn-*

ing, runs all day long and requires little or no maintenance. We can't replace computer equipment that is operating properly. We must delay replacement until the equipment fails completely, or until we can't run critical software on it. When that happens, we will need to solicit funding approval from the board. But that approval will be difficult (or impossible) to obtain, since a large computer expenditure must compete with other "sexier" capital projects that are a priority for the members. So the needed expenditure is then delayed, or pared back, digging an even deeper technology hole for the club.

## DIGGING YOUR WAY OUT

Most private clubs are in the technology hole – some deeper than others. And digging your way out isn't easy. Here are some suggestions on how to solve this dilemma:

**Provide Board Education** – Most board members are generally unaware of what computer systems the club uses, how the software works, and what benefits accrue to the club by using this technology. Ask a typical board member which brand of fairway mower is used on the golf course, and they'll have the name on the tip of their tongue. Ask that same board member which club management software product is used by the club, and you'll get a blank stare. It's up to you to educate your board and committee members

on the benefits of the club's computer technology, and the importance of keeping the system current.

**Submit an Annual Budget** – If you don't ask, you won't receive. Go ahead and put together a budget. It's not all that hard to do. First determine how much it would cost to completely replace all of your club's computer equipment. Your local network support company can provide that estimate for a minimal fee. Then divide that number by three and submit the resulting amount as your annual equipment budget. For user training, add another \$5,000 per year to keep your club's key employees up to speed on the latest software advancements.

Finally, remember to include your existing budget for annual software support and enhancements. Those three elements will add up to your total annual budget. Of course, this budget assumes that you are retaining your core software applications (membership, accounting, POS, reservations, etc.). Since the average "life" of the core applications is 7-10 years, budgeting for their replacement is only done on an as-needed basis.

**Be Persistent** - Rome wasn't built in a day. If your board isn't convinced this year, come back at them next year. Invite board members to tour the club's network server room, and actually watch the systems being used by club employees. Of particular interest to members are POS activities, marketing initiatives, website design and ad hoc reporting. The more your board members know about the club's systems, the better chance you'll have convincing them of the need for annual budgeting. **BR**

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