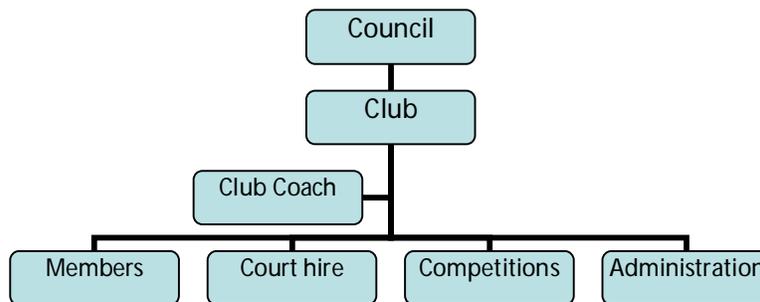


## Not For Profit (NFP) Club Model

### Overview

The NFP Clubs Model has traditionally occupied an important space in the evolution of tennis facilities in Australia. Clubs usually occupy council owned land, are governed by an elected committee, and are managed by club volunteers. Clubs do allow tennis players to access facilities at minimal cost, and mean that the sport is accessible to all. A club coach is some cases appointed and pays a nominal fee to the club for court hire. Administration and management of the facility is done by the club volunteers and focuses on operational issues rather than strategic priorities developed from a business plan. Many (but not all) NFP clubs are characterized by decaying infrastructure, and declining membership and usage patterns.

### Operational Model



### Pro and Cons

Pros	Cons
<ul style="list-style-type: none"> <li>• Club remains in full control of asset and management</li> <li>• Member users of facilities have a voice in how the clubs affairs are managed</li> <li>• Affordable fees allowing accessibility to all community groups</li> <li>• Large community based focus</li> <li>• Strong member connection to club</li> <li>• Volunteers donate their time and skills to the club</li> </ul>	<ul style="list-style-type: none"> <li>• Management has short term outlook with little commercial focus</li> <li>• Clubs do not generate sufficient funds to allow for replacement and upgrade of facilities</li> <li>• High reliance on external grants and council contribution to maintain assets</li> <li>• High reliance on already overburdened volunteer based (lack of Human Resources to run programs)</li> <li>• Difficulty in attracting volunteers to open ended positions</li> <li>• No incentive for club coach to grow participation, competition or membership at the club</li> <li>• Weak coach-club relationship</li> <li>• Small scope of product and services meeting customer needs</li> <li>• Lower operating hours of venue</li> </ul>

## *Skill set requirements*

### *Coach*

- Junior Development Coach/ Club Professional Coach
- Basic reporting skills

### *Club Volunteers*

- Accounting and finance skills
- Strategic planning skills
- Ability to foster stakeholder/council relationships
- Website and basic IT skills (My Tennis)
- Business plan/ marketing plan development skills
- Strong administration skills
- Customer service skills

## *Lease Considerations*

Lease agreements can place restrictions on which management model a club chooses. It is essential that the lease agreement are understood by the club and not inadvertently breached through the implementation of a different management model. There are many ways in which clubs can implement sound financial management models whilst still meeting the leasing requirements. When renegotiating a lease with council some considerations should be made in order to have a lease structure which best support the long term viability of the club and meets the community's needs. For more information, please see the example below.

## *Case Study*

### *Overview*

VIC-A small four court facility has been run by a NFP club for over 30 years. The club has 70 members and is run by a dedicated volunteer committee which invests much time to the facility.

### *Agreement*

Council leases the centre to the club at a peppercorn rate. All costs including operation, maintenance, upgrades and replacements are to be paid by the club; however, on occasion grants and funding have been made available by council to help cover replacement costs.

### *Outcome*

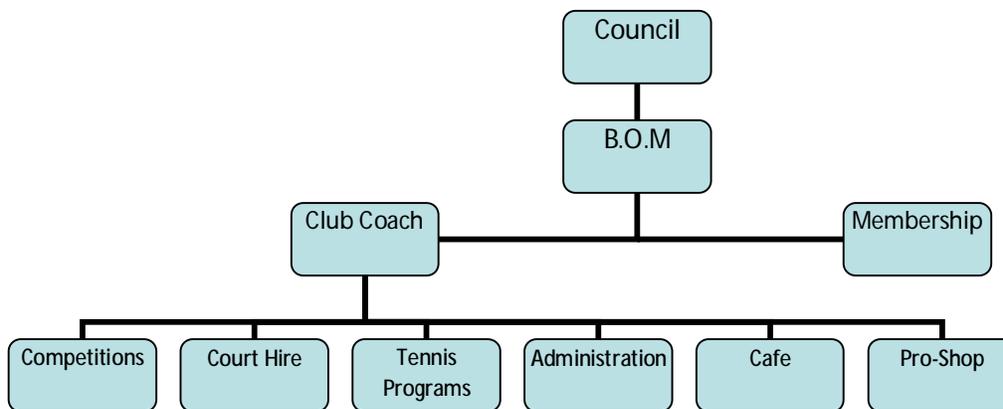
The club is run and controlled by its members and has created a passionate and tight-knit membership base. The volunteers are not only involved in attending meetings, but also dedicate their time to day to day operations of the club by running social groups and competitions. A club coach hires courts from the club at a discounted rate and provides private lessons, hotshots and cardio tennis. There is no club manager presence; however, there is an honesty box in place for casual users when the club is unattended. The club has a small provision for a sinking fund which helps towards the life cycle and replacement cost of the courts. Additional funds are raised through social events and fundraising activities.

## Hybrid Model

### Overview

The Hybrid model is where a NFP club can appoint an operator (or a coach) into an operational role under the supervision of the Board of Management (B.O.M)/Committee. The operator can gain commercial benefit, but the outcomes are controlled by an agreement and performance management from the NFP committee, ensuring community-focussed outcomes and benefit for the club. Mutual benefit is the key to this relationship working and the model can suit the needs of the operator and the club, defining the roles of each party through a clear agreement and clear split of operational responsibilities.

### Operational Model



### Pro and Cons

Pros	Cons
<ul style="list-style-type: none"> <li>• Affordable fees allowing accessibility to all community groups</li> <li>• Strong club-coach relationship</li> <li>• Incentive for the coach to grow participation, competition and membership</li> <li>• Increased operational hours of venue (access)</li> <li>• Greater funds generation to club through increased revenue driven by coach/manager</li> <li>• Less reliance on external grants and council for funding</li> <li>• Less pressure on volunteers to find ways of generating income</li> <li>• Greater offering of products and services to customers</li> <li>• Member users of facilities have a voice in how the clubs affairs are managed</li> <li>• Strong member connection to club</li> <li>• Volunteers donate their time and skills to the club</li> </ul>	<ul style="list-style-type: none"> <li>• Coaches who do not participate in professional development may not have the skill set required to manage a venue profitably</li> <li>• Current lease may restrict full implementation of such a model</li> <li>• Less control of club committee in day to day operations of venue</li> </ul>

## *Skill set requirements*

### *Coach*

- Master Club Professional Coach
- Strong administrative skills
- Accounting and financial skills
- Customer service skills
- Marketing skills
- HR management skills
- Ability to develop a business plan

### *Club Volunteers*

- Accounting and finance skills
- Strategic planning skills
- Ability to foster stakeholder/council relationships
- Administration skills

## *Lease Considerations*

Assumption must be made that the lease allows the club to manage commercial relationships. As a “not for profit” club, Pro Shops, Kiosks etc must be within lease terms. The permitted use of the facilities would require investigation in case the club cannot currently assign or sub-lease to another party. Generally the Council leases directly to the Club, who then must have a direct financial relationship with its members. However, clubs may be allowed to contract a “Club Administrator” to work on the day to day affairs on behalf of the club at the “back end”. All club subscriptions, and other income the club generates go through the clubs accounts.

When renegotiating a lease with council some considerations should be made in order to have a lease structure which best supports the long term viability of the club and meets the community’s needs. For more information, please see the case study below.

## *Case Study*

### *Overview*

WA – A large NFP club has taken important steps to meeting the needs of the tennis community by maintaining oversight of operations, but appointing management to administer day to day activities and drive the activity at the club. The step to appoint a manager reporting to the committee was taken after a facility development project gave the club increased revenue opportunities and it was recognised that consumer demand was for a professional service. The club appointed a paid manager to oversee all operations, report to the club committee and manage agreements with the club coach and competition providers.

### *Agreement*

The lease was due for renewal and the club approached council with an innovative approach to secure a long term lease. The club’s financial modelling suggested that it could put away enough of a sinking fund annually to cover all maintenance and asset replacement costs, so this amount (as determined by an asset management plan) was offered to the council as a lease fee. The club could then rely on council to fund asset replacement, such as court resurfacing, when required, focussing on the club operations and long term strategic direction. The council was also able to budget accordingly for any costs relating to their asset.

### *Outcome*

Before the appointment of a full time manager, the club covered most operating costs, but had no clear direction or drive. The accountability on the manager was to increase revenue through membership, court hire and coaching activities, allowing the club to fully sustain itself and make allowances for future growth.

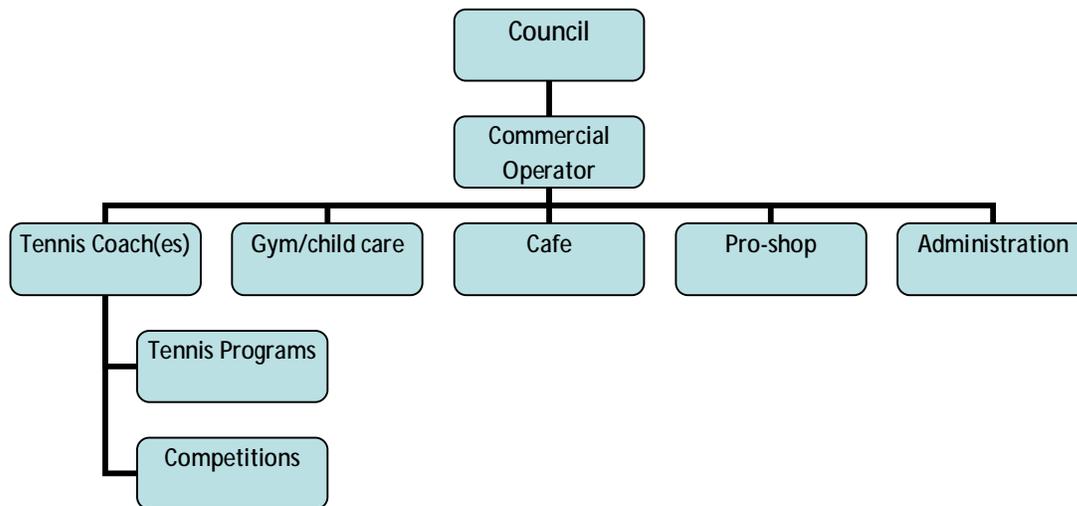
A focus on marketing the club and its programs has resulted in an increase in turnover that more than pays for the Manager's salary and has relieved pressure on the volunteer committee. The club has a better relationship with the coach that utilises the venue and can now offer a broader range of social programs and pay-for-play opportunities. A basic cafe in the clubhouse also ensures additional revenue and a more welcoming environment for the community. This has resulted in a more vibrant club environment that engages with more members of the community.

## For Profit Commercial Model

### Overview

For Profit commercial tennis centres are either located on council owned land, and pay rental to the council, are located on freehold owned by the operator, or leased from the property owner. Commercial tennis centres are usually run by either coaches or management companies. Commercial venues operated by coaches generally rely on coaching fees as a significant revenue stream, as they provide a much higher return on court time than other on court activities whereas management companies typically focus on a wider range of revenue streams eg. cafe, gym, crèche etc. Commercial centres are usually quite innovative in the programs they offer as they are operated by full time industry professionals with profit (through heavy use) as the focus. Council does not often support such venues with funding and therefore the venue must have a commercially focussed and self-sustainable nature.

### Operational Model



### Pro and Cons

Pros	Cons
<ul style="list-style-type: none"> <li>• Full-time professional management of venue</li> <li>• Professional assistance and advice to customers</li> <li>• More staff available to customers</li> <li>• Top of line products and services</li> <li>• Greater product and service range</li> <li>• Increased operational hours of venue (access)</li> <li>• Increased court occupancy rate</li> <li>• Multiple revenue streams</li> <li>• Increased secondary spend opportunities</li> <li>• Increases profitability of venue</li> <li>• No reliance on council or external grants for funding</li> <li>• Well maintained facilities</li> <li>• Better customer experience</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial focus needs to be measured against community focus</li> <li>• Risk focusing too much on areas other than tennis</li> <li>• Commercial prices could increase the cost to play tennis</li> <li>• Members no longer have a say in how venue is managed</li> <li>• Little/no funding support from council</li> <li>• Commercial lease rate</li> </ul>

## *Skill set requirements*

### *Commercial Operator*

- Master Club Professional Coach / Business qualification
- Strong administrative skills
- Accounting and financial skills
- Customer service skills
- Marketing skills
- Ability to develop a business plan
- HR management skills

### *Coach*

- Junior Development Coach / Club Professional Coach

## *Lease Considerations*

Assumption must be made that the lease allows for a commercial model, including revenue streams such as Pro Shops, Kiosks etc. The lease must be clear in allowing commercial operations.

When renegotiating a lease with council some considerations should be made in order to have a lease structure which best supports the long term viability of the club and also meets the community's needs. For more information, please see the case study below.

## *Case Study*

### *Overview*

QLD - In 2000, council granted the lease of an old and depilated 6 court tennis facility to a commercial operator over a NFP club. This decision was made primarily due to the funds that the commercial operator had guaranteed to invest into the facility. The family run commercial operation injected over \$200,000 into resurfacing existing courts, fencing upgrades, construction of addition 3 courts, landscaping and clubhouse renovation and extension. The operators established a wide range of coaching programs and soon became a buzzing community centre generating a turnover of over \$400,000 p.a.

### *Agreement*

The lease was a long term agreement between the council and the commercial operator at an affordable rate per court per year. All costs including operations, maintenance, upgrades and replacements were to be paid by the operator. The council would make no financial investment or provides any financial assistance to the facility for the duration of the lease agreement. Therefore, the operators needed to generate enough income to cover all ongoing and maintenance costs of the facility or risk breaching the lease agreement.

### *Outcome*

Before the commercial operators took over the venue, the club was run by a small club made up of volunteers. The club ran a few social groups each week and employed a club coach that gave occasional private lessons and collected court hire on behalf of the club. The facility was rundown, uninviting, had a low court occupancy rate and virtually no junior coaching program.

Once the commercial operators took over the lease they upgraded the facilities, engaged full time management over the facility, provided a customer contact point at the club for approx 85 hours per week and dramatically increased court occupancy. They established a small pro-shop/kiosk and restring business as an additional revenue stream and built a coaching business for adults and junior employing an additional 6 coaches. Three existing schools utilised the facility using it as their primary tennis training and competition venue. The community benefitted from the commercial operation as the venue provides professional services, increased accessibility, a friendly and welcoming atmosphere and a wide range of programs suitable for all community groups.