

IT'S TIME TO USE THE 'METRICS' SYSTEM



By **Lorin Anderson**, President

How many new students did you acquire in the past year? What is the average total spend on lessons per student who has been in your book more than 12 months? What percentage of your new students purchase clubs at your facility in their first year working with you? What is your average cost to acquire a new student? (hard costs for marketing plus

value of your time to manage social media, etc.)

Do you know the answers to these fairly basic accounting questions for your business? Unfortunately, I've noticed in my conversations with members that a lot of instructors don't record *any* metrics for their operation, beyond total hours taught and total revenue earned. Of course, you want to know these facts too, but as the world moves faster and gets more complex it helps to have a deeper grasp of the metrics involved in building and maintaining your clientele.

It's not just you, it's a large portion of the golf industry that doesn't track enough critical metrics to know what is working or not working in their business. Thousands of courses have scant understanding of how to fill their tee-sheet inventory, which is a symptom of why industry tracking firms said that around 45 percent of all U.S. golf courses lost money on their operations in 2016. It's no wonder that teachers haven't been trained to track critical data and analyze their business, given that the people running the facilities they teach at likely aren't doing a good job of number-crunching either.

I'm a numbers junkie. I have copies of all my tax forms back to 1988 in my closet. I review the Cubs box score after every game. I even track my car's miles-per-gallon performance for every tank

of gas. For those who aren't so interested in numbers, my hope is that we can demonstrate what you can gain by using the "metrics" system. Start tracking your basic business information so that you can take the next step of analyzing the data. That analysis should lead to better strategic decisions, which leads to better management of your resources to maximize your bottom line.

On a "macro" level, stats show the game is not growing in most markets, and when the pie isn't getting bigger it's the business operator who becomes more efficient who grows market share and increases their bottom line. The shift is starting to happen in golf where the really smart operators of courses and teaching academies are tracking and reviewing more data than ever before to figure out what various marketing efforts cost per new student generated, how long the average student comes for instruction and the average lifetime value of a customer.

Once you begin tracking these metrics you can figure out your Return On Investment (ROI). For example, if you spend \$1,000 on a promotion that earns 10 students and the average spend per student is \$900, then you generated \$9,000 with a \$1,000 spend. A 9-to-1 ROI is actually quite good. Typically the goal is to aim for \$4 in revenue for every \$1 spent on marketing.

The fact is that larger operations are starting to use this data against those who aren't paying attention and the gulf is only going to widen as they have POS reports, scheduling software, websites that track leads through landing pages, etc. It sounds a bit overwhelming, but a lot of the reports can be automated once they are set up and only need to be reviewed on a quarterly basis.

In a perfect world, Proponent Group members would track a variety of metrics and send that data to Proponent where we could analyze it from a global perspective and then create appropriate benchmarks to help you know where your business strengths and weaknesses are in relation to similar operations.

More in the near future on this topic. Stay tuned. **PG**

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