

COLLABORATE

Proponent Group

The Premier Network of Golf Instructors

PROONENT GROUP NEWSLETTER

MARCH 2016

Exclusive: Data, Dollars and Decision-Making

2016 COMP SURVEY SHOWS WHAT'S HOT, WHAT'S NOT

It's time once again for Proponent Group's exclusive report on the state of the instruction industry—by the numbers. While many metrics in this year's edition of our "Comp Survey" show similarity to prior-year data, there are notable cases of trends that are growing or accelerating. Interestingly, there are also some trends and practices that are losing steam. In this article we'll highlight all the important marketplaces changes, as we look closely at how Proponent members are operating their businesses heading into the meat of the 2016 season.

What this data provides is a financial snapshot you can use to benchmark your career against what your peers are doing. It's important to remember that these are broad averages and include a large number of instructors whose positions may be very different from your own.

Cream of the Crop

Over the past nine years, Proponent Group has been tracking our members' compensation and operations data. The aim all along has been to illuminate the business realities and opportunities for the industry's top tier of dedicated, full-time instructors. And when we say "top tier," you are definitely that. One quarter of this year's survey respondents are listed on

Get Your Personalized Comp Survey Results

If you are a Full or International Member and you completed the survey, you are eligible to have a free customized version of the survey results created just for you. Typically we aim to build your customized results from the 8-12 positions captured in the survey database that are most similar to yours. We provide a report that allows you to review compensation, job descriptions, management responsibilities and benefits for those peers who do work most similar to yours.

We can run comparisons that closely match your experience level, facility type, employment status and other key comparables. To obtain a customized summary of the new survey results, simply contact our office at any time or email Lori Bombka at lbombka@proponent-group.com.

INSIDE THE ISSUE

- 4** NEWS Proponent Helps You Prepare for Tax Time
- 5** STATE OF INSTRUCTION Careers: How Does Golf Instruction Stack Up?
- 6** TEACHERS AID: Navigating College Scholarships with Your Competitive Juniors
- 12** "WHAT I'VE LEARNED" Interview with Keith Lyford of The Golf Academy at Old Greenwood
- 17** RETAILTRIBE ON MARKETING: Technology Will Change Your Student Relationships
- 20** MAXIMIZE YOUR BENEFITS: Navigating the PR Challenge
- 21** MEMBER MILESTONES: New Members and Exclusive Discounts

EXCLUSIVE COMPENSATION SURVEY RESULTS

Golf Digest's Best in State rankings and one in five of all respondents have won a PGA Section Teacher of the Year award.

In preparing this **2016 Proponent Group Compensation and Operations Survey**, we're aware that no single metric or data point is likely to make you change the way you operate your business. Instead, its value rests in the totality of the picture it provides of how the game's dedicated, serious golf instructors earn their livelihoods. We expect these facts and figures will do much to help you to strategize for a better return on your intellectual property.

In this article we'll break down some of the shifts, trends and opportunities that characterize the industry at this time. Much more information is available for you in the 22-page summary report now available for downloading on the members-only website in the Member Surveys menu.

Again this year, we have broken the survey summary into four distinct sets of data: Employees, Independent Contractors and Academy Owners, along with our customary overall averages. For only the second year in a row, our charts of financial averages include an additional breakdown of the financials for our Full Members versus our Associate Members. We felt we

needed to break the membership types out as we've seen a much larger number of Associate Members completing the survey.

A Closer Look at the Averages

Total revenues in the new survey averaged **\$113,335** for all member categories. For Employees, average income was an almost identical **\$113,189**. Independent Contractors averaged **\$98,193** and Academy Owners came in at **\$213,627**. Full Members averaged **\$127,064** in revenues while Associate Members came in at **\$75,559**.

The typical Proponent Group member earned just less than half (**47 percent**) of his or her revenues from private golf lessons. This was the lowest that percentage has sunk in our nine years of surveying. This certainly would indicate a shifting into more program diversification for many of our members. It also suggests a growing ability to find more new ways to be compensated for accumulated knowledge and intellectual property. Many members reported revenues flowing from 10 or more different sources or program types.

Private-club instructors paid back **5.5 percent** of lesson revenues, on average, to their facilities. Instructors based at public course paid back an average of **14.5 percent** to their facilities.

Revenue Breakdown for the "Average" Proponent Group Member

	All	Employees	Independent Contractors	Academy Owners	Full Members	Associate Members
Private lessons:	\$ 53,320	47,566	53,924	96,031	57,896	37,462
Salary:	\$ 19,524	33,350	6,955	0	20,689	14,163
Long-term coaching programs:	\$ 9,554	5,965	9,560	31,453	10,387	7,333
Clinics/Group lessons:	\$ 7,553	6,626	9,105	7,500	7,689	8,110
Equipment/clubfitting sales:	\$ 4,524	4,918	2,827	12,669	5,780	1,169
Golf Schools:	\$ 4,219	4,532	5,290	6,764	6,491	1,327
Payments from staff teachers:	\$ 3,981	2,795	2,226	22,111	5,330	1,403
Corporate outings:	\$ 2,665	1,629	1,941	12,733	3,590	301
Books/DVD's/media payments:	\$ 1,599	395	825	6,272	1,539	75
Bonus:	\$ 1,482	2,717	306	0	1,678	958
Coaching school teams:	\$ 1,350	995	2,086	389	1,354	1,700
Payments from Tour players:	\$ 1,346	232	613	11,944	2,002	50
Tournament winnings:	\$ 1,184	1,288	1,094	1,011	1,128	1,468
Endorsements:	\$ 1,034	181	1,441	4,750	1,511	40
Total Average Revenues:	\$113,335	\$113,189	\$98,193	\$213,627	\$127,064	\$75,559

Source: 2016 Proponent Group Compensation and Operations Survey

EXCLUSIVE COMPENSATION SURVEY RESULTS

If these percentages are applied to the average Full member's teaching revenues, we find that private-facility teachers paid their clubs an average of **\$6,989** while the average Full member at a public facility paid back **\$18,424**.

Average adult-lesson hourly rate (averaged for club-member and non-club-member rates) for Employees was **\$122** per hour, for Independent Contractors **\$145** and for Academy Owners **\$182**. Hourly rates for junior lessons were **\$94** for Employees, **\$105** for Independent Contractors and **\$134** for Academy Owners.

We're Contractually Obligated to Tell You...

We are also pleased to see a nice jump in the percentage of members with formal contracts or letters of agreement. After having held fairly steady at just less than **50 percent** over the past eight years, the portion of members with written agreements finally took a solid leap from 48 to **57 percent**.

Considering how many members call Proponent headquarters to discuss conflicts with employers, it only follows that we will continue hammering this point and trying to push that percentage ever higher. We strongly believe it is critical to have at least a letter of agreement spelling out the main expectations for both the teacher and the facility. Over time both sides forget what was agreed to—that's the nature of the undocumented relationship. Likewise, a management change will cancel out prior oral agreements. This is not a situation you want to go through without a written agreement.

Technically Speaking

We also likely reached a plateau this past year when it comes to teaching with state-of-the-art technologies. Members using launch monitors/

Doppler radar units to teach inched up from 79 to **80 percent** and seems to be hitting a ceiling. TrackMan held steady with **42 percent** of our members saying they use that system. FlightScope increased from 29 to **33 percent**, while Foresight and Earnest Sports remained at 8 and 4 percent, respectively.

After a big jump in teaching-technologies spending a year ago, we saw the averages return to historical norms of about a \$5,000 annual investment. The latest data shows an average of just **\$4,701**, versus **\$7,643** per member in last year's survey, which was an all-time high.

The Camcorder and DVD are Officially Dead

On the software side we saw a continuing migration to filming swings on mobile devices, with **94 percent** of members reporting that they use mobile-device cameras during their lessons—that's up from **88 percent** last year.

V-1 continued to dominate for video analysis and storage but for the first time dropped below a 50 percent usage rate by Proponent members. Most likely this was due to a more crowded field of options in the product category. Ubersense saw the biggest increase, jumping from 13 to **19 percent** usage by our members and following up on a similar jump the year before. No fewer than 14 different companies were named by our teachers in this space.

The percentage of instructors storing student swings on cloud-based storage continued to soar this past year, jumping from 52 percent up to **60 percent** of our members.

Instruction over the Internet Appears to Fade

It looks like Internet-based lessons have simply not caught on. The portion of instructors who offered Internet-based lessons last year that were not live

Selected Instructor Out-of-Pocket Expenses for the "Average" Proponent Group Member

	All	Employees	Independent Contractors	Academy Owners	Full Members	Associate Members
Teaching Technology:	\$ 4,701	4,578	4,219	7,944	5,452	2,033
Rent/Lease Payments:	\$ 3,554	0	3,386	22,896	4,467	1,496
Continuing Education:	\$ 2,007	1,248	2,316	1,297	2,230	1,144
Marketing/Public Relations:	\$ 995	332	1,412	5,667	1,231	268
Training Aids Purchased:	\$ 727	550	797	1,447	817	435

COMPENSATION SURVEY RESULTS

dropped from 46 to **38 percent** after peaking a year earlier. The percentage that offered live Internet lessons also dropped, from 11 to **7 percent**. While this technology seems to work fairly well, it is becoming clearer that most golfers still strongly prefer to have their golf instruction in person with their teacher.

Marketing Has Become Very Social

Investing big dollars in marketing is not something Proponent members do. In this most recent survey the average marketing spend is only **\$995**. Free or at least very inexpensive social media platforms have become the de facto marketing channel for many of our members. Overall social-media usage for our members' businesses grew again this year with **90 percent** using at least one of the major platforms to drive business. About half of our members (**49 percent**) say they spend 1-5 hours a week on their social media business accounts.

Favorite platforms include Facebook, used by **86 percent** of Proponent members, followed by Twitter at **73 percent**, and YouTube and LinkedIn tied at **55 percent** (see more platform choices in the accompanying chart).

Non-Cash Comp Continues to Shrink

Some trends are harder to spot looking at the year-by-year changes, but when it comes to the extra benefits of a teaching job, the long-term pattern is clear. Non-Cash Compensation, as it's called in the survey, has shown erosion over the past decade, and this 2016 edition of our report shows that continuing. There have been years when the downward move was just a couple of points, but no up years for this statistic. Even as cash revenues remain stable or up for most members, the other perks have steadily evaporated.

For example since 2007: Health insurance paid by employer is down from 61 to **43 percent**; 401k plan, down from 70 to **34 percent**; PGA/LPGA dues paid by employer/facility dropped from 53 to **42 percent**; Disability insurance paid by employer dropped from 42 to **23 percent**; Education allowance dropped from 50 to **35 percent** and percentage of facilities purchasing training aids dropped from 61 to **45 percent**.

The tricky part of this continual erosion is that it happens slowly over many years and many members have not taken it upon themselves to replace their 401k's with other retirement savings vehicles nor have they taken out their own disability policies. These gaps leave many exposed to significant financial risks. Proponent strongly urges members to speak to a financial specialist who can evaluate the best ways to make sure that the industry's shrinking benefits don't cause financial havoc for you later in life.

For the Rest of the Story...

Don't forget to check out the full results by downloading the complete survey summary on the members' website in the Member Surveys menu. Please let us know if you have any questions about the results. **PG**

Social Media Platforms used by our members for their business:

Facebook	86%
Twitter	73%
YouTube	55%
Linked In	55%
Instagram	48%
Google+	27%
Pinterest	6%
Snapchat	6%
Other	4%



APRIL 15TH IS COMING, ARE YOU PREPARED?

IT'S TIME TO REVIEW OUR GOLF INSTRUCTOR'S TAX RETURN GUIDE

Ah, April is coming! The snow will soon be melting away, golfers will be returning by the millions to the Northern courses, azaleas will be blooming in Augusta and... your tax return is due.

Sorry to put a damper on those spring dreams, but it's time to study up and be sure you're following the rules – and there are plenty of them – as you or your CPA fill out your 2015 tax paperwork.

In case you missed it last year, we have a handy little tool in our Business Guides section of the member website called the **Golf Instructor's Tax Return Guide** which includes a bevy of reminders from a variety of CPAs and our very own members who have gone through the pain of a tax audit.

Proponent Group

Golf Instructor's Tax Return Guide

For the Exclusive Use of Proponent Group Members

Guide Prepared By
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The guide includes a list of possible deductions, tax tips for handling tournament winnings, information about potential IRS red flags to avoid and how to handle cash that flows through your business. While nobody enjoys paying their taxes, doing it correctly the first time is better than learning through an audit.