



Proponent Group

The Premier Network of Golf Instructors

PROONENT GROUP NEWSLETTER

MARCH 2017

EXCLUSIVE: 2017 Comp Survey Results

REVENUES UP, INVESTMENT UP - COACHING PROGRAMS SURGE FOR PROONENT MEMBERS

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. In this article we'll highlight all the important marketplace changes, as we look closely at how Proponent members are operating their businesses heading into the heart of the 2017 season.

What this data provides is a financial snapshot you can use to benchmark your business and 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.

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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's 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.

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Our Members are the Cream of the Crop

Over the past 10 years, Proponent Group has been tracking its 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. Nearly one-quarter (**24 percent**) of this year's survey respondents are listed on 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 2017 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 hard-core golf instructors earn their livelihoods. We expect these facts and figures will do much to help you to strategize for an increasingly 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 20-plus page summary report now available for downloading on the member-only website—find it 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 the first time we also include charts of financial averages for members with fewer than 10 years of teaching experience versus those with 10 or more years of teaching under their belts. We felt we needed to add this breakout as we've seen a

growing number of Associate Members completing the survey, most of whom have been in the industry for less than a decade.

It Was a Very Good Year for a Great Number of Members

Total revenues in the new survey averaged **\$133,995** for all member categories. This was the largest increase ever in what is perhaps our most critical stat—it jumped a full **18 percent** in 2016. For Employees, average revenue was

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Revenue Breakdown for the "Average" Proponent Group Member

	All	Employees	Independent Contractors	Academy Owners	More Than 10 Years Teaching	Less Than 10 Years Teaching
Private lessons:	\$ 57,605	48,564	56,613	93,504	66,115	34,295
Salary:	\$ 19,198	32,080	3,866	0	20,181	16,588
Long-term coaching programs:	\$ 15,696	7,893	11,513	54,391	17,106	11,185
Golf Schools:	\$ 11,913	9,561	5,498	24,531	14,955	3,325
Clinics/Group lessons:	\$ 10,176	9,753	8,446	16,809	10,938	8,088
Payments from staff teachers:	\$ 5,333	960	2,695	23,188	9,939	1,077
Equipment/clubfitting sales:	\$ 2,946	604	3,159	16,630	6,741	1,545
Coaching school teams:	\$ 2,518	1,438	3,654	2,688	2,984	1,140
Corporate outings:	\$ 2,443	929	3,169	5,441	3,237	210
Payments from Tour players:	\$ 1,460	429	1,594	4,563	1,656	861
Books/DVD's/media payments:	\$ 1,448	185	752	7,859	1,605	956
Bonus:	\$ 1,299	2,404	185	0	1,612	395
Tournament winnings:	\$ 1,279	1,337	1,183	1,389	1,192	1,528
Endorsements:	\$ 681	378	745	1,500	896	69
Total Average Revenues:	\$133,995	\$116,515	\$103,072	\$252,493	\$159,157	\$81,262

Source: 2017 Proponent Group Compensation and Operations Survey

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\$116,515, up 3 percent. Independent Contractors averaged **\$103,072, up 5 percent**, and Academy Owners came in at **\$252,493, up a whopping 20 percent.**

Members who have taught more than 10 years averaged **\$159,157** in revenue. Meanwhile, members with less than 10 years of teaching experience brought in an average of **\$81,262.**

The average adult-lesson hourly rate for members teaching at a private club was **\$133** for club members (up 3 percent) and **\$148** for non-members (up 2 percent). Teachers at public courses earned an average hourly rate of **\$138** (up 4 percent). Academy Owners averaged an hourly rate of **\$176** (down 3 percent).

Shift Away from Private Lessons Continues—Coaching Programs are Exploding

The typical Proponent Group member earned only **42 percent** of their revenues from private lessons. This figure was down from 47 percent last year and off from 51 percent five years ago. This is the lowest that percentage has sunk in our 10 years of surveying. This certainly would indicate a shifting into more program diversification for many of our members.

For example, many members reported revenues flowing from 10 or more different sources or program types. In particular, we continue to see a huge growth in long-term coaching programs with the average revenue per member for long-term coaching up **64 percent** this past year, to **\$15,696.** Group lessons/clinics also saw **35 percent** growth, now up to **\$10,176** per member. Meanwhile most other categories were generally flat.

Offsetting Cash Gains, Non-Cash Compensation Continues to Shrink



We noted this trend in last year's survey summary and yes, the erosion of non-cash benefits continued in 2016. In other words, cash compensation is king while all other forms of reward continue to dry up.

For example since 2007: Health insurance paid by employer is down from **61 to 40 percent**; 401k plan, down from 70 to 35 percent; PGA/LPGA dues paid by employer/facility dropped from **53 to 43 percent**; Disability insurance paid by employer dropped from **42 to 22 percent**; Education allowance dropped from **50 to 31 percent** and percentage of facilities purchasing training aids dropped from **61 to 41 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 augment 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 most effective ways to make sure that the industry's shrinking benefits don't cause financial havoc for you later in life.

Members are Investing More in Their Businesses

One of the reasons that revenues are growing is that Proponent members are investing more in their businesses than at any time in the 10 years we've been tracking these numbers. The typical Proponent member ponied up **\$5,600** more for out-of-pocket expenses and investments last year (**\$14,056** versus \$8,430 the year before). This equated to about **10 percent** of revenue being reinvested in these core areas with Independent Contractors leading the way at

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

	All	Employees	Independent Contractors	Academy Owners	More Than 10 Years Teaching	Less Than 10 Years Teaching
Teaching Technology:	\$7,235	4,676	6,776	17,109	7,352	6,653
Rent/Lease Payments:	\$6,668	0	4,740	34,309	7,972	2,909
Training Aids Purchased:	\$2,895	774	2,263	2,233	3,346	1,574
Continuing Education:	\$1,981	1,223	2,850	2,056	4,119	1,735
Marketing/Public Relations:	\$1,945	610	1,980	6,414	4,882	847

Source: 2017 Proponent Group Compensation and Operations Survey

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13 percent, Academy Owners coming in at **11 percent** and Employees at **7 percent**.

While a big chunk of that was for technology purchases, the increase was also significant for training aid purchases and marketing expenses. These investments are a sign of healthy businesses and they bode well for the future.

Facilities Took a Bigger Bite

As revenues rose, so did rents. For our members who pay rent or lease their space, it was a year of significant upward pressure. Rent and lease payments overall, for members who incur these charges, hit **\$23,844**, up **40 percent** over a year earlier. The bigger academies saw average rent jump to **\$34,309**, up **49 percent**. The scarcity of available places to teach is affecting this number as is the fact that most facilities are not doing as well as our members are doing—thus they feel themselves under pressure to squeeze out as many dollars as possible from every source on their property.

Members who have a revenue split at a private club facility paid back an average of **20 percent** of gross revenue, up from 15 percent a year earlier. Meanwhile public facility-based teachers who have a revenue split deal paid **24 percent** on average to the facility. This was the same as in 2015.

A Few New Tidbits

This year's survey asked a handful of new questions that we were curious about. For example, we found that **20 percent** of our membership graduated from one of the PGA of America's on-campus PGM programs.

We also found that **11 percent** of our members work at a facility managed by a golf management company and **35 percent** of our members teach at a multi-teacher academy. LPGA members account for **13 percent** of our membership while **86 percent** of our members are affiliated with their home country's PGA organization (Note: Proponent Group now has members in **24 countries**.)

Teachers are Ditching the U-Hauls

Thanks to a couple of trends in particular, we've seen a steady decrease in the number of members who hold positions at facilities in two different markets. The trends in question are the huge growth in indoor teaching



facilities across the country coupled with the ability to use the latest technologies effectively in an indoor setting. The net result is that it's that much easier for a teacher to have a thriving year-round business in just about any location. This past year only **37 percent** of our members worked in more than one market. This is down steadily from 42 percent five years ago.

Data We Collected on the Data Collectors

Members using launch monitors/Doppler radar units to teach inched up from 80 to **81 percent** and seems to be hitting a ceiling. TrackMan jumped 5 points to **47 percent** of our members (who report that they use that system). FlightScope dropped from 33 to **29 percent**, while Foresight moved up three points and Earnest Sports dropped one point, at **11 and 3 percent**, respectively.



Being Social is Important

Investing big dollars in marketing is not something Proponent members generally do. In this most recent survey the average marketing spend is only **\$1,945**. Free (or at least very inexpensive) social media platforms have become the default marketing channel for many of our members. Overall social-media usage for our members' businesses grew again this year, with **92 percent** using at least one of the major platforms to drive business. About half of our members (**45 percent**) say they spend 1-5 hours a week on their social media business accounts with **22 percent** spending more than 5 hours weekly on the social platforms.

Favorite platforms include Facebook, used by **87 percent** of Proponent members, followed by Twitter at **67 percent**, then Instagram at **62 percent** and YouTube and LinkedIn hovering around **50 percent**.



For the Rest of the Story...

These are just a few of the highlights, so don't forget to check out the full results by downloading the complete survey summary on the member website in the Member Surveys menu. Please let us know if you have any questions about the results or if you would like a customized survey result matching your individual situation. **PG**

