

STRATEGIC PLAN for UNIVERSITY CLUB @ QUEEN'S

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Smith Business Consulting

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After several challenging years, the University Club's Board of Directors, on behalf of the membership, has sought the assistance of Smith Business Consulting to create a business plan that will allow us to grow, to take advantage of opportunities in our community, and to revitalize the Club and its operations. Specifically, we are seeking to: Increase membership; Grow revenue streams; Enhance marketing and communications; Improve financial accountability. Information on the challenges and opportunities facing the University Club in 2022 was solicited from: membership survey and interviews; interviews with staff, board and other University Clubs in Canada (Toronto, McMaster, Alberta, McGill).

What we heard: Members experience a number of challenges in using the club including information about club hours and services, menu and service options, parking, and service charges. Other issues include aging infrastructure, out dated technology, redundant processes, need to capitalize on events opportunities.

What we suggest: The plan focuses on four directions for strategic improvements: **Greater member engagement; Enhanced events venue; Increasing operational efficiencies; Strategic partnerships.** The 3-5 year plan begins with **short-term goals** (< 6 mos.) for the Board, Management, and Events/Marketing:

1. **Reconsider fee structure** to eliminate service charges, and instead bring fees in line with other Clubs in Canada.
2. **Launch a capital campaign** for much-needed facility improvements.
3. **Improve communications** with members and with the community about "What's on at the Club" and details of events bookings and costs.
4. **Enhance value of membership** by exploring creative membership rewards, in place of existing loyalty points.
5. **Implement stronger processes** to ensure financial accountability and efficiency.
6. **Explore partnerships at Queen's** with departments, retirees, new faculty, residences, alumni, convocation, homecoming.

Medium and long-term goals include:

7. **Development of an out-bound marketing approach** to promote the Club as a premier event space for learning events as well as life-cycle events (weddings, retirements, anniversaries, etc.)
8. **Initiate new revenue streams**, such as on-campus off-site catering, grab-and-go lunches, and space rentals.
9. **Explore partnerships with local businesses** that offer benefits to our members and enhance the Club's activity. Several examples include: Spearhead Brewing Company; SHINE Fitness; Tulips & Maple Catering.
10. **Attracting new members**, especially a younger cohort through family-friendly events and menu selections, events with a charitable focus, mentorship program with existing senior members.

Implementation and risk analysis: Possible risks associated with these goals will be evaluated against four criteria: the degree of increased operational efficiency, strengthened competitive advantage, ease of implementation, and impact on total revenues. Risk mitigation strategies will include: gradual implementation; sound legal and business advice and explicit contracts; frequent risk vs reward evaluations, such as return-on-investment calculations and feedback from employees and members.

STRATEGIC PLANNING UNIVERSITY CLUB @ QUEEN'S

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The University Club @ Queen's exists to offer a welcoming informal environment to faculty, staff and their guests, where they can enjoy comfortable meeting spaces and highest quality food and beverage. We strive to provide services in a timely, courteous and creative fashion. We aim to provide optimal value to members, embracing the new while honouring the past.

The Club serves as an oasis in the centre of Queen's University, where faculty and staff at Queen's can enjoy excellent food, beverage, and engaging conversation, and where members of the larger Kingston community feel inspired to share life's special moments. The University Club aspires to be the premier space on the Queen's University campus where club and community members alike meet to share hospitality.

After several challenging years, the University Club's Board of Directors, on behalf of the membership, has sought the assistance of Smith Business Consulting to create a business plan that will allow us to grow, to take advantage of opportunities in our community, and to revitalize the Club and its operations. Specifically, we are seeking to:

1. Increase membership
2. Grow revenue streams
3. Enhance marketing and communications
4. Improve financial accountability.

Currently our core business is:

- **Meals for members**
- **Special events**, including
 - **Life cycle events**, such as weddings, birthdays, retirements and celebrations of life;
 - **Professional events**, such as conferences, industry events, speaker series.

The Club offers a number of strategic advantages and competitive strengths:

- **The property** – an outdoor area with a view of Lake Ontario that is beautiful and unique.
- **The house** -- a historic building with a cozy, nostalgic, and romantic atmosphere.
- **The staff** -- a team who cares deeply about its customers and its service.
- **The membership** – a cadre of ~600 members who are a strong community.
- **Queen's** – located at the south end of Queen's University campus, the Club enjoys the prestige of the University, while being close to downtown.

Methodology

Information has been assembled from a number of sources to generate a detailed baseline of the challenges and opportunities facing the University Club in 2022.

1. Membership Survey
2. Interviews with selected members
3. Interviews with University Club staff
4. Interviews with University Club Board of Directors

5. Interviews with other University Clubs in Canada, specifically the University of Toronto, McMaster University, University of Alberta, and McGill University.

What we heard

These five methodologies have resulted in the following key messages:

Member Services

- **Importance of Eating:** Meal service is central to member interactions with the club – especially member lunches, and special brunches/dinners.
- **Changing Eating Habits:** Food preferences are changing and respondents showed a high demand for more and better vegetarian/vegan options, lighter food, soup/sandwich/salad combos.
- **Interest in Alternative Lunch Time Formats:** Members are interested in quicker meal service or grab-and-go options.
- **Service charge:** There was significant resistance to the added service charge, making members question what the value of their membership fee is.
- **Aging infrastructure:** The building, while still beautiful is beginning to show its age. Lack of adequate upkeep has resulted in health and safety issues, as well as aesthetic issues.
- **Aging Membership:** The current membership of the club is largely made up of retirees and senior faculty, who were first connected to the club many years ago. Recruitment of younger members is needed to ensure sustainability.
- **Restricted Opening Hours:** Members wish the Club was open more hours, especially evenings and weekends.
- **Lunch Service:** The lunch service needs to be made more efficient and time-sensitive. Technology-enabled solutions and point-of-sale tools might be helpful.
- **Digital payment:** Table ordering and payment systems need to be updated.
- **Communications:** Members do not have reliable information about the club's operating hours and events schedule. The best means of communication are email and website. A strong website is essential.
- **Out of the Habit:** A number of factors have created disruptions to the habit of lunching at the Club. The Club must focus on creating new habits that bring members back to the club consistently.
- **Parking:** Parking is a perennial problem on campus and can be a deterrent to using the Club.
- **More inclusive for families and guests:** Features like allowing guests to pay, and having a children's menu would enhance utility.
- **Fees are insignificant:** While members are price sensitive about the cost of meals and service charges, they do not seem concerned about the membership fee. Many are not sure how much they pay per month, and others commented that the fee is very low.
- **Club Atmosphere:** Members lamented the loss of the lively, social, fun atmosphere that prevailed in days gone by.

- **Involving Members:** One Club had frequent contact with members on their plans, and solicited member input on facility upgrades.
- **Opening to the general community:** Other University Clubs allow the general community to enjoy their club experience. This has been important to their survival.

Special Events

- **Need for event marketing:** Event bookings have relied on word-of-mouth marketing, and are entirely reactive vs proactive.
- **Clear information about terms of event booking:** The process for creating estimates and pricing is not as seamless or transparent as it should be.
- **Last Minute Bookings:** The University Club has always endeavoured to accommodate last-minute event bookings. There is an opportunity to add a premium for late-booking, or to reward early bookings.
- **Greater Focus on High Margin Activities:** The Club needs to prioritize events that generate lots of revenue at a low cost.
- **Emphasis on Event Space:** Other University Clubs have successfully positioned themselves as a premier event space by focusing on catering offerings, service excellence, and facility improvements.
- **High Willingness for Repeat Businesses:** Members who have hosted events at the club report that their experience was excellent and they would host their next event at the club.
- **Learning opportunities:** there is an opportunity to make the club a centre for intellectual engagement on campus and for the community
- **Reliable financial information:** Information is needed regarding revenues, costs, margins, and factors influencing them.

What we suggest

These key messages can be grouped into four areas of improvement with objectives that the club can focus on:

1. **Greater member engagement**
2. **Events venue for special functions**
3. **Increasing operational efficiencies**
4. **Strategic partnerships**

Short-Term Activities

Board Activities

- **Membership Fees:** The research shows that fees for the University Club at Queen's are the lowest of the five universities polled. The survey showed that members were willing to pay an annual fee between \$125 - \$325. There appears to be some room to raise fees, especially if service charges were reconfigured or new services were offered to increase the perceived value.
- **Service charges** – Do away with service charge on member meals. Instead, charge only to non-members and guests.

- **Capital campaign for facility Improvements:** The club should work with the Advancement office to raise funds for capital improvements. Donors may make earmarked donations to Queen's and receive a tax receipt given that Queen's owns and is responsible for the building. The approach should be positively focused, with donor recognition, such as tables with donors' names engraved on them.
- **Develop new policy on departmental memberships:** The University Club should continue to reach out to department heads, learn about their events calendars, and focus on building relationships with faculties that host many events in the year. In order to do this, need to clarify departmental memberships. The University Club should also encourage department heads to notify their new faculty about free trial membership and invite department heads to bring new faculty to the club for a discounted lunch.
- **Membership rewards program:** Enhance value of membership by doing away with loyalty points and replacing with other membership rewards, such as:
 - Discounts and freebies from local business partners, in exchange for promotion to members.
 - Preferred member rates for upcoming events.
 - An exclusive Facebook group to facilitate relationships personally and professionally.
 - Gold membership for frequent users, including special perks and deals, priority bookings on events, their favourite table, access to private dining room, free drink with meal, exclusive gold member events.

Short-term activities can be initiated and completed in 1-6 months. These have been configured by Most Responsible Person.

Management Activities

- **Encourage members back to the club:** Offer a free menu item or hold a special member event to say thank you for their member's continued support.
- **Move Towards Greater Financial Accountability:** Financial Revenue projections from 2019 showed that the University Club yielded about a 5% operations margin. According to Canadian Industry Statistics information from 2020, this margin is in the lowest quartile. In 2019, expenses represented 94% of all sales. According to the Canadian Industry Statistics information from 2020, this also places the club in the lower quartile. The median is 88%. An operations margin goal of 11% and an expense reduction goal of 6% was selected to help the University Club come closer to meeting industry standards. The first step in achieving these goals is to implement stronger processes that ensure that costs are better accounted for.

Events & Marketing Activities

- **Communications:** A weekly "What's on at the Club" email would be welcomed.
- **Social media marketing:** to promote the University Club's member functions and special events offerings. Eg., Instagram account called "Events at the University Club" and build feed with photos from past events. Include relevant hashtags, and promote through shoutouts on related Instagram pages, such as the Queen's University Alumni Instagram page.
- **Improved information on events:** Revise website to include detailed, accurate and timely information on event booking.
- **Streamline process for quoting:** times to receive quotes must be shortened.
- **Streamline payment methods:** must be made accessible through digital payments.

- **Other possible partnerships at Queen's**

- **The Retirees Association of Queen's:** The Retirees Association hosts a Speakers Series and other events throughout the year. There might also be an opportunity to establish a mentorship program that connects new faculty with retiree or senior faculty members, to build mutually beneficial relationships, and encourage greater engagement with the club.
- **Human Resources:** New Faculty Orientation hosts in-person events which would be an excellent way to introduce faculty members to the club, and encourage them to activate their free trial.
- **Residences / Move-In Day / Summer residences:** The University Club could set up a Summer Cookout for families moving their children into residences. During the summer, the Club could partner with the residences to provide meal service to paying guests at the residences.
- **Alumni Office / Homecoming:** The University Club could open its doors during Homecoming to alumni for drinks, pub food and music.
- **Registrar's Office / Convocation:** The University Club could offer meal service for graduates and their families after Convocation ceremonies.

Medium-Term Activities

Member engagement

- **Reward Systems:** The club must find ways to continue rewarding their members for engagement. Members can receive rewards through:
 - **Introducing a Referral Program:** Members are rewarded for encouraging new member sign-ups.
 - **Items on Us:** Members can be rewarded with a free item, up to a certain value, on renewal of their membership.
 - **Honorary Menu Items:** The University Club can shout out long-time members by naming their favourite items, such as Rachel's Rated Chop Salad or Charlie's Choice Clam Chowder.
- **Feedback Surveys:** Feedback surveys should be sent out to ask members about their experience. Members who have visited the club for the first time should receive a survey immediately that asks what surprised them about their visit and what they may miss from previous visits.
- **Start a Blog:** Create a blog on the website. Invite members to write about their topic of experience at the club.

Medium-term activities can be initiated and completed in 3-12 months.

Events venue for special functions

- **Adopt lifetime value approach** -- It is imperative that the Club orient itself toward encouraging multiple interactions with individuals and organizations. It is far more costly to engage a new customer than a repeat customer. The club can adopt a lifetime value approach by:
 - **Encouraging repeat transactions:** Helping customers imagine their next event at the University Club is an important part of post-transaction relationship management. For example, a customer who hosts their wedding at the club might be inspired to learn about opportunities to host an anniversary party or vow renewal at the University Club.
 - **Bundling:** When a customer plans to host an event at the University Club, a combined price can be offered if the customer agrees today to also host their next event at the club within a given time frame.

- **Cross-selling:** Complimentary items, such as florals, photography, entertainment, hotels, can be offered to customers for which the club can collect a percentage of profits.
- **Thoughtfully staying in touch:** The club should start reaching out on occasions that have meaning to the customer. For example, a customer who hosts their wedding at the University Club might appreciate a message on their anniversary. Or a customer who has hosted their retirement party at the University Club might appreciate a link to the Retirees Association or the Senior's Centre.

Operational efficiencies

- **Reducing Input Costs:** A major challenge relating to input costs is the lack of historical information for tracking margins on food sales. A management software spreadsheet is needed to build a better picture of food costing and restaurant inventory management. One management software to explore includes MarketMan, a cloud-based inventory management system. There are a number of other strategies that the University Club might consider to manage input costs, such as identifying items that members do not frequently order and remove them from the menu; increasing the number of menu items that do not require meat; swap non-perishable items such as artisanal potato chips for fries; take advantage of local seasonal produce; themed menu designs that use common inputs.
- **Labour Cost Reduction** – One way of containing labour costs is to use students to supplement staff functions. Government grants are available, such as the Canada Summer Work Experience Program and Ontario Talent Opportunities Program. Co-op programs are another option through the Labour Market Partnerships Program with the Ministry of Colleges and Universities. Two roles where students might contribute are:
 - **Sales:** Assisting the Coordinator of Marketing and Events to find prospective clients. Students at the Smith School of Business are seeking opportunities to improve their sales skills.
 - **Events:** Student could help design and implement programs and events. Students from St Lawrence College hospitality and culinary programs seek hands-on experience.

Strategic partnerships

- **Initiating New Revenue Streams with On-campus Catering and Space Rentals:** Queen's Events Services (Aramac Inc.) is the only catering service on the Queen's University Campus. The University Club could offer on-campus catering, with little marketing effort, especially if promoted through club members. A potential first customer is the Faculty of Health Sciences. The University Club should partner with the Faculty of Health Sciences and Kingston General Hospital to host the many events put on by the various departments and services. Close proximity is a significant asset to cater events in the hospital. The University Club could also optimize its use of space by seeking corporate customers who are interested in renting space. Rentals on off-hours and off-seasons could accommodate businesses that do not own a brick-and-mortar location but seek opportunities to interact with customers in person. Two potential partners include:
 - **A local brewery:** The University Club might consider partnering with a local brewery and allowing them to rent the waterfront lawn in the summer to serve beer and snacks to their customers. If the lawn is included in the liquor license, it would be a great opportunity for the Club to collect revenues for low costs. Further, it would be an excellent promotion for the club as an event venue for the community. A brewery that might be interested is Spearhead Brewing Company (Spearhead Brewing Co.). Spearhead is an innovative brewing company that is always seeking new ways to connect with customers. Further, Spearhead's brick-and-mortar location is far away from Kingston's

downtown, and the company might be excited at the opportunity to host events closer to the city's core.

- **A fitness group:** A number of fitness groups run events in the summer months at public parks. These groups are often at risk of being shut down and might benefit from hosting their classes on the University Club waterfront lawn in the summer months. SHINE Fitness, founded by Smith School of Business alumni Jessica Takimoto, is an example of a fitness group that might be interested. Groups that perform more gentle kinds of fitness, such as yoga and meditation, might also be interested in hosting classes inside the University Club during colder months.

Long-Term Activities

Member engagement

- **Attracting younger members:** Some ideas for attracting a new cohort include: having young members on the board; creating mentorship events with senior faculty members and retirees; adding a children's menu and family-oriented events; hosting social events with a charitable focus, eg. fighting homelessness by sharing space to pack care kits or prepare meals for those in need.
- **Menus and Meal Service Changes:** The club must make changes to what is on the menu and how the menu is delivered to its members. Some of these changes can include:
 - **Grab and Go Lunches:** The University Club can set up a lunch bar, with takeaway boxes, in which members can grab their lunches and go back to their desks. Pre-ordered lunches might also be an option.
 - **Daily Specials:** The University Club should introduce daily specials as a way to encourage members to come into the club for lunch, eg. half-price salads on Thursdays.

Long-term activities can be initiated and completed in 8-18 months.

Events venue for special functions

- **Designing an Outbound Sales Strategy:** It is important that the University Club employs an outbound sales strategy to find and reach out to potential customers for events bookings. An outbound sales strategy will also allow the club to have greater control over its events calendar, and there is an opportunity to strategically situate events around times when revenues are needed. To design an outbound sales strategy, the University Club must focus on taking the following steps:
 - **Identify the most attractive customer segments:** Three customer segments might be:
 - individuals who are looking for a venue to host their wedding,
 - organizations looking for a venue to host a conference, and
 - professional groups seeking a place to become their home base for frequently held meetups.
 - **Reaching out:** Make a list of primary contacts of professional groups at Queen's and in the community, then perform personal outreach to discuss the opportunity of hosting the group at the club.
 - **Understanding the needs of these segments:** Beyond the basic hospitality function, the University Club might include value-added products and services, such as flowers and photographers through relationships with third-party vendors.
 - **Set goals for each segment:** How much revenue can be expected for each segment allocate time and resources accordingly.

- **Develop customized communication:** Each segment will have preferred channels to reach them, what kind of language is used and what kind of things they need to know.
- **Building brand advocates:** Use happy customers as brand advocates by offering rewards. For example, if a customer posted a positive review about the University Club online, we might invite them for a free lunch at the club. A customer were to referred a friend might get a discounted rate on their next event.

Increasing operational efficiencies & Strategic partnerships

A partnership with a catering company is recommended. Catering companies rely on keeping costs low to maintain their margins. A strong partner is one who:

- brings a large, diverse group of individuals to the University Club, ranging in age, interests and experiences, as to expand the reach of the club.
- brings users interested in high-frequency interactions with the University Club
- offers immediate, high volume/profit events that build awareness for the University Club and its offerings.

A conversation about partnership has already been initiated with Tulips and Maple Catering, an experienced catering company that currently serves the Tett Centre, the Isabel Bader Centre, St. Lawrence College Conference Buildings, Confederation Place Hotel, and more. They have impressive menus for a variety of events and also have strong relationships with event planning, decor, dishware, and linen suppliers that allow them to be involved in the process from start to finish.

Tulips and Maple are interested in learning more and will require a number of items to encourage their interest in a partnership, including historical financial information, sample events calendars from previous years, details on the building itself such as capacity constraints, and a plan of how a partnership between the University Club and their organization will prove to be mutually beneficial. Charlie Mignault, Smith Business Consulting's manager, can be contacted for more information on approaching this partnership.

The University Club should gather all the necessary information and set up a meeting with Tulips and Maple, a potential strategic partner. In advance of the meeting, the University Club should meet with a legal professional to receive advice on business partnerships. A partnership agreement with Tulips and Maple Might be crafted in a number of ways, depending on how the University Club is willing to split control over who manages catered events, and how the margins on catered events are distributed. Four potential ways that the partnership might be structured include the following:

- **Tulips and Maple takes complete control of the club kitchen:**
 - The University Club agrees that Tulips and Maple has claim to profits derived from all catered events at the club minus the percentage that is proportional to the benefit added by the University Club assets and sales teams.
 - Tulips and Maple absorbs responsibility of input costs and how those costs are managed, absolving the University Club of any responsibility of financial losses on the sales of food.
 - Tulips and Maple manage the kitchen, including what the kitchen serves, how the kitchen is organized and who the kitchen employs.
- **Tulips and Maple takes complete control of the club kitchen for special events:**
 - The University Club agrees that Tulips and Maple has claim to profits derived from all catered special events at the club minus the percentage that is proportional to the benefit added by the University Club assets and sales teams.

- Tulips and Maple absorbs responsibility of input costs and how those costs are managed for special events, absolving the University Club of any responsibility of financial losses on the sales of food.
- Tulips and Maple manage the kitchen on special event occasions, including what the kitchen serves, how the kitchen is organized and who the kitchen employs.
- **Tulips and Maple shares control of the kitchen with the University Club kitchen team:**
 - The University Club agrees to share profits derived from all catered events at the club, proportional to the investments made into the event by each party.
 - Tulips and Maple and the University Club share the responsibility of input costs and how those costs are managed, creating a split responsibility of financial losses on the sales of food.
 - Tulips and Maple and the University Club work together to manage the kitchen, and split their responsibility towards what the kitchen serves, how the kitchen is organized and who the kitchen employs.
- **Tulips and Maple initiates the University Club's new catering revenue stream:**
 - The University Club agrees to share profits derived from all catered events at the club, proportional to the investments made into the event by each party.
 - Tulips and Maple and the University Club share the responsibility of input costs and how those costs are managed, creating a split responsibility of financial losses on the sales of food.
 - Tulips and Maple manage the catering menu, including what is served and how it is priced.
 - Tulips and Maple manage the kitchen but the University Club and Tulips and Maple work together to decide how the kitchen is organized and who the kitchen employs.

Under all partnership agreements, the University Club should look towards including the following terms

- **Capital Infusion:** The catering company agrees to inject a certain level of capital into the University Club to cover the costs of responsibilities towards catered events. The catering company might also invest in enhancements for the club, similar to a loan. Any capital infusion by the catering company will be recovered on a payment schedule.
- **Network Access:** The University Club and the catering company agree to share access to each other's networks, including clients, suppliers, and industry experts.
- **Knowledge Sharing:** The catering company agrees as part of their relationship, they will share knowledge with the University Club regarding best practices for revenue generation, cost cutting, marketing, and other important business functions.
- **Length of Partnership:** The catering company and the University Club must mutually agree on the length of the partnership and the conditions under which the partnership will be re-evaluated.

Implementation and Risk Analysis

A detailed list of implementation steps can be found in the GAANT Chart attached to this report.

There is risk involved with making change. When the University Club is considering the benefit of these recommendations in comparison to the risk associated, the risks should be evaluated against four criteria:

- the degree of increased operational efficiencies,
- degree of strengthened competitive advantage,
- ease of implementation, and
- impact on total revenues.

There are also a few steps that the University Club can take to derisk the proposed recommendations:

- **Gradual Implementation:** Considering that there are many proposed changes, the University Club should first implement recommendations aligned with the current strategy as to not interrupt business flow. Once elements have been implemented successfully, then they can dive into recommendations that promise larger change such as involving a strategic partner or creating new revenue streams.
- **Strong Business Contracts:** Contracts and legal documents can protect the University Club from any risks associated with involving a strategic partner. This contract should clearly lay out each partner's claim to responsibilities and profits, as well as clauses that allow for immediate exit opportunities if the relationship is deemed to be unfavourable.
- **Mechanisms for Frequent Risk versus Reward Evaluations:** Frequent evaluations for the return in comparison to the risk associated should be implemented in order to prevent the University Club team from falling into the trap of a commitment bias. Evaluation methods might include ROI calculations per quarter and feedback mechanisms with employees and customers to understand the effect of changes on business flow.

Measuring Success

Finally, in terms of success measures, the University Club should prioritize the following as ways to measure success:

- **Customer Feedback:** The number of members and customer's who give positive feedback about the club is a meaningful way to check if the team is delivering on its mission.
- **Referral Rates:** The rate at which members and customers refer others to the club and its services will show whether the University Club can reclaim a strong return on investment in its relationship management.
- **Churn Rate:** The number of members who continue to pay their membership dues year after year will help the University Club stay on top of whether or not they are doing a good job of delivering value to their members.
- **Speed and Cost of Customer Acquisition:** The shorter and less expensive the investment into customer acquisition, the better the job the University Club is doing at communicating its value through various sales channels.