

Building Community with Economic Literacy

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The “Why” of Economic Literacy

People don't like surprises. And they really don't like surprises that empty their wallets.

For example. You arrive home after a brutal day in the corporate trenches. A letter from the club is sitting in your mailbox. Ahhhh---my club, the warm embrace. You open the letter, ready for the glow. What's this?!? A shortfall in the contingency fund for the deferred compensation program and you've got three days to come up with the \$17,000 assessment. Huh?!? Where'd *that* come from???

For example. You arrive at the club, ready for another day serving members in the dining room you've called home for thirteen years. Time for the pre-meal meeting with the Maitre' d'. The General Manager strides in. Hmm. This is new. She speaks. "Everyone with less than fourteen years of continuous full time service is going to be laid off as a result of the board's decision to eliminate corporate functions at the club." Huh?!? Where'd *that* come from???

People want to know what's going on at the club. Numbers give them "the know." By keeping "the troops"---both members and staff---informed, by telling them regularly "where they are," "what's going on" and "what to expect" financially, boards and managers can rally the troops to higher levels of support, commitment and performance. Numbers build community.

Numbers tell community more about "self" than any high flown mission statement or strategic planning report. Theory becomes money. Management style becomes money. Smiles become money. "Who are you" can be seen in the numbers. Soul is hidden in the percentages. To "be community," people need to see the numbers and understand the numbers. Bricks cost money. Every brick tells a story. Economic literacy builds community. Time to educate. Cash is king.

People want goals. Numbers make goals tangible. Are we getting near where we want to be? Are we slipping away from the ideal? Is our community eroding before our eyes? Who are we? Numbers tell the story.

Seems obvious. Yet there are managers and boards “out there” who believe in the mushroom philosophy of finances---keep the members and the staff in the dark and feed them “sausage,” so to speak. They underestimate the ability of people to understand and to absorb information. Mum’s the word. Warning---believing so imperils community and doing so imperils jobs and elections.

Avoid the darkness. Give ‘em the facts. Commit to education.

The “How To” of Economic Literacy

Managers and boards translate philosophy into bricks, mortar, programs and people. Each has a dollar sign attached. Numbers are the shorthand for action. Knowledge is power. Spread the word. Commit to open communications and economic literacy.

Education needs reality to stick. Abstractions are all well and good once they’ve been grounded anecdotally in “stuff.” People remember the “why” when the “what” hits them in the eye. Tell stories.

Education takes attitude. People need motivation “to know” before they’ll absorb numbers and ideas. Some people will never care. But they’re in the minority.

Education takes time. To stick, education needs to be slow, incremental and progressive. Be patient. Ongoing education needs to be part of the culture. Don’t fall into the graduate school trap of publishing one “definitive article” and assuming that people will read and remember it. They won’t. Slow and progressive wins the race.

Staff want to know. Consider these tactics for spreading knowledge and building staff commitment to the club community.

- 1. Your Payroll Check:** Ignorance breeds suspicion. When a staff person opens their pay envelop and discover a 40% “discount” to what they think they’ve earned, they’re angry. Who’s doing this to me??? They search for bogeymen, they see the geeky manager and her assistants and they seethe. Economic literacy prevents this by letting them know how “big brother” is raping and pillaging their pay check. Discuss it at the weekly senior staff meeting. Make it an issue once a quarter at the monthly all staff meeting. Give a quiz. Pay for right answers. Educate.
- 2. “How Much You Really Earn” Pay and Benefits Sheet:** Employees don’t appreciate how much they really make, how much the club actually pays them as part of the team. Don’t expect it. So-----when it comes time for the annual

review, discuss their total pay and benefits sheet. Hourly wages for the year. Overtime for the year. Health insurance costs for the year. Vacation pay for the year. Holiday pay. Christmas bonus. Free lunch and dinner. Show them how much they're really making per hour. Educate.

3. **The Bi-Weekly Hours Report:** At the weekly senior staff meeting, discuss the bi-weekly departmental hours report. Show current pay period against the same period in the previous two years. Include the service charges to draw a relationship between the hours worked and the revenues collected. The employee team likes goals. They like to win. Show them the numbers.
4. **Financials for the “Executive Committee”:** Have your executive management committee---Assistant Manager, Chef, Controller, whoever --- review the complete financial package (the one given the Board), with the General Manager each month.
5. **The Front Page of the Financials to the “Senior Staff”:** Each month, review the summary page of the financials at the weekly Senior Staff meeting. Discuss success or failure line item by line item.
6. **The Detailed Departmental Report:** Have the manager distribute and then review the detailed departmental report each month with the department supervisor.
7. **The Variance Report:** The Variance Report is just that---a written summary of and explanation for variances from budget of \$1,000 or more, written in plain English. Distribute and then review at the weekly senior staff meeting.
8. **Understanding Corporate Finances---The Class:** At the club’s internal university (the one the General Manager teaches each week!!!), conduct a survey seminar on club finances. Basic. Clear. Simple.
9. **Understanding Personal Finances---The Class:** At the club’s internal university, conduct a survey seminar on personal finances. Discuss principles---equity, cash flow, balance sheet---using examples they’ll understand from home and family. Mortgage. Utilities. Savings. They’ll appreciate the help, and they’ll see the relationship between personal and corporate finances. Light bulbs will go on.
10. **White Papers:** White Papers are background reports used by the various Committees and Board to stimulate informed conversation. Since everything in clubdom translates into money, distribute any and all to the senior staff and discuss them at the weekly senior staff meeting.

Members want to know. Consider these tactics for spreading knowledge and building member commitment to the club community.

1. **Believe in Economic Literacy:** Forget the “mushroom philosophy.” Accept that people want to know, that they’ll understand and that they crave education. Get the “big cheeses” to commit---General Manager, President and Board. Economic literacy requires their support and enthusiastic commitment.
2. **The “All Committees Should Know” Philosophy:** Committees are filled with bright people. Use them as a resource. Give them the financial facts. Review and debate the numbers.
3. **The Variance Report:** Distribute the Variance Report---the one explaining variances from budget, the one that’s written in plain English---to all the committees. Let them see the economics of the club adventure.
4. **Financial White Papers:** White papers are background reports on issues of consequence. Let every committee get copies of each one published. Talk philosophy. Show them the numbers. Stimulate debate.
5. **Articles in the Newsletter:** The manager and board can see things coming months, even years in advance. Send up a warning flag when there’s foul weather on the horizon. Toss away those “feel good” newsletters and put in some financial meat.
6. **“Here it is and Why” Letter to the Members:** The time has arrived to bite the bullet. Here’s what’s happening and why. Be brief but complete. Be sympathetic but direct. People can take it and will rally to the cause.
7. **Controller Access:** Encourage Board members, committee members, members and staff to drop in on the Controller and yap finances. Direct. No manager O.K. required. Open communications. Allowed and encouraged.
8. **Controller Participation:** Have the controller attend every committee meeting and every board meeting. The controller knows money, and the more access members have to his or her understanding of the cash, the more literate those members will become.
9. **Monthly Financials Available to Any Member Who Asks:** You want the details? Here they are. Let members know through the newsletter that they can drop in on the Manager and get Variance Reports, Financial Statements et al at any time.
10. **Talk to the Manager:** The General Manager is the Board’s most important educational tool. Tell the G.M. to “walk and talk” and to discuss finances

with any and all. Let the manager know that they're expected to be a professor of financial literacy. Build it into their job description.

Time to Educate

“Keep ‘em in the dark” command and control management is dead. People want to know the what and the why and they want input into the decision making process. Economic literacy will put them in “the know.”

Community is built one brick at a time. Philosophy becomes bricks. Bricks translate into money. Numbers are the shorthand for cash. How much a club spends and what they spend it on reveals “soul.” Economic literacy gives understanding of the “what” and the “why.” Understanding welds a community together and focuses team. Commit to economic literacy and get thee community.

And enjoy the journey-----