



Castleknock Lawn Tennis Club Strategic Plan 2016-2020

November, 2015

Executive Chairman Forward

The 2015 Executive Committee undertook the task to develop a five year plan for the club on behalf of the members. As a volunteer organisation where the management of the club can be challenged through the governance process i.e, yearly changes of committees, we felt that the contribution of a strategic plan would provide a roadmap for future Executive Committees.

It has been prepared through benchmarking of the club versus other peers and also takes into account the operational challenges of our day-to-day finances and the considerable compensation resulting from the CPO on our land ; all of which has enabled us to aspire to be one of the largest and successful private tennis developments in Ireland in recent times.

The plan is informed by a set of educated assumptions we have taken and has two aims a) to get to a point where the operating finances of the club are more sustainable and b) where tennis development (social and performance) evolves to match the enviable facilities which the club will have in place by 2017.

Martin Mahon

Executive Chairman, Castleknock Lawn Tennis Club

November, 2015

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1.0 Background

Castleknock Lawn Tennis Club is an organisation with considerable cash assets, a highly ambitious club development plan underway and a strong positioning within tennis community in Ireland. However, our tennis performance and operating finances requires ongoing management and attention. We are mindful that the compensation received as a result of the M50 development put us in a fortuitous financial position; however, the day to day income and expenditure warrants careful management.

The 2015 Executive Committee have undertaken the responsibility on behalf of the members to develop a five year strategic plan for the club to provide a roadmap to effectively manage all ongoing activities to a longer term vision and mission, with supporting financial projections on capital and operational income and expenditures.

A process was undertaken in March – October 2015 to work with the Executive Committee, sub-committees and members to review our past performance, define a vision and mission for the club and shape our future goals and activities with projected financial data to guide the organization over the next five years.

More specifically work was completed to:

- Review our strength, weakness, threats and opportunities and how these might shape our goals for the future
- Develop clear goals over the next 5 years (financial, tennis ambition, membership, key focus areas)
- Outline clear strategies to achieve these goals and the associated resources
- Deliver on a sustainable operating model for the club which can be passed on to future Executive Committees
- Tighten up the governance of the club

We also benchmarked the club versus our peers though formal and informal discussions with other tennis clubs throughout the country.

The following timeline and process was put in place to support the plan development.

- | | |
|---|--------------------------------|
| - Review of development project | February, 2015 |
| - Discussion with clubs | February –July, 2015 |
| - Executive Committee Workshops | March, August & October, 2015 |
| - Coaching consultation | May, 2015 |
| - 5 year Financial plan scenarios | August, October, November 2015 |
| - Final Review with Executive Committee | November, 2015 |
| - Plan Publication to members | November, 2015 |

Disclaimer: It must be noted at this stage that the Executive Committee have made recommendations and assumptions based on the data available at the time of writing.

2.0 Vision, Mission, Values

At the heart of any strategic plan is a clear set of guidelines which articulates the mandate of the club for the next five years. This section outlines the vision, mission of the club and the values with which we as members want to operate in the future.

Our vision for Castleknock Lawn Tennis Club is to continue to be a top tier tennis club in Ireland.

Our mission is to lead in the growth and promotion of tennis enjoyment and excellence in our local community and in Ireland

The values that we espouse in delivering our vision and mission are as follows:

- **Participation:** Whether you are a class 1 player or just a beginner we aim to maximise participation through our social and performance tennis program.
- **Nurturing:** We will invest in junior participation in our club and nurture them to be the best they can be at tennis and have a pathway of development into the adult tennis social and performance program.
- **Co-operation:** As a voluntary organisation we can only survive and thrive through the co-operation of staff, the executive and members of the club. Therefore, the continued ethos of volunteerism and cooperation is an essential component to the future of the club.
- **Enjoyment:** At the heart of the club is the enjoyment of members be it through our tennis program, our social activities program and our bar and entertainment facilities. The development of the new clubhouse offers an opportunity to reach out into the wider community to be a facility which can be enjoyed by all those who pass its threshold.
- **Leadership:** We aim to provide a leadership position in terms of being a responsible club which uses its resources wisely, to ensure that we have a sustainable club development plan underway in all aspects of the club activities and to make a contribution to tennis excellence and enjoyment both at a local and national level.

3.0 2016-2020 Goals, Assumptions and Activities

This section examines the previous performance of the each of the clubs major activities and outlines the assumption for the next 5 years

3.1 Membership

Membership of the club has been fairly static over the last 3 years with an average income in the order of €240k. Subscription rates benchmark well vs peer clubs. With our new two indoor courts we want to grow the membership of the club, which is operating currently at 66% capacity (based on tennis Ireland calculations).

The assumptions for next 5 years on membership are as follows:

- 2016 numbers will show a reduction of 3.5% vs 2015 due to disruption of the development program
- 2017 membership will remain static pending completion of the development program
- 2018 membership numbers to increase by 3.5% and thereafter by 2.5%pa

A subscription rate increase of 5% has been built into 2018 to allow for inflation and the continued upkeep of the new facilities. The testing of a re-established country membership will be put in place on a trial basis in 2016 and will be reviewed mid year. The proposal to put this in place is to encourage new talent into the club based on agreed criteria by the Executive Committee.

Overall membership income is expected to grow from €240K in 2016 to €278k in 2020. With the introduction of a Director of Tennis and also the presence of a Club Manager, we expect to see further performance in the acquisition of new members through outreach activities in local schools, junior tennis programs as well as an increased number of open day events attracting families and prospective members throughout the year. Particular attention needs to be paid to the retention of new members in their first year of membership to ensure they feel welcomed and integrated into the club. The induction program trialled in 2015 is proving to work well and further development of this program for new members in the coming year.

3.2 Club Development Program

In 2011, the club received significant compensation of €11m due to the compulsory purchase of club land by the NRA for the extension of the M50. The club will not incur a liability to CGT to the extent of the compensation money being used for development, provided such funds are spent within 5 years of receipt. At the end of the 5 year term (May 2016), where contracted work is not completed, Revenue may, on the club's request, allow for an extension of the term. The uncommitted balance of the compensation monies at the end of the 5 year period will be subject to CGT at 20%.

Over the years there has been a consultation process underway with members on the club development. Following extensive consultation in 2015 with members, the new development plan has moved to detailed design stage with projected timeline for delivery

of a newly refurbished clubhouse and grounds with two additional indoor tennis courts by mid 2017.

The following will be the key features of this new development

- +80% footprint to clubhouse
- Increased room capacity for other revenue generating activities
- Improved bar facilities for private and public functions
- Improved viewing of courts from clubhouse
- Two additional indoor courts
- A new practice wall
- An upgrade in parking facilities
- Inclusion of fitness room
- Improved and extended junior facilities and adult changing rooms
- Upgraded on-court lighting

The following principles were adhered to in the new design

- High qualities materials and finishes
- Ongoing maintenance to be as efficient as possible (grounds and clubhouse upkeep)
- Ability to run member and non-club functions simultaneously
- Grow capacity for membership and improve membership numbers

The following timeline has been outlined for this development

Phase 1: Movement of bar and facilities to indoor court – January, 2016

Phase 2: Clubhouse development February, 2016 – February, 2017

Phase 3: Indoor tennis courts July, 2016 – July, 2017

Provisional estimates have been made as follows:

- €110k for relocation of club facilities into indoor area (bar, showers offices etc.)
- €2.3m for clubhouse refurbishment
- €3.2m for 2 indoor court extension and new flood lights court no.4-10

Expenditure is expected to be completed by 2017. A clerk of works has been employed to oversee the quality of the construction.

It is anticipated that the new clubhouse will be subjected to depreciation of 2% per annum from completion onwards

The estimated residual capital of €3m will be subjected to CGT (Capital Gains Tax) of 20%. The Executive Committee would encourage that the reserves are used for future capital projects over the next 15-20 years.

3.3 Bar and other Income activities

The bar continues to be a challenging activity, due to falling demand and high running costs. Most bars in peer clubs have been experiencing the same trend since 2008. 2015 bar loss was €24k with a gross margin of 51%.

The following assumptions has been made on bar activities:

- reduction of employment costs
- bar receipts have dropped from €132k in 2014 to €116K in 2015. 2016 sales are likely to decline by a further 7.5% due to relocation of the bar to the indoor facilities and lack of functions A re-organisation of bar staffing will have a beneficial effect on the bottom line - 2016 is projected to show a break-even position while for the period 2017 to 2020 profits are forecast to increase from €4.2k to €12.9k, reflecting the growth in the post construction period.

The Executive Committee have recommended that the club should look at alternative models of catering with the emergence of the new clubhouse e.g. franchise of catering facilities, café shop as well as traditional bar facilities. An Executive Committee member along with the Club manager will actively investigate options and propose a plan in 2016, whilst the refurbishments are underway.

Other leisure activities such as bridge, art classes etc. will re-commence in the new club house and hopefully this can be added to as more rooms will be available for a wider variety of member activities including corporate use throughout the day.

Other income includes the rental of mobile phone masts which is expected to decline from €47k to €34k due to changing technology and consolidation of key players e.g., O2 now owned by Three Ireland.

Interest income is expected to fall due to utilisation of cash balances to meet capital expenditure and allied with this, the steady decline in deposit rates. Whilst investment streams have to be explored, the Executive Committee recommends a continued conservative approach to management of deposit income.

It is assumed other expenses such as insurance, electricity, gas as well as maintenance and security will go through some fluctuations during the development in 2016, but should stabilize following 2017.

An investment in streamlining our 14 member database systems and installation of a smart club access solution which will manage membership logons, lights booking etc. has been factored into the club renovations.

A review of ongoing sponsorships and charity sponsorships will be put on hold during 2016. In addition, the potential to host the Davis cup will be reviewed in the future should the opportunity arise as it has proven to have a positive return in the order of €10k to the club. We have developed a strong reputation in the delivery of this prestigious international event and it is a way to showcase for future memberships.

A sponsorship policy and packages was put in place in 2015 which is being managed by the Club Manager in conjunction with Lady's and Men's Captains and the Junior Co-ordinator and to date has garnered approximately €3k in income around the court facilities and during various club competitions. It is expected that these sponsorship packages would need to be revisited in 2017 following the opening of the new facilities.

3.4 Tennis Development

In 2015, a review of our tennis performance and that of peer clubs indicated the need to hire a Director of Tennis for the club. Sam Armstrong joined in August 2015 and has responsibility for driving quality in coaching in our Adult and Junior program as well as driving overall tennis performance and ranking in Ireland.

Approximately 220 juniors take place in our junior coaching program with net income generated in the order of €3k. Junior Coaching has doubled in size since 2013 due to better management of the administration of coaching. There is an opportunity to streamline this coaching and to improve the quality by having fewer aged grouping and re-organising groupings based on tennis technical ability in the 2016 program. It has been identified that there is a need for a hitting coach as well as upgrading of coaching quality in general.

League coaching has been introduced as well as general coaching and group coaching for adults.

In addition, there is an opportunity to further enhance the coaching program in 2016 to improve overall tennis quality at adult and junior level.

The key outcomes we have forecasted on coaching performance include:

- pathway which improves junior to adult playing conversion,
- more fun competition which encourage skills building and socialization
- Participation in nationals and improved club league standards
- Growth of income from tennis coaching activities

3.5 Governance & Compliance

Like all voluntary organisations, the club has gone through a significant overhaul of its compliance in 2014 and in 2015 on governance.

Key developments in this area include:

- Health and Safety compliance 2014
- Data Protection 2014
- Staff protocols 2014
- Updated child protection policy and associated training in 2015
- Update of Constitution including overhaul of grievances process commenced in 2015
- Updated Sponsorship policy 2015

Key areas needing further attention include:

- Performance and management of coaching quality
- Potentially a smaller Executive Committee with clear delineation of roles and responsibilities of staff and the Executive Committee
- Performance management of staff by Executive
- Further Data protection policy work

- More steam lined on-line experience for members through the website to book courts, make payments and manage their own passwords

3.6 Community Engagement

The Castleknock Lawn tennis club exists within one of the fastest growing county councils in Ireland i.e., Fingal County Council. With the development of the new facilities, the Executive Committee is recommending we more proactively engage with local clubs, schools and communities and ensure a ‘good neighbour’ policy.

4.0 2016-2020 Consolidated Financial Projections

The consolidation of the financial assumptions are detailed on the next page.

In summary, overall income is projected to grow from €275k to €340k due to improved membership subscriptions and bar financial management. The deficit will grow from €36k in 2015 to €83k in 2020 with a large deficit estimated in 2016 due to write-down of the current clubhouse and 2% depreciation from 2017. Net funds are projected at €8.5m in 2015 to reduce to €3.4m in 2020, following the club development.

Castleknock LTC						
<i>Financial forecasts for the 5 years - 2015 to 2019</i>						
	2015	2016	2017	2018	2019	2020
	<i>Actual</i>	<i>F'cast</i>	<i>F'cast</i>	<i>F'cast</i>	<i>F'cast</i>	
Income	€	€	€	€	€	€
Subscriptions	242,354	239,710	238,840	265,600	270,640	277,800
Mobile Phone Masts Rental	47,200	42,150	34,600	34,600	34,600	34,600
Lights Revenue	15,683	14,480	14,860	15,230	15,590	15,730
Sponsorship	0	1,000	2,000	3,000	3,000	3,000
Hire of Facilities	0	1,000	2,500	4,000	5,000	5,000
Bar	(24,110)	(290)	4,240	10,090	11,480	12,900
Tennis	(3,255)	(10,580)	(9,280)	(8,400)	(7,930)	(6,830)
Social	(1,877)	(2,500)	(2,300)	(2,200)	(2,200)	(2,200)
	275,995	284,970	285,460	321,920	330,180	340,000
Expenditure						
Employment Costs	94,740	77,848	64,490	51,090	51,090	51,090
Rates	20,198	20,650	20,650	20,650	20,650	20,650
Insurances	10,230	10,250	15,000	20,000	20,000	20,000
Electricity & Gas	39,127	40,240	38,670	38,060	38,060	38,060
Repairs & Maint - Courts & Grounds	2,310	2,000	3,000	3,150	3,308	3,473
Repairs & Maint - Other	49,482	0	0	1,000	2,000	5,000
Cleaning	8,562	9,000	12,600	20,400	20,400	20,400
Security	11,312	12,500	13,000	13,000	13,000	13,000
Printing, Stationery & Postage & Co	4,658	5,000	5,130	5,260	5,390	5,520
Telephone	5,660	5,000	5,130	5,260	5,390	5,520
Professional Fees	1,460	5,000	2,000	2,000	2,000	2,000
Audit Fee	2,788	2,800	2,900	3,050	3,050	3,050
Bank Charges	3,077	3,000	3,000	3,000	3,000	3,000
General Expenses	1,836	2,500	2,630	2,630	2,630	2,630
Donations			5,000	10,000	10,000	10,000
	255,440	195,788	193,200	198,550	199,968	203,393
Depreciation	98,938	94,953	236,902	233,950	229,846	229,846
Write-off of CX						
	354,378	290,741	430,102	432,500	429,814	433,239
(Deficit) before Interest Receivable and Exceptional Items	(78,383)	(5,771)	(144,642)	(110,580)	(99,634)	(93,239)
Interest Receivable	82,780	19,480	11,729	9,226	9,221	9,642
Surplus / (Deficit) after Interest	4,397	13,709	(132,913)	(101,354)	(90,413)	(83,597)
Exceptional Items						
Redundancy	(50,681)					
Davis Cup	10,124					
Parks Tennis						
PwC						
James McGee						
Write-down of Clubhouse		(500,000)				
	(40,557)	(500,000)	0	0	0	0
(Deficit)/Surplus	(36,160)	(486,291)	(132,913)	(101,354)	(90,413)	(83,597)
Castleknock LTC						
Cash Flow Projection						
	2015	2016	2017	2018	2019	2020
	<i>F'cast</i>	<i>F'cast</i>	<i>F'cast</i>	<i>F'cast</i>	<i>F'cast</i>	<i>F'cast</i>
	€	€	€	€	€	
Income & Expenditure:						
(Deficit)/Surplus	(36,160)	(486,291)	(132,913)	(101,354)	(90,413)	(83,597)
Add:						
Depreciation	98,938	94,953	236,902	233,950	229,846	229,846
Write-off of Investigative Costs						
Write-down of Clubhouse		500,000	0			
	62,778	108,662	103,989	132,596	139,433	146,249
Capital Expenditure:						
New Clubhouse	(17,086)	(1,624,344)	(541,448)	(115,000)		
2 New Indoor Courts	(65,583)	(2,182,611)	(727,537)	(160,000)		
Other Cap Ex	(5,343)					
Working Cap. Mvnt	(3,358)					
Taxation						
CGT @ 20%			(387,000)			
	(28,592)	(3,698,293)	(1,551,996)	(142,404)	139,433	146,249
Net Funds - Op position	8,482,221	8,453,629	4,755,336	3,203,340	3,060,936	3,200,370
Net Funds - CI position	8,453,629	4,755,336	3,203,340	3,060,936	3,200,370	3,346,619

5.0 Conclusion

Stewardship of the club's resources as well as ensuring the continued growth of membership remains at the core of a sustainable operating model for the club.

The club development and ongoing activities outlined in the plan provides an opportunity for members to enjoy and grow their tennis skills be it at a competitive or social level as well as participation in social activities.

We hope that this plan has delivered in some way to articulate a roadmap for the club for members and future Executive Committees.

CLTC Executive Committee, 2015