Palmer Management plans major expansion

Pacific Golf mgmt. contributes $50 million acquisition war chest

By PETER BLAIS

ORLANDO, Fla. — Travelers stay at a Marriott, Hilton, Hyatt or Ritz Carlton because they know what type of accommodations they can expect.

Golfers show a preference for a Pete Dye, Tom Fazio, Art Hills or Jack Nicklaus layout because they know the type of course they are likely to encounter.

But will those same golfers make a special effort to play a particular course because it's managed by a ClubCorp, American Golf Corp, Kemper Sports, Fairways Group or Arnold Palmer Golf Management Co?

Not yet, but that day is coming, according to Palmer President Peter Namula.

"The golf industry has been underbuilt, until recently," Namula explained. "But as soon as there is the slightest hint of an oversupply of courses, golfers will become more discriminating. Then the brand name of the management company will become important."

Namula sees that day fast approaching. Florida is largely overbuilt already, he said. If the current new course construction pace continues, other parts of the country will become oversaturated with golf facilities over the next five to 10 years, he predicted.

"The growth rate in demand for golf courses will slow," Namula said. "Instead of the 5 to 10 percent annual growth we saw in the 1980s, it will be closer to 3 to 5 percent. That's still a good, solid underlying growth figure, especially considering the population is increasing at just a 1 percent annual rate.

"But it also means the excess demand for golf will be sucked up. There will be a shakeout and some good acquisition deals will be available on golf courses."

Palmer Management is poised to take advantage of those opportunities, Namula said.

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New Kiawah Island management to undertake extensive renovations

By PETER BLAIS

KIAWAH ISLAND, S.C. — Pete Dye, Tom Fazio, Jack Nicklaus and Gary Player will all return to Kiawah Island over the next few years to help renovate their creations as part of the $15 million facelift planned by the Charleston-area resort's new owners.

"We want to make Kiawah the very best resort," said Pete Dye, architect of the best known Kiawah layout. It opened in 1991 and hosted that year's Ryder Cup.

The award-winning Ocean Course to a higher level of maintenance," said Chris Cole, project director for golf and tennis. He will oversee the changes to the three courses.

The Ocean Course is the newest and largest of Kiawah Island's four layouts, and one of the best known Pete Dye layouts. It opened in 1991 and hosted the 1991 Ryder Cup.

Cole plans to clean out some vegetation to make the course more playable. A walking policy at the currently-cart-only course, along with a first-class caddy program, should be in place by March, he added.

Being the newest of the four layouts, the Ocean Course is in the least need of updating, Cole said. The effects of financially strapped Landmark's final years are more visible at Marsh Point opened in 1985 and has won awards from the Desert Beautification Society for the past two years.

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Owners group honors Dedman

DALLAS—Robert Dedman, chairman and chief executive officer of Club Corporation International (ClubCorp), will receive the Award of Merit at a banquet to be held in his honor Feb. 9, at the Four Seasons Resort here.

The Award of Merit is given annually to recognize an individual or organization who have made a significant and long-term contribution to the game of golf and who have made the game more popular. This banquet is a part of the NGCOA Annual Conference.

ClubCorp is the holding company for several highly successful golf, hospitality, and financial services companies. ClubCorp's subsidiaries include 36-year-old Club Corporation of America, Club Resorts Inc. and GolfCorp.

In 1957, Robert Dedman, Sr. was convinced that the golf and country club business presented a great opportunity for a profit-oriented owner/operator. At that time he purchased

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Marketing Idea of the Month

Kids-play-free program at Hilton Head increases revenues

By PETER BLAIS

It was a mystery.

Summer was Port Royal Golf & Tennis Ltd.'s busiest time of the year. Hotel rooms were full, restaurants packed and the Hilton Head Island (S.C.) beaches were swarming with people.

But at the facility's 81 golf holes, play was well below spring and fall levels. In fact, from 2 to 4 p.m., the Port Royal Golf & Racquet Club and Shipyard Golf Club layouts were basically empty.

"What gives?" asked Chief Operating Officer Mike Tinkey.

Being a sound businessperson, Tinkey decided to survey his summer customers. He asked them why they came to Port Royal and why they didn't play more golf.

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Palmer Management  
Continued from page 63

Headquartered at the Bay Hill Club here, Arnold Palmer Golf Management came under the leadership of Nanula and Chief Operating Officer Blake Sonne in September. The two formerly owned and operated Pacific Golf and brought with them a $50 million commitment from Apex Investment Partners, a Chicago venture capital firm, to acquire, lease and manage golf facilities nationwide over the next five to seven years.

Nanula said Palmer will target quality, existing (open at least one year) layouts, although not necessarily signature designs, with annual revenues of $750,000 or more. A minimum population of 250,000 within a 30-minute drive is needed for serious consideration.

The firm plans to develop those facilities into what Nanula terms “the quality and price leader” in that market. Basically that means Palmer striving to make it the top-conditioned course with the best service in the area, a combination that should also allow it to charge the top greens fees, whether that be $25 or $100 per round.

Nanula points to Palmer-designed Spencer T. Olin Community Golf Course in Alton, Ill., near St. Louis as a good example.

“It’s considered among the top courses in the Midwest and is being looked at as a possible U.S. Open site. We want courses that can become showplaces for their communities,” Nanula said.

Palmer has reviewed many courses since early October and made offers on several, Nanula said. Plans are to acquire or lease three to four in 1994 and increase the number yearly slightly through the 1990s.

What will differentiate a Palmer-managed course from the handful of large firms that, Nanula says, manage basically generic properties?

“They [other major management firms] do a good job of fixing up and then maintaining a golf course for the customer,” the Palmer executive said.

“But there is nothing that allows the consumer to differentiate between a ClubCorp, AGC or Fairways facility. They are like the first generation of old hotels that paved the way for the Marriotts, Hiltons and Hyatts.

“The new generation of courses will attract golfers because they are managed by companies that let the golfer know what to expect in terms of course quality and customer service.”

“We believe Palmer Management is uniquely positioned to capitalize on golfers’ needs to identify with a brand name management company.”

What will set a Palmer-managed course apart?

First and foremost will be the quality of the course, Nanula said. That responsibility will fall primarily on the shoulders of Director of Agronomy James Ellison.

Ellison heads a staff of Palmer-trained superintendents, many of whom have worked throughout the United States, Europe and Asia. Ellison will retain as much of the existing staff as possible at acquired courses. “There’s no substitute for hands-on knowledge of a golf course,” Nanula said.

Second will be the presence of Palmer memorabilia. Photos and paintings of The General will line the walls of the pro shop, where Palmer-endorsed products will be sold.

Third will be the level of customer service.

“We’re determined to do any of our competitors one better,” Nanula said. “If that means a municipal course having a cart boy meet you in the parking lot and take your bag to the first tee, that’s what we’ll do. If it means having the pro shop staff wear Arnie blazers, that’s what we’ll do. But it won’t be a cookie cutter approach. It will vary with the market.”

Then there is the Palmer mystique, which Nanula said plays right into the growth of public golf.

“Arnold is a great champion and has endorsed many high-end products, from Rolex watches to expensive cars. But he’s also a regular guy who has attracted public support—Arnie’s Army. That should help in the municipal market,” Nanula said.

Good times could be over for Palatine, Ill. golfers

PALATINE, Ill. — Season pass holders at Palatine Hills Golf Course may be getting too good a bargain.

The Palatine Park District is considering elimination of this unlimited play pass which costs $610.

“It is clearly my recommendation and that of my golf course staff that season passes as we have traditionally offered them not be available in 1994,” said park district Executive Director Fred Hall.

Hall cited one particular cardholder, who played 100 rounds of golf this year, saving $146 over what he would have paid at the existing resident identification card rate.

Discount cardholders would pay a lower season fee for a golf cart that would entitle them to reduced fees on every round of golf and carting money over the course of a year while making it profitable for cardholders to remain loyal to Palatine Hills, Hall said.

Dr. S. Aleksic, a member of the Palatine Hills Golf Association, warned that if this year’s pass holders can find better deals at other area golf courses in 1994, Palatine Hills could lose some regulars, he said.

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