Palmer Mgt. moves toward franchising

By PETER BLAIS

ORLANDO, Fla. — Arnold Palmer Golf Management Co. has unveiled a franchise program that allows course owners to use the Palmer name and proprietary operating systems, but permits course owners to continue operating their golf facilities themselves.

“No one has provided management services to people who want to continue running their own courses, until now,” said Palmer Chief Marketing Officer Jose Redling. “We created this system specifically for them.”

In exchange for an undisclosed annual franchise fee plus a percentage of course revenues, courses that pass a selective screening process can become part of a Palmer management network that currently includes 20 courses nationwide.

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Ski firms become major players

American Skiing Co.

By PETER BLAIS

Skiing provides the monetary speed, but golf helps smooth out the financial bumps for American Skiing Company, a major Northern New England ski operator that is fast becoming one of the region’s major golf course owners and operators.

Although it represents just 10 percent of ASC’s total revenues, golf helps even out the company’s cash flow throughout the year, according to ASC Chief Financial Officer Tom Joseph Redling. “We...”

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Troon Golf venture

By PETER BLAIS

COPPER MOUNTAIN, Colo. — The folks at Intrawest have reached the literal pinnacle of North American golf with the recent purchase of Copper Creek Golf Club, reputed to be the highest golf course on the continent.

The Pete Dye-designed layout at the Copper Mountain ski resort plus January’s acquisition of the Tom Mcdermott-crafted Mont Ste. Marie ski resort and golf course near Ottawa, Canada, gives the firm a portfolio of 10 courses at this time,” said Christopher Haley, senior financial analyst with First Butcher Singer. “It expects to acquire another $55 million in 1997, $110 million in 1998 and $140 million in 1999. That should allow the REIT to more than triple the size of its portfolio.”

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Golf Trust of America to raise $300 million

By PETER BLAIS

Golf Trust of America — a real estate investment trust established by the founders of The Legends Group in Myrtle Beach, S.C. — will raise $300 million over the next three years allowing it acquire at least 30 courses by the end of the decade, according to the investment banking firm that helped develop Golf Trust’s original February stock offering.

“Golf Trust owns 10 courses at this time,” said Christopher Haley, senior research analyst with Wheat First Butcher Singer. “It expects to acquire another $55 million in 1997, $110 million in 1998 and $140 million in 1999. That should allow the REIT to more than triple the size of its portfolio.”

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Killington Golf course is part of American Skiing Co.’s growing stable of courses.

Newly capitalized Troon

By PETER BLAIS

SCOTTSDALE, Ariz. — Formation of a new partnership between Scottsdale-based Troon Golf Management and Starwood Capital Group LLC of Greenwich, Conn., should help Troon expand its golf course management portfolio and acquire additional properties.

“We’re looking at the East and Midwest,” said Dana Garmany, Chief Executive Officer of Troon Golf. “We’ll probably double our size to about 20 properties in the next 12 months.”

Troon Golf’s new partner, Starwood, is a 50-50 partner with Goldman Sachs in Westin Hotels. It looks to the East and Midwest, concluding a series of upscale, resort-style projects in each of the major metropolitan markets on the West Coast, according to an OB Sports release. The courses will be referred to collectively as the OB Sports Golf Trail.

The financial package includes $43.5 million in senior notes obtained from Pacific Life Insurance Co. along with $16 million of growth capital.

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Golf South finds new partner in ClubLink

By HAL PHILLIPS

GREENVILLE, S.C. — To compete for today’s course operations contracts, it takes more than for-profit management credentials. It also takes deep pockets.

The pockets at GolfSouth LLC just got deeper following its alliance with Canada’s only publicly operated golf course management portfolio. Haldeman has teamed up with its Canadian partner to develop a series of upscale, resort-style projects in each of the major metropolitan markets on the West Coast, according to an OB Sports release. The courses will be referred to collectively as the OB Sports Golf Trail.

The financial package includes $43.5 million in senior notes obtained from Pacific Life Insurance Co. along with $16 million of growth capital.

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Golf Ventures, USGC tie the merger knot

By PETER BLAIS

ORLANDO, Fla. — Course operators Golf Ventures Inc. of Salt Lake City and U.S. Golf Communities of Orlando, Fla., have signed an agreement amounting to a reverse merger.

The pockets at GolfSouth LLC just got deeper following its alliance with Canada’s only publicly

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Palmer
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Palmer will supply the franchise with the Palmer name, proprietary operating systems, access to a national course supplies purchasing program and Palmer’s marketing, sales and design support. Palmer has also partnered with Design Forum, a retail specialist and graphics designer whose services are part of the Palmer franchise package. The cornerstone of the franchise arrangement, Redling said, is a two-year customer service survey that resulted in The Arnold Palmer Golf Management System™ which includes detailed, proprietary models for all key business segments, including course maintenance and agronomy, sales and marketing, merchandising, food and beverage, driving range, instruction, equipment services and training. All are aimed at providing a superior experience for golfers.

“Customer service has become something of a platitude in the management business,” Redling said. “The hardest thing to do is exceed customer expectations in any business... We’ve created detailed management systems to provide affiliated courses. They aren’t abstract, but very distinct and have resulted in manuals that show specifically how to deliver quality service to golf customers.”

The franchise concept is commonplace in other industries, but new to the golf business, Redling said. “There’s a great deal of interest [among competitors] in what we’re doing,” the Palmer executive said.

KSL Fairways President Eric Affeldt, whose company manages roughly two dozen public courses nationwide, questioned the wisdom of standardizing every aspect of a golf course operation. “Not all systems are transferable in golf,” he explained. “We operate in micro markets. Customers look for different things in different places. You can’t pick up everything we do at one of our Maryland properties and move it to Florida.”

“There are some standardized back-of-the-house issues. But to put your name on so many different courses in different areas, and not manage them yourself, is pretty bold.”

Affeldt also wondered how Palmer would follow up with its franchisees to make certain they adhered to the company’s required quality level.

Redling acknowledged that golf “is not a cookie-cutter industry” because no two golf courses are exactly alike. But making customer service the focus at each facility is something that can be consistent from course to course.

Palmer’s comprehensive screening process will help ensure that only course operators willing to “raise the customer-service bar” and adhere to the company’s strict measurement standards will be granted franchises, Redling said. Courses and facilities that are in need of upgrades will have to agree to make those changes before becoming part of the Palmer operation. In addition to frequent meetings with Palmer staff, customer surveys and mystery guest visits (similar to shopping services used in retail stores) will be conducted to check if customers are being treated as promised.

“If the course owner is unwilling to make the changes or adhere to the program, we’ll move on,” Redling said. “There will be a standard franchise agreement that both sides must meet.”

Redling said Arnold Palmer “is the name most golfers can relate to... We have the brand name and the other Palmer companies to back it up — our equipment, apparel, course design, Design Forum and other Palmer companies.”

Rich Katz, vice president of marketing with Billy Casper Golf Management, noted his company has worked hard to develop a consistent quality and superior customer service.

“Billy Casper himself has a wonderful reputation,” Katz said. “But this business is a matter of rolling up your sleeves and going to work. The name helps. But the name players aren’t your meaters and greeters. That is done in the trenches by the people you’ve trained.”

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