

Industry bristles as GCSAA plans e-commerce

By ANDREW OVERBECK and JOEL JOYNER

LAWRENCE, Kan. — While months of speculation about who the GCSAA would select as its e-commerce partner ended in late April, the association's decision to team with XS Inc. and launch a pilot program has not pacified industry concerns.

Manufacturers, suppliers and distributors have all expressed objections to the GCSAA's Internet venture, with many questioning how the for-profit site meshes with the association's mission.

"I am not sure that this is something that they should have entered into in the first place," said an industry insider who preferred not to be identified for this story. "They are there to support and service the superintendent. But when you have other dot-com ventures out there in the market, some of which are members of the GCSAA, they have in effect become competition. A trade association should not be in competition with its own members."

The GCSAA defends its e-commerce experiment.

"This is a process that has been discussed by the board for the past two years," said the association's CFO, Julian Arredondo. "This originated from member surveys and we would not have done it if it were not consistent with our mission to make their jobs easier. We are still trying to discover if [e-commerce] is appropriate for our industry."

A GOLF SUPERMARKET

Raleigh, N.C.-based XS Inc., which had started laying the groundwork for its own turf-specific site this past fall (Sept. 2000 GCN), has gained an instant audience of 11,000 superintendent members by team-

ing up with the GCSAA.

"The audience was the value proposition for us," said Harry Albert, director of the company's specialty business unit. "Not only do you have more people who are aware that there is a commerce option out there, they are more willing to take the first step because they trust the GCSAA."

For the GCSAA site, XS Inc. has adapted its successful xsag.com model for the

golf course industry. The site will have two major sales components with free access for GCSAA members. The association has not decided whether non-members will have to pay a fee in order to participate.



Julian Arredondo



Harry Albert

The "net market" will consist of a list of products for sale at either fixed or negotiable cost. Sellers are not required to identify themselves to buyers on the net market.

The more traditional "storefront" section is designed for superintendents who are more comfortable doing business with vendors they know and trust. "A superintendent can come to their distributor's site and look at a list of products and buy from the site," Albert said. "They then work out the details of the sale and keep pricing between themselves."

For those companies already starting to explore Internet options, there is still a value proposition with the GCSAA site, according to Albert. "This is about gaining additional shelf space," he said. "There is no risk putting stuff on the net market."

Transactions on the net market will be charged a three-percent fee, and companies choosing to put up a storefront will pay a yearly hosting fee. The GCSAA will

share profits with XS Inc., but the association declined to reveal how that will break down. Arredondo said the profits will be injected back into the GCSAA to fund services such as government relations, research and education.

INDUSTRY VIEWS SITE AS COMPETITION

After being briefed by the GCSAA on April 17, many industry members came away feeling that the association was now competing in their business.

"This puts them in a competitor status, not a support status," said Brian Payseno, marketing communications manager for UHS. "I would understand if there was nobody in the market providing these services, but there are plenty of vendors out there. They need to carefully consider where they are going."

The GCSAA site's potential to make an end-run around traditional distribution is certainly seen as threatening.

"They are going to have to go back and rethink this," said an industry executive who wished to remain anonymous. "An e-commerce site with set prices could effectively cancel out all the distribution in the marketplace."

UHS's Payseno said that his company did not want to be involved in any e-commerce venture that does not embrace existing distribution channels. "The salesperson is the key in this because the superintendent values that relationship," he said. "They want someone who they can call on, someone who can support the sale they make."

Others are not thrilled about a transaction-based model and don't see the value in a hosted storefront.

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Superintendents skeptical about Internet venture

By JOEL JOYNER

KIAWAH ISLAND, S.C. — While the Golf Course Superintendents Association of America works with its industry members to shape its new e-commerce site, superintendents question the value and usefulness of the venture.

The site was launched just last month, but already some superintendents believe the GCSAA is moving too far afield from its core mission: educating golf course superintendents.

Internet service provider XS Inc. will operate the site and handle transactions, while the GCSAA will provide a membership foundation and collect a portion of the revenues from transaction and hosting fees.

"I don't feel that it is the business of a professional association to go into the business of selling goods," said Paul Eckholm, superintendent at the Heritage Links Golf Club in Lakeville, Minn.

"The GCSAA has its tag line, 'Dedicated to serving its members, advancing their profession and enhancing the enjoyment, growth and vitality of the game of golf,'" Eckholm said. "I don't see how this venture relates to any of those items. Since the passage of the PDI, I would think the association would have its hands full promoting its members and advancing the profession."



TALK OF REBELLION

Steven Cook at the Oakland Hills Country Club in Bloomfield Hills, Mich., also has some doubts. "I applaud the GCSAA's proactive thought process, but my concern is the amount of staff time spent on these projects in relation to where those hours could be spent," he said.

"With the majority of superintendents not even connected to the Internet, it seems that we're using resources that affect a small portion of our members," said Cook. "We live and work in a three dimensional world, and I believe that personal contact with vendors is essential. The Internet is a two-dimensional media that pushes us further from each other. It's not something that appeals to me."

Cook takes it one step further, believing that the commercial venture drives a bigger wedge into the rift created among superintendents over PDI.

"I think the time will come, in the very near future, when another national golf course superintendents

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IGM bolsters its portfolio, adds four more Florida courses

KISSIMMEE BAY, Fla. — International Golf Maintenance (IGM) has expanded its domineering presence in central Florida, padding its portfolio with four more course maintenance contracts.

The Kissimmee Bay Country Club, located here, and the Twin Rivers Golf Club in Oveido, just north of Orlando, have both signed maintenance agreements with IGM. So have the Pebble Creek Golf Club and Walden Lake Golf & Country Club in the Tampa region.

The company will provide complete course maintenance services for the semi-private, Lloyd Clifton-designed Kissimmee Bay course. Tony Crawford, general manager of the 18-hole layout, expects the company to give the facility an edge above the competition. "The Kissimmee-St. Cloud market is a competitive one," Crawford said. "We're relying on IGM to bring its extensive resources to the course."

IGM also takes responsibility for maintaining the 18-hole, Joe Lee-designed Twin Rivers course. The layout encompasses two rivers and 340 acres of mostly environmentally protected land.

"By working with a pre-determined maintenance budget, IGM brings focus to the course without the responsibility

of managing other areas of operation, such as sales," said Dan Gillen, course superintendent. "This also helps my relationship with the general manager by easing our budgeting issues."

72,000 ROUNDS A YEAR

The Walden Lake Golf & Country Club, a 36-hole facility located in the upscale



View of the Walden Lake G&CC in Plant City, Fla.

Walden Lake community of Plant City, features The Hills and The Lakes layouts, both designed by Jack Nicklaus and Ron Garl.

With nearly 72,000 annual rounds of play at the facility, superintendent Greg Boltz is looking forward to utilizing additional resources in maintaining the 1970s-era courses. "The challenges are numerous," said Boltz. "With IGM's resources,

we will be able to maintain the courses at a level of condition and playability we prefer."

The Pebble Creek Golf Club, the centerpiece of a Tampa subdivision called Pebble Creek, is a semi-private, 18-hole course. It hosts The Snowbird Intercollegiate Invitational, which brought more than 150 female golfers to the course this year, including teams from the University of Indianapolis, Yale and Notre Dame.

KNOW-HOW FOR SOUTHERN TURF

From personnel to equipment issues, the Lakeland, Fla.-based IGM develops maintenance programs that incorporate all the resources necessary to meet agronomic needs. "Our experience in maintaining Florida courses has given us in-depth knowledge of the requirements of southern turf," said Scott Zakany, executive vice president.

"With the staff and resources to support maintenance programs based on sound agronomic practices, IGM is going to make all four courses known for exceptional playing conditions," he said.

IGM, a subsidiary of Meadowbrook Golf Group, contracts with more than 40 golf courses and country clubs, making it one of the largest service companies in the contractual maintenance business.

Internet companies switching strategies to fit industry needs

By ANDREW OVERBECK

After two years of struggling to gain a foothold in the turf and ornamental market and withstanding the massive investor retreat from dot-coms, two e-commerce companies are altering their strategies to become profitable. Both Golsat.com and Greentrac.com have revamped their original business models in recent months, after failing to attract enough green industry buyers and sellers to their sites.

\$10 MILLION IN DEVELOPMENT

"We built a membership of 5,100 and even with a sweepstakes that signed up a lot of new members, the number of superintendents that were ordering was really low, which told us that we were going about it all wrong," said Golsat CEO Mike Scott. "Superintendents were concerned that if they ordered from us they would hurt their distributor. Or they didn't order because their supplier was not on the site yet."

Scott has taken this experience and used it to tweak Golsat.com. It is now taking its technology and letting sup-



Mike Scott

pliers either integrate it into their own Web sites or provide a link from their site into a private commerce site at Golsat.

"In building the technology and content, we know that we are sitting on a tremendous asset that is unaffordable to 95 percent of the distributors in this market. We have invested \$10 million developing it," he said. "The jury is out on any kind of community site or net market, but there is a strong interest in the technology and content that we developed."

By allowing distributors and suppliers more control over the use of the technology and the site, Scott is confident that the model will work. "We have just started, but we have signed up Lesco and expect to make more announcements in the next month," he said.

UHS chose Golsat.com because it utilizes current distribution channels. "We have done our own thing with Golsat," said marketing manager Brian Payseno. "We have rejected everything

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Industry raises e-commerce concerns

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One sales manager expressed concern over how the transaction fee would cut into already-thin margins. "They are forcing us to sell at a lower margin over the Web, plus they want a three-percent cut? It is absurd and backward," he said. "You need 20-percent margins to stay alive, but on the Web it is 15 percent and then they want three percent more. That takes us down to 12 percent."

INTERNET IS A 'JOKE'

As it stands, Kim Ross, director of marketing and e-commerce for Simplot Turf and Horticulture Group, is wary of putting a lot of money into a storefront that only reaches the 11,000 superintendents that are members of the association. "It does not reach all the superintendents," she said. "It doesn't reach the assistant superintendents, or the greens committee or the general manager, and if he [the superintendent] does not happen to be the purchasing manager, its value to vendors is zero."

Some in the industry don't plan to participate in the venture because they have already signed up with another e-commerce site or view the Internet as an insignificant method of distribution. "The Internet is a joke," said one executive. "It has been the biggest waste of our time because superintendents won't point and click. In a year, the GCSAA will be just like us, wondering why in the hell they spent all of their time and money on this."

Other companies, however, are watching and waiting to see where the GCSAA venture goes before determining their level of involvement.

"Don't you think there is backlash right now because this is new? Look at what happened when the Professional Development Initiative was introduced. Change

is difficult," said Bayer's marketing manager, Jennifer Remsburg. "The end-user is demanding this, otherwise no one would be doing it."

While William Robson, director of marketing for Textron Golf, Turf and Specialty Products, is concerned about protecting the company's distribution network, he said the e-commerce site could be designed to fit their business. "If the GCSAA portal can link into the company's local vendor network and give them an additional support capability, it could work," he said.

RESPONDING TO CONCERNS

The task confronting the GCSAA now is to respond to the concerns of its supplier and distributor members. It hopes to convince enough of them to get on board to make the e-commerce venture viable.

"Industry relations are extremely important to the GCSAA," said association president Tommy Witt. "Only 18.5 percent of GCSAA revenues are from dues. Eighty-two cents out of every dollar comes from outside sources."

Albert said that additional meetings are planned to get companies to sign up.

"In addition to launching the pilot, we are recruiting and educating sellers," he said. "Every distributor and manufacturer wanting to participate has different needs, so we have to meet with them to determine their objectives."

Arredondo is also encouraging input from industry members.

"Bring on the criticism," he said. "We'll learn from it, and together we will build something that makes sense."

Once the 60-day pilot program is completed and industry feedback is evaluated, the GCSAA will plot the remainder of its e-commerce course. ■



Superintendents weigh in on GCSAA plan

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association will be formed," Cook said. "The atmosphere is perfect for that to happen. The GCSAA's recent moves, as well as their attitude toward dissenters, are only helping to lead us in that direction."

TOMMY WITT'S VIEW

Here at The Kiawah Island Club, even GCSAA president Tommy Witt has reservations about purchasing products online. "It's my responsibility to manage my employer's money the best way I can, but that doesn't mean buying the cheapest thing I find," he said.

"If vendors I've had relationships with are available on the service, then I'd entertain the idea of buying products online," said Witt. "But I don't think I'll order anything from somebody I don't know. That's not the way I do business. Here in South Carolina, am I interested in buying products from Maine, Oregon or Washington? No."

However, Witt thinks e-commerce may force distributors to be more competitive. "I may take that to my vendor and say, 'You're 25 percent higher. I know you need to keep your doors open and pay service people, but let's see if we can get this a bit closer.'"

'ONE-STOP SHOPPING'

Superintendent Scott Cybulski at Falmouth Country Club in Falmouth, Maine, will cautiously approach this new GCSAA offering.

"I use the Internet for product information and comparison shopping right now," he said. "I prefer to discuss pur-

chases with the distributor. He knows what's working in the field. If it doesn't work, some superintendent will certainly call him.

"Also, when I'm in a jam, having a good relationship with a local distributor gets me same-day service lots of times or early next-day service," Cybulski said. "I don't know if the Internet can do that yet."

Service is a big concern. "Right now, there are 10 different fertilizer suppliers coming to my course," Cybulski said. "Not all of them have all of the same products. There are also a lot of obscure and specialized products out there that I need. Can the GCSAA stock it all in a one-stop shopping center? I doubt it."

'TEST THE WATERS'

The GCSAA, likewise, is taking a slow but steady course toward its e-commerce initiative.

"We're just providing a conduit between superintendents and industry partners, just like we do with the trade show," said immediate past president R. Scott Woodhead, superintendent at the Valley View Golf Course in Bozeman, Mont.

Woodhead also is chairman of the GCSAA's Internet Strategy Committee. "We won't know if it's a viable alternative until we test the waters," he said, "which is the purpose of the pilot. It was never envisioned that e-commerce would become the major avenue for making purchases. However, in some cases, the 24/7 access might become a helpful and convenient option." ■



Tommy Witt

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