

Managing budget pressure

THE BEST DEFENSE AGAINST BUDGET CUTS IS A DETAILED OPERATING BUDGET TIED TO SPECIFIC COURSE MAINTENANCE STANDARDS

by
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GCN INTERVIEWS
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Q What should superintendents facing budget pressures do?

TW: It's paramount to sit down with your employer to determine where the appropriate reductions should take place. Too many times, the default answer is that it should come from labor because labor is such a significant amount of the maintenance budget. The problem with that thinking is that when you reduce labor, it affects virtually every task on the course. If the superintendent can sit down with the appropriate parties, then he or she can recommend options that will have the least impact on the course. That's my ideal way to handle budget cuts.

Q Can't the superintendent just make the cuts?

TW: Certainly, the superintendent is the person most familiar with how budget reductions will impact the golf course. However, by involving as many members of the decision-making team as possible, then all appropriate players can have a buy-in and a familiarity with how the decisions will impact the golfing experience. For example, from the golf course maintenance perspective, if it is decided that the bunkers will be raked five days a week instead of seven because of budget reductions, then that's something I want the golf professional to be aware of, and I expect him to help support what we are doing on the course.

Years ago, I worked at a course where I was told to cut the annual operating budget by \$200,000. There was no negotiation and there was to be no mention of the budget reduction to the club owners

or the members. There was also no discussion about the possible impact on the course conditioning.

We made those reductions and we also kept the news to ourselves, but I know our members could not help but notice that many of the detailed tasks did not receive attention. Personally, I would rather deal above board and out in the open. If there are legitimate reasons for budget reductions, I think golfers are more than willing to accept the situation if they understand the problem. The superintendent shouldn't be left to take the blame for budget cuts and how they may affect the condition of the course.

Q Why is the maintenance budget a frequent target?

TW: In many instances, the superintendent manages the largest operating budget at a golf facility. Too often, it may be assumed that costs can be reduced without any significant impact to the course conditioning. Rarely do significant spending reductions come without some compromise in conditioning. In reality, when budget cuts at a facility are deemed necessary, then all facility operations should be scrutinized.

A second reason the superintendent's budget often is targeted for cuts is that the golf course maintenance operation might be viewed as a big spender rather than a revenue generator. In reality, the golf course superintendent maintains the facility's greatest asset, the golf course. The quality and conditioning of the golf course is directly related to and significantly influences revenue. Without the golf course very few golf shops or clubhouses or grills would survive. Significantly reducing the golf course operating

budget over an extended period of time only should be initiated following careful consideration. The condition of the golf course is tied directly to revenue generation for all departments of the facility.

Q Do prior maintenance budget cuts reinforce the perception that maintenance can be cut year after year?

TW: To an extent that's true. If you had to cut your pesticide purchases by 10 percent last year, and you were lucky and everything worked out fine with the weather and minor pest activity, then people begin to think that you should be able to do without that 10 percent again this year.

The fact is, if you are facing a budget cut this year as a one-time issue, then I would recommend you approach the solution differently than if this is the second or third consecutive year of managing under reduced spending. Successfully cutting corners or saving money one year does not mean even the most experienced and hard working superintendents can do that year after year.

Q What's your approach to meeting budget cuts?

TW: Most superintendents are good at making adjustments. As professionals, they also are best equipped to decide what they can and should do when budget reductions are mandated. My advice to superintendents is to consider all possible areas. You have to look at labor, but do so carefully. Rather than cutting people I would try to cut overtime. See if your people will agree to work 40 to 42 hours a week rather than 50-plus hours. Overtime is costly, but eliminating it or reducing it requires getting employees to

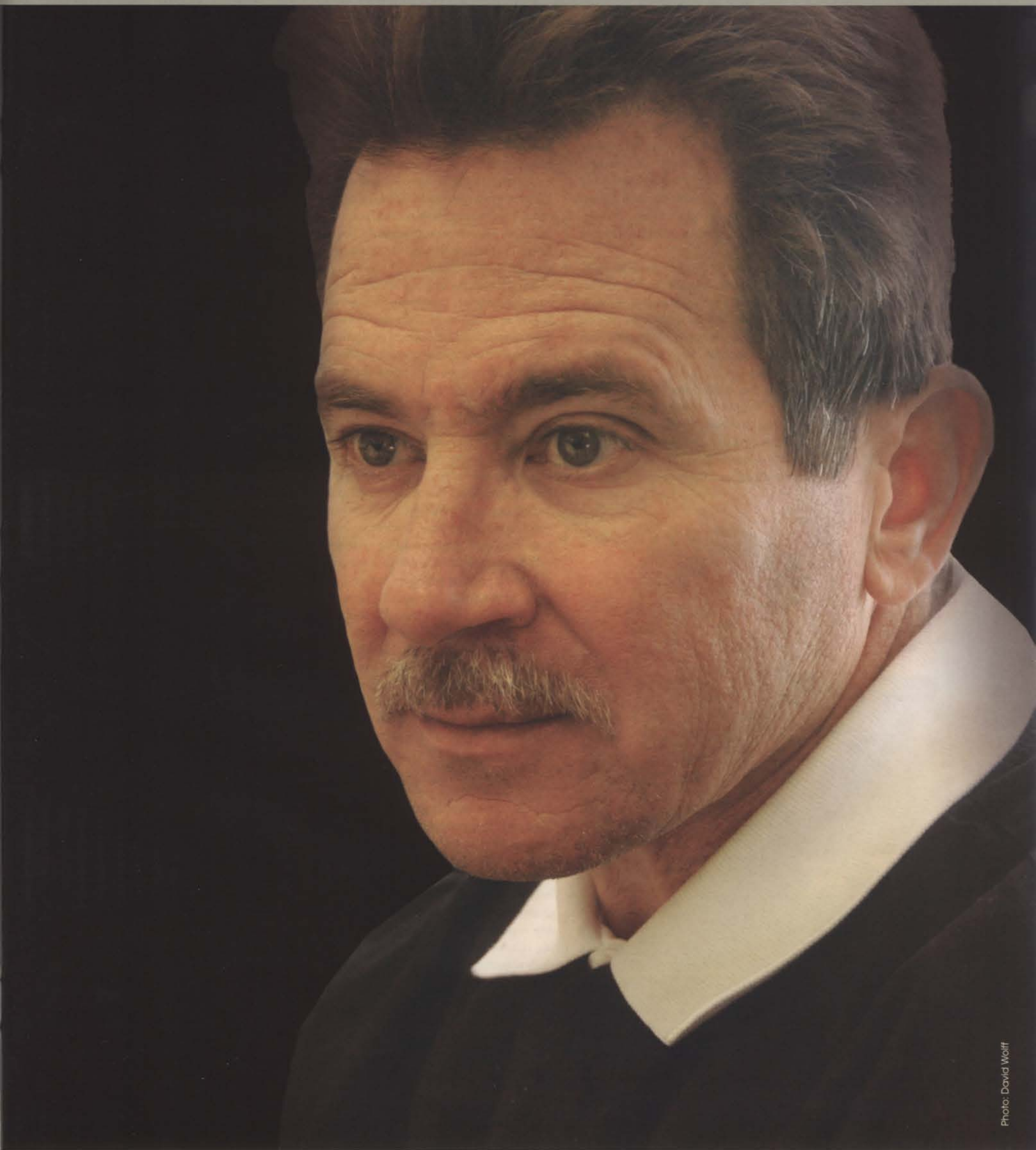


Photo: David Wolff

agree to stay on the job at what amounts to less pay for them.

Another area to consider is scheduling. Can you mow fairways two times per week instead of three, or three times instead of four times, depending on your standards and your budget? Can you start mowing earlier in the day to keep ahead of golfers and eliminate so much mower stopping and starting? Can you rake your bunkers five times a week instead of seven?

Trade-outs are another consideration. Take types of mowers, for example. Can you afford to have four or five employees mow the greens with walk-behind mowers, or save labor by having two men do the same task with riding greens mowers?

What about the potential trade-off in quality? Is your employer willing to accept that trade-out? The superintendent does not have to make this decision alone or he becomes responsible for it. Instead, he should educate the employer about the

plusses and minuses of trade-outs and come to an agreement on what to do. There are some things you can give up and things you cannot.

Purchasing also can make a difference in cost and financial terms. While I may have a number of friends and acquaintances who work for suppliers, and whom I may want to patronize, I feel it's my responsibility to negotiate the best packages and deals possible for my employer. Sometimes the best deal is price. Sometimes the best deal is service.

You should also look closely at your options and not get caught up in your old habits or preferences. You don't always have to buy the same color of equipment. Sharing or co-opping certain pieces of equipment may be an option for some courses.

Perhaps one option to reduce spending is to consider reductions in out-of-the-way areas. For example, if you allocate \$30,000 in tree work every year, can you forgo that work for a single year? But if you do this, then this work needs to be picked up in the budget the following year. Don't lower your budget without your employer understanding that you will do everything you can to keep conditions as good as possible, but at some point in time you will need to have the budget restored to its original amount to provide desired golfing conditions.

Many trade-offs are possible for a year or two, but to maintain your course for extended periods with less money each year gets a course headed in the wrong direction, even when the facility is being managed by the best of superintendents.

Q What is the single biggest budget mistake?

TW: It is essential that superintendents learn how to formulate a detailed operating budget. When we are able to write a budget that correlates with specific golf course maintenance standards, we have a better chance of matching budgets to course conditioning. I would suggest that any superintendent take whatever training is necessary to equip them with the skills required to become proficient in the budgeting process.

Q What's the biggest opportunity in budgeting?

TW: Opportunity is believing that the course is the lifeblood of the business; that the superintendent is the lifeblood of the course; and that the maintenance budget is the lifeblood of the superintendent.

The superintendent has to stand on principle. On my first job right out of Texas A&M, I worked for Stewart and Sherman Hunt, two of the most successful businesspeople in the country. My general manager was a retired four-star Air Force general. As a 24-year old superintendent, what chance did I have to deal with people with so much experience, charisma and power? But superintendents must prepare themselves to be able to communicate with the most experienced business executives. These are not skills that are taught in every golf course management program at universities across the country.

Today, I know that smart decisions on a golf course can't be made based on power and charisma. Smart decisions are made on the basis of setting goals, educating others and negotiating for what you need. As a superintendent, I've made it my personal responsibility to teach all my assistants to use this approach.

Q How do you approach the budgeting process?

TW: There are a lot of ways you can successfully budget in this industry, but I prefer doing a budget like a business plan. Managing a golf course has many similarities with managing other businesses. I place significant emphasis on identifying expenses as they relate to mission statements, goals and the maintenance standards.

I rely on detailed maintenance records, documentation and historical data. You also have to have an accounting system with integrity. Budgeting becomes increasingly difficult if numbers are shuffled from year to year. You have to have confidence in the numbers you are working with.

The final essential is an open and honest working relationship with management. In my experience, the closer this working relationship is, the easier budgeting will be — and budget cutting if that becomes necessary. **GCN**

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Photo: David Wolff

Superintendents should not allow themselves to take the blame for budget cuts, Witt says.