

Building a bulletproof budget

TURN VULNERABLE LINE ITEMS INTO HARD-TO-CUT PROGRAMS

by
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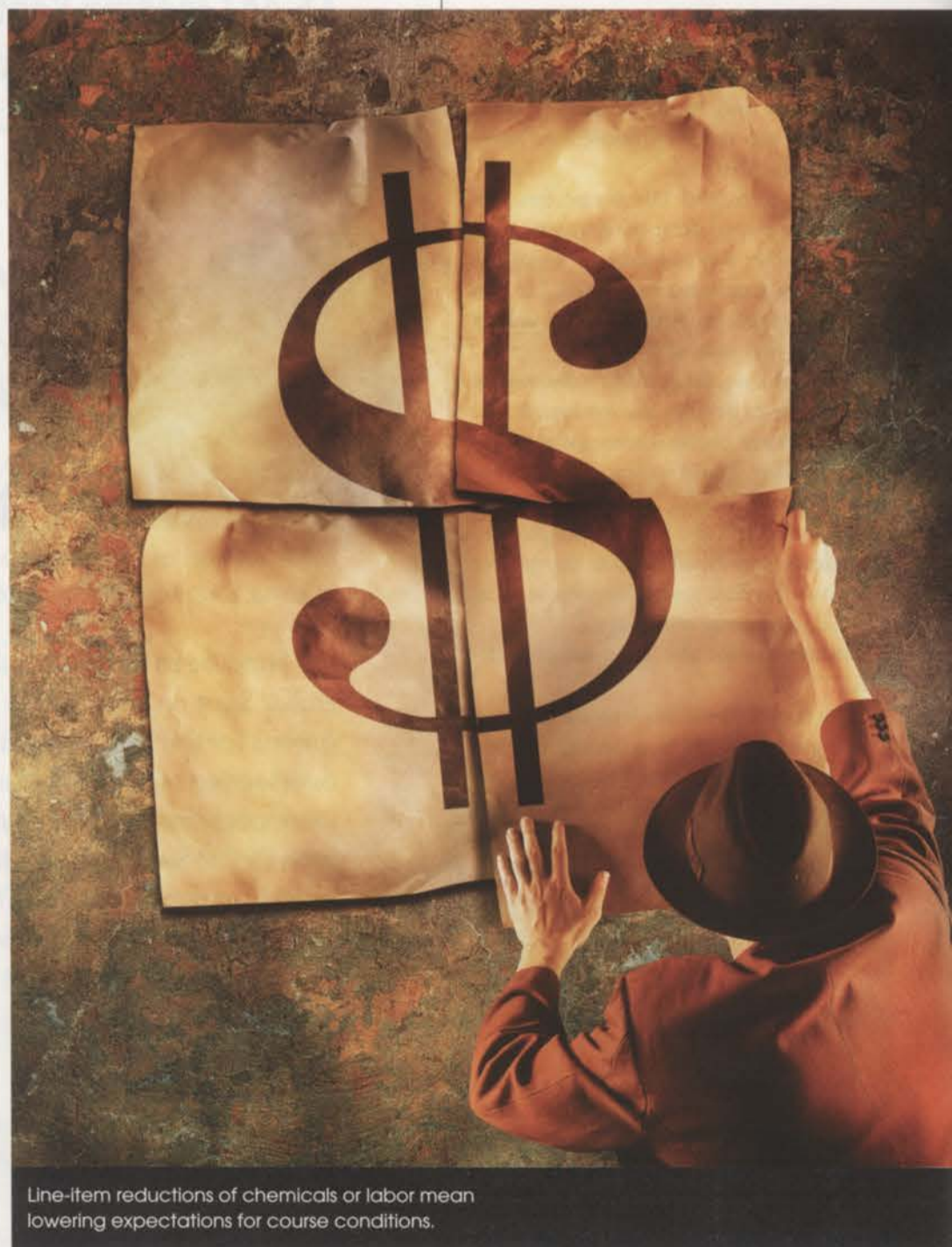
All right, so no golf course maintenance budget is completely bullet proof, but trying a different approach can make it tougher to cut a budget and more likely to get what's needed.

Gary Grigg, a retired certified golf course superintendent living in Homosassa, Fla., has been educating superintendents about program-based budgeting for several years. Grigg is a 31-year member and past president of the Golf Course Superintendent's Association of America. Currently, he's vice president and agronomist with Grigg Brothers Corp., an Idaho-based fertilizer company. The method he developed makes it more difficult for boards of directors or owners to trim line items from the maintenance budget randomly. By simply cutting money, they're eliminating or drastically scaling back entire programs.

Greens are an example. Broad-based cuts of chemicals and manpower might seem like a necessary solution during tough financial times, but what goes unnoticed with arbitrary budget cuts is their significant impact on course conditions. Ultimately, when the quality of greens slips, the superintendent will be held responsible, even though he's being asked to do more with fewer resources. However, if management determines it wants the greens at 10 feet on the Stimpmeter, a program-based budget dictates what it will take to provide those conditions. Line-item reductions of chemicals or labor mean lowering expectations for course conditions.

Set course standards

Most board members and owners are professional business people, and the superintendent must approach the budget in a business-like manner, according to Grigg. He suggests forming a small committee con-



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sisting of the superintendent, golf professional, green chairman, board president and a representative of the women's association.

"Walk the entire course with the committee and look at everything—greens, tees, bunkers, fairways, roughs, native areas, woods, even flower beds—and set standards for each area," Grigg says. "What green speed is desired, and what are the mowing heights and frequency of cut for each surface? Does the club want its bunkers tight and firm, or loose and fluffy? How many weeds or insects will they tolerate? The superintendent has to know what the club expects and, most importantly, get these standards in writing."

The key to a program-based budget is having agreed-upon standards and then relating them to the budget. Line items such as aerification, topdressing, brushing, mowing, fertilizing, fungicide applications and rolling become part of a program.

"If you are asked to reduce your chemical budget, then what part of the program do they want to eliminate and how will this reduce the standards?" Grigg says. "It's harder for your employers to argue with you if you have identified the facts. Outline every program and its associated costs. They must understand that cutting money means cutting programs."

Other program elements

The executive summary should address three other elements. First, develop an organizational chart. This helps those who don't know the business understand how a maintenance staff is organized. It shows who reports to whom and who is responsible for each area. A staffing chart shows how many personnel are needed to carry out the programs in the plan. Employee salaries or hourly wages, bonuses and anticipated raises should be included. Everything should be included because the more information the better.

Second is capital equipment. A typical replacement budget should be 10 percent to 15 percent of the total annual investment in equipment. If new purchases are to replace equipment that should be rotated out because of old age, then maintenance records need to be shown to support the case. One should put together a 10-year acquisition plan on a spreadsheet. Once that plan is approved, with a few modifications each year, equipment is much easier to obtain and the process becomes automatic.

Third, most facilities budget for continuous improvements to the course. These projects should be part of a master plan with a complete cost analysis. The better the plan, the more likely these improvements will be approved by the board or owner.



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Professional presentation

Grigg frequently talks to superintendents about program-based budgeting.

"At one point in my career, I worked for a management company that operated 16 golf courses," he says. "Each course was maintained at a different level. However, the same situation existed at each facility: The members wanted their course to be the best it could be."

Grigg says program-based budgeting can be applied to any level of operation, and there are course standards and realistic numbers associated with achieving them.

"Unfortunately, at many clubs, the board

says money is tight and starts hacking up the budget," he says. "If this method is used, the superintendent opens up the business plan and asks what standards can be adjusted. It's more difficult to amend programs than take out money."

Budgeting is also an education process. Boards and owners need to understand everything costs money, and if they take something out, something else has to suffer.

"Most people really don't know or understand our business," Grigg says. "If the managers or owners aren't happy and want the course to be better, the superintendent has

to be able to show them how much it costs to get what they want. If they can't afford those standards, they will have to buy into where the cuts will be made. Maybe they can't have champagne on a beer budget."

There can be other consequences for golf course superintendents.

"Too often, when a budget gets hacked up by randomly reducing line items, golf course conditions suffer, and the superintendent loses his job," Grigg says. "Club officials say they're going to hire a superintendent to take the club to next level, but this guy can only be as good as the amount of money he has to work with."

The more knowledgeable a superintendent is about the business side of a golf course, the better his chances are for success.

"The next time a superintendent is asked to take a percentage out of the budget, he should ask, 'From which program do we take it?' and 'Here is how that is going to affect course standards,'" Grigg says. "Management at the course will find it much more difficult to eliminate or change programs than it is to simply write a smaller figure on the budget document."

Case in point

When certified golf course superintendent Lou Bettencourt arrived at Rolling Road Golf Club in Cantonsville, Md., in October of 2000, he faced a challenging situation. The annual maintenance budget had been set at \$528,000, and the membership was upset because the final number was \$578,000. On the other hand, the club fell behind its competition and wanted to improve course conditions.

This was Bettencourt's conundrum: how to raise quality, which takes money, with a board and membership frustrated by budget overruns.

Grigg visited Rolling Road and sat down with Bettencourt to find a solution.

"Gary told me I was approaching the problem the wrong way," Bettencourt says. "He told me I needed to provide more detailed information about the costs associated with the club's expectations. Sometimes superintendents can be their own worst enemy. They know what it takes to deliver different levels of quality, but they can't communicate this information to a board or membership that doesn't understand golf course management."

In June of 2001, Bettencourt did something unusual for Rolling Road. He began formulating his budget for the next year. The first step was a meeting with the green committee to determine expectations for course conditions. Next, Bettencourt developed a budget

that would deliver these results.

"I broke down every piece of the puzzle and created programs for greens, tees, fairways and roughs," he says. "I set the aerification and topdressing schedules, the amount of fungicide and herbicide we'd use, and how we would address insect problems. I pinned down every cost associated with each program, including labor."

When Bettencourt reconvened with the

Augusta National look. We make sure we manage their expectations according to their budget. It's unrealistic for some clubs to think they can walk-mow greens and tees and triplex fairways with three people."

IGM backs up its recommendations with time studies. Zakany says the greatest fluctuations in any maintenance budget are because of labor costs.

"Let's say it takes four hours to mow

"If the managers or owners ... want the course to be better, the superintendent has to be able to show them how much it costs to get what they want." – GARY GRIGG

committee in September, the budget was essentially set.

"The committee knew I wasn't just grabbing numbers out of the air," he says. "Each program had a breakdown of every associated cost. Once they agreed to the pieces, the total budget fell into place."

The maintenance budget totaled \$625,000 that year. This year it's \$978,000.

"One reason for the nearly doubling of the budget in the four years I've been here is that the club had fallen behind in terms of course conditions," Bettencourt says. "However, the biggest lesson for the board and the membership was that they couldn't have the conditions they wanted unless they were willing to pay for them. By following the plan for each program, I've never gone more than one percent over budget."

Superintendents must develop business and communication skills to help with budgeting.

"It's my job to communicate to the club and help the members understand what it takes to manage a golf course," Bettencourt says. "If they can't afford everything they want, they have the information about what programs they can cut. It's not my golf course, and the members will enjoy the course as much as they are willing to invest in it. Program budgeting has given me a lot of credibility."

Maintenance alternative

Certified golf course superintendent Scott Zakany is the executive vice president of International Golf Maintenance in ChampionsGate, Fla. IGM provides contract maintenance services to 85 golf courses in 13 states. Facilities include municipal, private, daily fee and resort at all budget levels.

"We try to deliver realistic numbers for realistic expectations," Zakany says. "Some clubs have to realize they can't afford the

greens every day of the week," he says. "That's 28 man-hours. Fairways are mowed three days a week for eight hours a day, and that's 24 more hours. We go through every function on the golf course like this. Then we add up all the hours and divide the total by 2,080 (40 hours a week, 52 weeks a year). Next, we add the equipment technician and supervisory personnel. Now we can tell the club what the labor cost will be to maintain the course at the level they want."

IGM then looks at horticultural supplies. Material calculations are based on the number of irrigated acres and application frequency. This sets the cost of fertilizer and other products.

"I'll look at a particular golf course and see that it's disease prone," Zakany says. "I know that during the summer months I'm going to have to spray preventively with fungicides for three or four months on 21-day intervals. I know the acreage, and that tells me what the fungicide budget will be. We add the amounts for every product and put the results on paper. Now I can show management what it will cost to give them what they want. And sometimes they have to be careful what they ask for."

IGM's responsibility is to find the most cost-effective alternative.

"Our solution could cost the club less," Zakany says. "They may be spending \$100 an acre on a product when they could have done just as good a job with a different product that costs \$50 an acre. There can be huge variables in price depending on who you buy from. All of this just goes to show there are different ways to skin a cat, it just depends on who is doing the skinning." GCN

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