running a tighter ship

KemperSports works to improve the operations of the golf courses it manages, such as Adams Pointe Golf Club in Blue Springs, Mo., by using technology to understand golfers better. Photo: KemperSports
It’s no secret the golf industry has faced tough challenges throughout the past decade. The question is how much has been learned operationally from the market downturn, and how those lessons can be applied to impact growth at each facility.

“The downturn has caused everyone to become better operators,” says Steve Skinner, president and c.o.o. of Chicago-based KemperSports, a company that offers services for the design, construction and profitable operation of golf courses. “Ten to 15 years ago, a course could just open its doors, and customers would line up. That doesn’t happen now. Out of necessity, the industry has become more sophisticated in many ways to attract and keep customers.”

Skinner says many owners have sought professional management assistance to institute these practices.

“A great deal of technology goes into understanding customers, identifying the best ones and their needs and wants, and implementing ways of serving them better,” he says. “We’ve developed programs in database management and customer and marketing relations, worked with those programs in various situations, and identified how to adjust and implement them for specific properties. On the expense side, we’ve instituted practices for greater efficiency, finding better and less costly ways to operate a course.”

All of these changes make a positive impact not only on the business of golf, but also on the game of golf as the players perceive it, Skinner says.

“These changes will become permanent additions to management practices that will enable the industry to better meet market demands,” he says.

Historically, the golf industry has spent money anticipating revenues would catch up to money spent. But since the market downturn, management practices must adjust to reduce or hold the line on operational costs while maintaining or exceeding previous levels of a product's appeal to customers.

MAINTENANCE EFFICIENCIES

Spencer T. Olin Community Golf Course in Alton, Ill., is an Arnold Palmer-designed public course that opened in 1989 and is operated by Arnold Palmer Golf Management. Located about 30 miles from downtown St. Louis, the course is located in an oversaturated market and competes with courses that are closer to the center of the area’s overall population.

Joe Wachter, CGCS, became golf course superintendent of the course in 2003 and has adopted cost-saving management strategies.

“Our course ranks with the best in the...
our tee mowers, and we've fine-tuned our use of growth regulators to reduce mowing," he adds. "We use water from a lake recharged by an on-site well to help reduce water costs. We constantly adjust irrigation to fit weather conditions. We're doing slightly more total greens watering and are using a wetting agent on our greens to improve moisture retention and reduce hand watering of dry spots."

On the equipment side, Wachter and his staff are extending the life of machines. Instead of retiring a mower, he might keep it as
a backup for two newer mowers that are used daily. In areas nearby where the company has sister facilities, some of the lesser-used equipment is shared among courses.

“We explore new equipment introductions to increase efficiency and recently switched to rotary mowers around the greens surrounds, cutting a little higher but getting a better cut faster without lying over the grass,” he says. Efficiencies in labor management also are key to controlling costs. Wachter has adjusted staffing levels more closely to peak play periods, with fewer crew members working at the beginning and the end of the season and keeping top crew levels from May through September.

“We’ve become even more efficient when scheduling and assigning tasks, sometimes duplicating or tripling the use of machines to avoid slowdowns for our operators or disruption for our players,” he says. “We keep a list of short time-frame assignments to effectively utilize all labor hours.”

Historically, superintendents were trained to mow from fence line to fence line, Wachter says. But recent trends have forced superintendents to reduce inputs for some of the lesser-played areas and focus their efforts on the middle of each hole.

“In working through the maintenance adjustments we’ve made, I’ve confirmed the importance of connecting with the golfers to get their feedback on how the course is playing,” he says. “It’s their perception of a great experience on the course that keeps them coming back, and it’s our job to make that happen.”

A TWO-PRONGED APPROACH

Each course operator must analyze a course’s situation and make decisions to remain competitive and profitable. Boulder Creek Golf & Country Club in Santa Cruz, Calif., is an 18-hole executive course nestled among the redwoods and lakes of the Santa Cruz Mountains, 60 miles south of San Francisco and 40 minutes from Silicon Valley. Its opening in 1961 was welcomed by a steady stream of golfers. But throughout the years, newer courses opened closer to population centers. As the downturn negatively affected golf facilities in the area, course managers increased their marketing outreach and added online discounting. Bill Aragona, president and c.e.o. of the club and one of the five owners of it, adopted new strategies to respond to the downturn. Prior to the market slowdown, he devoted a specific budget amount each year to update the entire facility.

“That was the first area we cut, and little
build to renovation.

“The pressure of new courses within a market leads many of the older courses to renovate to become more modern and competitive,” Kitchen says. “Renovation not only provides long-term cost savings by addressing maintenance issues, it also upgrades the amenities to appeal to a broad range of golfers.”

RENOVATE TO COMPETE

For many older courses, more aggressive changes are needed to remain competitive. Ron Kitchen, Jr., president and c.e.o. of Crystal River, Fla.-based Barbaron, a golf course building company, says as he noticed a decline of rounds played at individual courses because of oversaturated markets, the company began shifting the scope of its business from new
Development growth to continue slow pace

With talk of market downturns, stiff competition and operational efficiencies, some might wonder when the next golf course development boom is likely to occur and what factors will cause it?

Well, 1990 can be used as a benchmark year for a relatively balanced supply/demand environment for golf, which allows for reasonable golf course operating profits, says Jim Koppenhaver, president of Buffalo Grove, Ill.-based Pellucid Corp., an information and insight provider to the golf industry.

"From 1990 to the estimated finish of 2006, net supply has risen 35 percent" he says. "During that same period, annual rounds have increased 19 percent, leaving a 16-percent supply-demand gap that needs to be absorbed.

"To return to 1990s equilibrium, either rounds, rates or a combination has to increase by that 16 percent," he adds. "This is reflected in a current average of roughly 33,500 rounds per 18-hole equivalents in 2006, which is down from the benchmark of 38,000 rounds per 18-hole equivalents in 1990. Thus, the average facility has to regain 4,500 rounds a year to get back to health on a rounds-alone basis."

Given that rounds have been relatively flat the past several years, but better than the 2 to 4 percent annual declines of the early 2000s, and the flattening golfer base, Koppenhaver says he doesn't see a substantial increase of rounds soon. But, despite a gloomy looking future for rounds, he says the supply side looks positive because it's flattening.

Joe Beditz, president and c.e.o. of Jupiter, Fla.-based NGF, says new course development during the next five years probably average between 100 and 150 new courses a year for the next several years. NGF estimates there could be as many as 75 to 100 million additional rounds provided by boomers per year as they age.

But in the meantime, competition at the operations level is likely to remain fierce, and gains in rounds played will come from the competition, rather than from overall growth in rounds," Beditz says.

"For golf to adapt to its consumers' needs, renovations will continue to focus on cost-savings through maintenance efficiencies and player appeal through increased amenities and options for faster play," says Ron Kitchen, Jr., president and c.e.o. of Crystal River, Fla.-based Barbaron, a golf course building company.

Within the next two to five years, Kitchen sees construction focusing on shorter courses with playable segments consisting of fewer holes.

"We're helping introduce the concept of the shorter, 12-hole course designed for faster play at a more affordable price point," he says. "Cost and time savings make golf more accessible as a potential family sport as well as more appealing as a social or business-related activity. A six-hole option could provide that, with 12-hole or 18-hole options available if time and budgets allow it."

All of these options in future development will add to the consumers' golfing experience, Kitchen says.

"If they have a great time, and the cost and time commitment fit their lifestyle, they'll come back to play more often," he says. "It's all a matter of adapting our product to their wants and needs. In the end, everyone wins." GCI