Around the Globe

Forward Management Group expands golf in China

By John Walsh

The future of golf in the Orient will be influenced heavily by the Forward Management Group. That is if the company executes its plans.

Two people helping with that execution are Morgan Meng and Kun Li, Ph.D., who are trying to expand and professionalize golf course development in China. Li is the chief representative of Forward Management Group, formerly CITIC Forward Management Co., which was founded in 2000, and Meng is vice general manager.

FMG’s mission is to promote golf in China and become a leader of the Chinese golf industry. Its scope of work covers all golf-related businesses: construction, design, management, event organization and marketing.
The company, which manages seven golf clubs, has constructed more than 13 golf courses in China, including Jade Dragon Mountain Golf Club in Yunnan and Shenzhen Yunhai Valley Golf Club. In 2006, FMG became the first Chinese company to be an international member of the Golf Course Builders Association of America. In 2008, the company signed a long-term cooperation agreement with Lincoln, Neb.-based Landscapes Unlimited.


Kun Li says Forward Management Group wants to combine some aspects of U.S. golf courses with the Chinese culture.
"He got to know golf, and started to play," Meng says. "He was one of the first big executives in China to play golf. He's a big name in golf in China. He has influenced the whole country because of his position in the central government and the industry. He has many connections with politicians and industries, which is why FMG has eight golf course construction projects going on."

The eight golf course development projects FMG is working on are located in:
- the Hainan Islands (two);
- the city of Tianjin;
- the Yunnan province;
- the Sichuan province;
- the Guandong province (two); and
- the Xinjiang province.

Based in Carmel, Ind., Li, who has been in the U.S. for 11 years, develops the company's business through contacts with the GCBA, the American Society of Golf Course Architects,

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contractors and suppliers.  

"I try to bring together all the new techniques and all of the experts to build the best golf courses in China," says Li, who has a doctorate degree in turfgrass science from the University of Massachusetts.

FMG joined the GCBAA to learn about construction standards and gain support for the development portion of its business.  

"We've asked them to help us set up golf course construction standards in China," Li says. "There's a big market out there, and if we can generate ideas from other builders and learn from their expertise, we can make the market bigger."

China is one of the most expensive places in the world to play golf, according to the Golf Benchmark Survey by KPMG's Golf Advisory Practice. While reliable statistics about the number of golfers aren't available, KPMG estimates there are about 300,000 people who are members of clubs or play golf regularly. The average initiation fee of a golf club is $53,000. Green fees in China are the highest of any country studied by KPMG. Chinese golfers pay on average $161 to play an 18-hole round during weekends.

Despite the expense, golf in China – which has a population of 1.3 billion, the largest in the world – has been growing quickly. The first golf course was built in 1984. Until 2003, there were only 100 golf courses built. But from 2003 to 2008, 300 more golf courses were constructed, Li says. Severe acute respiratory syndrome (SARS), of all things, contributed to the rapid golf course development. Some believe the near pandemic outbreak that began in late 2002 started in China's Guangdong Province.

"People were told it wasn't good to stay in office buildings, and they had to go outside because of the contaminated air," Meng says. "So people found golf courses because it's a good place to entertain."

In China, 99 percent of all golf courses are full-service operations with large staffs and five-star clubhouses, Li says.

"We try to learn from the expertise of those in the U.S., but we don't just take everything," he says. "We want to combine some aspects of U.S. golf courses with the Chinese culture, and because of the Chinese culture, there's not going to be many self-serve type golf courses."

Other findings about the Chinese golf market from KPMG's study reveal that:

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Other findings about the Chinese golf market from KPMG's study reveal that:

• 86 percent of Chinese courses are rated by their operators as good quality or better. Many golf complexes incorporate lavish hotels and property developments in addition to other leisure facilities, such as accommodations (46 percent), tennis courts (43 percent) and health clubs (43 percent).
• Membership numbers per course average 403 players per 18-hole course.
• Staffing at Chinese courses is extremely high. An 18-hole course employs on average 258 full-time staff.
• 94 percent of courses are owner operated, and outsourcing activities is rare. Most courses run their own pro shop (86 percent), food- and-beverage operations (85 percent) and golf academies (95 percent).

KPMG’s Golf Benchmark Survey, which surveyed 70 clubs throughout China, cites three main factors as reasons for the growth in golf: the rapidly expanding economy; the burgeoning leisure and tourism industry; and media exposure driven by professional tournaments like the World Cup of Golf, which will be staged in China every year until 2018.

Most of the clubs in China are private or semiprivate. Of the 300 to 400 golf courses in the country, only two are public, Li says.

“Our goal is to build as many public golf courses as we can to promote golf for the majority of the people in China and not just for the minority,” he says.

There are more than 100 golf course building contractors in China, but many companies can’t compete with FMG because they have limited resources, Li says. Usually, companies build golf courses one at a time.

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Golf course development, however, could be hampered by the central government, which doesn’t support new course building. Despite that, some provinces have their own policies and plan to build golf courses on landfill areas, not agricultural areas.

“If golf becomes part of the Summer Olympics, then the central government will support golf course development,” Li says. “In 2020, we may have as many as 3,000 golf courses. That is the number Xiaoning Zhang, the secretary of the CGA, told the media last August.

“We have 12 years,” Li adds. “We need 2,600 golf courses. So, each year, we need to build 200 new golf courses on average. That tells us how big the potential market is.”

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