

# GOLF COURSES

## With A Profit Motive

*A well known architect discusses eight points that should be considered when a fee course is being planned*

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**B**ecause of the immense demand by the public for fee type golf there is greater emphasis this year than ever before on construction of profit-motive courses.

This trend is further accelerated by the availability of federal funds for the financing of certain golf facilities. Harry Eckhoff, Eastern field director of the National Golf Foundation, described these funds in an article in the March issue of *GOLFDOM*. (page 160).

Individuals and corporations contemplating profit motive golf ventures are confronted with many problems or questions, each of which requires an early decision. These decisions may affect the entire future of the project. Unfortunately they have to be reached early in the planning stages despite meagerness of data pertaining to them. Several of these problems are discussed hereunder to assist future owners in reaching decisions.

A graph is also provided to show prospective owners the relation between maintenance standards and gross income on several 18 hole layouts.

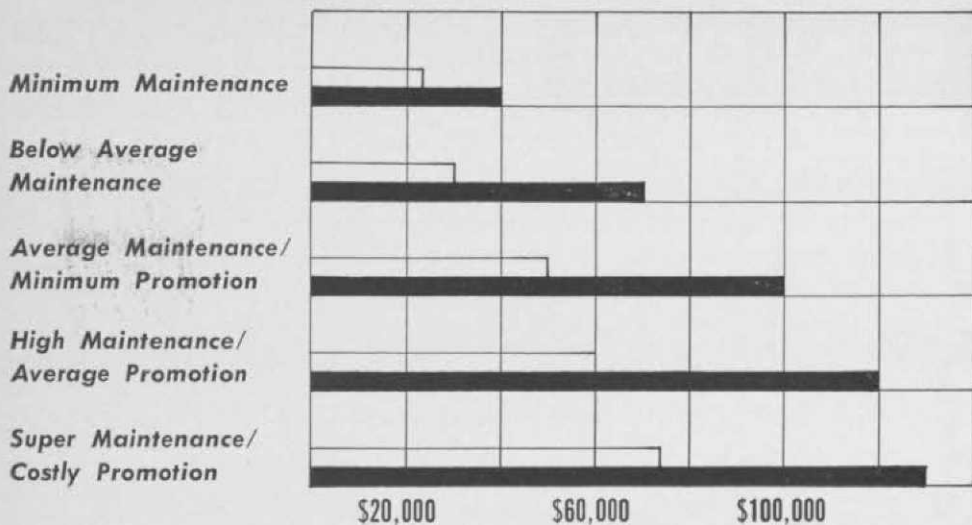
### Will the Saturation Point Be Reached?

If we ever reach this point, it is a long time off. The more courses the more interest is generated in the game. Each time a new course is opened, more people start to play regularly and those that have been playing play more often. Personally, I do not think we have even scratched the surface in new course construction.

For example, in the 15 mile stretch



from Providence, R. I. to Fall River, Mass., there was only one fee-type course as recently as 1954. Today I know of seven. All are crowded. On Saturdays, Sundays and holidays long waits are encountered at starting tees.



Maintenance/promotion costs—White Bar  
Gross Income from green fees—Black Bar

Incidentally, the increasing number of fee courses leads to a greater demand for member owned country clubs because a portion of the newcomers to the game decide they would like a private club of their own.

Although competition can actually help the majority of fee courses, the operator who mines his facilities without putting anything back into them except minimum maintenance is sure to encounter severe trouble from competition sooner or later. Conversely, the operator who spends huge sums of money wastefully without getting value for his money can also encounter trouble.

**Elaborate or Modest Course:** Since a broad section of the population is interested in fee type golf we find both the modest and elaborate layouts crowded today. But the elaborate course can command higher greens fees and is therefore the greater money maker.

Still the initial outlay of the latter is greater and many individuals contemplating building a course have to content themselves with the modest type. Indeed, such courses operated by the owner and perhaps his family can bring in a very nice income in the form of salaries, although never as spectacular a profit as is so often the case with costlier courses.

**Architect or Non-Architect Designed:** The modest course can perhaps be laid

The relationship that probably exists between gross annual income from fees, and outlay for maintenance, including promotion, is depicted graphically above. Income generally increases with higher maintenance and promotion standards until the economic law of diminishing returns eventually manifests itself. Gross income from food and drink isn't included in this chart. It frequently runs as high as 50 per cent of fees at an 18-hole course where average or higher maintenance standards are met.

out by the owner, but he should seek advice from a golf course supt. and a professional golfer. The more elaborate setup with its greater construction expenditures should be architect-designed.

This writer recognizes that nearly every golfer would like to design a course. Sometimes the opportunity presents itself. Unfortunately it is sad but true that most elaborate courses designed without professional services are never outstanding successes. Although the amateur designer may use the utmost common sense in making the plan, his lack of experience inevitably leads to natural errors that contribute not only to a prodigious waste of money but to an inferior course.

There is no substitute for training in golf architecture and subsequent experience. Too much is involved initially and over the life span of the course to trust the project to an untrained and inexperienced man. But this does not mean that the owner's ideas should not be embodied in the layout. Certainly the architect must be prepared to consult on all phases of

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## Courses with A Profit Motive

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planning with the owner and his associates.

**Nine or 18 Holes:** While it is better to build nine good holes initially than 18 mediocre ones, it is of the greatest importance to control sufficient real estate so that the course can be expanded to 18 when additional funds become available. This is true whether the layout is a regulation course, a Par 3 or a pitch and putt.

The net profit from 18 holes can be three times that from nine. This is because 9 holes have less than half the capacity on crowded days; the overhead per hole is higher; and nine holes are seldom as popular as 18 with today's golfer.

**Accountant and Legal Advice:** Elaborate layouts well located and with high maintenance standards and effective management and promotion are grossing well over \$100,000 annually from green fees alone. With operating expenses of \$45,000 to \$60,000 the net before taxes is high. But net after taxes can be another story. With so much involved it is important that accountancy and legal advice on corporate structure be obtained in the earliest stages. The corporate structure can have a bearing on the tax bite.

**Non-Equity Clubs:** Another type of golf course built with a profit motive is the non-equity club where memberships are sold by the owner who does not part with any equity in his property or facilities. The facilities are operated as a private club with fee players allowed only through member invitation. Members pay annual dues.

### Members Spared Assessments

Many of these clubs have been highly successful because the operation can be run most efficiently and the members are spared annual assessments that so often are the curse of member-owned clubs.

One drawback, however, is that it may take several years to obtain a full membership of 300 to 400 adult members, plus families. Therefore the course may be operating at partial capacity for years. On the other hand, if the owner operates the course partly on a fee type basis, he may find it difficult to sell memberships to people who are seeking the privacy of a country club.

Conditions vary so greatly that it is impossible to make a recommendation in this regard. Sometimes it is best to open the future non-equity club initially as a fee

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type course without members. Memberships are then sold to patrons over the years until there are enough to warrant restricting the course to these members.

In several cases I have noted that groups of the patrons have gotten together to form a club and have then arranged with the owner to close the course to the public. This has spared the owner the tremendous promotional campaign needed to put the non-equity club over. It has also provided the owner with profitable initial years when the course was still operated as a fee-type venture. In other instances, owners have been well advised to open initially as a private club. Accordingly, each situation is different and must be thus judged.

**Adequate Initial Financing:** As in any other new business, adequate financing must be arranged for initially. Obviously insufficient financing can lead to disaster. Troubles in this regard usually arise from costs that are overlooked. The most noteworthy of these are the first years carrying charges on borrowed money for fencing, leach fields, maintenance equipment, equipment building, parking and entrance road and utilities. Everyone appears to

budget quite adequately for course, clubhouse and real estate, but some are inclined to forget the other outlays.

**What of the Course of the Future?** Courses of the future will no doubt be essentially the same as those of today. But as the fee golfer becomes increasingly sophisticated he will, like his close relative, the country club golfer, demand more refined and elaborate facilities.

There is a trend towards a large number of holes such as we know at St. Andrews, Pinehurst, Bethpage on Long Island and other golf centers. These can be termed golf complexes and already we see several of these 54-or-more hole layouts in the drawing board stage with portions floodlit for night play. There are advantages businesswise to these gigantic golf ventures. Not the least is the fact that a complex can pay top money for the best supt., professional and manager, who in the final analysis constitute the key to continuing success of any golf operation.

While this article has perhaps served to introduce some considerations to be made in early planning of a golf course built with a profit motive, it is emphasized that any individual or group contemplating

such a venture should first contact the National Golf Foundation for its valuable assistance in providing data upon which intelligent initial decisions can be made.

## Business Is Production; Pastime Is Research

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nois Crop Improvement Association and Purdue University.

One or the other of the nurserymen will tell you that the bent plots are kept mowed so that they don't re-seed, and that errant blades are removed so that the purity of strains isn't disrupted. It is pointed out that the progeny of a single plant always has different characteristics than its parent, but that doesn't necessarily mean that it is weaker.

Trying to explain this genetical fact in terms that are understandable, Ben Warren puts it this way: "You can never tell about the offspring. He may resemble the parent very closely, or he may differ completely. You might put it in terms that are familiar to golfers. The progeny that is produced may have its mother's power and it's father's finesse."

Although bents produce offspring of amazing variability when they go to seed, bluegrasses aren't similarly affected. So far as people who grow Merion on a wholesale scale are concerned, this is a blessing. If they had to worry about the purity of strain in acre after acre of turf, they'd never get into the nursery business.

In recent years, the Warren company has developed what it calls "backyard putting green bluegrass" for golf buffs who want to take the game home with them. This is a refined grass that is kept under close watch for vigor in encroachment and disease resistance. And, like any favored project, it receives special fertilization.

### Shade Tolerance

In the shadehouse at Palos Park, bents and bluegrasses are constantly checked to see how much sunlight they must have to survive. There is considerable variability in the shade tolerance of the two strains, but it is agreed that each must get at least 35 per cent of available sunlight if it is to thrive. When either bents or bluegrasses receive less than 25 per cent of available sunlight, they simply refuse to grow, according to Gaskin.



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