WHO WILL MANAGE?

by Cecil R. McKay, Jr.

The question of management of a golf course is a difficult one, with the only strong point of agreement being efficient management is the most needed, and often most lacking, ingredient in the golf business today.

In determining who will manage, we must qualify what they will manage. There are many categories of golf courses and clubs, but for the sake of simplification, we will classify five types and refer to them by the type numbers below:

Type 1: Member-owned private club with full facilities and a "well heeled" membership.

Type 2: Semi-private club with non-equity membership, and full facilities.

Type 3: Semi-private or daily fee facility where 80 percent or more of the sales volume is produced by golf; food is generally provided by a snack bar and perhaps a catering service.

Type 4: Semi-private or daily fee typical "Mom and Pop" operation, normally with a gross income of less than $200,000, of which nearly all is golf.

Type 5: Municipally owned daily fee facility.

In a typical Type 1 course one of the most frequently encountered problems is an attempt by the membership to manage by committees. This is a category of non-profit organizations, but certainly a well trained club manager, a PGA pro and a golf superintendent, with proper powers vested in them, could assure the membership of a greater measure of benefits per dollar spent.

It must be remembered that we speak of a Type 1 course as a prestige club with a wealthy membership. Approximately 40 percent of the courses in the United States are private, membership owned, but a very low percentage of these are what I would classify as Type 1 clubs. The majority are much lower budget clubs struggling to maintain a full membership and to compete with the growing number of profit oriented or daily fee facilities. Many of these private clubs are being converted to semi-private or daily fee facilities in an effort to create the additional income required to keep them afloat. It is very difficult for management to adjust to these transitions. The manager, pro or superintendent may have to overlap duties. One or more of these positions may be discontinued and most certainly, the degree of service and accommodation to which these entities have become accustomed must be curtailed.

In a Type 2 course, ownership is looking for a return on their investment, but all too often the instincts or training of the management is to run the club like a Type 1 course. This situation creates, at best, a poor investment and, at worst, a substantial loss which cannot be passed along to the membership. The loss can quite commonly be attributed to a country club style dining facility without proper expertise or the location required for a profitable restaurant operation. The Type 2 club would do better to look for a manager with an acute sense of business and budgeting rather than a manager whose expertise is in providing the ultimate in service and accommodation.

In Type 3 situations the management of all phases of the operation is generally vested in one individual who may commonly double as pro or as golf superintendent. These operations are run with minimal help and usually the principal owner is also the manager.

One common problem in this type of club is the tendency to try to "climb up the ladder" or expand the club into new areas, or new levels of prestige. In most cases the Type 3 club is by far the simplest to operate and the most profitable type club. When the management starts expanding into other areas, such as dining or swimming pools, they find that the return on investment diminishes, and quite frequently difficult financing problems arise. The quest for prestige will sometimes lead to the hiring of a Type 1 country club style pro, who plays excellent golf, but must hire an assistant to handle the work required by the club. In a profit making venture, it is important to see each phase of the

—**Bill Heald**
General Manager
Riverside Golf Club,
North Riverside, Ill.

'I don't believe in the concept, even though I am a general manager. There is no way you can do the job well without working together with the other management people. The person involved in the job has to know more than just his own job and the business changes so much.'

business is indeed profitable. If the pro shop and related functions are adding no revenue to the facility, a close scrutiny must be made as to their value.

Type 4, or a "Mom and Pop" club, is usually family managed and the husband and wife share duties at the grill or behind the bar or in the pro shop. Quite often the wife does the bookkeeping and the husband mows the greens.

We very seldom get involved with Type 5 municipal courses because the operation is governmental, and quite often the income producing end and the expense budget end are not correlated.

The problem of who or how many should manage my golf course can boil down to getting the proper management team for the proper club. Too often a Type 2 club comes up with Type 1 management; or a Type 3 comes up with Type 2 management. For example, we are familiar with a club on the east coast which would be classified as Type 3. It is of championship size and quality, well located in a highly populated area. The clubhouse is of modest size and has a full liquor license. The owner is a large corporation operating the club under absentee ownership. They have hired what would appear to be the ultimate in management teams — a manager, a PGA pro and assistant pro, a golf superintendent and assistant superintendent, a mechanic, etc. The club is creating an income large enough to produce a profit under normal conditions. However, with a top heavy payroll of $160,000, they produce a very substantial loss. This is an extreme example, but it illustrates a very real problem for many clubs. Several comparable clubs with which we are familiar operate efficiently with payrolls of less than $60,000. What commonly happens is that the manager or pro, or superintendent becomes intent on providing the best in quality, service and accommodation. In so doing, they force budgets that would compliment clubs of much greater magnitude. A young club or a club with lower sales volume must learn to budget and live within its means. There are many examples of 18 hole, daily fee golf courses operating profitably with a total gross income of less than $100,000. The secret is in budgeting and matching the service and quality with the golf facility and total revenue produced. The club must hire the help (including manager, pro, superintendent, etc.) which it can afford. A good, sound businessman who is astute at budgeting and handling money is the best manager. If he has club management experience, this a large "plus" in his favor.

The vast majority of clubs in the United States cannot afford to have high priced help and must double up on the duties of the employees they hire. The clubs that can afford all three of the categories — manager, pro and superintendent — are a low percentage of the total clubs in existence.

There are too many variables in golf facilities to make a good management formula that would fit all clubs. A few variables are location in relation to population, length of season, type of competition and the unique habits or needs of the golfers within the marketing area. In a pure golf operation, normally the owner functions as manager, pro, and superintendent until the gross sales volume volume reaches around $200,000. He may then hire either a pro or a superintendent to assist him with his duties. If the location is such that strong pro shop sales or lessons are an important factor, and a total sales volume of $250-$300,000 from golf related activities is anticipated, the owner may hire both a pro and a superintendent. If the club finds that it is developing a food and liquor business in excess of $100,000 along with a $250,000 golf

'I don't see myself as a general manager either. I think people in the east are more worried about this thing, than we are out here. I'm not sure all the management education in the world can counter the experience a person needs at a facility to run it properly.'

—**Cliff Wagoner**
General Manager
Del Rio Golf &
Country Club,
Modesto, Calif.

MANAGE

CONTINUED

and pro shop volume, it may become necessary to have a manager, pro and superintendent.

Maybe one of the hottest issues the industry has discussed over the recent years has been the general manager concept and the impact it can have on management personnel at facilities.

There are obvious examples of courses or clubs where the concept is alive and well and GOLFDOM talked to some of them with club managers, superintendents or club professionals as the head administrative person.

—Charles Smith
General Manager
Chevy Chase (Md.) Club

'My record and qualifications give me license to say I don't think I know enough to do it all myself. I don't try to tell my people how to run their departments. I Attempt only to exercise my authority, when I think it will be helpful to the situation.'

One thing most of the "general managers" surveyed had in common, none seemed to be completely contented with the position for one reason or another. Of course, the position demands much more time than the energies put into the one area job found in the old triumvirate system.

No one seemed extremely pleased with the semantics of the position. Most felt the name in itself was a misnomer and several did not even want to be referred to as general manager. Those interviewed looked at their position as coordinative.

Most outspoken about the concept was Bill Heald, a 20-year veteran of Riverside Golf Club, outside of Chicago. "I don't believe in the concept, even though I am a general manager. There is no way you can do the job well without working together with the other management people," said Heald, who also doubles as club professional.

With a total membership of nearly 500, Riverside has a staff reaching 60 at the hilt of the private club's season. "I'm not really sold on the whole idea, "Heald added, "The person involved in the general manager's job has to know more than just his own job and the business changes so much, it's hard to do well in all areas."

With experience Heald's best attribute, the Riverside board offered him the position just on his business sense alone. Heald admits he gets along well with his superintendent Tom Gillman and the clubhouse staff.

Many miles to the east of Heald in Chevy Chase, Md., Charles Smith was hired as the Chevy Chase Club's general manager back in 1955. With a total membership of 1,175, Chevy Chase clearly needs an overall administrator for its varied line of activities and Smith has the credentials to fill that bill with formal education at Ohio State, Princeton and the University of California.

But, even with all that, he admits even he can't see how one person can make all the decisions without knowing more than his department heads do. "My record and qualifications give me license to say I don't think I know enough to do it all myself," the 60-year-old Smith commented.

Chevy Chase has six professionals for its lineup of sports activities — golf, tennis, swimming, ice hockey, bowling and paddle tennis. "I don't try to tell my people how to run their departments. I attempt to only exercise my authority, when I think it will be helpful to the situation," Smith added.

The Ohio native mentioned that the general manager controversy or what some people in the industry make of it, is kept alive by some managers, at much smaller facilities that like to be called general managers, but don't really command the salary or authority.

A veteran of 21 years at Del Rio Golf & Country Club, Modesto, Calif., Cliff Wagoner is another superintendent turned general manager. "I really don't see myself as a general manager either. I don't have any control over the pro shop and to tell you the truth, I probably don't need any."

Wagoner, 55, has been at the general manager's job along with his responsibilities as course superintendent for two and one-half years. He admits he had had mixed emotions about the position but decided to take it, based on his experience and the fact his board of directors was going to make the move regardless.

His heart is on the golf course for sure, but Wagoner realizes with the business becoming increasingly complex over the last few years, some type of business coordination between departments is essential. "I think people in the east are more worried about this general manager thing, than we are out here. I'm not sure all the management education in the world can counter the experience a person needs at a facility to run it properly."

For certain, those that have become general managers are filled with the hassles running a facility has to bring. Interaction with department heads is greater and there is little doubt demand on time is larger than in previous positions. This change in the industry needs more time to gauge the impact and measure its effect on business. □