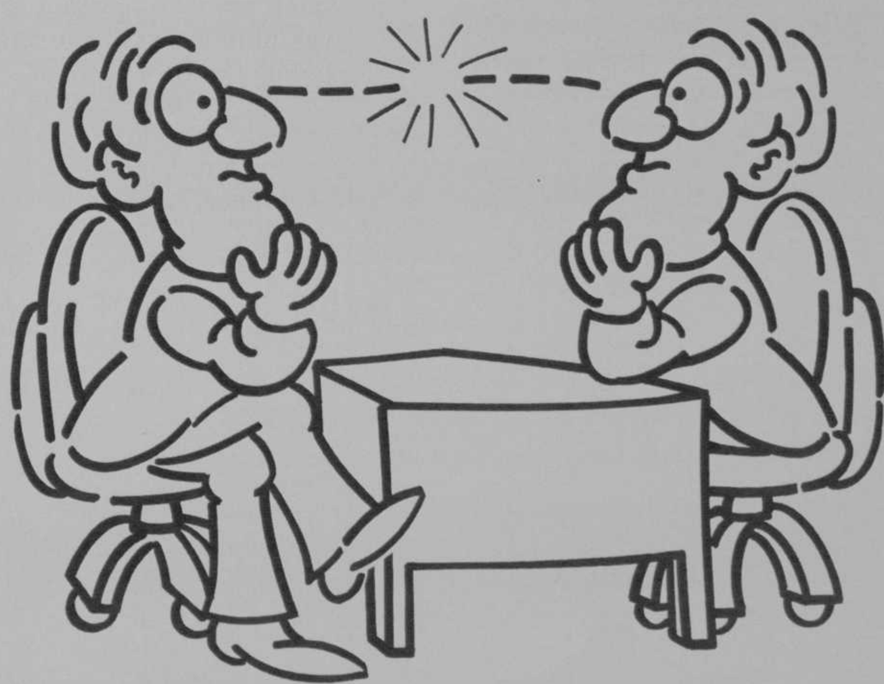
QUESTION COMPLACENCY

Analyze your operation

By Jerry Claussen

Any golf course today that doesn't have enough customers/members is either 1) in an overbuilt market (rare); 2) in an area too lightly populated to support any golf course (also rare); or 3) improperly managed (common).

To be sure your course doesn't fit in any of those three categories, ask yourself these questions: Do you have enough business? Is the business growing? Is the financial return worth the investment and effort? Have you reached your/ownership's goals?



"Look at your operation as would an outsider—a prospective buyer or a banker."

Golf is a people-service business. The crux of a successful golf facility — public or private — is to attract enough people to visit the course, to spend their leisure time and money.

The quality of experience must be high enough to create motivation to return — often. As one daily fee course owner put it so well at a recent National Golf Foundation management workshop: "We are selling memories — good or bad. If they take home good memories, they come back."

How do you sell these memories? You simply become aware of what humans and golfers need to be satisfied. It is easy for management to worry about today and its own needs. But what about the customer?

The growing popularity of short courses — par 3's and Executive length — and the high percentage of 9-hole rounds played on many 18-hole courses indicate that more people than ever play golf casually, for fun. They don't want to spend all day, or work too hard, on golf.

By the numbers

Meanwhile you must constantly be measuring the success of your golf business by the numbers.

A private enterprise golf course owner naturally is interested first in the bottom line of his financial statement.

A nonprofit membership club is usually measured in terms of members' willingness to pay for the quality of physical plant and services they demand. The goal is break-even.

A municipal course is something else — providing volume public recreation at low cost, and almost always subsidized. But the social scientists are advising public administrators to measure the effect and pleasure of the golf experience on people, not just how many rounds are played.

No matter what type of golf course you own or manage, it will pay you to analyze it — now, this month, this year. Look at your operation like an outsider would look at it — a prospective buyer, for instance, or a bank judging a loan. Review your financial statement, your physical plant, the quantity and quality of your services.

Then ask: what do we have and what are we doing that should be improved for the future?

Start with your FINANCIAL

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STATEMENT. Analyzing your own financial statement must take into account what type of golf business you are in and why.

Membership clubs may have a financial goal of limiting the membership to a certain size and making dues equal operating deficit plus costs of improvement. If the members want more, they pay more. Simple.

For a municipal course, the policymaking body should have a philosophy of service: either the golf course must be self-supporting and fees set accordingly, or (*not and*) green fees will be low because the course can be subsidized out of general funds. Income goals might also require paying off a bond issue or other debt. Another question: must golf course income pay a pro-rated share of city hall administrative costs?

For the daily fee owner, trying to make a living, the questions are different. These are important:

- Are you making an acceptable living out of your business? Measure reward against expectations, the hours you work vs. freedom and off-season vacation time, and the satisfactions from working in golf.
- Are you making at least a 12 percent annual return on investment after taxes, debt retirement, and depreciation? To do this, most golf businesses must make 50 percent gross profit from golf-related income, before those three deductions.
- Is the value of your golf course property growing, not depreciating? Even with depreciation, the overall value of your assets should be growing faster than the inflation rate. Someday you will want to sell and retire, or leave an estate to your heirs.
- Do the numbers show a record of growth? If you don't get more rounds of use, more customers and/or more gross income — and the same net or better — you are losing ground.

Your recordkeeping system will be helpful if it tells how many rounds of golf were played on a given day, week and month; what kind of rounds (18 vs. 9, daily fee vs. annual member, etc.); food and beverage sales, golf car rentals, etc.; total income per round, cost to produce each round, and net in every department of sales. Those should be compared with past years', at least by the week and month.

At any golf facility, 100 rounds per day is fair, 150+ is good, 200+ is excellent. That means per day of actual days open for play.

A successful daily fee course, in all but the highest and lowest-price markets, will probably average $4 or more income per 18-hole round from golf fees. All other income — pro shop, driving range, snack bar — will about equal golf fees income.

How close are you to 200 rounds per day and $8 per round (or $4 per round if 9 holes)?

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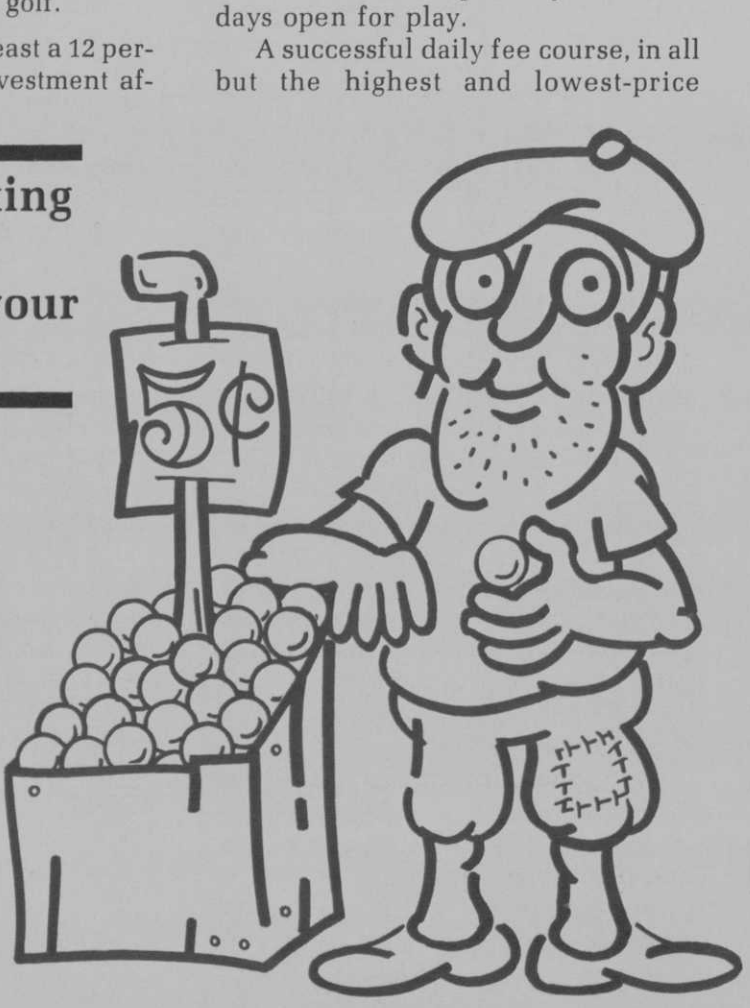


By the look and feel

Next, analyze your PHYSICAL PLANT. Look at your golf course with a critical eye. Walk it and make notes about it, like a superintendent judging turf problems, or a tour player measuring distances and looking for the percentage shots. Rate the course overall, and each hole — tee, landing zones, green area, hazards, golf car paths.

Ask yourself, or each other if a management team, these questions about the course:

- Hole by hole, does the overall design and condition meet modern criteria, such as length and greens size?
- Does the course compare favorably with other courses of the same type in the area? (If you don't know what the competition looks like, go visit them!)

A fine golf course or hole should have:

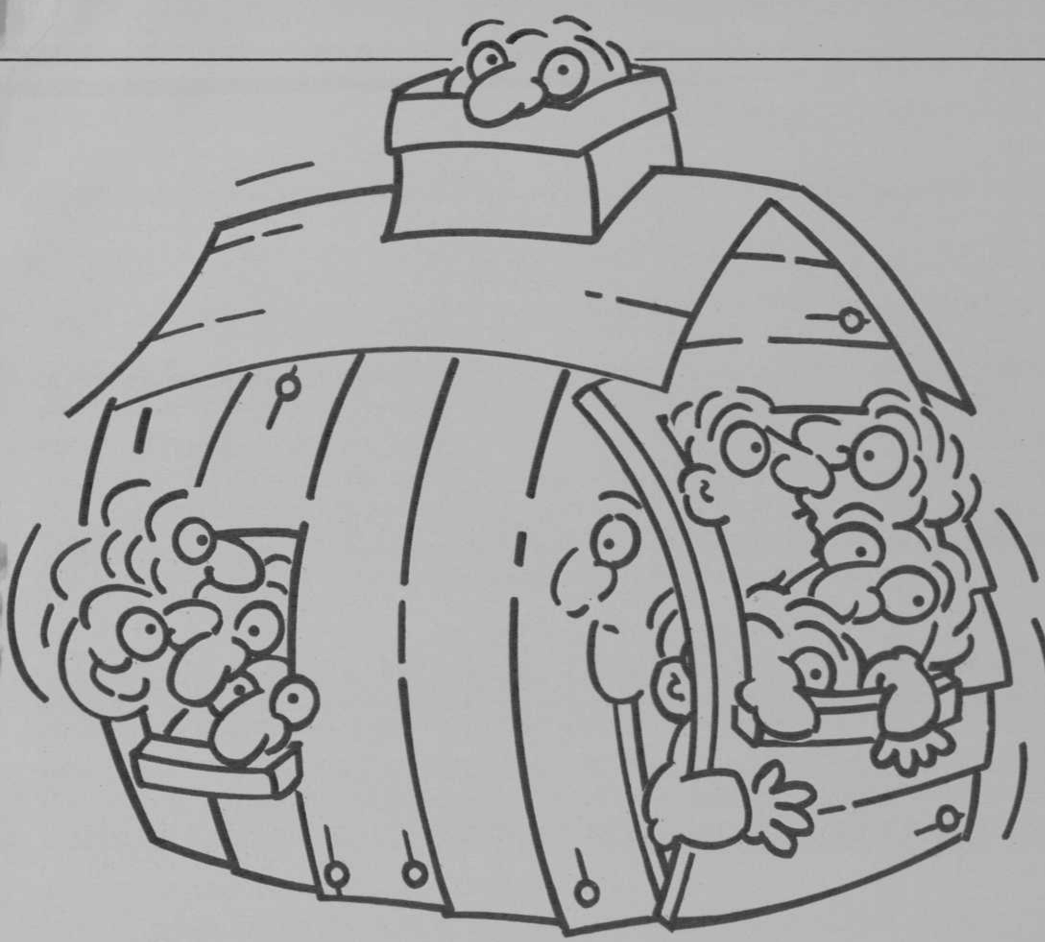
Eye appeal. The esthetic values of harmony, proportion, balance, rhythm, and emphasis — a thing of beauty, like art in a painting or photograph.

Shot values. Be fair to play for golfers of all abilities and strength, sensible length vs. par, no blind shots from tee to landing zone and approach to green, and adequate safety space between holes.

Maintenance quality. Greens and tees contain fine turf, slopes and hazards easy for large machines to mow, golf car paths in good condition, reliable irrigation system and water source, drainage patterns that have minimal effect on play.

The opposite of these qualities is an ugly, "blah" course. "Blah" courses and holes are all too common. How do they happen?

First, the site may not have been suitable for a fine golf course in the first place. Economics or bad judgement forced the project to be built anyway.



"Is your clubhouse large enough for serving your customers?"

Second, the golf course may have been designed and/or built by amateurs. They neither understood the fine points of the game nor the technology of creating a golf course that stands up under weather extremes, traffic, and ever-higher standards.

Third, not enough money may have been budgeted to do the job right the first time. Out of ignorance or capital shortage, corners were cut. Then it becomes more expensive to repair the problem later.

That golf course is your basic reason for existence. But it isn't the total of your physical plant. Also look at:

The clubhouse. Is it large enough, clean and convenient for serving your customers? A serviceable clubhouse should have only space that is necessary and/or pays — golf shop, snack bar/lounge, restrooms, office, storage space. Anything else (for a public course) may be desirable sometimes, may produce income, but lose money.

The inside arrangement and siting should allow you to have good control of play, and provide economical service. Notice the decor, too, and the landscaping. Do they help or hurt your image? Also ask: is your clubhouse warm enough on cool days and cool enough on warm days to be comfortable?

Equipment. Is it in good working order when you need it? If not, maybe the off-season maintenance program is weak. Equipment includes not only major maintenance machinery, but irrigation/pump system, kitchen, clubhouse utilities, golf cars, the practice ball machine (and good practice balls), even rental clubs.

Things that don't work right cost you money and customer goodwill.

SERVICE is the all-important aspect of your business. Unless you give quality service — sell "good memories" — your business will surely stagnate.

Service is an attitude, an atmosphere, created by purposeful planning and dedication to excellence. It is a feeling all through the staff team that "we try harder." The boss must set the example.

It is hard to measure atmosphere with statistics. But the customer knows — he can see and hear and feel how he is treated.

So ask how your operation compares with your competition and other service businesses in:

- Friendliness and capability of the clubhouse staff?
- Appearance and merchandising in the pro shop?
- Cleanliness and quality of food and drink service?
- Ability and energy devoted to teaching by our pro?
- Effectiveness of promotion and advertising programs in reaching out for new customers?

Promotion and advertising programs are simply methods of communication with people. Do you have good contacts with local newspaper and TV editors? Do you go out to community groups, schools, and companies to talk golf? Do you offer golf lessons with rules and etiquette for beginners?

Your business and your job depend on pleasing other people. Everyone on your staff should be trained to treat every customer with respect, courtesy, and good humor. Remember TUCA: "Thank You, Come Again."

If you want feedback from your customers on what they think and want, ask them. Do it in person, informally from day to day, or by written questionnaire. You will get "gripes" — some valid, some not — and you will learn.

As a test, the NGF recently helped the staff of a busy western suburban municipal course gather information about its customers. Some results, from a written questionnaire:

- Average age about 48; five of six over 30.
- More than half were earning more than $15,000 annually.
- Slightly over half had handicaps; average 13. Non-handicapped golfers averaged 96 for 18 holes.
- About 45 percent had played golf less than 5 years; 33 percent, more than 10 years.
- One of four played more than 50 rounds annually; all averaged 27 rounds annually.
- Reasons for playing the course, in order: 1) close to home; 2) friends play there; 3) quality of course; 4) good service.
- Almost a third were spending more than $300 annually on golf.

For your research, the most important question would be: What one or two (or several in order) improvements or changes would you (the customer) like to see at our golf course?

Try it. Analyze your financial statement, your physical plant, and your services, on your own. They give your customers a chance to talk. Listen. □