The Bucket
STEVE HOLLEMBEAk is an upbeat guy. If the certified superintendent of Winfield Country Club sees a half bucket of balls on his golf course’s driving range, he’ll tell you the bucket is half full, not half empty.

That’s saying something, considering what Hollembeak has been through the past few years at the course in Winfield, Kan.

It was just five years ago that Hollembeak was lamenting the economic hardships at his club. Winfield’s membership was declining, and Hollembeak took a pay cut and slashed his maintenance budget to help make ends meet.

But there’s a reason for Hollembeak’s optimism these days. Things are looking up at Winfield ... a little bit, anyway.

Membership is back up a tad, and so is Hollembeak’s maintenance budget after several years of decline. Hollembeak says he was even able to buy some “new” equipment last year — a used rough mower and a used bunker rake.

“We hadn’t bought anything in five years,” Hollembeak says. “But at least we got something.”

Hollembeak’s positive approach toward the golf industry’s economic state seems right on with his peers’ views.
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according to a recent Golfdom survey of almost 650 readers. Golfdom recently asked readers: How optimistic are you about the economic health of your facility? Thirty percent said “very optimistic” and 36 percent answered “kind of optimistic.” Only 11 percent said they were “pessimistic.” Twenty-percent were “neutral” in their views.

Readers’ optimism could be related to the fact that 62 percent of them reported that rounds had risen at their golf courses in 2007, up 10 percent from the 2006 survey. Sixty-eight percent reported that revenue at their golf courses increased in 2007, compared to 59 percent in 2006.

Golf Datatech, a Kissimmee, Fla.-based golf market research firm, reported that rounds through October were up 0.7 percent compared to the previous year. The National Golf Foundation (NGF) estimates rounds were up 0.3 percent through October from the previous year.

While those figures are basically as flat as a laser-leveled tee box, NGF president and CEO Joe Beditz — another guy who has a half-full outlook — believes the slightest increase in rounds played equates to a victory for the golf industry, what with a shaky economy and all.

According to a recent report, the Consumer Price Index is rising like the cost of a new set of hybrid irons. Consumer prices have risen 4.3 percent the past year, which includes increased costs for gas, food, housing and medical care. Consumers have responded by gluing shut their wallets.

“Consumer spending is down,” Beditz says. “We’re also spending more than $1 trillion on a war. The price of oil is almost $90 a barrel. And the real-estate market is melting down. People are nervous. And when that happens, they pull their belts tighter.”

It’s not just golfers tightening their trousers. Beditz says people who like to dine out at restaurants are doing so less. A quick check of the facts reveals he’s right. According to a November story in Nation’s Restaurant News, 59 percent of Americans planned to eat out less during the next three months.

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Steve Hollembeak, Winfield Country Club

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“Anybody who thinks it’s going to get back to the way it was is fooling himself,” Hollembeak says. “We’ll just have to make do with what we’ve got. I’ve accepted that, and so have most of our board members.”

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Mike Hughes, CEO of the National Golf Course Owners Association (NGCOA), says many of his association’s members have struggled with a similar realization. That said, they’re content with the golf business, especially after the hit it took following 9/11.

“The smart owners and operators have adjusted to the new reality,” Hughes says.

Part of that reality includes adjusting to more competition by stepping up marketing initiatives.

“What you have to do is differentiate yourself in the marketplace and make sure you’re delivering a perceived value compared to the competition,” Beditz says. “If the competition lowers its prices, they may look like a little better value than you right now … so you better increase your services if you want to hold your prices.”

Hughes says the best operators have “cracked the code” on how to increase revenue while rounds are flat. Those operators have done that through strategic pricing in accordance with demand. They have also tapped ancillary revenue sources, including increasing food and beverage sales and booking more corporate outings, Hughes says.

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68% Yes
32% No

Source: Golfdom Survey

“There are operators whose rounds haven’t moved very much, but whose revenue has moved in the right direction,” Hughes says.

At Winfield, Hollembek says the club has tried to differentiate itself by dropping the cost of its junior membership to attract more kids. The cost of two junior memberships now equals one adult membership, but it was a good move to attract new players. “Because before we were just an old country club fading into the dust with old-timers,” Hollembek says.

Jeff Shelley, the editorial director of Golfconstructionnews.com, says his tracking firm reports that many resorts are trying to distinguish themselves from the competition by renovating. Shelley cites the renovation at the Resort at Pelican Hill in Southern California, which has two Tom Fazio-designed golf courses.

“They’re trying to keep up with the Joneses, and the Joneses in this case would be Pebble Beach Golf Resort and some of the other resorts in the area,” Shelley says.

The entire golf industry must separate itself from its entertainment competition to command more of the public’s spending dollars, insiders say. A part of that has to do with growing the game, of course.

Beditz says player-development programs need to start showing better results. “We’re not really moving the needle yet, and now is the time to move it,” he adds.

Hughes says owners and operators must become more creative to attract new players. “We have to look at the game through the customers’ eyes.” Hughes is confident that the job will get done. “There’s a lot to be said for the entrepreneurial spirit of the people in our industry and our country.”

Brit Stenson, director of design for IMG Golf Course Design, is all for growing the game and introducing it to new people. The problem is that too many golf courses are too difficult for new players. Stenson says more courses need to be designed and built to be player-friendly. However, too many owners/developers let their egos get in the way in their quests to build the “toughest golf course in town.”

“As a designer, you want a course to play pretty tough,” Stenson says. “But I think we’ve gone a little overboard as an industry in trying to make a statement. ... We have to be real careful of that. Golf is a tough enough game as it is. If we make these courses so hard that nobody can play them, then they’re doomed.”