

# Make 2010 a Good Year

*Those within the golf industry are under no illusion that 2010 is going to be a difficult year... but not impossible. As the year gets under way financial expert, Ian Henderson, and Master Greenkeeper, Les Howkins, give some excellent advice that might help golf clubs through this sticky period.*





Photograph of Hankley Common, taken by Gareth Roberts





# Keep it Simple

What can be done on the golf course to ensure standards are maintained during a period when budgets are being cut and finance is at a premium. Les Howkins MG, Course Manager at The Richmond Golf Club, in Surrey, offers some advice on how to make a difference without raiding the piggy bank.

**It is an accepted truism that the golf course is a golf club's greatest asset, but it will only remain so if it is maintained to the best standard the budget will allow and does not deteriorate.**

Master Greenkeeper Les Howkins is well aware of the need to keep quality high but also knows that the need to do so cost effectively is of paramount importance.

"I'm pretty lucky here, we are increasing membership and are bringing in more green fees but I also remember where I've come from, working at golf clubs where budgets were tight and life was a bit more of a struggle," he explained.

With that in mind, and being a northerner, he has a keen appreciation of the value of money and employs many low or no cost techniques which make a real difference.

"Top of the list is to keep things clean and tidy. For example, it doesn't cost money to take a bucket of water and a sponge and wash down the flag pins. It's dead simple. Also for the cost of a can of paint and a little bit of effort you can have the tee markers and the hazard posts looking fresh."

It does sound simple. So simple,

in fact, that you do wonder why you ever seen neglected flag sticks or scruffy furniture on any golf course, but Les has a theory on that.

"I believe that a lot of greenkeepers think about tees, fairways and greens, first, second and last. I remember when I went to college it was all about turf quality and never once was I told of the importance of keeping the golf course neat and tidy. Keeping markers painted and paths weeded etc is still not part of the NVQ system.

"People tend to focus on the element that they spend a lot of money on – fungicide, fertiliser, top dressing, aeration, cutting and put all their effort into that. However, they could have the best greens in the world but if nothing else is up to scratch people won't go and play it," said Les.

"They are all things that don't necessarily stand out when they are done well, but they certainly do stand out if they are not right."

Another area where resources can be shepherded more effectively is cutting regimes.

"There is no point in diamond cutting a fairway that takes however many hours when you can get just as good a quality of surface by block cutting half and half in a frac-

tion of the time which then frees up manpower to weed paths and edge bunkers.

"It's also fantastic if you can hand mow greens but if you have had to make a member of staff redundant if you have a ride-one use it as it saves a lot of time and manpower which can be used elsewhere on the course."

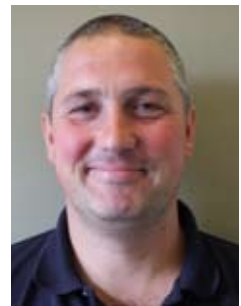
However, Les is quick to put something else into the equation if changes to course management procedures are to take place.

"Communication is the key. If you are making changes to the way you cut, or have decided to rake the bunkers three times a week instead of four, it is important that you inform the members and explain the reason to them."

And ideally this doesn't just mean sticking a notice up in the locker room.

"Emails are great. Most clubs have a database of email addresses and it takes seconds to send a message to all the members and costs nothing. If it's chucking it down and the course is wet, we'll inform them. If it's frosty, we tell them. It's a really good way of communicating and makes the member feel he or she is being considered."

Les is also an advocate of having



Les Howkins MG, Course Manager



A marker post in need of a coat of paint



the set of standards the greenkeeping team works to written down.

“Everyone should know the standards that you work to – General Managers, Committees, staff etc, and if any changes are made these should be made known. It’s like the Policy Document and would include things like the number of times you rake the bunkers, cut the fairways etc.”

Working out how many hours are spent doing various tasks through the week also makes it much easier to identify what jobs would have to be dispensed with should the man hours available to the Course Manager be reduced through a reduction in overtime or redundancy.

It says much for the skills of the country’s Course Managers that even with cut backs at many golf clubs over the last 18 months standards have been maintained or even raised.

“You have to be adaptable, roll with the punches and move with the times. You can’t be stuck in your ways.

“There is nothing in our job that we can’t do. There is always an answer and a way of making something work but when it comes to the longer term those with bents and fescues greens will probably

cope better financially. They will have fewer inputs, less disease, less fungicide so money and time spent maintaining them is always going to be less, but you can’t change to a more sustainable approach overnight so it’s a long term project.

“People can work towards this though because the next recession is only 10-15 years away. It’s one of those facts of life. It goes round in circles,” warned Les.

Off the course Les is also a great advocate of personal development and has some advice that can keep that on track without costing a penny.

“Training can be quite expensive, particularly if money is tight but it is important to keep it up and it can be done even if you have virtually no budget at all.

With the BIGGA Library you can be sitting at home in an evening adding to your knowledge for just the cost of return postage.

Section Training events can also be very useful and can be for a little as £15-£20 a day. Not a lot of money and something you can always pay out of your own pocket if the club has no money in the training budget.

The Government fund some NVQ training for the younger greenkeep-

ers and is a good way of motivating if no pay rise is available.”

Les is very much of the view that the way to succeed is to be the best club of your type in the area.

“You want to be the best club full stop but if you can’t be that you’ve got to be the best you can be in your target market. If you are at a lower end pay-and-play you make sure you are better than the next nearest lower end play-and-play.

“It’s a case of doing the right things, keeping it simple and not making it over frilly.”

**ABOVE:** Manor House GC at Castle Coombe, taken by Gian Povey, and showing how good a course can look.

**BELOW:** Example of a well raked bunker





# Loads of Money

Ian Henderson gives some sound advice for ensuring your club's financial survival

**As recently as two years ago, funding for golf clubs was easy. Golf was considered a very good risk, and while some of the more recently established proprietary clubs were scrutinised more closely than a 100 year old members club, the business was generally arranged without too much difficulty.**

How things have changed. With golf clubs considered part of the leisure industry, the clearing banks and finance houses have lost most of their appetite for our business.

Without doubt life has become more difficult for many golf clubs.

There have been casualties, and there will be more. Golf clubs however, are resilient beasts, and the well established members' golf clubs will continue to survive, and indeed some will thrive albeit at the expense of others.

What the lenders fail to address is that golf clubs which have graced our land for 100 years and more have witnessed several crisis. Two world wars, depressions, fashion swings and they are still here to tell the tale.

As you would expect at a time like this, there has been a downturn in machinery replacement, with many clubs making do for another year or two. The quality of the machines





ABOVE: Photography by Dean McMenemy

available today, combined with regular maintenance means, in many cases a fairway mower scheduled for replacement after five years will last seven or eight years. The only thing a club must be aware of is the cost of hanging onto a machine for too long.

Where a five year old mower may be worth £5,000, if it requires a major repair, which could cost between £3,000 and £6,000 it will still only be worth £5,000. So it is true to say there will come a point where you can start throwing good money after bad.

The repair costs would go along way to covering the annual lease cost for a new replacement mower.

Machinery finance is generally still readily available, and while fixed interest rates do not reflect the current bank base rate of 0.5%, rates are generally favourable and finance offers great flexibility.

For larger projects such as clubhouse renovation or course improvements, the rules have changed dramatically. In years gone by projects under a cost of £50,000 were regularly funded simply with an unsecured loan.

In today's market any project where we are looking at longer term, large value funding, without doubt the funder will look for tan-

gible security, normally by way of a first charge over the course and clubhouse.

According to a respected golf club specialist, values of golf clubs have fallen between 5% and 15% over the last two years.

Once the project has been agreed and costed, there is no certainty funding will be available. Over the past two years the funders have become very adept at finding reasons not to agree facilities.

## It is true to say there will come a point where you can start throwing good money after bad.

In addition to making funding difficult, most of the lending houses have taken advantage of the lack of funding to significantly increase their margins and fees.

In 2005 it would be reasonable to assume a facility of say, £500,000 could be secured at around bank base rate + 1.5% - 2% but in today's market you could be nearer bank base rate + 3.5% - 4%

The fee structure has also increased with arrangement fees of 2% quite common.

We are in fairly difficult times,

which have seen huge changes in attitudes toward money. Many golf clubs who considered themselves cash purchasers, are now looking to utilise machinery finance and spread their cost.

The current situation has also spurred many clubs to look at the way they conduct their business. It is always difficult to carry out major changes, but because it has always been done this way, does not mean it is right.

Traditional systems and methods are no longer suitable in today's marketplace and more efficient management is being implemented in many golf clubs.

**More than ever careful planning is required for all aspects of the golf club business.**

- Machinery Finance
- Long term projects
- Overhead controls
- Staffing costs

With proper management and planning, and a sustainable flexible finance programme, there is



no reason why all golf clubs cannot ride out this difficult period, and come out the other end stronger than ever.

It is vital that golf clubs have a long hard look at the way they do business. It is no longer enough to look at the bottom line when the annual accounts are lodged at the AGM. Each department must be isolated and assessed on its own merits. It is all very well having a fantastic bar turnover, but what do you do if the catering is dragging it down? It is all very well having a waiting list and good members' income, what do you do if visitors are turned away and made to feel less than welcome.

A few clubs are in the envious position where money is of secondary importance, for the rest of us we need to make sure all parts of the jigsaw fit together to give a complete picture.

Hard decisions may need to be taken; many of them will prove unpopular, but not as unpopular as standing up at an EGM to explain the need for £150 levy per member for the next five years!

Successful clubs are now looking at ways of generating income from alternative sources. If you have 500 members and 5,000 visitor rounds per year that is how much revenue you will generate in 12 months.

If you have the facilities to accommodate members' functions, such as weddings, anniversaries, birthday etc exponential additional income can be raised without altering the basic golf income streams available.

Simple things like offering 10% discount for visitors if they book lunch or dinner at the same time as booking golf or reduced buggy fees if the buggy is reserved at the time of booking can make a big difference to the overall profit at the end of the year.

If your club charge £25 per person per round. You only need one fourball per day, Monday to Friday, April to October and you will generate an additional £16,000 income per year!

The demographics of golf clubs are changing significantly. We are seeing the average age of existing members increasing and a huge number of junior members leaving clubs as the turn 18 and transfer to the adult section. This coupled with the general exodus from many clubs, means there are several important issues needing addressed.

Senior discounts: Many clubs operate schemes where senior members, with a specific number

of year continuous membership are entitled to up to 50% reduction in their annual subs.

The problem is the number who qualify for this has increased dramatically to almost 35% of the entire membership in some cases. In truth many of these members have taken early retirement, play at least five times a week, and have more expendable income than a 40 year old man, with a large mortgage, and a family to support. It is vital clubs redefine the rules. While there is mammoth resistance to any sort of increase aimed at the seniors, and bearing in mind they make up the majority of members and turn out en masse at any AGM or EGM,

**Family Inclusion:** With your average medal round taking just over four hours, an hour's travel time to and from the golf course, and diet coke and a sandwich with your playing partners, it's not just a Saturday morning.

It is important that golf clubs today offer more than just golf. If there are activities where the whole family can become involved, the entire day becomes much more inclusive and less contentious. Mixed competitions including Gents, Ladies, Seniors and Juniors, with a buffet and prize giving at the end can be very successful and rewarding. It is also worth considering awarding the spouse of a full member automatic

## Successful clubs are now looking at ways of generating income from alternative sources.

it important new rules are set going forward. It may be possible, for example to restrict the reduced fee seniors to five day memberships, which would free up valuable tee times at weekends.

**Junior retention:** Years ago, 75% - 80% of boys and girls turning 18 found a job within 10 miles of where they were brought up. Today 80% plus will leave their home town and travel all over the world to universities and colleges to gain knowledge in their chosen subject. The chances of them returning home is fairly limited, so we need to face the fact it is nigh on impossible to keep the juniors, as their subscriptions increase to senior rate.

If it were possible to charge a nominal fee to "keep them in the fold" and allow them to play for, say a visitors' guest fee, it would be a start.

**Second club membership:** In the past people who were fortunate enough to belong to two clubs have made a choice of one club or the other. Geography will often dictate if they stay or go, but flexibility in fees and restricted access can often encourage them to stay, in one shape or form. To retain a member, even if that includes changing categories means there is still income potential from that person.

The dropping of joining fees has also contributed to the "Nomadic Golfer" who club hops from year to year.

By providing the best course in the area along with a welcome and good value for money catering can ensure your club is where the club hopper lays down his roots.

social membership of the club, and encourage them to make use the facilities on offer.

While money may not be as readily available as before, it is not all doom and gloom.

With a positive sustainable programme and a properly thought future, it is still possible to secure the funding required for you and club to survive and thrive.

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