

The ups & downs of regional buying

Somewhere between group and individual buying lies the purchasing hybrid of regional buying.

Management companies with a geographic concentration of courses have for years purchased chemicals on a regional basis. The same goes for sand and top-dressing—any maintenance need nearby courses might have in common.

If enough courses share needs, and the distance isn't too great, regional buying makes sense.

And with the advent of technology like the Hydroject and Verti-Drain, management firms have seen fit to buy one or two per region. The different courses can then schedule usage on a communal basis.

However, there are pitfalls.

"One of the dangers with this regional idea is you start getting into the trucking business," said Mike Heacock of American Golf Corp. "If you share too much, you need a fleet of trucks to keep up. We don't want to be in the trucking business—we're in the golf business."

"But it can save you a lot of money. Not every course needs its own Verti-Drain."

Course owners explore intricacies of group purchasing

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fashioned independence.

"Superintendents and club managers aren't used to being told what to buy," according to Mike Heacock, who administers centralized purchasing for American Golf Corp. "But it doesn't make sense for our 36 courses in Southern California to use different sand. So you've got to get everybody in a room and hash it out."

"This is why golf course superintendents associations aren't purchasing organizations. People can decide they don't want to spend as much this year, then someone else backs out and the deal is dead. What are you going to do? Sue them?"

The NGCOA recently entered into a partnership with Truck Centers, Inc., whereby NGCOA members can purchase GMC vehicles at a savings of 2 to 7 percent, depending on the option package. The NGCOA and its 1,112 members have also arranged for volume deals with U.S. Sprint and Alamo rental cars.

Negotiations are underway on purchasing the following products in bulk: golf cars, maintenance equipment, golf course chemicals and uniforms. The job of negotiation falls to NGCOA Executive Director Mike Hughes.

"Because of our size, we've been received well by manufacturers," said Hughes. "What we've tried to do is concentrate on the 10 or 15 items that are most

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— Mike Heacock, American Golf Corp.

significant on the expense side of the ledger. But we've really just started."

It's a long process, according to management company executives. Kemper Management, for example, didn't begin concentrating on group buying until three years ago—and the strategy is still evolving.

"We certainly haven't been doing it since day one," explained Steve Lesnick, president and CEO at Kemper. "You have to be a certain size to make it worthwhile. We're large enough now (14 clubs nationwide) that we can get the type of buying power that a group buyer can realize."

Further, added Heacock, "It's not an easy deal. Everybody wants to do it, but the mechanics are very difficult. There are potential savings out there, but you have to manage it."

"It takes a long time to make these agreements work. It also takes time to convince people in your own company it's the right thing to do. Another problem is that local management maintains the responsibility. They're the ones that have to make it work—yet they're also the ones whose decision-making responsibilities have been curtailed."

Heacock is quick to point out the potential hazards, but there's no denying the savings. At one point, American Golf had been using 26 different kinds of paper cups, "Which is crazy," said Heacock.

AGC had been buying rakes on a local basis. Now the firm buys them centrally for its 136 courses in 23 states—at a savings of 15 to 20 percent, according to Heacock.

Kemper buys its chemical and heavier equipment in bulk, as does AGC. In fact, American Golf has entered into several long-term exclusive contracts for golf cars, mowers and seed.

The value of such a deal is not so much the price savings. The real value lies in allowing companies like AGC and Kemper—no longer hostage to distributors—to deal directly with factories.

"This allows us to go way beyond price," Heacock explained. "It comes down to a question of 'How does, say, Toro support American Golf?' and *vice versa*."

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