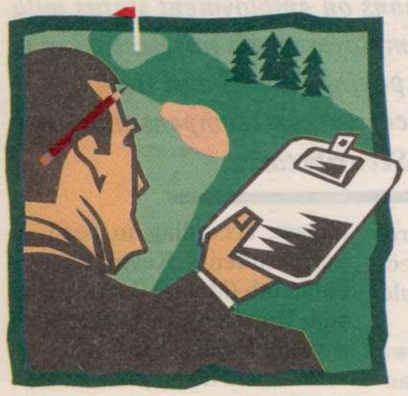
BRIEFS



DALY JOINS PALMER

ORLANDO, Fla. — Paul Daly (below) has been named vice president of club development for Arnold Palmer Golf Management. Daly has 25 years experience in golf having served as executive vice president and chief operating officer with Club Corporation of America, chief operating officer of Great American Clubs and president of Western Club Consultation and Management. Daly will be in charge of growing and managing Palmer Golf's management contract business and take a major role acquiring Palmer Golf's owned private clubs.

Paul Daly

David Rosow

IGG TAKES OVER WAMPONAG

WEST HARTFORD, Conn. — International Golf Group has signed a management contract with Wampanoag Country Club, founding home of the Donald Ross Society, according to IGG President David Rosow (above). IGG also owns Zephyr Spring Golf Club near Tampa, Fla., Persimmon Ridge Golf Club in Louisville, Ky., and Southerness Golf Club outside Atlanta.

SUNCOR PURCHASES GOLF & TENNIS

SEDONA, Ariz. — SunCor Development Co. and WLD Enterprises have purchased Sedona Golf & Tennis Resort, according to SunCor Vice President Thomas Patrick (below). SunCor will complete the golf cart paths, construct a permanent clubhouse and make minor modifications to the Gary Panks-designed course. Work should begin later this year.

Thomas Patrick

Richard Chulick

WALTERS ADDS GC OF ILLINOIS

ALGONQUIN, Ill. — The Walters Group has added The Golf Club of Illinois to its portfolio, according to President Richard Chulick (above). Walters' subsidiary Southwest Golf also operates Paradise Hills Golf Club in Albuquerque, N.M., and Mesa del Sol in Yuma, Ariz. Southwest plans immediate improvements.

AGC plans to expand upscale daily-fee golf course holdings

By PETER BLAIS

SANTA MONICA, Calif. — American Golf Corp. hopes to shed its image as an operator of only municipal and low-end daily-fee courses by adding more upscale properties to its portfolio over the next few years, according to the company's head of acquisitions.

Joe Guerra

"It's important for us to establish credibility by acquiring high-quality properties," said Executive Vice President Joe Guerra.

"We've been viewed as an operator of affordable golf courses. The reality is that we operate in every segment — municipal, affordable daily-fee, high-end daily-fee, private entry-level and trade-up courses. We're similar to Marriott hotels in a way. They have several product lines among their hotels, everything from Fairfield Inns to their JW facilities. We have several product lines of golf courses."

Numerically, AGC is the largest operator of U.S. golf courses with more than 200 properties and 9,000 employees. Still, management companies in general operate less than 5 percent of all U.S courses. Guerra sees that percentage growing.

At the same time, he foresees the number of management companies declining, with bigger operators getting bigger and smaller operators selling off their holdings as they realize the enormous returns they'd anticipated simply aren't available.

"The golf industry needs professional management services," the AGC executive said. "Between 1992-94 we saw many developers building courses. They liked the idea of building, but not necessarily the everyday operation of the course.

"AGC is not an owner of golf courses. We're a leaser and operator. We want to make a reasonable and fair profit. Our ratio of employees to customers is fairly high. You throw in uncertain weather and chemical costs, operational problems and a ton of other potential setbacks, and

Continued on page 59

The Karsten Course at Arizona State University is one of Resort Management's college layouts.

RMA finds niche in university management

By PETER BLAIS

Resort Management of America operates three courses. The pro shops at all three were recently listed among *Golf Shop Operations* "America's 100 Best Golf Shops."

Now why, you might ask, would a superintendent's newspaper be concerned about that. Primarily because it indicates the philosophy behind one of the up-and-coming course management companies in the United States.

"My goal is to hire someone who knows more than me in each area of course operations and then get out of his or her way," said RMA President Henry DeLozier.

In the case of the pro shops at RMA's three layouts — Arizona State University's Karsten Golf Course (GC) in Tempe, Stone Creek GC in Paradise Valley, Ariz., and University Ridge GC in Madison, Wis. — that person is Retail Director Becky Adams.

In the case of course maintenance at the three layouts, that person is Director of Agronomy Tom Regan. Prior to joining RMA, the Pennsylvania State University turf school graduate was head superintendent at Bethesda (Md.) Country Club and

Continued on page 58

MARKETING IDEA OF THE MONTH

Partnering with hotels can increase course profits

By PETER BLAIS

ORLANDO, Fla. — By working with local hotels, a public course can add dozens of people and thousands of dollars to its marketing efforts at very little cost, according to Elaine Fitzgerald, president of a South Florida marketing firm and one of the featured speakers at Golf Course Expo held here.

"The golf industry as a whole is behind in marketing and public relations," the president of Fitzgerald Productions Inc. told a group of course owners and operators attending the *Golf Course News* -sponsored event. "That's largely because a stand-alone golf course has so few employees. A course usually has one person in a marketing position or the owner does it himself."

Elaine Fitzgerald

To overcome that situation, Fitzgerald developed a partnership between 25 area hotels and two upscale Broward County courses, Deer Creek Golf Club in Deerfield Breach and the Carolina Club in nearby Margate.

The hotels have large sales teams with combined marketing budgets totaling millions of dollars. They promote the golf program in corporate mailings, at national and international trade shows for travel agents, and on sales missions to associations and other groups.

They advertise the course in magazines and newspapers.

The result for the courses is increased play by vacation

Continued on page 60

AGC plots future acquisition strategy

Continued from page 55

about all you can expect is a **fair** return. The idea of operating a course is scary to many developers. They don't want to worry about things like how many hamburger buns to order. That's where we come in."

AGC's goal is to add 15 to 20 high-quality courses annually in metropolitan areas, Guerra said. The company will also explore expansion possibilities into Canada and adding additional facilities in the United Kingdom, where it presently operates seven courses.

"Over the next five years, we'd like to double the size of the organization," Guerra said.

Asked what could stand in the way of that lofty goal, Guerra never hesitated.

"I read the National Golf Foundation's report on the [November] Golf Summit and was amazed at public's perception of the environmental harm done by golf courses," the AGC executive said. "The environment seems to be even more of a concern than it was two years ago. We need to take this seriously and do a better job of communicating the positive effect golf has on the environment.

"There are many inconsistencies in the anti-golf movement's arguments that we need to address. No one has done a **great** job promoting the game. It's a key to keeping the industry healthy."

Financing is another concern. AGC's founders developed National Golf Properties, a real estate investment trust, to attract investor dollars for golf course acquisitions. Other large, established management firms, like Club Corporation of America and Cobblestone Golf Group, have little trouble obtaining financing, Guerra said.

But access to capital is a growing concern, especially for those who, Guerra believes, paid too much to build or buy courses in the past five years. Those facilities aren't meeting financial projections, which worries financial markets and hurts everyone seeking capital for the golf industry, Guerra said.

With more management companies has come more competition for leasing opportunities. "We run across each other [competitors] out there," Guerra said. "But we're looking for leasing or management-only opportunities, not acquisitions.

"There's a huge contingent of course owners who don't want to sell their properties, but do want professional management services. They want a management company with substantial revenues that can guarantee them a rent check month in and month out.

"There are several reasons why an owner would rather lease than sell his course. First, he doesn't believe he's received his full, long-term value out of the investment, yet. Second, he might want to create an investment annuity that provides a long-term revenue stream for his family. Third, he might want to develop a golf course portfolio without the headaches of daily management. Fourth, he may just be enamored of the idea of owning a course. Or fifth, there are always tax considerations.

"We've had to become creative to address those various needs and we'll continue to do so."

Golf Enterprises acquires a pair of Texas courses

DALLAS — Golf Enterprises has added two Texas courses to its portfolio since the first of the year.

In January, the company signed a contract to manage Indian Creek Golf Course in Carrollton, Texas. A month later, it purchased Eldorado Country Club in McKinney .

"These acquisitions further GEI's announced strategy to be a leading consolidator in the golf course industry," said President and Chief Executive Officer Robert Williams.

The Dallas-based firm now owns, leases or manages 38 golf courses in 16 states. In its recently released financial data, GEI reported a fourth-quarter operating revenue of $11.6 million, an increase of 24.4 percent over the $9.4 million for the same period a year ago.

The company reported net income of $41,000 for the fourth quarter of 1994, compared to a net loss of $1,1 million during the final quarter of 1993. For the year, GEI reported a net loss of $1.1 million as a result of an extraordinary loss on the early extinguishment of debt from the proceeds of the company's initial public offering in July 1994. That offering was used to establish a $45 million revolving credit line, which the company used to acquire eight courses during the fourth quarter of 1994.

CIRCLE #155