BRIEFS

NGCOA ELECTS OFFICERS

ORLANDO, Fla. — The National Golf Course Owners Association elected its officers during the association's recent annual conference here. Re-elected were Jim Scott of Gull Lake View in Augusta, Mich., president; Cliff Rampy of Treeline Golf Club Inc. in Tomball, Texas, vice president; Bill Stine of Kissimmee (Fla.) Bay Golf Club, secretary; and Jerry Hollingsworth of Singing Hills Golf Club in El Cajon, Calif., treasurer. Also newly elected to the board of directors were Roy Clark of Mill Creek Golf Club in Mt. Frontenac, Minn.; Ian Kunesch of Rolling Greens Golf Club in Newton, N.J.; and Kelly Miller of Pine Needles Country Club in Southern Pines, N.C.

Jim Scott

CLUBCORP ACQUIRES COTO DE CAZA

ORANGE COUNTY, Calif. — A Club Corporation of America subsidiary has acquired Coto de Caza Golf & Racquet Club. The club's second Robert Trent Jones Jr.-designed course is scheduled to open this spring. This is the fourth country club a CCA subsidiary has purchased in Southern California in the past year. Mission Hills Country Club (CC) in Rancho Mirage, Desert Falls CC in Palm Desert and Indian Wells CC are the others.

CMAA PROMOTES AUSTIN

ALEXANDRIA, Va. — The Club Managers Association of America has promoted Alyson Austin to manager of its Premier Club Services Department. In her new post, Austin will help develop and implement new programs, products and services for club operations. She will also monitor legislative activity and report to members critical information on issues of concern to the club industry. Austin was previously education coordinator.

AGC'S JAMES EXPANDS DUTIES

DALLAS — Ken James, senior vice president of operations, Central Region for American Golf Corp., has added the Eastern Region to his management responsibilities. James, who will continue to work out of Dallas, now supervises operations at 70 resort and daily-fee golf courses in 18 states. James joined AGC in 1983 as regional director for Texas.

Ken James

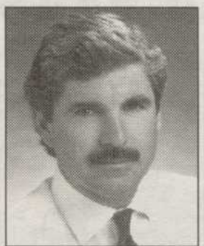
MARKETING IDEA OF THE MONTH

Charleston adds automated tee time network

By PETER BLAIS

CHARLESTON, S.C. — Sandwiched between Myrtle Beach and Hilton Head, Charleston is often overlooked as a golf destination. But course owners, lodging providers and civic officials hope their soon-to-be-unveiled central tee time reservation network will change that.

"Golf has grown significantly as visitors look for things to do in the Charleston area," said Kate Darby, director of visitor services for the city. "We hadn't aggressively promoted ourselves as a golf destination until recently. By [electronically] tying tee times and golf courses together, we hope to increase [tourist] revenues significantly in the Charleston area."



Mike Tinkey

The PAR Golf System network, which is scheduled to come on line in June, is the result of a rigorous, six-month search for a reservation network tailored to the needs of the Charleston area, according to Mike Tinkey of Sports Management and Marketing Services, who facilitated the arrangement between PAR and a consortium of course and lodging facility operators as well as the Charleston Area Convention and Visitor Bureau.

The system will provide one-stop shopping for golf and lodging reservations, electronically linking 17 courses and a dozen lodging providers. Getting course

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Chicago firm buys GreenVisions Inc.

By PETER BLAIS

CHICAGO — Crown Golf Properties has acquired GreenVisions, Inc., a Chicago-based golf management and construction company. The agreement melds two management firms that historically concentrated on different market niches.

Crown, also based in Chicago, owns and manages upscale golf facilities, resorts and golf real estate properties. GreenVisions manages public golf facilities under contract or long-term lease, including a number of municipal layouts. GreenVisions has also built and/or grown in 17 courses since 1989.

"Our strengths are very complimentary," noted Tim Miles Sr., president of GreenVisions. "Our partnership will allow us to access the entire market by offering the most comprehensive package of experience and expertise."

Under the agreement, Crown remains general partner. Limited partners who will actually manage the business include Crown's Bill Wolf and Scott Flynn and GreenVisions' Miles, Allan Swaringen and former

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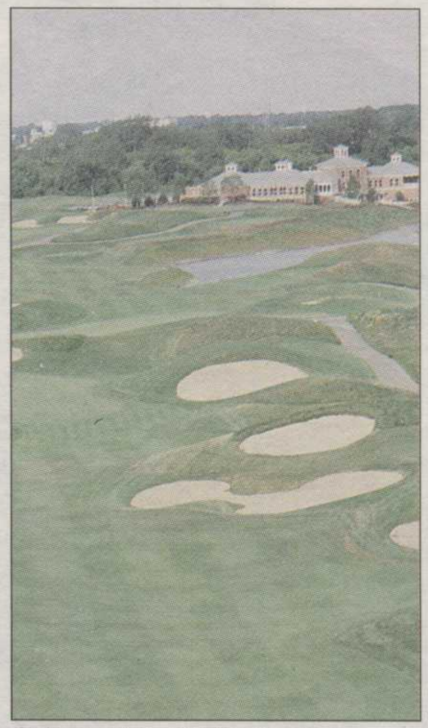
Blackthorn Golf Club is one of North American Golf's many Midwest properties.

North American Golf Inc. at crossroads



Clubhouse view at Prairie Landing

By PETER BLAIS

A fork in the road looms ahead for North American Golf (NAG).

The Lombard, Ill.-based company recently signed a financial agreement with the real-estate subsidiary of a major utility. The agreement will provide NAG the capital to build, manage and/or buy more courses as it seeks to become an increasingly significant player in the management company market, according to Chief Operating Officer Michael Rippey.

Meanwhile, since the start of the year, a half-dozen firms have approached Rippey with offers to buy his company and consolidate NAG's operations with their own.

Go it alone or consolidate. Right fork or left.

"There are many companies out there like ours where the owners have a lot of sweat equity into the business," said Rippey, whose firm has

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COMMENTARY

Credible feasiblity work rare but key to successful golf course development

JAMES E. McLOUGHLIN

We constantly hear of the need for more golf courses across the country. The often-heard cry is "one new golf course opening a day would not be enough." Accepting the premise, it is surprising the industry has so little feel for what it takes to develop golf courses on a consistent basis. Consequently, national golf development has been slowed consistently and unnecessarily.

For example, the basic prerequisites for developing a golf course are: (i) the availability of a sufficient amount of net usable land that is permittable; (ii) credible feasibility analysis; and (iii) adequate funding. Only when all three components are in place can a golf course be developed. Gaining access to qualified land is the easiest of the three tasks. More often than not, the stumbling block is the lack of credible feasibility work, which the industry erroneously takes for granted as an automatically deliverable service.

Common opinion throughout the golf community and its associated media is that the primary reason why more golf courses are not developed is due to lack of consistent adequate funding.This is not a valid premise. There has been a good supply of working capital available for golf course development for some time.

However, the combination of private money availability and the recent Orange County, Calif. bankruptcy has shut down public-sector funding sources — leaving private funding as the sole source of development money today. This is not too serious a problem because private money has been funding up to 80 percent of all golf development through the early 1990s.

The purpose of this commentary is to advise that accessible private-source development funding is not always available to golf because credible feasibility services — without which no

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John Clark (far right) is toasted after he turned in the first hole-in-one at new Turnbull Bay Golf Course. Celebrating with him are his wife, Frances, left, and Turnbull course designer Gary Wintz, along with waitress Alison Boyce.

On-course toast draws media attention to new Fla. layout

NEW SMYRNA BEACH, Fla. — Corporate recognition, course credibility and image enhancement were almost immediate, and media attention was "shocking" when Turnbull Bay Golf Course celebrated its first hole-in-one here.

"This helped business immediately, and gave us a good name as a friend in the community," said Turnbull Bay advertising consultant Bill Denmark of DenMar Advertising Associates.

The course developer, Classic Golf of Florida, pulled out all the stops when New Yorker John Clark sand-wedged the ball off the 6th tee and into the cup on the 106-yard hole. A local restaurant donated a $100 bottle of Dom Perignon, shrimp cocktail, linens, crystal — and even a waitress — to the cause. Instructing staff members to seat Mr. Clark and others in his foursome on the 6th green, course designer Gary Wintz proposed a toast to honor Turnbull Bay's first hole-in-one.

Thirsting for media attention for its new course, Classic Golf got its wish. By early April, the toast and celebration had been covered by the *Orlando Sentinel, New Smyrna News Journal, New Smyrna Observer, Seniors Today* newspaper, *Florida Living* magazine and *Golfers Dream* magazine. Now add *Golf Course News*.

"We feel it was important to do something special for Mr. Clark," said managing partner Jim Deeley. "Classic Golf represents the new kids in this community. Our corporate policy is service-oriented and our philosophy is that actions speak louder than words."

McLoughlin

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investor will commit to a project — is not available. There may be fewer than five people across the country with the experience to generate a meaningful feasibility report, which creates a substantial "bottleneck" to golf course development.

This has not been a problem until recently because during the 1980s when public money was a ready source for golf development, municipal "guarantees" negated the need for credible feasibility work. Consequently, the quality of feasibility work failed to mature through the years.

Today, private investors conduct exhaustive due diligence examinations of potential projects and the feasibility reports presented to them — most of which fail to pass the test. Inferior feasibility work today stops more golf course development projects than good feasibility work facilitates.

This problem is not being resolved, or even addressed because: (i) so few people are aware the problem exists; (ii) current computer software packages lend more credibility to feasibility report content than it deserves (like good icing hiding a bad cake); and (iii) eager first-time developers (always in the majority in golf) are not discerning and accept virtually any level of feasibility work product — a deceptive practice because potential investors are discerning and often reject this same feasibility work.

Before identifying the problems associated with feasibility work today, it should be noted that a feasibility analysis consists of two components: (i) a demand or market analysis; and (ii) *pro forma* business plan projections.

Demand/Market Analysis:

The basic logic used within more than 90 percent of all demand-analysis work across the country is based solely on historic precedent. For example, the process suggests that if approximately 10 percent of the general population plays golf now, which is the case,10 percent will play golf within the designated geographic regions where the project site is located. Consultants then simply measure whether present play occupies more or less than 10 percent of the population within the target market and conclude either (i) there is no need for a new golf course; or (ii) there is need, for example, for 18 new golf courses.

The inherent problems associated with this static evaluation are that the process: (i) does not allow for potential growth in the playing population; (ii) is locked within geographically defined regions (villages, towns, counties, etc.) and does not take into account the driving patterns of golfers; (iii) often fails to distinguish between the various levels of applicable fee schedules at existing courses, which directly impact the volume of play analyses; and (iv) fails to identify necessary time lines for development projects. Just stating that a region "can accommodate up to 18 new golf courses" is not enough to satisfy many developers and most investor groups.

The issue is further complicated by the fact that there are two diverse categories of organizations preparing feasibility work within the golf industry today: (i) a liberal wing that never tells a developer not to commit to a project and, therefore, loses credibility; and (ii) a conservative wing (mostly national accounting firms) that is so cautious that its work products often stop otherwise feasible projects.

One of the bigger problems facing golf course development is that it often difficult to gain feasibility approval for new public golf courses projecting higher fee schedules for a region, i.e. the equivalent of defining a new market. The static/conservative market analysis often used within golf today simply concludes that if it does not already exist it will not fly.

***Pro Forma* Business Plans:**

The basic problem within the fiscal planning arena is the vast majority of people preparing *pro forma* projections lack direct operating and/or financing experience. Consequently, most feasibility studies incorporate some combination of the following deficiencies within their scope: They (i) evade the issue by not providing financial planning; or (ii) make serious assumption mistakes when planning financially; or (iii) fail to summarize projections via an essential cash flow statement; or (iv) direct financial planning to the understanding level of more receptive client developers and not to the level of a more scrutinizing investment market; or (vi) prepare fiscal planning without benefit of a defined master site plan, which negates any real opportunity to accurately define profit centers and, therefore, revenue flow.

The collective impact of the above is that the vast majority of feasibility work prepared today by independent consulting firms fails to command the respect of the investment community. Fortunately, while traditionally in the minority, experienced and self-financed developers are able to avoid these pitfalls and continue to build successful golf course operations across the country.

What the situation calls for is a national certification program to educate and qualify consultants to prepare credible feasibility work for golf.