

Vietnam: Golf market experiencing growing pains

By ANDREW OVERBECK

HANOI, Vietnam — In the last decade, while the rest of Asia has boomed and subsequently collapsed, Vietnam has remained a difficult environment for investors and the economy has maintained a slow pace.

While this has not deterred golf projects, it has significantly limited their scope, size and number. This may not be a bad thing. Vietnam, perhaps, has the best chance among its Asian neighbors to develop a golf industry that is not overgrown, over valued or overdone. However, there are several significant obstacles that must be overcome in order for this to take place.

The challenges that the golf industry faces are threefold. The first is the limited size of the intended market. For the moment, golf clubs are relying on expatriates for the bulk of their membership sales, which have not provided a stable source of income. As the Asian econo-

Andrew Overbeck is currently on a Watson Fellowship studying golf course development in Asia and is regularly contributing to GCN. He is visiting both existing golf courses and those under construction in Thailand, China and Vietnam.

mies have collapsed, many expatriates are now returning home and selling their memberships at below market cost — making it nearly impossible for the golf clubs to sell memberships at full price.

Further, there are very few locals who are rich enough and educated enough about the game of golf to be comfortable purchasing memberships. In order to stimulate the local market, golf must be more accessible and affordable.

Secondly, the policies of the Vietnamese government have not been friendly to golf course developers. Clubs are currently taxed 20 percent on their turnover, which is decidedly debilitating to their finances. Until lately, the customs department has been equally unfair in their assessment of specialty products that must be imported for use on the golf course.

The end effect of these policies has made building and running a golf club more expensive and time consuming than anywhere else in Asia, thus impacting the quality of services and products.

Finally, the investors are equally to blame for the slow growth of the golf course industry in Vietnam. Many have not come close to investing the amount of money that was promised in their Ministry of Planning and Investment (MPI)

licensing agreements.

Incompetent management of some projects has led to poor quality golf courses and facilities. Some investors have cut corners on design, and construction budgets and as a result have built inadequate facilities. Others have clearly bitten off more than they could chew (or afford) and have failed to raise the general capital needed to complete their projects.

In addition, poor communication between the investors and the government has contributed to the expense of operating a golf course in Vietnam.

At the moment, the golf industry in Vietnam is going through a much needed restructuring period — both the government and the industry are reevaluating their projects, policies and long-term goals.

The following is an assessment of the golf projects and a look at the direction of the industry in Vietnam.

Golf courses in Vietnam can be divided into three groups: the four weekend, members/pay-for-play clubs that are close to Ho Chi Minh (HCM) City, the two resort courses in the South, and the course out-

side of Hanoi.

The competition between the four HCM City clubs is fierce, especially due to the rather limited amount of expatriates for potential members. The Vietnam Golf and Country Club in Thu Duc is the most established club in Vietnam and has the best position in HCM City.

They have the most extensive golf project in the country with two 18-hole layouts, one designed by Lee Trevino that opened in late 1997, and another designed by Chen King Shih that opened in 1994. Since the Taiwanese owner has already committed the bulk of the promised \$70 million of capital to the project, the club is continuing to expand and is planning to open golfing

villas and is scheduled to soon hold the ground breaking for the new clubhouse and country club.

Their golf courses are of tournament quality and have held two professional tournaments — one of which was the Asian PGA's Vietnam Open last year. The club is managed by CCA International, although the staff is currently limited to Ted Johns, who is acting as both general manager and director of golf. Although

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Shackelford strides into Mackenzie's world

By MARK LESLIE

He gave us *The Captain: George C. Thomas Jr. and His Golf Architecture* and *Masters of the Links: Essays on the Art of Golf and Course Design*. Now young Geoff Shackelford strides into the realm of fiction in a sometimes cutting tale called *The Good Doctor Returns*.

The Good Doctor, for those outside the loop, is Dr. Alister Mackenzie, thought by many to be the greatest golf course designer of all time. And in this whimsical excursion, Shackelford may earn himself a few karate chops rather than kudos.

The book is written in the first person, from the point of view of a young golf course architect who gets hired by Dr. Mackenzie, who did not die as we thought on Jan. 6, 1934.

Herewith, a few of those views:

- Regarding bunkers, Mackenzie says, "My experience with today's courses is one of despair and disbelief."

- "I never thought I'd see the day when they would install irrigation on the great links of the British Isles."

- Regarding narrow fairways bordered by long grass, it "makes bad golfers! And

narrow fairways destroy the harmony and continuity of the game, causing a stilted and cramped style, destroying all freedom of play and creative shotmaking. And isn't that the real joy of the game? Creating shots and making bold recovery plays?"

- Regarding green committees, "Many have ruined my handiwork by planting trees like rows of soldiers along the borders of the fairways and turning once beautiful properties into jungles."

For his part, the narrator declares of Augusta National: "There was virtually nothing left of the Doctor's original design



at Augusta other than the routing and a couple of bunkers."

And he tells Mackenzie he can't ask Augusta National's greens committee "if the fool who built the 16th green was drunk and blind."

Well, the Good Doctor gets his site for a final golf course — a property on the ocean in San Diego with grassed-over dunes, sandy soil and undulating land.

The Good Doctor Returns, 180 pages, hardcover, \$19.95. Available through *Golf Course News' Bookshelf*: 207-846-0600, ext. 230.

SPOTLIGHT ON ASIA

Vietnam's growing pains

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attracting members and assuring quality will continue to be a challenge, the club has the backing to maintain its spot as the all-around leader in HCM City.

The No. 2 competitor in HCM City is the Song Be Golf Club which is a joint Singaporean and Swedish venture. They have enjoyed a good share of the membership market since opening in 1995, and now have over 400 members. However, they have had their share of course construction and project setbacks, the most obvious of which is the half-finished concrete and steel shell of their "permanent" clubhouse.

The only permanence it possesses at the moment is as a nagging eyesore which is not likely to go away before the year 2000. The difficulties they have had with the golf course are a bit more subtle.

Perhaps the most encouraging aspect of Song Be is its current membership sales approach to the local market. In order to encourage more Vietnamese to play they have scheduled "open" days to introduce them to golf in a low pressure environment.

Further, they have restructured their membership schemes to tailor them to the Vietnamese market.

"The strategy is to get word of mouth and group power to sell memberships among the Vietnamese — it will just take a handful of Vietnamese members to start this movement," contends Paul Slater, the director of marketing for Song Be.

With that in mind they have extended the payment plan for

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Management track

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Maintenance tracks will run concurrently over the two days.

Returning speaker Gregg Gagliardi, whose past sessions have traditionally been among the most popular, will open the Management/Marketing Track with a discussion of the business factors changing the face of public golf management. Gagliardi is a longtime course general manager who recently started his own management firm, Diamond Players Club, in partnership with Texas Rangers' starting pitcher Todd Stottlemyre.

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According to the Orlando, Fla.-based executive, increased affluence, business factors and media coverage have all contributed to a burgeoning golf industry. He will discuss the problems created by the game's growth — such as inadequate facilities and inaccessibility due to high costs — and how well-managed operations have turned those problems into niche opportunities.

"Great opportunity exists for companies with the right approach," Gagliardi said. "We believe we have it."

Another individual with the right approach is Vince Alfonso. Alfonso is a 40-year golf-industry veteran who has managed everything from nationally acclaimed golf courses such as The Rail in Springfield, Ill., to rock-and-roll bands. One thing Alfonso has learned is that good managers and good golf courses must change with the times if they are to prosper.

Two years ago, Alfonso purchased a troubled nine-hole course in the Branson, Mo., marketplace. In a few short months, the management/marketing consultant made numerous changes and turned Kimberling Golf Club into the place to golf in that growing market. Alfonso will share some of his insights during his

session titled, "Developing new markets: Resurrecting a 9-holer in a resort marketplace."

Efficient management and creative marketing have been the keys to success for the growing number of management companies. Arnold Palmer Golf Management has been one of the leading players in the ongoing consolidation of the golf industry. The Orlando-based firm has purchased, leased and/or taken over management of numerous courses nationwide. Course owners of attractive properties have struck lucrative deals with Palmer and other firms.

But what makes a course attractive to one, or preferably, many management firms? In his talk, "Owner Focus: What do top management companies look for in a public-access course," Bill Hunscher, Palmer's vice president of acquisitions, will discuss how to set up a course to pique the interest of several firms and let attendees in on the secrets to obtain the best deal they can for their properties.

Once the offers are on the table, how does a course operator, particularly a

municipality, choose among the various proposals? Gene Burress, Golf Operations Director of the Brevard County (Fla.) Parks and Recreation Department, will guide course operators through the maze

of options during his talk "How a municipality should select a management firm."

Other management/marketing speakers appearing at this important national event will include John Henry, who will speak on how the PGA strives to develop course pros who know as much about how to create a healthy bottom line as they do about how to cure a slice during his session titled "PGA of America's Career Links Program: Golf pros as golf course managers."

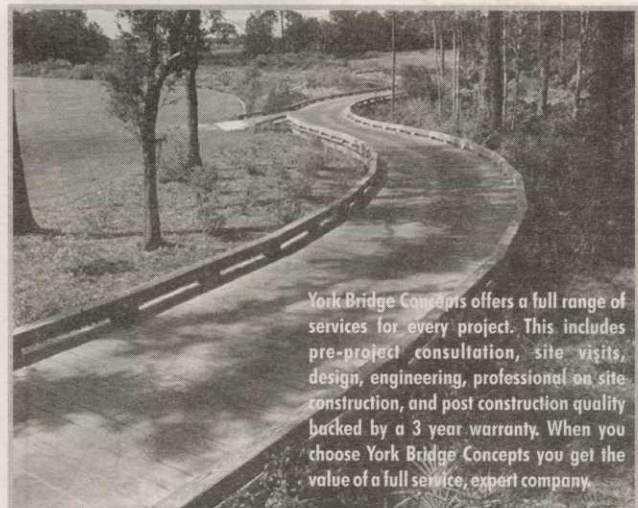
Also on the card is a session entitled "Leasing vs. buying: What's best for you?" A representative from a leading golf course equipment supplier will discuss one of the biggest decisions operators of existing or new golf courses make, whether to buy or lease their course equipment.

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membership from a two-year time frame to a six-year time frame. While this means that the club will have to wait longer to regain investment costs, it should make golf more accessible to locals by simplifying the process and making it less costly.

Furthermore, they are working in tandem with the Asian Commercial Bank to offer special memberships to their customers and card holders. Although these new strategies have only been in place for two months, interest is reportedly quite high.

The other two clubs in the area have a significantly smaller membership base.

The Vung Tau Paradise Golf Club was the first golf project licensed by the MPI in 1991. However, the Taiwanese investor has been unsuccessful in creating a quality product. The 27-hole golf course fails to take full advantage of its seaside location. Further, Vung Tau has not materialized into a major tourist destination for golfers and the expatriate community in Vung Tau is hardly adequate to support the project.

The owner has recently brought in a young New Zealander, Michael Davies, who is filling the roles of maintenance supervisor, pro, and director of golf. He certainly has the energy for the job, but it will be a tough road ahead if he is to have any lasting impact on the quality of the golf course.

Certainly Vung Tau will need much more if it is to move beyond this initial stage of development.

The Dong Nai Golf Resort is the newest project in Vietnam situated about an hour and a half up Highway One from HCM City in the Dong Nai industrial area. The first 18 holes opened in March of 1997, and the third nine holes are currently under construction.

The course has the most spectacular topography of any golf course around HCM City and American Ward Northrup has done a terrific job on the design.

However, the course — owned by the Taiwanese BoChang group — was closed for three months this spring, remaining open only on weekends for members. The claimed reason was that they need more time to adequately train their staff, but it may have been a short-term cost cutting measure instead.

The next two golf courses are in Dalat and Phan Thiet and are close enough to be weekend courses for Ho Chi Minh City residents, but they are best positioned to attract resort golfers and other Asian members.

To be continued in GCN October