

GCN initiatives keep pace with changing industry

When *Golf Course News* was launched in 1989, it broke new ground by providing business news to the golf industry. In the ensuing 14 years, *GCN* has become and continues to be the most trusted news source in the golf course industry.



Andrew Overbeck, editor

Among those who have been subscribers for more than ten years include industry notables such as Pinehurst superintendent Brad Kocher, Salem Country Club's Kip Tyler, golf great Arnold Palmer and architect Geoffrey Cornish.

As *Golf Course News* forges ahead, we realize that the only constant in the golf course industry is change. We also recognize that in the last three years the volume of publications focusing on the golf industry has increased.

With these facts in mind, we at *GCN* are continually striving to help our readers cut through the clutter and make it easier for them to get the news they are looking for. While our editorial mission remains unchanged, we have made several additions in recent months to improve our coverage of this evolving industry.

In February we added the online News Poll that tackles a

new industry issue each month and allows readers to weigh in with their opinions (see page 9).

GCN's Data Bank section debuted in March and has become a one-stop source for the golf industry's vital statis-

tics including course construction activity, rounds played information and industry stocks (see page 23).

To better reflect the trend of increasing renovation projects in the industry, we unveiled a revamped Development & Renovation section in May. We will continue to cover new course development but have refocused our efforts to include more news about renovation projects, both large and small, that are proliferating across the country (see page 11).

Also in May, *GCN* brought back the Point/Counterpoint forum, which presents monthly debates between industry heavyweights on issues affecting the golf industry. So far we have cov-

ered organic golf, the impact of golf ball and club technology on golf course design, and this month we discuss the value management companies provide to course owners (see below).

In order to help readers navigate through each issue we created the Quoted column in June that provides a quick look at the industry leaders who have been

ways to help our readers become more informed and more successful. Our next initiative will be the launch of the *Golf Course News* Online Forum that will allow readers to sound off on issues relevant to the golf industry. Stay tuned.

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We are always eager to get feedback from our readers. If you have



interviewed each month (see page 20).

Are we done? Of course not. *Golf Course News* will continue to evolve as the industry evolves and we will continue to look for

a question that you would like to see in our News Poll or have an issue you would like to see debated in our Point/Counterpoint forum, let us know (see contact information at right).

POINT

The case for hiring a management company

By RON E. JACKSON



Ron E. Jackson

Golf Management companies are an increasingly needed resource for the success of many golf operations.

The golf industry has changed dramatically in the last five years and particularly the last two years. Many golf courses have been built without attention to a focused business model, supply exceeds demand in many markets, and courses have been opened as amenities to residential developments, office parks or as a personal investment for individuals who had success in other industries. Today, with intense competition for players' participation, cash flows are strained, expenses reduced and the golfer experience is eroded, resulting in a downward spiral of a failing business.

The future of golf will be driven 100 percent by factors such as first quality course conditions, marketing, packaging, innovative services and attention to hospitality.

Historically, many golf course management people grew in the industry from the golfing side, as a player or instructor with an absence of focused marketing and business system training. Business suicide is doing things the way you always did them and expecting different results. Future golf operational success is a very sophisticated business requiring disciplined well-developed management systems. A focus on yield management, technology driven marketing, human resource management and business systems training are critical and mandatory. The golf management company is the ideal solution for many golf courses, as they provide a resource base and complexity that is very difficult to create at a

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COUNTERPOINT

Management companies: a necessary expense?

By MICHAEL A. KAHN



Michael A. Kahn

I've been in golf for over 45 years and it has been my observation that golf course management companies are a recent phenomenon in the business. I used to joke that anyone who could break 80 was considered qualified to manage a golf course. Course owners were often people from other fields who had never broken 90, and to them, anyone who can shoot par must know all about golf.

Over the past ten years I have assisted golf course borrowers with their loan applications for a golf course mortgage broker in Tampa, Fla. I would review the subject and its competitive neighborhood for the material I needed to prepare cash flow forecasts and business plans. In preparing pro formas, we needed to show lenders a management contingency of five percent of gross receipts on the expense side of the spreadsheet. Lenders want this cushion in case the borrower defaults and they need to hire a management company to take over. In fact, some lenders insist on seeing a management contract in place before they approve the loan. To me that was just another loan expense, because I believe in many cases the need for a management company was entirely unnecessary. I based my thoughts on the numbers.

Personally, I don't believe a golf course with revenue under \$3 million can afford a management company. Remember there are two layers of management in most cases - the site manager and head office. If the management company takes say, five percent, or \$150,000 off the top, and they have a site manager

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