NGCOA conference tackles financing challenge

By DOUG SAUNDERS

PALM SPRINGS, Calif. — As more than 600 golf course owners from the United States and Canada gathered for their annual conference and trade here in late February, there was a noticeable air of trepidation among the assembled group. Last year's triple whammy of post-9/11 jitters, the oversupply of courses and the challenges of a slumping economy all added to the pressures felt by golf course owners nationwide, and it left many wondering what the future held.


Thomas Bruff of KPMG Golf Practice, John Seeburger of GMAC Golf Finance, Hilda Allen of Hilda Allen Real Estate and Larry Hirsh of Golf Property Analysts address attendees at the NGCOA Solutions Summit in Palm Springs, Calif.

But the gathering of 620 members, up from last year's attendance of 550, carried on with many positive messages as the Solutions Summit strived to tackle tough questions and provide answers that owners could implement this year to improve their bottom line.

The theme of the week at the Wyndam Resort retreat in the California desert was emblazoned everywhere: "On the green is good, in the black is better." The five-day event provided a series of seminars that touched on every aspect of golf operations including financing, golf shop operations, food and beverage management, labor laws and environmental activism.

"I am very pleased with the turnout we have this year, especially considering that attendance at the other two industry trade shows (PGA Merchandise Show and GCSAA Conference and Show) was down. I think that the realization of the importance of cooperation among all of the golf industry has really come through here this year," NGCOA executive director Mike Hughes said.

That sense of cooperation came through in the opening session, as Phil Tralies, president and CEO of Club Car, stated the simple facts.

"For us to be successful, the golf course owners need to be successful. That is why we are strongly committed to this organization and the goals of increasing the bottom line for everyone," Tralies said.

Two of the more pressing issues for the economics of the game of golf, available financing and the lagging number of rounds played, were dealt with in a very open manner.

It is no secret that many of the major funding sources for the golf industry have dried up in the past year and the remaining sources are taking a much harder look at the economics of golf.

"Golf is a difficult business because there are so many moving parts to it. It is not like building a commercial building and leasing floor space. With so many variables it is clear that golf doesn't provide the profitability of other commercial investments.

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Link Up 2 Golf to expand in 2003

PALM BEACH GARDENS, Fla. — The PGA of America, the National Golf Course Owners Association (NGCOA) and Golf 20/20 plan to expand Link Up 2 Golf, an industry-supported adult player development initiative, to 27 new markets this year.

The planned new markets span 11 PGA sections and will bring the program's reach to 64 facilities in 34 cities and a number of military bases.

Link Up 2 Golf was created in 2001 by Golf 20/20 and tested at eight facilities in the Raleigh-Durham area of North Carolina. The PGA and NGCOA signed on to provide collaborative leadership, management and financial stability to help the program go nationwide in 2002.

Based on feedback from last year, Link Up 2 Golf will be adjusted to include five 90-minute group clinics incorporating on-course instruction on etiquette, speed of play, proper behavior and three supervised

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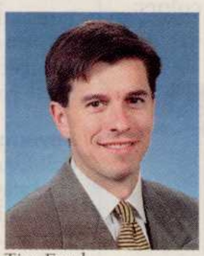
Vendors applaud joint show

By ANDREW OVERBECK and DEREK RICE

The decision by the GCSAA and the NGCOA to combine their annual trade shows continues to meet with wide approval from all in the golf industry. If reaction from vendors is any indication, the first Golf Industry Show, set for Orlando in 2005, will provide the vibrancy both shows have lacked in recent years.


Tim Ford

The obvious benefit to vendors is cost savings. Attending one show instead of two not only costs less, but also takes less time.

This is especially true for companies like Club Car that hit multiple shows to market their product to all players in the industry.

"[Attending four shows in five weeks] really stresses the organization from head to toe – getting product around, getting people around," said Club Car CEO Phil Tralies. "Here's an opportunity for us to be able to consolidate and not incur twice the expense."

For the Toro Co., which recently signed on as a preferred NGCOA vendor, combining shows simplifies its logistics tremendously.

"We are a supporter of this," said Tim Ford, vice president and general manager of Toro's commercial business. "It will bring together two of our primary constituents: the superintendent who uses the equipment and the owner who ultimately signs the check."

Expenses aside, vendors are also excited about being able to get in front of both the superintendent and the owner at one event. This is especially true for companies that did not previously attend the NGCOA show.

"Although we've always realized that owners are important, we have never gone to their show," said Tom Levey, director of

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Vandals damage greens at La Costa

CARLSBAD, Calif. — Damage inflicted by vandals on three greens at La Costa Resort during the World Golf Championships-Accenture Match Play Championships was minimal, and the course recovered quickly.

Vandals used a salt-like substance that left burn marks on the 16th, 10th and 14th greens sometime during the night on Saturday, March 1, or Sunday, March 2.

On the 16th green, the substance was used to burn the letters KSL into the green. KSL Resorts has owned La Costa since 2001. Suspicion for the vandalism has centered on supporters of the Hotel Employees and Restaurant Employees Union Local 30, with whom KSL has been in negotiations.

The damage, according to PGA Tour representatives, was mostly cosmetic. However, Mike Shea, senior PGA Tour rules official, told the San Diego Union Tribune that there was the potential for more damage down the road.

"Our biggest fear is that depressions might develop. If that happens we might have to do some topdressing if needed," Shea said.

Optimism springs from NGCOA show

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This has driven out several cash sources," explained Thomas Bruff of KPMG Golf Practice.

But *Golf Course News* editorial advisory board member Larry Hirsh of Golf Property Analysts made the point that course owners need to look to their local banks for financing. He feels that the older and more established golf operations could be in a significantly better position, as they may not be carrying as heavy of a debt load as the newer golf developments.

Attendance at this year's NGCOA Solutions Summit in Palm Springs, Calif., was up almost 13 percent from last year's show.

"I am not ready to conclude that the 'mom and pop' operation will be the significant player in the future but I do think that there is a trend developing that way as management groups struggle to find ways to increase profitability," Hirsh told an economics seminar.

Hirsh noted that there is a different buyer coming into the golf market now, one who has a passion for golf and can accept lower profits to become involved in the game. Many believe the passion for the game is one that needs to be brought back to the forefront of golf.

But the most important issue to be addressed was the slump in rounds played nationwide and how to reverse that trend. The detailed research carried out by Golf 20/20 put things into perspective. Golf is a $62 billion industry that has at its core 10 million best customers (those who play at least 25 rounds or spend $1,000 annually). The survey found another 12 million potential best customers playing golf, and an ESPN.com poll found 45 million people who say they are golfers. So the challenge to the golf industry is how to get this large pool of golfers back to the golf course.

The answers seem to hinge on two points. First, course owners were urged to improve their marketing to the best customer in order to make them loyal customers. Second, is the challenge of bringing new golfers to the game.

An ambitious project, Link Up 2 Golf, created by the PGA of America, will be expanded this summer (see story on page 3), and course owners are being advised how they can help make golf a better experience for the new golfer.

During the problem solvers sessions many explained some of their ideas for encouraging junior golfers through value passes and encouraging afternoon family days to fill afternoon tee times. Some even presented ideas of creating three-hole and six-hole experiences for beginning golfers to get them comfortable in course situations. All these ideas aim to address concerns that golf takes too much time.

Conference attendees were also very positive about the recent announcement that the NGCOA and the GCSAA conferences will merge in 2005. This obvious linking of trade shows will join superintendents with the controllers of the checkbook, which should improve efficiency for both parties.

Tom O'Malley of Saddleback Golf Course in Firestone, Colo., summed up the feeling of many about the combining of the two shows.

"I think it is a no-brainer and I really can't see any downside to it," he said. "I don't think that it will take away from our autonomy and I know that it will make our purchasing decisions much easier." ■

Periodicals postage paid at Yarmouth, Maine, and additional mailing office. *Golf Course News* (ISSN 1054-0644) is published monthly by United Publications, Inc., 106 Lafayette St., P.O. Box 997, Yarmouth, ME 04096. Phone number is 207-846-0600.

Reprints may be obtained from PARS International at 212-221-9595 or by email at jeclipse@parsintl.com. Back issues, when available, cost $7 each within the past 12 months, $12 each prior to the past 12 months. Back issue orders must be paid in advance either by check or charged to American Express, Visa or MasterCard.

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