



On The **BLOCK**

What to consider when forming a sales strategy when your golf facility is up for sale

Everyone understands the golf industry is changing. Fewer courses are being built, and competition is stiffer than ever. Looking at the big picture is easy, but it's harder when the reality that "we're being sold" hits home. Questions from many people about a sale are inevitable. Implementing an effective sales strategy while keeping a course appealing and operating efficiently requires careful planning, solid management and clear, consistent communication.

The National Golf Course Owners Association's The Golf Course Market Web site, presented in conjunction with PricewaterhouseCoopers and Hilda W. Allen Real Estate, provides details about what owners and managers should consider and prepare for when it comes to selling property. The Web site, which provides comparative values, also lists courses for sale. Brokerage firms, commercial real estate companies and various consulting firms

provide similar services regionally, nationally or internationally.

Course type might dictate the sales strategy, says Jeff Davis, president of Dallas-based Fairway Advisors, a boutique brokerage firm specializing in golf course sales throughout the United States. It also provides consulting services about the sales process.

"Many private courses are very reluctant to openly publicize news of the golf course being on the market," Davis says. "That often restricts sales potential to the national management companies, which are more aware of the risks, and thus, generally more financially conservative. Most courses want the highest price in the shortest time. However, daily-fee courses are more likely to want to publicize the sale to create a wider range of potential purchasers."

A sales strategy needs to match the owner's expectations. Lynn Lincecum, one of three owners of Frenchman's Bend Country Club in

BY STEVE AND SUZ TRUSTY



The owner of the Volcano Golf and Country Club in Hawaii is working with a consulting firm that implemented a three-phase strategy being used to sell the property. Photo: Wisdom Source Technologies

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Monroe, La., serves as president and spokesman for the ownership group. It has listed the club with the National Golf Course Sales Division of Coldwell Banker Commercial headquartered in Jacksonville, Fla. Coldwell Banker helped prepare the sales package and gave the club a high-profile international listing that includes placement on its Web site.

“The broad exposure is important for us, but just as important is the connection with a local agent who knows us, the course and the community,” Lincecum says. “We communicate with him directly when we want something done, and he’s the one who will work with prospective buyers when they come on site.”

The owner of Volcano Golf and Country Club, an 18-hole semiprivate course adjacent

to Hawaii Volcanoes National Park on the Big Island, took a big-picture approach. Shigeyuki Tachibana, principle owner and president of the Hawaiian International Sporting Club, is working with Steven Mosciatti and David Coleman, two principals of WisdomSource, a knowledge-management consulting firm conducting what they call an underground marketing campaign. They’ve developed a three-phase strategy using their proprietary software WisdomSource to manage the process.

“In the first phase, we’re establishing a value for the course with a high asking price – a form of market research to show what buyers are interested in and are willing to pay,” Coleman says. “Taking the perspective of a potential buyer, we’re using print media, a detailed Web-

site showcase and small online ads to generate interest. Our ‘Golf Course for Sale in Hawaii’ search is coming up first on Google. In the second stage, we’re working with set listing prices and a realtor. In the third phase, we’ll apply detail planning and management of expectations with all parties to assure a smooth close.”

BREAKING THE NEWS

Once it’s been determined that a facility is for sale, the first step might be internal communication, says Jim McLaughlin, based on his prior experience as senior vice president of operations for Intrawest Golf in Scottsdale, Ariz. McLaughlin served as the overall lead during a two-year course disposition strategy. The company was transitioning out of the third-party management business (14 properties) and disposing of owned facilities (five properties). The transition was part of a goal to focus on resort golf where it owned lodging and golf properties (15). During the process, the company was sold to a large equity firm in late 2006.

“News of the Intrawest disposition set off alarm bells throughout its portfolio of 34 courses,” says McLaughlin, who accepted the position of vice president of operations for Scottsdale, Ariz.-based Troon Golf in January. “Communication was the key to making the process move smoothly for all the stakeholders – the members and playing public, employees, suppliers and communities where the courses were located.”

The first step was notifying the courses that weren’t targeted for sale.

“For the three courses sold during that time, the next step was meeting with the general managers and teams on the property to deliver the initial message and assure them we would maintain open communications all through the process,” McLaughlin says. “In each case, sticking to that was extremely beneficial to everyone involved.”

Davis also recommends full disclosure, explaining what sales process is planned, what the time period is and what to expect.

“Most employees, if their job is necessary and they’re doing it well, have nothing to worry about,” he says. “With a private club, informing the members will be appreciated and might head off a mass exodus. Some of the members might even be potential buyers.”

For the fast-growing and close community



Owners of properties for sale should consider what buyers will want to know and be willing to provide them that specific information, says Jeff Davis of Fairway Advisors, which worked with the owners of The Links at Challedon Club in Mount Airy, Md. Photo: Mike Henry



around Frenchman's Bend, open communication is essential to the process, Lincecum says. Its ownership group had evolved to take over the course about four years after it opened because it hadn't kept up with the level of investments people were making in their homes.

"We invested in the course, made some major improvements and moved the bar up a notch or two," he says. "But we don't have the capital, resources or expertise to take the course where it really needs to go, and we've been very open and upfront about that."

Owners of properties for sale should consider what buyers will want to know and be willing to provide them that specific information, Davis says. For example, if the property will remain a golf course under new ownership because of land-use restrictions or other regulations, the owner should say so. If the property could be considered for redevelopment or adaptive reuse, those possibilities should be addressed.

If the bylaws of a private club dictate a percentage of member approval on the sale or if members are given the right of first refusal, owners should be clear about it and establish guidelines to work through whatever processes will be required.

It's essential to present this type of information in a format that will attract attention, Mosciatti says.

"By doing so, the majority of employees, members or players, and the community will come to support the sale as an opportunity to improve the facility, increase property values and raise salaries," he says.

Additional incentives can help, too.

"Tachibana plans to donate a percentage of the proceeds from the sale of the course to the World Learning Forum, a local 501(c)3 charitable organization," Coleman says. "That information increased visibility internationally and gained additional community support."

Shigeyuki Tachibana, owner of Volcano Golf and Country Club, plans to donate a percentage of the proceeds from the sale of the club to the World Learning Forum, a local 501(c)3 charitable organization. Photo: Wisdom Source Technologies

SET THE STAGE

Course and facility maintenance during this period should be even better than business as usual because managers are setting the stage for potential buyers. Owners and managers should walk the course with their agent or consultant to note areas that need be cleaned up, refurbished or repainted. For example, it's a good idea to replace weathered signage, prune trees and shrubs, spruce up flowerbeds, and keep fairways, tees and greens in pristine condition.

Sellers should be aware that some potential buyers might play the course, take a lesson or two, shop the clubhouse, eat at the restaurant, and even book a small event to assess conditions and the competency of the staff before officially expressing interest.

Sellers shouldn't cut back on operational expenses to inflate the bottom line, Davis says. Astute buyers will notice the reduction when comparing financial information and seek to

adjust the price to compensate for deferred maintenance.

Most likely, the majority of employees will want to stay and work at the course under new ownership. Managers should encourage them to maintain a high level of performance so there's no reason for the new owner to replace them. It would be difficult to lose a key individual during the sales process, especially a strong general manager, McLaughlin says.

"Be prepared to offer incentives for them to stay if their expertise warrants it," he says. "But don't attempt to keep someone who won't be completely supportive. Key managers set the tone that determines the attitude of their staff."

Progress shouldn't be halted either, Lincecum says.

"We've made arrangements with a very popular upscale local restaurant to take over all of our food-and-beverage service," he says. "They were

considering a second site in our area, so it's an excellent match."

Lincecum is bringing in a new general manager at Frenchman's Bend. The g.m. ownership is hiring has course management and marketing experience and is a PGA pro.

"He's not a golf course superintendent, but he knows what he wants to achieve on the course," he says. "We've explained to our current grounds staff that he will have the responsibility and authority to make changes, but that he's informed us he will retain and support all that are willing to work, and to learn, if necessary, to meet his standards. Both these changes will enhance the course whether we find a buyer or retain ownership."




As the sales process progresses, owners need to weigh the pros and cons of personnel changes.

"The golf course superintendent at one of the courses accepted an excellent opportunity at another course about a month before our

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Jeff Davis of Fairway Advisors, which has worked with Glade Valley Golf Club in Walkersville, Md., recommends full disclosure, explaining what sales process is planned, what the time period is and what to expect. Photo: Mike Henry

MANAGING THE PROCESS

final closing," McLoughlin says. "With such a short interval, we didn't try to replace him. The existing team was able to pull together to keep everything up to standards until the new owner was able to hire another superintendent."

MANAGING THE PROCESS

A well-designed sales package will include all the materials a buyer would need to see for due diligence. Brokers and owners agree the scope of this information is so broad only prequalified potential purchasers should be allowed access to it. Internet-based forms to help qualify interested

buyers and password protected sales data Web sites are quickening this process. McLaughlin recommends setting up a neutral site when face-to-face meetings are required in the preliminary stages of the sales process.

"Official on-site visits must be handled well to avoid disruption for the course management team, the membership and other course users," he says.

Sellers also should communicate more as they move closer to the sale.

"Our full-time disposition person, the course general manager and I interacted by e-mail,

phone or in person to keep two-way communications open," McLoughlin says. "The general manager conveyed the information to the staff and members."

A broker, real estate agent or consultant can play a key role in the process.

"It's important to have someone that remains a third party during these transactions," Davis says. "If something gets contentious, that individual might be able to bring the parties back together to work through the negotiations."

As with most projects, staying focused on the goal is important.

"It's not just finding a buyer, it's finding the right buyer," Coleman says. "The entire process must lead to that conclusion to be successful."

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