

BY PAT JONES

NOT-SO-AVERAGE

Joe

PGA HEAD TOUTS GAME'S ECONOMIC IMPACT

Last February, I spotted a man strolling quietly through a hotel lobby in Anaheim, Calif., during the Golf Industry Show. To most conference attendees, he isn't an immediately recognizable figure like his predecessor or some of the others who run major golf associations. I caught up to him and made a smart-ass remark about not even saying hello to old friends. As always, he's impeccably dressed, gracious and funny, yet he's not the kind of person who everyone instantly notices. To a casual observer, he's just an average Joe.

In truth, he's anything but. He's Joe Steranka, the c.e.o. of the PGA of America and one of a handful of the most powerful people in the business.

Steranka has been a sports guy from day one. After graduating from West Virginia University in 1979, he worked in the public relations department for the Washington Bullets (the old, politically incorrect name for today's Wizards). Proving that white men can jump in the NBA, he leaped over to the Cleveland Cavaliers organization as their director of communications for two years. The Cavs, 20 years before LeBron James, weren't exactly great.

"It was a different era," Steranka says. "One season, we had more players on our roster than wins."

Next came a five-year stint with a big-time sports marketing firm in D.C. where he worked with clients including Michael Jordan and Jimmy Connors. Then, in 1988, he headed to Florida to join the staff of the PGA of America and never left.

Under the tutelage of long-time c.e.o Jim Awtrey, Steranka became the association's rain-

maker by developing and managing huge contracts with TV networks for the PGA Championship, Ryder Cup and other events.

"There was a time when a lot of golfers thought the Ryder Cup was a Tour stop sponsored by the truck rental company," he says.

Not anymore, as viewership and revenues from both events have grown exponentially.

When Awtrey retired 18 months ago, the PGA looked internally and found Steranka – a man who'd helped grow the organization's annual revenue to \$160 million – as the logical candidate to replace him.

Steranka has kept a relatively low profile during the first year and a half of his tenure, but that's starting to change as he hits the road to meet with PGA sections throughout the country and visit national and local legislators to preach the gospel of golf's economic impact.

WHAT'S YOUR PERSPECTIVE ABOUT HOW THE INDUSTRY HAS CHANGED IN 20 YEARS?

The biggest change in the golf business is that we've become a huge industry. We generate \$62 billion a year for the U.S. economy. That's bigger than the motion picture industry, the amusement and gaming industry, the furniture industry and a bunch of others that would surprise most people. We employ 500,000 people. We drive real estate development and charitable fund-raising. That makes us unique. There's a much higher recognition that golf is more than just a game. We have a huge business impact. It was considered kind of a boutique business in the '80s. Now we're a mainstream industry.



Photo: Courtesy of the PGA of America



The best run golf facilities in America will employ a GCSAA superintendent and PGA professional, says Joe Steranka. Photo: Courtesy of the PGA of America

In operations, the biggest change has been the convergence of supply and demand. Golf became a big driver of other businesses, particularly real estate and travel, and courses were built for other reasons besides just golf. That changed the whole equation. As a result, it changed the focus of the professional team at every facility. It became less of an order-taking job and more of a marketing, database management and share-of-wallet job.

HOW HAS THAT CHANGED THE ROLE OF THE GOLF PROFESSIONAL?

For the past five or six years, we've reached out to employers (through the PGA's council of major owners), and they're telling us that it's still important for the golf professional to maintain the spirit of golf at the nation's courses, help people play better, etc. But they also want them focused on customer retention and revenue generation. It's a much more complicated world out there than 20 years ago.

WHAT'S A TYPICAL DAY LIKE FOR YOU?

I travel between 150 and 190 days a year, depending on whether it's a Ryder Cup year. I've done that for years. I'm also working my way around the country meeting with all 41 sections and districts. I spend some time on Capitol Hill and various state capitols talking with legislators about the economic impact of golf on the state and national level. I also spend quite a bit of time on initiatives with the other allied associations such as the GCSAA, USGA, PGA Tour, LPGA, etc. There's greater effort being put into cooperation between allies than ever before.

WHAT ARE YOU LOBBYING FOR AT THE LEGISLATIVE MEETINGS?

We need to communicate the economic impact of golf. About 80 percent of Americans don't play golf, so many people in influential positions might not have a clue about what we do. It's important they realize half a million people rely

on the game to put food on the table for their families. We're also the world's leading golf destination, and people come from all over the globe to play here. Finally, we provide a platform that raises \$3 billion a year for every charity under the sun. That's a pretty compelling message.

The study done of the economic impact of the industry in Virginia was particularly telling. The sport generates \$3.1 billion in economic impact in the state. The revenue generated per acre of golf turf is much higher than any other crop or usage. That speaks volumes about how important we are to Virginia and every other state.

WHAT'S THE DESIRED OUTCOME?

This new focus on communicating the economic value of golf is designed to ensure we get the regulatory support golf deserves on every level. That doesn't mean we aren't still focused on building the game, but it's more critical than ever to tell our economic story.

GIVE US A TOP-LEVEL VIEW OF THE FINANCIAL SIDE OF THE ASSOCIATION?

We're budgeted for \$160 million in total revenue this year. The gross dollars that go into programs are about \$60 million. Everything we spend still follows the mission that we established in 1916: Establish and constantly elevate the standing of the golf professional, make PGA membership a standard for the industry and increase interest in the game.

HOW BIG IS YOUR STAFF?

We have about 200 headquarters staff people, but there are another 200-plus folks who work at our sections throughout the country. We're trying to blur the lines between headquarters and sectional staffs to ensure everyone has the same mindset – we all work for 28,000 PGA professionals.

IT'S BEEN ABOUT A DECADE SINCE PGA SOLD ITS TRADE SHOWS TO A PRIVATE COMPANY. LOOKING BACK, JUST HOW GOOD A DECISION WAS THAT?

It was perhaps the greatest business decision we've ever made because it assured the association's financial future and diversified our revenue stream. The PGA Merchandise Show is the largest gathering annually in this \$62 billion industry. Reed Elsevier, the trade show's owner, has helped us do that. It's a great meeting place for our members and the entire golf industry.

At the time of the sale, we also looked at the trade show business as something that was

changing and becoming complex. To be able to partner with a company that was the largest owner and operator of trade shows in the world was particularly appealing. They have tremendous leverage that allows them to do what they do best, and it also allowed us to do what we do best. The show still carries our name and the number of professionals attending still increases – and will increase even more next year when we move our annual meeting to the show. Plus we have an increasing international presence at the show.

WHAT DID YOU THINK ABOUT THE COMBINED FORMAT OF THE GOLF INDUSTRY SHOW?

It's positive. Any time you can bring allied groups together, it builds team spirit at every level. The joint session was good, and there was a lot of informal networking. It was the best of both worlds.

WHAT FORMAL WORKING RELATIONSHIPS EXIST NOW BETWEEN THE GCSAA AND PGA?

A facility that employs a GCSAA superintendent and a PGA professional are going to be among the best-run facilities in the country. We also had a situation in which both of our respective presidents, Sean Hoolehan and Brian Whitcomb, were from Oregon. That led to some new ideas.

One example of cooperation is that we are on the board of the Environmental Institute for Golf. It's given us a great firsthand look at what it does. It's impressive. That data – environmental, economic, etc. – is mightily important when setting our long-term direction as an industry. Our executive committees also have a joint meeting at the Masters every year in which we review our respective businesses. Steve Mona and I also recently reached out to Jim Singerling from the CMAA to do a "State of the Golf Industry" letter that we send out to owners of courses that employ members of all three groups. We try to highlight the success stories where team management is working.

WHAT MORE COULD BE DONE TOGETHER?

We're looking at conducting joint operational research about rounds and revenue to eliminate some of the redundancy. We're also working together on a pace-of-play study.

MANY SUPERINTENDENTS SAY THERE'S TENSION IN THEIR RELATIONSHIPS WITH

PROFESSIONALS. DO YOU THINK THAT'S AN ISSUE?

I don't think there's tension. The more we can demonstrate at the local facility level that the GCSAA superintendent and the PGA professional are working together as a management team, the better off we'll be as an industry. By and large, there's a great deal of respect and mutual admiration. We've said for the last few years that where the professional, superintendent or CMAA club manager are all being considered for promotion, the best person should get the role. None of our organizations should try to exert influence over that decision. If the facility performs well everyone benefits.

WHY HAS THE PGA BEEN MORE AGGRESSIVE THAN THE GCSAA WHEN PUSHING FOR ITS MEMBERS TO BE CONSIDERED FOR G.M. POSITIONS AT FACILITIES.

We're responding to the PGA Employers Council who've said they'd like to see more professionals who have great relationships within the facility and who focus on customer retention and revenue. We're just trying to meet the market's demand for more professional managers.

WHAT'S YOUR TAKE ON THE GCSAA CHARACTERIZING SUPERINTENDENTS AS THE KEY MANAGER AT FACILITIES?

I don't think it's appropriate for me to respond to what other organizations say.

WHAT DO YOU DO FOR FUN?

I like just putting around the backyard, pulling weeds and stuff. I have a great family that I can't spend enough time with. Every once in a while, I'll get my 17-year-old son to go out and play. Anytime you get a teenager alone for four hours, it's a good thing. I also just ran in a 5K race with about 40 other PGA employees. That was a nice break.

ANY FINAL THOUGHTS?

Never forget how special our game is. We're part of the American landscape. We all need to puff out our chests a little more about the remarkable impact we have in our communities in terms of economics, charitable support and environmental benefits. Every manager needs to know his associations are committed to golf's advancement. **GCI**

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