

# INVEST

## in your facility

Targeted spending can boost cash flow and member satisfaction





By Michael Coleman

**H**ow do you know if the big check you just wrote will change from outlay to income for your club?

"It's sort of like the old adage, 'You've got to spend money to make money,'" says Mike Leemhuis, c.e.o. and general manager of Congressional Country Club in Bethesda, Md.

Congressional has completed \$20 million of capital improvements during the past decade. With recent investments in exercise facilities, a new wine list and top-notch maintenance equipment, Congressional has everything covered, Leemhuis says, noting the club has a waiting list for membership despite one of the highest initiation fees in the country.

"I know that to meet my budgets, I have to provide a level of service and product above people's expectations," Leemhuis says. "To do that, I have to spend money. I have to have the best cuts of beef. I've got to have the very best conditioned golf course. I've got to have the very best service in our restaurant facilities."

Leemhuis recognizes his willingness to invest isn't universal.

"I've been lucky enough to work at great facilities where people bought into that philosophy," he says.

Jay Miller, president of Hidden Valley Golf Club in Norco, Calif., also isn't shy about investing. Miller has been pouring time and money in his latest venture for two years. He arrived at the high-end public course when it was on the verge of closing – the perfect opportunity to develop a golf business through savvy investments.

As the founder of an organization for troubled youth, Get a Grip, Miller knows mentoring can go a long way toward growth. One of his mentors is industry veteran Ted Horton, who consulted on the operations at no cost.

"If Ted says, 'Jay, you need to invest in this,' I don't even second guess it," Miller says.

Investments at Hidden Valley throughout the last two years have been multifaceted: \$90,000 to restore the irrigation system, \$23,000 to restore the clubhouse, \$35,000 to renovate the wedding facilities and \$7,000 for audio-visual capabilities. The big-ticket item was the driving range at \$100,000.

Miller has invested capital in areas that will give his customers a better experience, as well as provide his course with a better reputation and possibly a boost in revenue.

"You get out what you put in as long as it's an intelligent investment," he says. "As for your personal time investment, you get 10 times more back in blessings if you take the time to think things out and talk to your customers."

Miller uses a suggestion box at the club to find out players' ideas. He often meets new players and buys them a beverage after the round and asks about their first impression of the course. Play has increased 4,700 rounds during the past five years at Hidden Valley, he says.

#### **WEATHERING THE STORM**

Scott Hoyt, a former golf pro turned general manager, handles the 27-hole course at Cinnabar Hills Golf Club in San Jose, Calif. Hoyt thinks his strong business plan from day one has a lot to do with the 10-year old, high-end public course's success today. He credits the ownership group with making good decisions early on.

"They know that to have a successful business, you need to do it right to start with," Hoyt says. "So the building and the golf course were built right to start with."

Once a nice course and facility is completed, the biggest challenge is keeping it in prime shape, especially amid the chaos that has hit the industry and Southern





“I have to provide a level of service and product above people’s expectations. To do that, I have to spend money.”  
– Mike Leemhuis

California, Hoyt says. He credits his course’s local owners who, while other owners bailed out, didn’t flinch after the 2002 stock market crash.

“They continued to invest in the golf course and the building,” he says. “The economic situation in the area was seen as an opportunity to become more efficient. The club reduced expenses by \$500,000 within a year, after getting each manager’s input about every expense line item.”

Congressional has completed \$20 million in capital improvements during the past decade. But that kind of willingness to invest isn’t universal. Photos: Congressional Country Club



The team focuses on maintaining a high-caliber course while being smart with money. Their strategy seems to be working – Cinnabar Hills was voted Golf Course of the Year in 2005 and 2006 by the California Golf Course Owners Association.

“When people come out here, they say, ‘Wow, this is really a nice place,’” Hoyt says.

**SATISFACTION GUARANTEED**

Stu Stram, president of The National Golf Club of Kansas City, says his 36-hole club constantly evaluates ways to serve members better. The private facility is one of the top 100 golf clubs in the nation, according to several magazine rankings. Considering the club’s location, far from scenic mountains and ocean views, the recognition speaks volume for The National’s attention to detail, Stram says.

“There’s always a happy medium when it comes to spending capital dollars on improvements to your facility,” he says. “We have an ambitious ownership group who is the driving force behind the success of The National and The Deuce courses.”

When an idea for capital improvement is researched, financial returns and member satisfaction are worked into the equation by the owners.

“First and foremost, they analyze the potential of member satisfaction and how it affects increased membership, so all those things are tied together,” says Stram, who believes all areas of the members’ experience factor into the club’s success. “We feel that if we have the best facility, services and amenities package, we’ll increase our market share here in the Midwest.”

**PROFITABLE PERSONNEL**

Hoyt challenges anybody in the country to beat the quality of the greens maintained by his golf course superintendent, Brian Boyer, CGCS.

“There are so many people out there, no matter what industry you’re in, that it’s as if you’re afraid to admit somebody else can do it better,” Hoyt says. “You’re afraid to ask questions.”

Boyer is good at analyzing what’s successful elsewhere and avoiding mistakes, Hoyt says. In addition to following excellent maintenance practices, Boyer addresses the financial side, too.

“He understands the business side of it,” Hoyt says. “He knows how to balance the needs of the course with keeping the customer happy.”

Miller also is boosting revenue by investing in employees with expertise he doesn’t have himself.

“I’m a golf course guy,” he says. “I’m not a restaurant guy, so I’m taking the best of both worlds. Now I have a real restaurateur running my whole golf food-and-beverage operation – weddings, banquets, everything.”

Income at Hidden Valley has been increasing since the first year Miller took over the operation. The club sold \$100,000 in memberships in 2006, and he expects to be in the black with a six-figure profit by next year.

Leemhuis agrees course improvements aren’t the only way to invest in better outcomes. Congressional invests in the employees’ morale and training throughout the year by holding off-site events for the employees.

“We want to make sure we’re paying the best possible wage we can in the marketplace in our area,” Leemhuis says. “We prefer to gear ourselves toward good employees who understand our culture and service.”

Hoyt believes it’s critical for employees to feel empowered.

“If an employee feels that he or she has responsibility and can make a difference, that’s so huge,” he says. “It’s almost more important than money.” **GCI**

