Rethinking *your operation*

Top agronomic officers seek efficiencies as costs rise and budgets remain flat

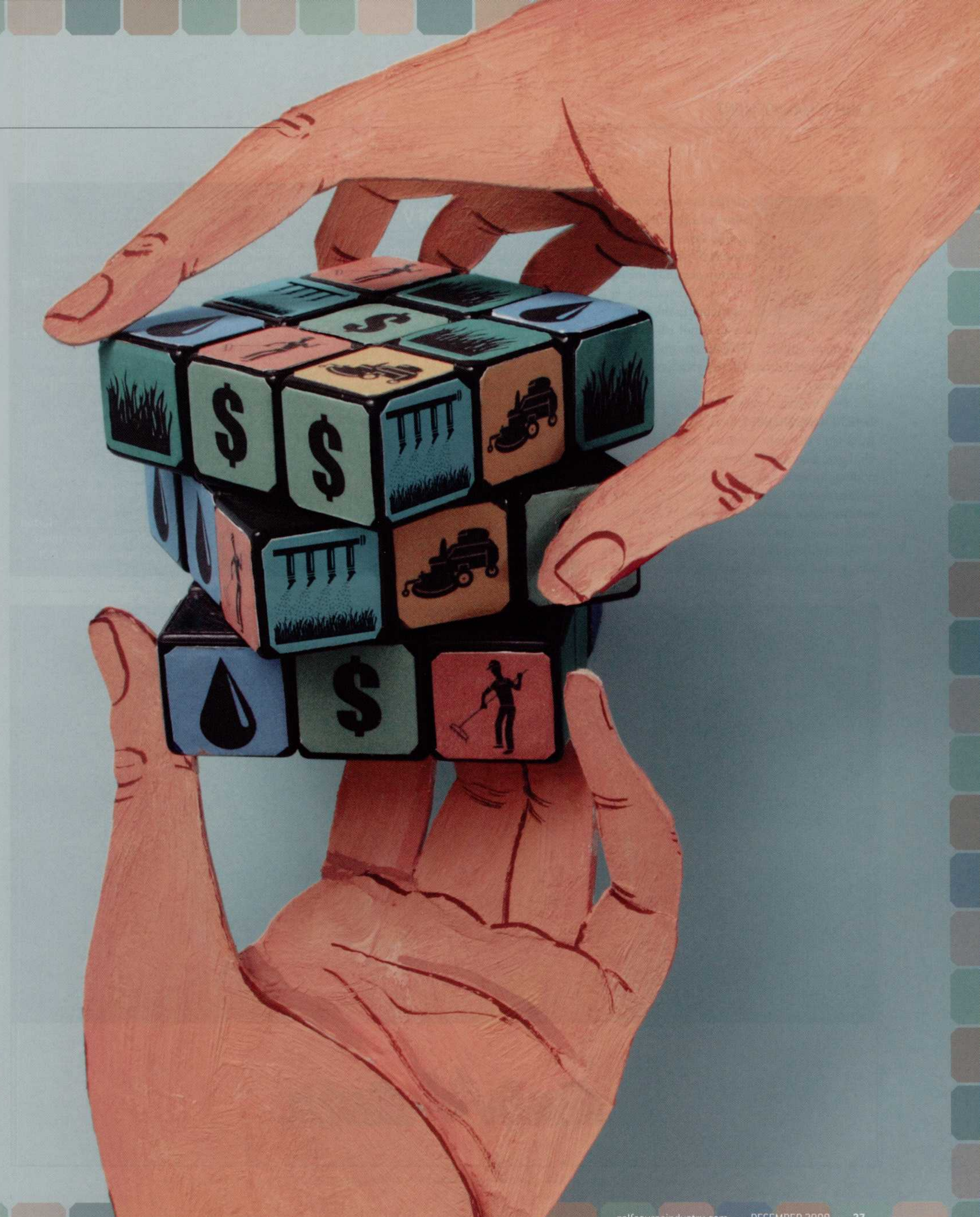
The agronomic aspect of golf is the driving force of the business. The big issue at hand is rising costs and flat budgets, which are putting pressure on golf course managers, forcing them to rethink their operations.

Top agronomic officers of management companies, who meet once a year at the National Golf Course Owners Association's multiowners conference, are addressing that issue. The TAO group consists of between 15 and 20 superintendents representing about 1,200 to 1,500 golf courses throughout the country.

"We found out people do things differently, but sharing ideas in a competitive environment is for the betterment of the industry," says Scott Zakany, president of Championsgate, Fla.-based IGM, a provider of outsourced golf course maintenance services with 45 properties in its portfolio. "We oversee a lot of golf courses and can be a driving force in the industry. You always come across people who think they can do something cheaper and better. And in a flat market, we're always trying get more bang for our buck. We need to be smarter. Everything we do affects the bottom line."

The TAOs wonder where the industry and the courses they operate are going to be in one year, five years and 20 years. But the main issue now is the economy, says Bryan Bielecki, vice president of agronomy for Vienna, Va.-based Billy Casper Golf, which has 100 facilities in its portfolio.

"We were in the process of finalizing budgets for 2009, and it was difficult because of fear in the market," Bielecki says.



Dave Wheeler

Company talks centered on ways to make up for revenue shortfalls – what to cut to drop profit to the bottom line, he says. Skipping fertilizer and soil amendment applications were considered, but these cutbacks only provide short-term savings.

"We looked at reducing labor in the shoulder months when attention to detail isn't noticed by as many golfers," Bielecki says. "We're considering moving that labor to the peak part of the season."

TIME TO MAKE CHANGES

BCG isn't the only company considering such changes. Having TAOs in one room creates opportunities to influence each other and the industry, says Ray Davies, director of golf course maintenance and construction at Petaluma, Calif.-based CourseCo.

"A time like this is a time for change, meaning things that aren't acceptable in normal times

A TAO history

The term 'top agronomic officer' might be new to some. The title refers to a superintendent who oversees the maintenance of all golf courses at a management company. TAOs meet once a year at the National Golf Course Owners Association's multicourse owners conference. Ted Horton, a consulting superintendent who's part of the senior management team at ValleyCrest Golf Course Maintenance, has been attending the multicourse owners conference since its inception about 12 years ago. At the time, he was working at Pebble Beach Golf Links, which was the location of the first meeting.

"It was all CEOs, and they didn't have a clue about the environmental effects of what the superintendents were doing," Horton says. "I gave a brief talk and was asked to come back each year to give an update about the environment."

The TAOs were pulled together by owners to work on operating problems that affected the industry and explain why operating costs couldn't be more predictable, says Ray Davies, director of golf course maintenance and construction with Petaluma, Calif.-based CourseCo, which maintains 18 facilities.

"But predictability isn't possible in golf course maintenance because all golf courses are different," Davies says. "You have to know a golf course one by one. You can't group them."

Owners also wanted the TAOs to seek commonality among themselves.

"They were apprehensive to share information because they felt they were competitors," Horton says. "They had to get over the fear of sharing information to help one another. The CEOs of these companies felt good the agronomic guys were traveling with them. It's good team building." GCI might have to be acceptable now," he says, citing less water use and acceptance of brown turf. "We can't have wall-to-wall green turf."

Other examples of change include implementing high-tech irrigation systems, which can save labor, and investing more in solar power.

"Solar power might not cover 100 percent of a facility's power needs, but it will save them money," Davies says. "Golf courses tend not to go away, so they'll have time to get the payback."

The pressure felt during the first few years of the last downturn (2001 to 2003) forced operators to reduce costs in the short-term when, in hindsight, long-term changes needed to be made. Reducing fertilizer and chemical applications, as well as aerification, are examples of short-term savings. Reducing the acreage of highly maintained areas creates long-term savings.

"It's difficult to reduce acreage with a parkland setting because it doesn't mesh well with the course design," Davies says. "But with new courses, you can do whatever you want."

Operators need to start thinking about things such as shutting down nine holes if they're an 18-hole or larger facility if demand isn't there, Davies says.

"You have to manage demand," he says, comparing it to new baseball stadiums that seat 40,000 to 45,000 fans instead of the older stadiums that sat 60,000 to 80,000 fans. "They're controlling price points and demand."


Bielecki

Davies suggests operators look at how and when they buy their equipment to take advantage of opportunities in the marketplace. For example, superintendents should plan what they'll need for the coming year so they can get a deal in the off-season, making one large purchase order – if a club has liquidity. If one doesn't have liquidity, it won't be able to get as good a deal.

When it comes to buying, Zakany says IGM makes sure to get the best price based on volume, which improves profitability.

Davies says CourseCo is questioning its processes to make sure it's allocating its resources properly. The company is challenging basic assumptions to make sure it adjusts to market changes.

"Is it possible to get golfers to accept things they normally wouldn't, such as reduced golf course acreage; watering less, which, in turn, reduces mowing; or drought-tolerant turfgrasses?" he asks. "What does generating 10,000 fewer rounds annually do to the pace of play, which is still an issue? Is your traditional source of labor still the way to go? These are the type of questions we need to be asking ourselves."

It's more challenging to be more efficient, Zakany says, adding that there has to be a smarter way to address labor because it eats up 50 to 60 percent of maintenance budgets.

"If you're maintaining a golf course with 20 people, think about how can you do it with 16," he says. "Think about what golfers are going to realize."

BCG is looking at labor and frequency. For example, if it takes 48 hours a week to mow fairways, the company is considering mowing them twice a week instead of three times a week.

Another market change: tournament play, which has declined at the facilities CourseCo maintains. Because of that, the company is aggressively marketing tournament play by interacting with its customers.

"You just can't discount," Davies says. "You can discount to those golfers who wouldn't have come to the course to begin with, but you can't offer a discount to those coming to play golf anyway."

People are worried about deferred capital, too, Davies says. Money is tight, which is affecting construction, renovation and irrigation projects. But that can also create opportunities.

"When the construction market declines, you can attract people or builders to do small projects, when normally, they wouldn't look at the projects because they're too small," he says.

Superintendents also need to think differently in terms of delegating and trusting their staffs more, Davies says. Some tasks, such as mowing, might be done better late in the afternoon and early evening, so a superintendent would need to delegate and have people work on the course when he's not there. Davies suggests maybe even having two shifts on staff.

"You have to break the paradigm of 'I have to watch everything,'" he says.

When it comes to cost savings, Bielecki says BCG focuses on water and chemical use.

"Our strategy encourages superintendents to use generics on the tees, fairways and rough and name brands on the greens," he says. "There are some generics that are just as effective as name brands, but there are other generics that are not. If the residual of some generics is a short time frame, it might cost you more in the long run."

Despite all of BCG's operational suggestions, the company leaves it to superintendents to dictate and meet product expectations.

"The superintendent at each course is the most educated decision-maker based on having input from golfers," Bielecki says. "We feel we're already at peak efficiency operating our golf courses, but we might have to spend less, which would impact product expectations. We start with what product we want. When doing detail work, the question is how often should these tasks be done. We're compromising some of that in the shoulder months."

In a down market, many businesses cut back on marketing, but Bielecki says BCG needs to be

(continued on page 34, sidebar on page 32)

MYTH BUSTING

In the past, superintendents haven't looked at management companies in the golf market positively. Critics say companies treated superintendents poorly and were unprofessional. That has changed for the most part as management companies try to reverse their reputations.

Management companies are much more sophisticated than they used to be, says Ted Horton, a consulting superintendent who's part of the senior management team at ValleyCrest Golf Course Maintenance.

Top agronomic officers at the National Golf Course Owner Association's multicourse owners meeting earlier this year addressed this issue.

"The superintendent is where the rubber meets the road," Horton says. "A superintendent who works for a management company must be a team player who's a good businessman and agronomic guy."

Ray Davies, director of golf course maintenance and construction with CourseCo, believes the TAO group spends too much time worrying about the image of management companies.

"They want the bad image put to bed," he says. "They're treating superintendents better now than they have in the past. The superintendent is the hero in our company. You are what you are. I'm not worried about image. It's a competitive issue, not an industry issue."

The TAO group conducted salary, longevity and compensation surveys among their companies and compared them to the GCSAA norm. In most cases, superintendents who work for management companies are earning equal or better in pay and had comparable or higher education than the GCSAA norm, Horton says.

"If you want to work and grow for one of these companies, you need to be more of a businessman than the norm," he says. "You need to work closely with the management team at each course and need to be astute with the numbers. I work with owners, and they want superintendents who work with the management team and keep an eye on the bottom line."

The goal at most management companies is to increase their portfolios with more golf courses, Horton says.

"Although each has a different niche, they feel the stand-alone operation probably doesn't have as high a degree of professionalism or that it can take advantage of the synergies of being managed in a portfolio with other courses," he says. "I see multicourse management companies growing at the expense of stand-alone operations, but I don't know if most of the golf courses in the country will be operated by management companies."

Horton says superintendents like the independence of working at a stand-alone course, but he believes most courses need a bit more supervision and expertise from a management group or company. Efficiencies from professional management eventually will be attractive to more mom-and-pop operations, but they don't want to lose control, Davies says.

"It's possible to do both," he says. "We don't put our name on the course. We operate the golf course on the owners' behalf. It reflects them. We don't want to brand the golf course, we want to brand our company. Our job is to reflect the owner's standards and values." GCI

(continued from page 30)

aggressive to achieve its market share goals.

"We do a lot of low-cost marketing via e-mail," he says. "We don't do a lot of print ads. If it's a zero cost, we won't cut back on it."

CHANGE FOR THE ENVIRONMENT

Like profits, the environment is a driving force behind operational changes.

"There's a lot of talk about being 'green,' but what does that really mean?" Zakany says. "Recycling or integrated pest management ... whatever it might be, you need to stand apart from the competition."

The collection of golf facilities IGM maintains is diverse, Zakany says. In several regions of the country, the No. 1 resource is water, and the company has made cutbacks. So, turf managers need to figure out several ways to conserve water and use it more efficiently. Examples include:

- Not overseeding
- Using moisture sensors
- Applying chemicals to retain moisture
- Planting drought-tolerant type turf
- Reducing the number of highly maintained acres.

"It's not all about color," he says. "It's about what you're doing for the environment. TV hasn't helped us any, although the British Open helped. It's good to see courses on TV that aren't Augusta National green."

Bielecki says all of BCG's golf courses are in Audubon International's Cooperative Sanctuary Program and have reduced the number of highly maintained acres.

Using organic products is another operational change driven by the environment. However, organic products aren't short-term solutions; they're long-term fixes. Superintendents who choose to use these types of products need to stick with them because it takes longer to reap the benefits, Zakany says.

"Many management companies are incorporating organics into their turfgrass management programs," he says. "Costs aren't as high as they used to be for organics."

Implementing more environmentally friendly practices to maintain golf courses requires superintendents to clue in golfers on the maintenance business. One question looms in that regard: Can members live with a higher threshold of weeds or disease pressure?

"We want to respect and satisfy golfers yet dictate practices that are sound businesswise," Zakany says. "But you have to educate the membership." GCI

Despite all of Billy Casper Golf's operational suggestions, the company leaves it to superintendents to dictate and meet product expectations, like those at Lyman Orchards Golf Club in Middlefield, Conn.