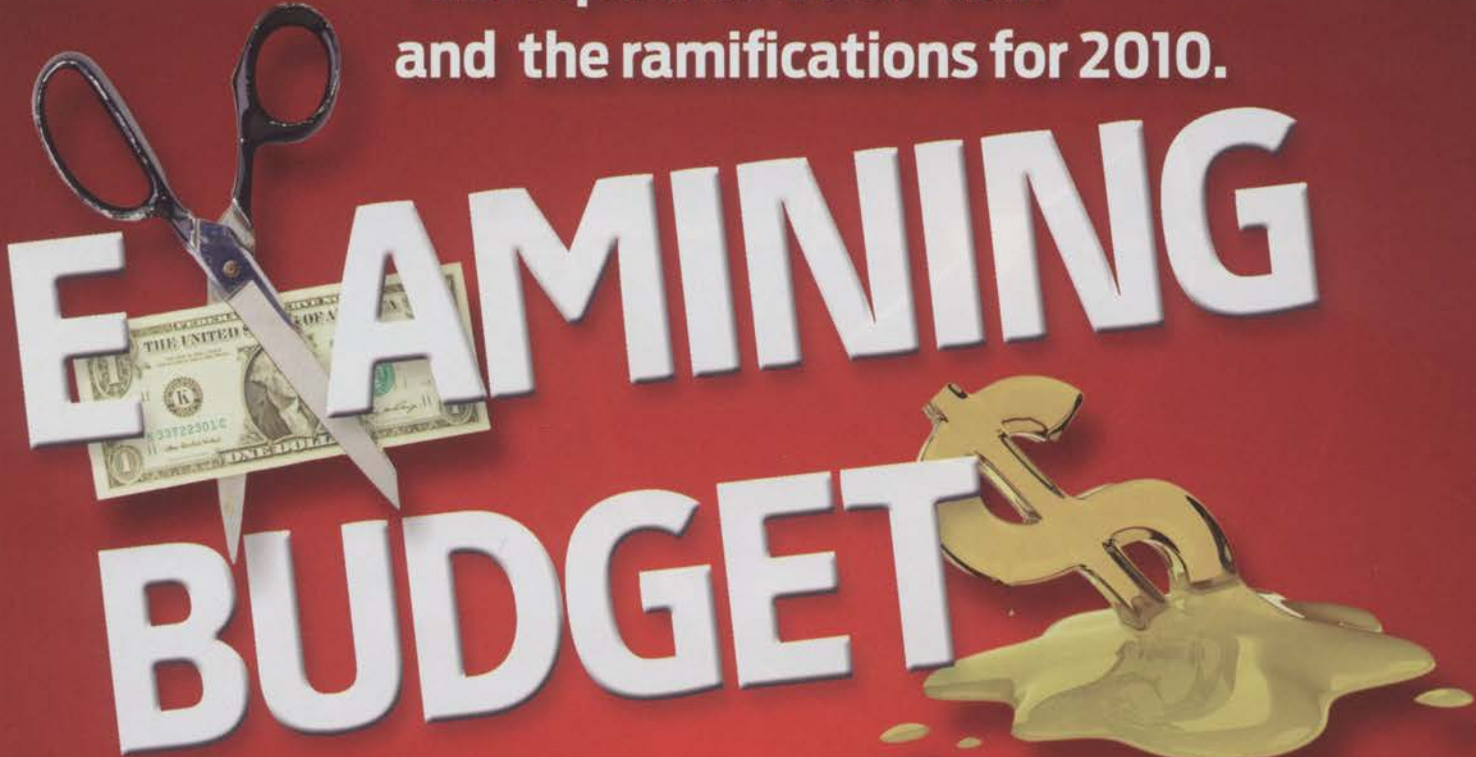
The impact of 2009 cuts and the ramifications for 2010.

EXAMINING BUDGETS



BY MICHAEL ZAWACKI

For Roy MacDonald, nothing was spared. MacDonald, the superintendent at Hobe Sound Golf Club in Hobe Sound, Fla., was forced to cut $70,000 from last year's maintenance budget and he is looking at another $20,000 slice heading into 2010. Survival during these tough economic times means taking a hard look at each line item on his $900,000 maintenance budget.

"Chemicals, fertilizers and salaries – those are your big number budget items, so I looked there first," MacDonald says. "Then I took a real close look at our actual expenses to see what I could carve out. Everything got whacked."

MacDonald's experience is not unique among U.S. golf course superintendents. Over the last year practically no one was left unphased by the economy. In fact, 63 percent of superintendents say their maintenance budgets were cut in 2009, according to Golf Course Industry research. In many cases, this forced superintendents to re-evaluate their maintenance priorities and become more familiar with the mantra of "doing more with less."

And like MacDonald, superintendents took their red pens to their big budget items. Nearly 85 percent cut their labor force and three quarters reduced their fertilizer expenditures in 2009. These larger budget expenditures were followed by cuts in golf course accessories (69 percent) and mowers (64 percent). Insecticides were the least-slashed budget item, with only a quarter of superintendents reducing their spending from that product category.

However, for most superintendents these budget cuts came as no real surprise. More than half (55 percent) said 2009's cuts were about what they anticipated, according to Golf Course Industry research. A fortunate third (32 percent) of superintendents indicated the year was actually better than they had anticipated.

Many superintendents cite an unexpected increase in rounds played at their course. For the most part, this was a result of favorable, mild weather conditions that allowed them to save on fertilizer, chemical applications and irrigation costs.

Together they greatly reduced budget stress and kept course conditions at levels consistent with member expectations.

Superintendent John Westermeir is part of the lucky minority who avoided budget cuts. The ownership at the private Twin Lakes Golf Club in Carmel, Ind., has always emphasized operational efficiency. And as a result, Westermeir runs a lean maintenance operation.

"Because we're a private club the ownership realizes that we can't let course conditions slip and expect to survive in this market," he says. "I've always tried to do the best I can with what I have, but at the same time, the club's ownership realizes that we need resources to operate at a certain level."

For many the failing economy and its inevitable impact on the industry provided enough advanced warning that they were able to prepare accordingly. Some cut spending early in the season to better position themselves for additional late-season cuts that may or may not have transpired at their courses.

For more facts and figures on superintendents' views on their 2009 and 2010 budgets, as well as additional coverage on this topic, check out the December online extras at golfcourseindustry.com.

For example, superintendent Ben Babbage spent the last two years increasing efficiencies at Storm King Golf Club in Cornwall, N.Y. For his preventive measures, he circumvented cuts this year and eliminated an additional $50,000 from his maintenance budget while his peers struggled to make ends meet.

"I saw this coming and I knew we were eventually going to need to come back," he says. "So now we're in a much easier financial position than other courses in our market."

And as a result, Babbage won't hesitate to ask his green committee to sign off on a few essential, big-ticket equipment purchases heading into 2010. "Now I've got a better leg to stand on (for these purchases) because I was able to make the cuts and save the course money," he says.

Many superintendents acted creatively with their budget cuts to eliminate costs but maintain playability. While 68 percent of superintendents said 2009 budget cuts affected their ability to adequately maintain course conditions, 47 percent said only they noticed the changes, and 21 percent said players and members had noticed some changes due to reduced spending.

LOOKING AHEAD

The maintenance budgets enjoyed three to five years ago won't be back anytime soon, superintendents say.

While half expect to operate at the same level in 2010, 37 percent of golf course superintendents anticipate their budgets will be cut again, according to Golf Course Industry data. As a result, 64 percent expect to make labor cuts next year, as well as to cut spending on golf course accessories (77 percent), mowers (72 percent) and fertilizer (71 percent).

But re-evaluating budget expenses is not necessarily a bad thing, says Thomas Lipscomb, the superintendent at River Bend Golf and Country Club in Great Falls, Va.

"Scaling back isn't always the worst thing in the world because it can be a real eye opener," he says. "I think this experience is sharpening superintendents' skills because it's forcing us to be more conscious of labor issues, to consider IPM (integrated pest management) practices and to communicate better and more often with our boards and committees to explain what these cuts will entail and how this will impact the greens and playing conditions."

While some cuts are good, MacDonald argues that some choices are a major gamble, and being on the losing end could be costly. And he's not alone. Fourteen percent of superintendents expect budget cuts could begin having repercussions at their courses beginning in 2010.

"It's like Russian Roulette," MacDonald says. "Let's say you cut your chemical (pesticide) spending to save some money over two years. Down the road this could have a mushrooming effect because now you can't afford to control all of the weeds and grubs that have invaded your course. So that money you initially tried to save will now come back and cost you much more just to fix these problems."

The prognosis for the industry, though, is not all doom and gloom. Many golf course superintendents believe the industry will recover, albeit at a much slower rate than the rest of the economy. And while it's not immune to the ripple effect of the national recession, the golf industry is resilient and will persevere, superintendents say.

"Golf courses can and will survive this recession," Babbage says. "For superintendents it's going to come down to what the members want in their course. That's what we need to figure out going forward, how much will that cost – whether it's in money or more time and effort on our part – to make them happy." **GCI**