

GROUND ZERO

A zero-based approach keeps Estero Country Club's maintenance budget "lean and mean." BY MARISA PALMIERI



Estero Country Club in Fort Myers, Fla., is one facility that's benefitted from zero-based budgeting – especially in the wake of the economic recession and downturn in the private club market.

That facility, which is managed by general manager John Schoellner, who's both a certified club manager, certified club executive and a certified golf course superintendent, has expanded the program from the maintenance department to just about everywhere else in the facility.

"It's pretty simple," says Schoellner, describing the process, which entails creating an annual budget that's essentially a business plan of what normal conditions would be for every department. For example, in the maintenance department, the superintendent accounts for every single man, what he makes, how many hours a week he works and the cost for his benefits for every month of the year. After that, he plans for the fertilizer use for each part of the golf course and then for every product, line by line, all the way through the budget. Every item is backed up by a quote from a vendor, and includes a narrative description for how it's going to be used. The result is a 12-page book that justifies every dollar in the budget.

"When the people on the board and finance committee review it, they can sit down and know that these numbers aren't just pulled out of the air," Schoellner says. "That was the thought pattern when I got here. They were basically adding 5 percent onto last year's budget. Even for labor. That meant there were people who had been here for awhile getting paid too much, which meant new people weren't getting paid enough."

MEETING RESISTANCE

When Schoellner arrived at Estero a little more than two years ago, the maintenance

budget had already been approved, but he had superintendent Bruce Bach go back through and create a zero-based budget by justifying everything without looking at the numbers from the previous year. The result was nearly 10 percent saved and the reduction of two full-time and one part-time laborer based on a series of studies to determine how much time and labor every task on the golf course took.

Bach was surprised at first, Schoellner says. He had never heard of doing the budget that way and there was some resistance. "It was work," he says, explaining that Bach wasn't previously what he'd call "a numbers guy," despite his technical expertise. "So he's learning country club bookkeeping and the more he understands it, the more he accepts it. He's gotten better each year. He's really confident in his budget this year."

While the superintendent may have resisted change, it was likely easier to swallow coming from a former superintendent.

"I learned from Joe Duich at Penn State how to grow grass and watch the dollar," says Schoellner, who received his two-year turf management degree in 1969. "One thing I've done through my whole career is keep a copy of every bill that's come in and keep spreadsheets, going back to the old green ledgers and up to Excel."

Not surprisingly, there were rumblings of resistance from other superintendents who heard about what Estero was doing, Schoellner says.

"They didn't like it," he says. "They liked having the fat that they could move around. When you're lean and mean, you have to justify everything you're doing. For example, we use purchase orders for everything over \$500. If the PO isn't in the budget, there needs to be a detailed explanation for what and why the expense is."

TIME FOR CUTS

It's tough to pad the budget with a zero-based format, which critics say makes unexpected circumstances or emergencies tough to bear.

But Schoellner says the club can't budget for hurricanes or disasters.

"We budget for normal and we have a 3 percent number that's not budgeted to be used clubwide if we need it." For example, the contingency fund recently paid for an \$11,000 pump station repair.

Another thing that's not necessarily predictable is market downturns, like the one that took place this year. "We were asked to cut back about \$200,000 in expenses," Schoellner says, adding that the maintenance department came up with half of those cuts.

"It's all because they can go back, look at their budget and see where they can cut back and what the results will be," he says, noting that the superintendent cut back on fertilizer use in the roughs, stretched several chemical applications and eliminated overtime.

The zero-based budgeting also improves board relations. Having a budget where every item is justifiable helps build credibility with the board and is a tool for selling programs.

"If your board can see that you know what you're talking about and it's documented in black and white, there's not too many things they can say no to," he says.

If zero-based budgeting is so great, then why doesn't everyone do it?

"Some are afraid of it," Schoellner says. "Everybody has to work together. I see more and more people doing it once they realize the benefits. It's great because everybody knows what's happening, and we're not lazy. It's easy for people to get complacent, but things have changed, and they're never going back to where they were." GCI