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PAY NOW OR PAY LATER

There's no doubt these are trying times for golf courses. But, despite your balance sheet, there's still a need for ongoing capital improvements. Given the next up year for the golf economy might arrive with Halley's Comet, it's as good a time as any to assess your strategy for meeting ongoing renovation needs in a down economy.

Many courses have quit spending completely. A few have, perhaps, taken on huge projects overconfidently. Some continue – conservatively and wisely – with their capital improvement programs, albeit on a smaller scale, but not so much that they're in danger of falling too far behind.

The challenge for facilities is to pursue renovations and upgrades in an economically feasible manner but not allow budget pressures to cause unwise quality reductions. Despite the economy, if it's worth doing a renovation, it's worth doing right. The adage, "You can pay now, or you can pay later," also comes to mind.

I understand the need to lower budgets during a recession, but I still see too many mistakes in the name of budgeting. The short view inevitably starts a treadmill. Underbudgeted renovation programs create more problems than they solve, leaving everyone involved unsatisfied. That leads to fewer attempts and/or even lower budgets for necessary renovations because no one wants to get blamed for spending all that money for undesired results.

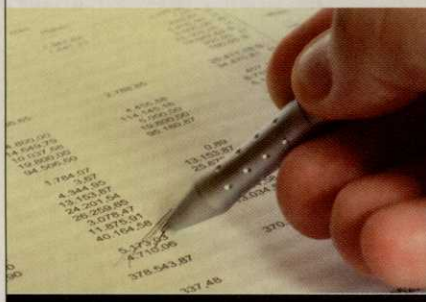
Low budgets are like the flu, and the projects tied to them often show the symptoms. Poor quality is almost always the result. Most budget problems stem from:

- An originally adequate budget that inflation erodes when the project is delayed three, five or even 20 years. For some reason, few people account for inflation in these cases.
- Club members who are simply hopeful bids will come in lower and aren't prepared for when they don't.
- Superintendents who prepare budgets

based on using their crew for labor, figuring materials only, and then decide to use contractors, who need to cover labor, overhead and profit.

- Attempting six projects with a five-project budget by adding "just one more thing that won't cost much" without adding to the budget.

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- Simply forgetting or not realizing the need for items related to the renovation.

If the finished product is poor, you usually can blame budget-related problems. Is the design poor from "saving" money on a golf course architect? Did you use cheap but inexperienced contractors to save 5 or 10 percent? Did you implement other "money-saving ideas" such as:

- Using asphalt rather than concrete paths without considering which will need to be rebuilt sooner.
- Undersizing irrigation system pipe that will blow out of the ground.
- Skimping on greens construction, bunker liners and sand and not improving playability.

- Skimping on sod and erosion netting, risking higher and unanticipated grow-in costs.

So, what's the chicken soup for the under-budget flu? For many courses, this tastes more like medicine than soup, but you need to:

- Take the long view. Are you are confident your course will prosper again based on weathering past economic storms and your current situation? The 10- to 15-percent cost difference between bad and great results only adds nominally to monthly assessments or per-round surcharges. Realize immediate savings typically cause greater long-term costs.

- Prevent falling in the classic budget traps outlined above. Are parts of the current project caused by the need to rebuild some budget-saving measures taken in the last one? Omitted features are usually added sooner rather than later, and poor construction is rebuilt typically sooner than otherwise necessary – both at more of a cost than if included in the original construction.

- Do fewer projects well rather than many poorly when your budget is firm. Whatever projects you undertake, be sure to fix the problems you set out to fix. Nothing is worse than having similar problems after a renovation.

- Consider value over price. Contractors are hungry right now. Material prices have fallen. Bids will be good. If you can borrow, interest rates are at historic lows. In some ways, it's a historic opportunity to max out your renovation dollar.

- Invest in planning, design and value engineering. As old tailors say, "Measure twice, and cut once" for the best value. It's less expensive to plan the project on paper than in the dirt. Using an architect and contractor to value engineer the project is a critical expenditure rather than unnecessary expense. If the devil is in the detail, your professional team must work to spend only what needs to be spent to do the job right.

In rising economies, most managers and superintendents look good. Performing well in down times will separate the best from the rest. **GCI**