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GOLF'S REALITY SHOW

Boy oh boy, has my phone been ringing. Everyone from superintendents to owners to distributorship presidents to CEOs is asking me pretty much the same questions:

"Will my facility be OK?" "How many courses will close?" "Is the golf market as bad as we think?" "When will things rebound?" "Who will win 'American Idol'?"

Well, I can't answer the last one since I lost track of "Idol" as soon as the new season of "Deadliest Catch" started. (Hmm…Simon Cowell and Paula Abdul vs. crab fishing in Alaska? No contest.)

But you probably won't be shocked to hear that I'm willing to take a crack at guessing – and I mean *guessing* – about the other questions people are asking.

I've been doling out more free consulting advice than an urologist at a bachelor party to those folks who've been calling me lately, so it only seems fair to share it with all of you. Thus, allow me to shine up my crystal ball and give you my semi-educated prediction about the next three years.

2009, THE YEAR OF LIVING DANGEROUSLY

There were about 15,800 courses in the U.S. as of the end of 2008. I think we'll end up with a tad fewer than 15,000 before the serious bleeding is over in three years. We could and should close a hell of a lot more based on supply-and-demand factors, but I don't think we will.

First, golf courses are complicated bits of real estate. Sheer size is one factor, but covenants, restrictions, permit-related greenspace promises, homeowners' association contracts and other legal factors will prevent many poorly conceived facilities from closing.

Second, when a bad course does fail, there are an astounding number of schmucks who think they can run it better than the last guy.

Third, the vast majority of courses – probably 80 percent – are doing OK and will get through on their own.

This will be a year of struggling and ignoring reality for the most seriously cash-strapped facilities. Maybe 250 courses will actually close, but many more will hold on valiantly pretending the inevitable won't come and stretching the limits of their financing. Creditors, particularly turf and food vendors, will go unpaid for months and months.

Also in 2009, as my good friend Frans Jager of the distributor co-op PrimeraTurf observes, cash-poor operations may have a profound impact on the entire supply chain. Quite a few facilities that purchased substantial amounts of chemicals, soft goods, food, liquor, etc., under early-order programs in late 2008 may have a difficult time making their deferred payment this summer.

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DON'T EVEN THINK ABOUT 2010

Next year could be a painful but necessary bloodbath with 400 or so courses closing as banks call the notes on stupid loans made to idiotic developers to build lavish clubhouses or to underwrite ownership liens for other failed businesses.

The financial institutions simply won't have the time or inclination to try to rescue bankrupt golf courses that have lousy business plans, lousy locations and lousy prospects. You'll see a lot of fallow courses and a bunch of folks desperately trying to overcome real-estate covenants to rezone the land for some other usage. Suddenly, all those promises the original owners made to get the permits for the course will come back to haunt them…or whomever else now holds the note.

Also, kiss those beautiful early-order programs and great credit terms goodbye as both manufacturers and distributors tighten up on purchasing options.

2010 will also be a shopping extravaganza for a few management companies, the tiny handful of healthy real-estate developers and even individuals who recognize low-hanging fruit in the market.

2011 – THE NEW MARKET EMERGES

Three years from now, the whole industry will be smarter, leaner and attractive in several ways. A few hundred more courses will die in 2011, but many will survive by being renovated, renewed and reinvented. Investors will have figured out that despite the hype, the core golf industry is healthy. The demographics of who plays, when they play and why they play will be much better understood, as will marketing and membership sales. The strong will have survived and we'll have learned from them.

By 2011, the golf world will be very different in many ways. It will be less stupid, because stupidity is gradually being rooted out by evolution. It will continue to grow its reputation as an environmentally positive business activity, because it will die if it doesn't.

If you perform well, people seeking exercise and a taste of the outdoors will realize that walking a round of golf is more fun than jogging or running on a treadmill. Beyond golf junkies and the dwindling number of club aficionados, that's your new customer base in 2009 and beyond. That's not a guess…that's the way it's going to be.

That's the reality show you're on now. And, like "Idol," you have to get enough votes every week to survive. Will you make the cut? Only you know for sure. **GCI**