

# Gearing Up for GROWTH

Despite a historically shaky collective reputation, management and contract maintenance companies are positioned to grow.

BY MARISA PALMIERI

**Y**ou could say that golf course management companies' reputations precede them. Whether it's based on personal experience or hearsay, many industry members – especially golf course superintendents – have their minds made up about the third-party firms that manage entire golf operations or single departments, such as maintenance.

Regardless of their collective reputation, management companies serve a niche in the industry. With a down golf market and a recession in the U.S. economy over the last 20 months making the operating environment even more challenging, these firms are poised to grow, according to data provided to Golf Course Industry for the Top Management Companies List.

## CHANGING PERCEPTIONS

Anecdotally, many say that the negative perceptions about management companies are tales from the past and peoples' opinions about them are improving.

"Management companies' reputations have improved," says Terry Buchen, CGCS, president of Golf Agronomy International. "There was a lot of anxiety when they first became prominent on the scene, but it has subsided and there is a more positive attitude about them in recent years."

GCI research shows that half of superintendents' perceptions of management companies has not changed over the last 20 years. Twenty-eight percent say their perceptions have improved; 22 percent say they've gotten worse (see page 22).

Steve Gano, vice president of operations for Championsgate, Fla.-based International Golf Maintenance, says good companies have been able to dispel negative perceptions through proven track records.

"We've made some significant headway," he says, adding that it helped that 2008 GCSAA president Dave Downing, CGCS, is an executive in a management company. Plus, high-profile superintendent and past GCSAA president Bruce Williams, former director of golf courses and grounds at Los Angeles Country Club, this month started in a development role with ValleyCrest Golf Course Maintenance.

Greg Pieschala, president of ValleyCrest Golf Course Maintenance, Calabasas, Calif., says battling stereotypes is not an issue for his company, though that wasn't the case five years ago.

"At that time we were encountering ambivalence among superintendents, but that's a thing of the past," he says. "Today when we have an opening, we're blessed with a lot of very high quality people who want to work with us."

Pieschala attributes ValleyCrest's ability to overcome the perception obstacle to several internal programs, including training it conducts through the GCSAA and structuring an incentive program that rewards superintendents for actively participating in the GCSAA and achieving and maintaining certification. He also believes that ValleyCrest benefits from being a contract maintenance firm vs. a traditional management company.

"If you're a superintendent, that makes all the difference in the world," Pieschala says.

However, GCI research shows that 50 percent of superintendents don't differentiate between the two types of companies and, in fact, 36 percent have a more favorable perception of traditional management companies than contract maintenance companies (see page 22).

Critics of third-party operators say they don't always do what's best for the golf course and take away the superintendent's autonomy. Upon the arrival of management companies they see their operating and capital improve-

ment budgets shrink and feel pressure to deliver the same conditions with a reduced budget while answering to someone who may be off site.

"I can only really speak for KemperSports, but when superintendents become part of our system, there's a lot of tools and support," says Steve Skinner, CEO for Northbrook, Ill.-based KemperSports. "From peers, to regional support personnel and from a technical and agronomic basis."

As for autonomy, Skinner says KemperSports believes in the brand of the individual golf course and the local staff's expertise.

"They're the ones who understand the desires of the local golfers and our customers," he says. "We give them the tools and support to rely on, but we don't look to tell them how to do their jobs. They're high qualified and well trained and they have the authority and responsibility for producing a quality product."

Gano shares a similar philosophy.

"There are a hundred ways to get the job done, and we're all for guys doing it their own way, but when we know a job can be done more efficiently, we absolutely provide that idea to the superintendent," he says. "All of our ideas come from our superintendents and we share that idea with the rest of our clubs."

One assumption is the belief that when management or contract maintenance companies come in, the existing staff will be fired.

"Too often we hear about that negative perception, but in reality we've saved guys' jobs," Gano says. "There are superintendents who haven't been given the right tools, the budget isn't what it needs to be and we can convince the board that they're not providing superintendents with the right resources. The superintendent on a property knows the history. That's a huge piece of the puzzle, so we'd be crazy to automatically get rid of the superintendent."

Unfortunately, some clubs have used management or maintenance companies to make changes at the superintendent level so they don't appear to be the bad guys, Gano says.

"And that gives us all a black eye," he says. "If we have the sense that they're only talking to us to change the superintendent, we won't allow a club to use us to do that because it doesn't translate into a long-term relationship."

KemperSports doesn't systematically fire superintendents or other managers when it brings on a new facility.

"We look to retain and retrain as much as possible," Skinner says. "We go in and interview



# The Top Management Companies List

## THE TOP 35 MANAGEMENT COMPANIES

RANK	COMPANY	HEADQUARTERS	WEB SITE	LOCATIONS	% GROWTH '09 vs. '08	% GROWTH FOR 2010 (EXPECTED)	HR CONTACT	MAINTENANCE PURCHASING CONTACT
1	Troon Golf	Scottsdale, Ariz.	troongolf.com	145	15	15	Sandra Simonson, 480-477-0455	Charlene Gallob, 480-606-1000
2	Billy Casper Golf	Vienna, Va.	billycaspergolf.com	107	n/r	n/r	Doug Wayne, 703-761-1444	Bryan Bielecki, 703-761-1444
3	American Golf Corp.	Santa Monica, Calif.	americangolf.com	105	n/r	n/r	Joe Stegman, 310-664-4037	n/r, 310-664-4000
4	KemperSports Management	Northbrook, Ill.	kempersports.com	99	10	10	Susan Somers-Evans, 846-850-4875	Adrienne Flentge, 847-850-4885
5	ClubCorp USA	Dallas	clubcorp.com	90	0	5	Laura Komegay, 972-243-6191	Doug Miller, CGCS, 927-888-7580
6	Eagle Golf	Dallas	eaglegolf.com	75	0	5	Cindy Kristek, 214-722-6008	Unfilled, 214-722-6000
7	Century Golf Partners / Arnold Palmer Golf Management	Addison, Texas	centurygolf.com	60	15	10	Lisa Taylor, 972-419-1400	Chris Hamill, 972-419-1400
8	Marriott Golf	Orlando, Fla.	marriottgolf.com	41	n/r	n/r	n/r, 407-206-6000	n/r, 407-206-6000
9	Lindsey Management Co.	Fayetteville, Ark.	lindseymanagement.com	38	10	10	Betsy Fox, 479-521-6686	Dennis Collins, 479-521-6686
10	OB Sports Golf Management	Scottsdale, Ariz.	obsports.com	30	5	15	Brandon Cajthaml, 480-948-1300	Tom Christy, 425-891-8551
11	IRI Golf Group	Rancho Santa Fe, Calif.	irigolfgroup.com	23	0	14	Susan French, 704-882-4899	Larry Benson, 704-882-4899
12	Landscapes Golf Group	Lincoln, Neb.	landscapesgolf.com	20	20	5-10	Rhonda McGinnis, 402-423-6653	Tom Everett, 402-423-6653
13	CourseCo	Petaluma, Calif.	courseco.com	18	7.6	10	Michael Shapiro, 707-763-0335	John Lauer, 707-763-0335
14 (t)	East West Partners Club Management	Chapel Hill, N.C.	eastwestclubs.com	17	n/r	n/r	Angie Gardner, 704-799-8511	Mark Clayton, 704-799-8511
14 (t)	WCI Communities	Bonita Springs, Fla.	wcommunities.com	17	n/r	n/r	n/r, 239-390-3643	n/r, 239-390-3643
16	Kitson & Partners	Orlando, Fla.	kitsonpartners.com	16	30	25	Ed Whalley, 407-246-8482	Dean Wochaski, Golf Maintenance Solutions 757-427-1712
17	Western Golf Properties	Lake Forest, Calif.	wgolp.com	15	15	20	Bobby Heath, 949-900-8241	Norm Ford, 949-900-8246
18	Heritage Golf Group	San Diego	heritagegolfgroup.com	14	0	14	Judy Munoz, 858-720-0694	Norm Goodmanson, 530-257-2576
19 (t)	Donovan Brothers Golf	Chino Hills, Calif.		13	8	n/r	Tri Nguyen, 888-825-4322,	n/r, 714-528-6400
19 (t)	Touchstone Golf	Burnett, Texas	touchstonegolf.com	13	30	10	Kathy Mallari, 512-756-8000 x 101	Local superintendents, 512-756-8000
19 (t)	Walters Golf Management	Chesterfield, Mo.	wgmgo.com	13	18	15	Deborah Walsh, 636-532-8833	Dennis Barron, 636-532-8833
22	Meadowbrook Golf	Championsgate, Fla.	mggi.com	12	5	20	Jaime Edmondson, 407-589-7200	Greg Plotner, 407-589-7200
23 (t)	HMS Golf	Woodstock, Ga.	hmsgolf.com	11	16	20	James Haslam, 770-928-3841 x 4	James Haslam, 770-928-3841 x 4
23 (t)	Honours Golf	Birmingham, Ala.	honoursgolf.com	11	0	20	Phil Oakes, 205-298-0001	Jim Dereuil, 205-298-0001
23 (t)	SunBelt Golf Corp.	Birmingham, Ala.	rtjgolf.com	11	0	n/r	Sharon Green, 205-769-1330	Ricky Huey, 205-942-0444
26	Affiniti Golf Partners	Alpharetta, Ga.	affinitigolf.com	10	40	20	Lee Andrea, 678-679-0523	Whitney Cove, 770-294-3709
27 (t)	Coral Hospitality	Naples, Fla.	coralcollection.com	9	11	13	Linda Mitchell, 239-449-1800	Bill Januska, 239-449-1800
27 (t)	Empire Golf Management	Pomona, N.Y.	empiregolfmanagement.com	9	0	0	n/r, 845-362-9146	n/r, 845-362-9146
27 (t)	In Celebration of Golf	Scottsdale, Ariz.	incelebrationofgolf.com	9	11	20	Tracy Malmstone, 480-951-5771	Andy Rioux, 480-951-5771
30 (t)	JC Golf	San Marcos, Calif.	jcgolf.com	8	0	1	Tami Shobert, 858-675-8500	Bob Dobek, 760-591-3151
30 (t)	OnCourse Strategies	Austin, Texas	oncoursestrategies.com	8	12	12	Tracey Snyder, 512-347-1244	Jim Papa, 512-388-2873
30 (t)	Signature Golf Group	Murrells Inlet, S.C.	signaturegolfgroup.com	8	0	10-15	Donnie Locklear, 843-215-3673	Dave Downing, 843-215-3673
30 (t)	Traditional Golf Management	Toano, Va.	traditionalclubs.com	8	25	33	Paul Mauk, 757-566-1138	Paul Mauk, 757-566-1138
30 (t)	Vision Golf Management (formerly S&S Golf Management)	Fort Myers, Fla.	visiongolfmanagement.com	8	10	100	Bobby Sarver, 239-415-1110	Joe Fenner, 239-561-1444
30 (t)	Wilson Golf Group	Stillwater, Minn.	wilsongolfgroup.com	8	0	5	Greg Stang, 651-439-6981	Greg Stang, 651-439-6981

## THE TOP 5 CONTRACT MAINTENANCE COMPANIES

1	ValleyCrest Golf Course Maintenance	Calabasas, Calif.	valleycrest.com	58	18	15-20	Raul Diaz de Leon, 818-223-8500	Mark Crutcher, 818-223-8500
2	International Golf Maintenance, a Meadowbrook Golf company	Championsgate, Fla.	igminc.net	55	n/r	n/r	Melissa Howe, 800-413-5500	Tyler Minamy, 800-413-5500
3	OneSource Landscape & Golf Services, an ABM company	Tampa, Fla.	one-source.com	23	0	10	Rhonda Buring, 813-886-0001	Scott Jamros, 352-259-7717
4	Davey Tree Expert Co.	Auburn Hills, Mich.	davey.com	11	0	20	Mary Shafor, 248-475-9155	Mark Jackson, 248-475-9155
5	Shearon Environmental Design	Plymouth Meeting, Pa.	shearondesign.com	5	10	20	Anh Nguyen, 610-828-5688	Tony Houghey, 610-828-5688

(t) = tie n/r = not reported

## METHODOLOGY

In June, July and August of 2009 we solicited data from management and contract maintenance companies in the golf course industry. We received responses from 52 firms that manage or provide maintenance services for more than one golf course. In addition to contact information for key personnel, we asked for the number of locations they manage, how much they've grown since 2008 and what their growth projections are for 2010. Some companies that manage eight or more facilities do not appear on the list because they declined to participate.



each of them, discuss their goals and evaluate their past."

On the flipside, management companies may provide better career ladders for superintendents than standalone courses. At a management company, there's the potential to be promoted to a regional superintendent position and oversee several golf courses.

Jason Bonneville, superintendent at The Links at Tuscaloosa (Ala.) Golf & County Club, is employed by Lindsey Management Co., based in Fayetteville, Ark. He's been with the company, which he says is somewhat different from a traditional management company because it only manages the courses it develops, since 1999. He's benefitted from the opportunity to do grow-in and construction.

"It would have been much harder for me to get those opportunities on my own," he says. "I proved myself and within a year they said, 'Hey, do you want to do construction?' And then it ballooned from there. I've done three constructions and I've always had the opportunity to stay at the course."

Bonneville also debunks another management company myth: that they pay poorly. Though he says he can't speak for other superintendents or other companies, he says his salary is higher than the national average, which is \$78,898 for GCSAA members, according to the association's 2009 Compensation, Benefits and Operations report.

Pay and benefits were an issue for Dan Nagy, superintendent at Jonesboro (Ark.) Country Club. He's worked for several management and maintenance companies over the years.

"In my opinion, there are too many mid-level and upper management people in these companies, and superintendents work for pay that's usually lower than the national averages," he says. At one point he says he was making \$60,000 at a 36-hole Milwaukee course. If the facility weren't management-company run, Nagy says, his salary would have been six figures.

"They have to support so many different entities within the organization so the benefits they offer aren't great," Nagy says. "And I don't agree with the way many of them treat superintendents once they get too well compensated. In my opinion, they turn their backs on them."

But Nagy asserts that management companies aren't all bad.

"I don't want to be anti-management company, but there are just certain ones I wouldn't even look at," he says, adding he

recommends others considering taking jobs with them do their research.

"If you're choosing that path, make sure you're doing it for the right reasons," he says. "It can be a good way to get started in the industry or to get your first head superintendent job. I think it benefits young people today to learn the business side of the profession and management companies are good at that – writing reports and budgeting – instead of just going out and mowing grass."

#### GROWTH PROSPECTS

Regardless of anyone's opinion, management and contract maintenance companies are currently positioned for growth. When the market is difficult, there's a greater potential that owners will consider working with a third-party operator.

"When there's stress in the industry – not just the current recession, but the golf industry's overcapacity, rounds being down, all of that – it results in stress for operators," Pieschala says. "When things are tough, a larger fraction of people will be open to doing something different. Golf is a traditional game in a traditional industry. If everybody were fat and happy, they would see no need to change."

Fat and happy, golf facilities are not.

"There's been a lot of activity this year, and as the industry gets tougher there will be more opportunities," Skinner says.

If the companies on the Top Management Company List grow in the way they expect, the number of golf facilities working with management companies could increase by more than 21 percent (based on the projections provided by 28 of the 35 companies on the list) to more than 1,300 facilities. There are 1,099 facilities managed by the 35 traditional golf course management companies that appear on GCI's list.

The number of facilities enlisting contract maintenance companies could grow by nearly 14 percent (based on the projections provided by four of the five companies on the list) to about 173 facilities. There are currently 152 golf facilities affiliated with the five contract maintenance firms that appear on GCI's list.

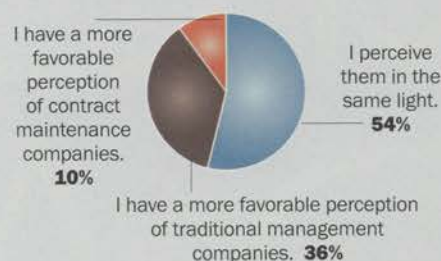
"We're definitely getting more calls from clubs wanting a miracle," Gano says. IGM didn't provide specific growth projections, but Gano says the company expects to add facilities this year.

"We expect growth because we've had more leads in this last year than we've had in a long time." GCI

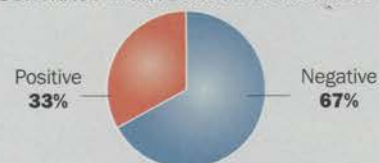
## Superintendents' perceptions

In August, 159 golf course superintendents, assistant golf course superintendents and directors of golf responded to a survey about their perceptions of management companies via an online survey program. Here are some of the results:

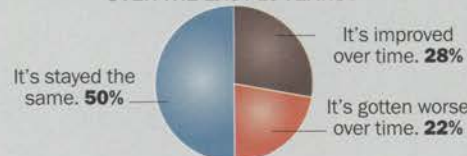
#### IN TERMS OF YOUR PERCEPTION OF MANAGEMENT COMPANIES AND CONTRACT MAINTENANCE COMPANIES, HOW DO YOU DIFFERENTIATE BETWEEN THE TWO?



#### DO YOU HAVE A POSITIVE OR NEGATIVE PERCEPTION OF MANAGEMENT AND/OR CONTRACT MAINTENANCE COMPANIES?



#### HOW HAS YOUR PERCEPTION OF MANAGEMENT COMPANIES CHANGED OVER THE LAST 20 YEARS?



#### WHICH OF THE FOLLOWING DO YOU BELIEVE TO BE TRUE ABOUT MANAGEMENT/ CONTRACT MAINTENANCE COMPANIES?

They are too bottom-line driven and don't have the best interest of the golf course in mind.	71%
They're too "corporate," requiring a lot of paperwork and offering little autonomy to the superintendent.	52%
When a management/contract maintenance company comes in to run the golf course, the superintendent will probably get fired.	45%
They provide career paths and good management opportunities for superintendents.	29%
They provide better learning opportunities than stand-alone courses in terms of in-house project management experience and/or learning the business side of the golf industry.	17%
They provide a good working environment because they're organized and process-based.	16%