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THE BLACK SWANS HAVE LANDED

This article has nothing to do with the movie “Black Swan.” It does, however, have everything to do with the highly improbable and how the business of golf has changed.

The black swan was considered a myth until they were discovered in Western Australia in the late 1700s. The black swan discovery is an example of how our reliance on experience and past observations can limit our ability to understand the present and accurately predict the future.

Lurking in the shadows of the past and the future is another kind of black swan – not a bird but an event. Nassim Taleb wrote the bestselling book “The Black Swan: The Impact of the Highly Improbable.” Taleb’s black swan has three distinct elements. First, a black-swan event lies outside the realm of predictability; second, it carries an extreme impact; and finally, despite the fact the event is an outlier, human nature causes us to concoct explanations for its occurrence after the fact. Catastrophic events are examples of black-swan events. The stock market crash of 1929 and the invention of the Internet would also qualify as black-swan events.

At the end of the 20th century, golf was coming 30 years of unprecedented growth. Think back to the challenges the industry has experienced in the last decade, with its dramatic decrease in players and precipitous drop in revenue.

The pundits all said: There are too many courses. Golf costs too much. The game takes too much time. Golf is too hard. The rules are outdated. Baby Boomers can’t afford golf. Two-income families don’t have time for golf. Kids don’t have an interest in the game. These are elements of the issue, but their sum does not add up to the dramatic change we experienced.

During the last decade – as rounds

and revenue either dropped or plummeted – everyone scrambled for solutions. Many thought discounting was the answer, except it wasn’t. Internet tee times were the answer, except that scheme made money for someone else. Club initiation fees were too high; many were lowered with few takers, and so on. These are elements of the issue, but their sum does not add up to the dramatic change we experienced.

Two recent black swan events significantly impacted golf. The first is 9/11 – which had a profound effect on our society. The other is the 2008 financial collapse, which caused the “Great Recession” and placed 15 million Americans out of work.

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Today’s reality is, in many cases, there are simply not enough golfers and enough cash coming through the front gate to ensure the front door can, in the long term, remain unlocked.

Now step back from your cash register or your irrigation computer or your mahogany desk and take a hard look at your golf operation. Are you trying to mitigate the impacts of two black swan events without fully understanding them for what they were – unpredictable events, with extreme consequences beyond your control? Are you still hoping things will somehow get better by applying Band-Aids to an organizational hemorrhage?

As a golf operator, the causes and impacts of 9/11 and the 2008 financial crises were not your fault. There is no silver bullet to bring back the 1970s, 80s and 90s. There is no turning back

the clock. Blame the black swans, not yourself. The world of golf has changed, probably forever.

How then do we approach the future? Don’t look only to the past to project the future. We are in a post-black-swan era. Here’s my advice:

Strategic planning. Challenge your team to create and implement new and more-efficient ways of doing business. Educate and include all stakeholders in the strategic-planning process.

Revenue expectations. While it is necessary, noble and worthwhile to be creative in figuring out ways to increase revenue, in most cases the increases will not be significant. Face the fact, the cash coming in today

will not be returning to former levels anytime soon.

Evaluate expenses. Take a hard – and likely painful – look at your operation’s expense side. If your facility can’t solve the financial problems with revenue increases, cutting expenses is likely your only alternative. In my view, entrenched standard-operating procedures probably need to go. Re-evaluate your operation literally from the ground up. If financial issues are severe enough, make proactive budget reductions to include areas previously considered untouchable.

Golf must rise to the occasion and acknowledge the ways of yesterday are over. To survive and prosper in this new era we must be on the leading edge of change.

It really is a new day for our industry. Adapt now and don’t let the black swans win. **GCI**