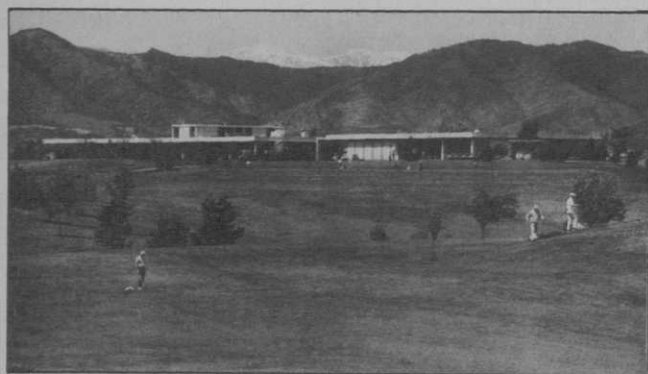


PINEHURST OF COLORADO: A MANAGEMENT SUCCESS STORY

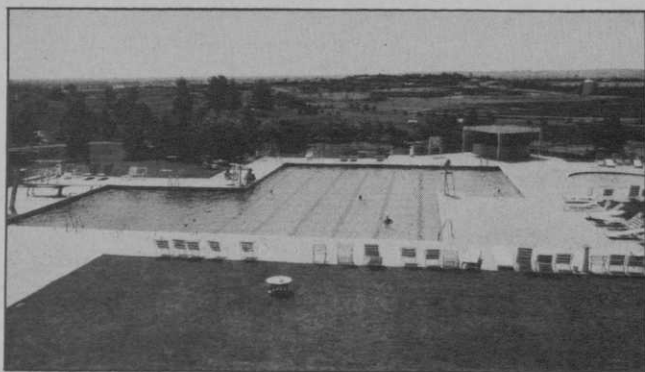
PINEHURST'S MANAGEMENT HAS
PUT BUSINESS THEORY INTO
PRACTICE—PROFITABLY. ONE
SECRET OF THE CLUB'S SUCCESS
IS ITS EMPLOYEE TRAINING
PROGRAM

By Jerry Claussen

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Multi-million dollar clubhouse overlooks 27-hole golf course.



Z-shaped swimming pool accommodates 1,642 families.

How does one measure the success of a country club? Does it depend on a championship golf course, a small exclusive membership, a large clubhouse, high initiation fees or another more subtle combination?

These factors may denote status, but there is another ingredient that should be taken into consideration—enjoyment for its members. The golf course can rate an excellent, but be fun to play. Fees and dues need not be prohibitively high if the membership is seriously active.

Such a philosophy also says that good management plus volume use means staying in the black. Yes, in spite of rising taxes, rising labor costs and rising materials cost, a country club can stay out of debt.

Success or greatness of a club really depends on whether leadership and management provide the facilities, services, activities and atmosphere members pay for and expect. Few clubs completely meet that criteria. One that does is Pinehurst CC in the southwest suburbs of Denver, Colo.

The reasons are many, forming a chain of management philosophy expressed this way by general manager-director Laurice T. Hall:

"Pinehurst is not just a social club with athletic facilities, nor are we just in the food and beverage business. We are in the people business, enriching the lives of our members, employees and our community. People and pride are the important ingredients."

SUCCESS FACTORS AND FIGURES

Theory is one thing; putting it into practice is another. But the theory is practiced at Pinehurst over and over again. Success factors at Pinehurst include:

- Management structure that emphasizes professional knowhow over committee confusion;
- Intense employee training and motivation programs;
- A variety and volume of unusual social-educational events for members of all ages and interests;
- Close communications between management and members and among the staff.

The systems have not developed overnight. But they are now finely tuned and they work.

Pinehurst is not an old club, handicapped as some are by restrictive traditions, habits and facilities. Like its management philosophy, the programs and physical plant are very much late 20th century. To recite Pinehurst's operating statistics is to only skim the surface. But they are impressive:

- Membership as of January, 1971, totaled 1,642 families, including 718 men golfers with handicaps;
- Fees for non-assessable memberships are just \$1,200 initiation, refundable pro-rata up to 10 years (if a member is transferred out of the city);
- Dues, raised in 1971, are \$38.50 a month for regular membership and \$16 a month for social membership (\$462 and \$192 annually), well under national averages;
- Employees total about 80 in the clubhouse, 10 on the

grounds and 4 in the golf shop year-around, plus 75 to 80 more in summer;

□ The golf course has 27 regulation holes, a championship 18 (6,836 yards, par 70) plus a nine (3,053 yards, par 35) on property totaling 228 acres;

□ The clubhouse totals 56,000 square feet (1 ¼ acres under one roof), with dining room, ballroom, men's grill and lounges seating more than 1,000 people;

□ Recreational facilities include an olympic-size Z-shape swimming pool, wading pool, eight outdoor tennis courts, playground and golf practice areas;

□ A social schedule averages a dozen parties or educational functions monthly. In 1970, 213,306 meals were served. Dinners average \$5.05 per cover;

□ Golf play totaled 35,573 rounds on the 18 and more than 25,000 rounds on the nine in 1970;

□ Gross income of the club was \$1,620,000 in 1970, against expenses of \$1,360,000, including a grounds budget of \$104,000.

CREATING THE CONCEPT

The Pinehurst story began in 1958. The late industrialist, Carl A. Norgren, owned a 300-acre ranch on rolling land with a superb view of the nearby Rocky Mountains front range, in line with Denver's suburban growth pattern. Considering a possible residential development, the question loomed: "How do we build the better mousetrap?"

Norgren's associate, realtor Walter Koelbel, believed that a fine golf and country club should be the focal point. At the time a combination golf course-home development was new in the region. A partnership, Norgren Properties Company, was formed to purchase 221 adjoining acres, for a total of 521. Next came market analysis. The Denver-area country club market showed five traditional, membership-owned clubs with golf

courses. Each has its own character, but all had expensive initiation fees and monthly dues; initiation fee forfeiture, whatever the reason for leaving; staid atmosphere lacking promotion or active social programs; management by members through a committee system, and just 18 holes of golf, often crowded.

So the Pinehurst concept was created from fresh ideas:

□ To create luxurious facilities, more elaborate than anything else in Denver, but at a lower price range per member;

□ To offer transferable memberships for families subject to business or personal moves;

□ To promote vibrant membership activities which recognized increasing leisure and divergent interests;

□ To offer more than 18 holes of challenging but enjoyable golf;

□ To operate the club through a professional management company consistent with sound business practices.

These plans were followed through and still govern the club today. Other important decisions were:

□ The developers financed the golf course, which was in turn leased to the club for 40 years at 6 per cent net;

□ The clubhouse was designed to be large and superbly furnished, but functional and efficient to handle maximum member use;

□ The golf course was designed by J. Press Maxwell with 18 having just the 12th and 18th greens at the clubhouse and a separate, shorter nine to diversify play;

□ Coordination of all phases—golf course, residential areas, civil engineering, irrigation system, landscaping—so the total community fit together;

□ Cost of development was about \$1,900,000 for clubhouse and \$450,000 for golf course. The clubhouse, financed by membership fees, is owned by the membership. The golf course lease includes an option for the club

(Continued)



Photographs by Tom Rosikind—STOTT SHOT

Over 60,000 rounds of golf were played in 1970.

to purchase for \$1,500,000 minimum.

Membership sales were started in August, 1958. Correct market concepts helped sell 900 in two weeks. That got construction started. Another 665 memberships were added by the time the club opened in fall, 1960.

PROFESSIONAL MANAGEMENT

A management corporation, Country Club Management, Inc., was set up to develop the club, sell memberships and manage. A contract between CCMI and membership spells out obligations and authority. The six-member club board has three from CCMI, three from the membership. Members thus have a voice, although CCMI has final authority. This creates a partnership, but leaves operating decisions to the professionals.

Early in the planning stage, CCMI hired Hall as general manager. Then, just 31, he had been manager at Flint (Mich.) GC, 1954 to 1959. He has been chief executive of Pinehurst ever since, is vice president of CCMI and a club director. Koelbel, who has also served as president of Denver's Cherry Hills CC, is CCMI president. Milton Meyer Jr. has been legal counsel and secretary-treasurer.

Other key personnel have also provided management continuity. Grounds superintendent Bob Karbatsch, golf director Marion Pfluger and executive chef Cornelis Janssen began with Hall. Clubhouse manager Robert MacDougall Jr. joined the club in 1966.

As in all successful businesses, the management team is superior. Koelbel, Hall and Meyer and most department heads, are young and all are well-educated, progressive and dedicated. Salaries are high, but not necessarily the highest among area clubs. But there is plenty of incentive through bonuses for performance and profit. Fringe benefits are unusually complete.

The operation is not hampered with numerous unproductive paper-shuffling committees. Hall and his staff plan and promote virtually all clubhouse functions. Karbatsch oversees the golf course without second-guessing from members. Pfluger, a veteran professional from Texas, with three assistants (plus a women professional in summer) plan and produce the golf program. Only a swimming committee and tennis committee assist summer-season professionals with those programs.

EMPLOYEE TRAINING

Every employee at Pinehurst is carefully chosen, encouraged in his or her work and made to feel a part of the team. He or she is assigned a co-worker-sponsor for the first three days. The sponsor orients the newcomer.

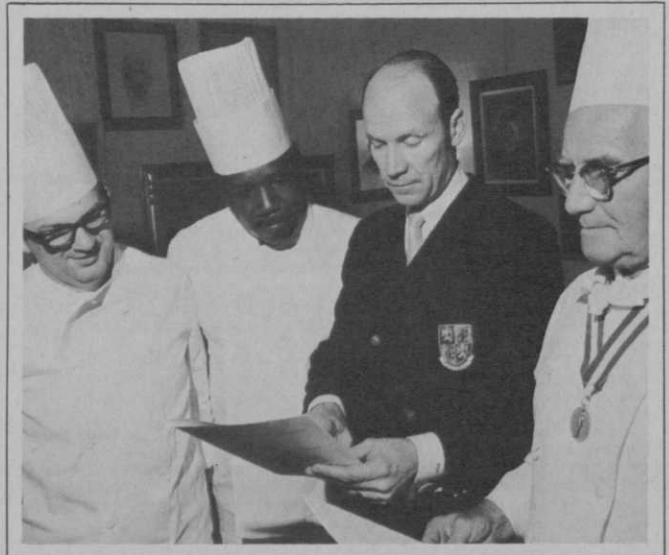
New employees are given a 14-page employee's manual, which covers a wide range of philosophy and policies. Employee's benefits include a retirement plan, unemployment insurance, uniforms, Christmas bonus, paid vacations and sick leave, group life and disability income insurance and free meals.

MEMBERSHIP ACTIVITY

Pinehurst's membership enjoys a variety of activities. (Continued)



Superintendent Karbatsch (left) and golf director Pfluger with general manager-director Hall.



Employee training manual is shown to chefs by MacDougall.



Members are served by a sponsor and her trainee under the guidance of MacDougall, clubhouse manager.

Ideas and interests change with the times. So management must and does develop new and better recreational, social and educational events. A high percentage of the members are young families (average age 40) and families with children (average size unit 3.7), who want action! Like most clubs Pinehurst puts on a variety of golf and tennis tournaments, swimming meets, dinner-dances, bridge parties and fashion shows. But that's only the beginning. Special events and educational courses in 1970 included: a hairstyling and wig fashion show, a travelog adventure film series, art classes, water skiing courses, scuba diving classes, a mental cybernetics lecture series, a fishing academy at the swimming pool and sponsored trips to the Orient and Africa.

It is the how more than the what that is special at Pinehurst. For one golf tournament, a sky-diver signaled the shotgun start from high over the course.

The clubhouse is open seven days a week, Memorial Day through Labor Day, then closed Mondays the other months. Normal hours are 7 a.m. to midnight. A trio for dinner listening and dancing plays Tuesday through Saturday nights.

Pinehurst is operated strictly as a private club, though not with non-profit status. Outside groups can and do hold functions there under certain rules. Only a member can book a party. He must act as host, make arrangements, be present at the event and sign for charges. Reimbursement between group and member does not involve the club.

Members sign for all charges; cash is not accepted. There is also a no-tipping policy.

Another clue to management's philosophy is the lack of a house minimum charge. In other words each member can use the club as little or as often as he likes, but not pay a monthly or annual food-beverage charge.

"We do not believe it is morally right to force members to use the club," says Hall. "We try to entice them with interesting programs. Management should be judged on creativity and volume, not simply food and beverage net, which is not a realistic yardstick anyway."

The membership is active and obviously satisfied. Annual turnover is less than 10 per cent, most due to corporation transfers. Spring membership drives replace the annual attrition. Old members are asked to invite new members—for a reward of \$100 credit in food and beverages. In 1971 new members could join for \$800 or two-thirds the regular cost during a 60-day "special."

Each new member husband and wife must attend an orientation meeting prior to final approval. They tour the club, hear about activities and policies and see a color film about Pinehurst produced by CCMI.

COMMUNICATIONS TECHNIQUES

Any successful organization depends on effective communications. The Pinehurst operation is no exception. The employee's manual is an excellent example. There are detailed instructions on how to answer the telephone, for example. It tells how to address a mem-

ber at the club. For every function there are how-to-do-it charts and forms. Everything is on paper. No one man is indispensable, because virtually all knowledge has been distilled onto paper. If a dining room captain is sick, a waiter has been trained and knows how to take his place in emergencies.

An award-winning monthly 12-page newsletter, *The Pine Needle*, keeps members informed and promotes activity. It is published with help from an outside public relations consultant. Hall and other key management personnel write columns. No member can plead ignorance if he reads the newsletter and the simple but explicit annual report. Also, special letters explain major board decisions, policy changes and improvement plans.

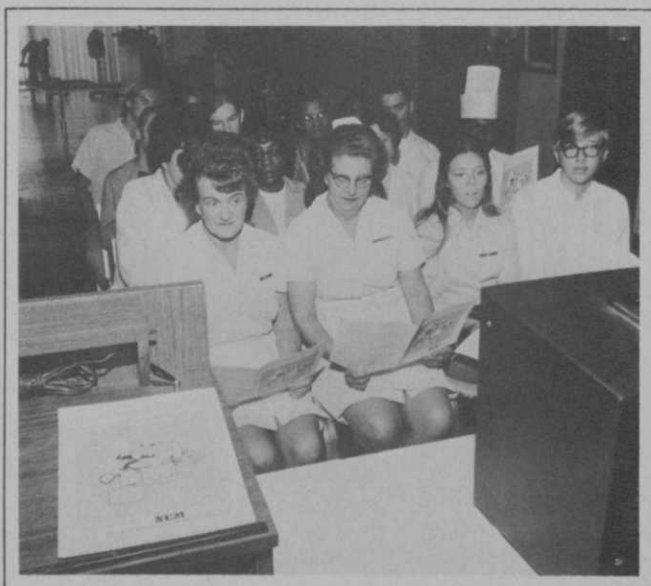
Pinehurst's success and growth are due to management for people and management skill. The management team keeps in touch with the industry—MacDougall, Pfluger and Karbatsch have been president of their regional professional organizations and Hall is national vice president of the Club Managers Assn. of America—which brings in new ideas to the club.

CCMI is a consultant to other clubs on operating problems and management techniques.

Thus Pinehurst has a bigger brighter future as it answers members' needs. By putting people first, management is keeping alive the best in club tradition. □



Eight outdoor tennis courts enhance sports activities at Pinehurst.



Uniform procedures are assured through an employee training program.