MANAGEMENT COMPANIES:

The Civilized Debate CONTINUES

Remember the kid who threw rocks at the hornets' nest? You know the rest of the story.

Well, in the golf world, International Golf Maintenance, a Lakeland, Fla.-based management company, allegedly threw rocks at superintendents in the form of a pitch letter soliciting its business as an outsourcing option. You can guess the rest of this story, too.

A swarm of superintendents was livid about the letter sent in August from IGM to club presidents that stated:

"We are confident our team of turf professionals can develop a maintenance program that will help you get the most out of your investment in maintenance resources — and we're prepared to bring along $50,000 in new golf course maintenance equipment with the execution of a three-year maintenance agreement."

It's the latest spat (at press time, anyway) between management companies and superintendents. But Golfdom, aware that management companies and superintendents get along like India and Pakistan, decided to let both sides tell their stories. We asked Greg Plotner, IGM's vice president of Florida operations, to tell us what's good about IGM and management companies in general. And we asked Mike Hamilton, CGCS at Foxfire CC in Naples, Fla., to tell us why he likes management companies as much as pickled herring. Their columns follow.

Superintendents can benefit from the way management companies do business

BY GREG PLOTNER

As a long-time superintendent and past president of the Florida GCSA, I watched the debate about management companies up close for many years. Sure, there were plenty of horror stories, but there were also plenty of examples of superintendents benefitting from this new way of doing business. So why did I decide that International Golf Maintenance was the right choice for me?

First and foremost, IGM is a maintenance company. We are hired to manage an owner/operator's No. 1 asset — the golf course. IGM will maintain the course with a team of experts that specializes in agronomic services. Our goal is to allow course owner/operators to focus on improving other club operations that will, in turn, put money in their pockets.

I would like to answer some questions that superintendents may have about our operations, such as:

- How does your company solicit new business?
- When IGM comes on board, is the superintendent dismissed?
- If IGM does hire the current superintendent, what will his benefits be?
- If you don't cut salaries and benefits, how does IGM stay in business?

Let's talk about soliciting business, since this is the first step in the process. IGM has a successful marketing campaign in place. It relies on focused advertising in several national publications, as well as word of mouth. These sources draw many inquiries from course owners and operators. When owners/operators contact us, we provide them with information over the phone, through company literature, from our Web site or conducting an on-site visit. If we do go on-site, we encourage the owner to inform the superintendent.

We also call on courses when we hear that their superintendents have left. These cases are treated as a typical sales calls, and our company profile becomes our resume.

As for recruiting, we are always in the market for good, knowledgeable people. IGM will almost always offer the superintendent the opportunity to work for it at that course, and becoming an IGM employee gives superintendents benefits that individual courses may not offer them.

For example, security, as well as opportunities for advancement, abound at IGM. Superintendents can move up the ladder without having to change bosses, benefits or companies. We encourage them to enhance their job skills by furthering their education through programs sponsored by IGM or by attending seminars through GCSAA or its regional chapters.

IGM will save a superintendent time and money when there is a problem. Instead of spending fruitless hours to find a solution themselves, superintendents with IGM can turn to the regional manager or peers at other IGM-maintained courses for advice. Odds are, someone at IGM has experienced similar problems and has solution suggestions. Also, should the need arise for a special type of equipment that the course doesn't own, the superintendent can turn to IGM to borrow the tools necessary to get the job done.

Because IGM is a turnkey maintenance operation, owners and operators can concentrate on profit-producing areas of the golf course, including marketing and retail.

Which brings me to the "How does IGM earn its keep?" question. IGM can do many things in-house that individual golf courses can't. The company has a network of preferred vendors and reviews bids and proposals to negotiate the best possible rates. It has contracted with all kinds of companies that deal with everything from mower repair to water drainage. Contracting with these preferred vendors results in preferred pricing. IGM passes these savings on to its clients. It's one way the company earns its management fees.

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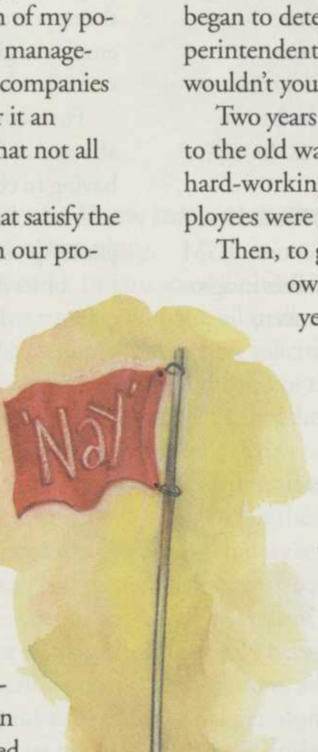
Several reputable management companies exist, but many still diminish our profession

BY MIKE HAMILTON

I've gained the reputation of being anti-management company, but that's not a true representation of my position. There are many positive things about management companies. In fact, if all management companies were as wonderful as some, I would consider it an honor to work for one. But the problem is that not all management companies are created equal.

There are several reputable management companies that satisfy the needs of all involved. However, too many still diminish our profession, leave clubs in shambles and make huge profits at people's expense. As a result, I believe that our governing associations should set standards for management companies, monitor their accreditation and endorse those who follow the guidelines.



Over the years, I've heard countless horror stories about management companies. One superintendent told me about his experience with a management company that his owner hired to oversee his course. The management company's fee for operating the club more efficiently was $200,000 annually.

Just before the management company took over, all employees were fired by the club and rehired by the management company at an average of $1.50 an hour less than they were making. The maintenance budget was slashed by $200,000. The superintendent was asked to take a $10,000 pay cut, but was promised he would get all of the money back and more in bonuses at the end of the first year.

Savings attributed to the company's volume buying power was only $30,000 less than the superintendent had spent the year before. Therefore, corners had to be cut. The 12 person crew was cut to seven. The preventive fungicide program during an El Nina year was scrapped in favor of a curative. The superintendent couldn't treat the course without first consulting with the management company's agronomist.

Pre-emergent weed control was dropped for post-emergent, and the fertilizer budget was cut in half. Needless to say, the golf course began to deteriorate. So the management company blamed the superintendent, who was eventually fired. Now there's a nice bonus, wouldn't you say?

Two years later, the owner finally saw the light, and he went back to the old way of doing business. Unfortunately, an experienced, hard-working superintendent had been fired, and dedicated employees were forced to leave.

Then, to get the golfers back and the course back in shape, the owner had to spend more money than he saved the two years he employed a management company.

Here's another dismaying story. A former superintendent I knew was working at a high-budget private club, which hired a consultant for several years. The consultant convinced the board of directors to replace the superintendent with a management company. A few weeks after the management company took over, the consultant was named president of this management company.

Two years later, the management company was fired, and another superintendent was hired. I spoke with that superintendent, and he told me that the course and equipment were in terrible condition. He said there was equipment that hadn't had its oil changed in two years. More than half of the equipment was broken down and had been stripped for parts.

I could fill this magazine with stories about superintendents that are making $20,000 less then the average because they are employed by management companies. But the reality is that this is the American way. Any of us can start a management company. All you need to do is get one contract and you're on your way. But at that time you can choose to do business the honorable way, or you can choose to do business dishonorably.

The golf industry's governing associations must share in the blame

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WHAT THEY'RE SAYING

Some superintendents suggest that industry associations unite and establish an accreditation program to regulate management companies. Those willing to follow a set of standards and guidelines for accreditation would be endorsed by the associations. Do you agree?

"What's the point? For a great superintendent, life in a management company is preferable to life in the private club community. In a management company structure, [the person's] job performance is evaluated by professional peers as opposed to the green chairman's wife. Our superintendents are not slaves and indentured servants."

— Mike Heacock, vice president of agronomy/director of maintenance, American Golf Corp.

"The idea of regulation of golf course management companies has absolutely no merit whatsoever. The livelihoods of superintendents, owners and other golf course employees depends on how much value they bring to a company and on the normal supply and demand of employment."

— Mike Hughes, executive director, National Golf Course Owners Association

"Management companies are the wave of the future. Eventually, mom-and-pop courses aren't going to be able to compete. Will there still be mom-and-pop owners? Sure, but most of them are going to seek cover, either under a brand name or a management company."

— Tom Schlick, director of agronomy and grounds operations, Marriott Golf

"There needs to be some protections in place for existing employees at the clubs that are being taken over by management companies.

— Max Bowden, CGCS, Cleveland CC, Shelby, N.C.

"I work for a management company now, and I worked for another management company in the past. There are pros and cons of management companies. However, there are pros and cons of working for a single owner. I think some management companies would go for the accreditation just for looks, and others would elect not to try for it."

— Steve Cronin, superintendent, Pinecrest GC, Holliston, Mass.

"The accreditation program would be a good idea, except I don't believe most management companies would sign on. What benefit would they get from the extra requirements set by this program? I'm sure that pay scale would be part of the program because most management companies pay less than the average golf course or country club. The endorsement by the associations is a big benefit."

— Bob Tillema, CGCS, Sherwood Forest GC

"It would be nice to see an accreditation program, but are management companies willing to abide by it? They'll do what they want. This is America."

— Dennis Petruzzelli, CGCS, Lakeover National GC, Bedford Hill, NY

"You can't do it legally. You can't have somebody looking over them. It sounds good, but the courts would eat you alive."

— Dave Fearis, president, GCSAA

Yea

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Hiring a company like IGM certainly makes it easier for the owners/operators to budget for their maintenance program. The person knows up-front the costs for the year. Unpredictable factors, such as weather, illness and equipment failure, that can shred budgets into waste paper, don't come into play because of the fixed maintenance fee.

A golf course maintenance company like IGM will turn maintenance into nearly an exact science, often saving the owner/operator money. Everybody wins, including golfers, who can play well-maintained courses at rates that aren't driven higher by unmanaged maintenance costs.

Companies like ours can help turn maintenance into a more exact science, often saving owner/operators money and producing better playing conditions. We can also provide our team members with great support, better benefits and an opportunity to grow. Under these circumstances, everybody wins — including the superintendent and our profession as a whole. ■

Greg Plotner is vice president of Florida operations for Lakeland, Fla.-based International Golf Maintenance.

Nay

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for the villains because they refuse to challenge the unethical practices of these rogue management companies. Maybe it's because they fear the loss of membership dollars or legal action, or they simply feel there's nothing that can be done.

The GCSAA, the USGA, the PGA and the CMAA could get together and regulate the business of management companies to an extent by setting up an accreditation program. Any management company that's willing to follow a set of standards and guidelines for accreditation would be endorsed by these associations. It would be a huge advantage for a company to be endorsed by the governing bodies of the industry. If I were a course owner, I would be more inclined to hire a company that was backed by the industry than one that said it could do the job cheaper.

Past superintendents worked relentlessly to raise the standards of our profession. Unless today's industry professionals do something to slow the current trend, we will all have horror stories to tell. ■

Mike Hamilton, CGCS, is superintendent at Foxfire CC in Naples, Fla.