

# On Your

It takes a load of money and a lot of work to purchase and operate a golf course — but it might be worth it for some superintendents

BY LARRY AYLWARD, EDITOR

**P**oised with passion and determination, hard-working superintendent Patrick Norton pursued his American dream of buying and owning a golf course last year. But in the midst of chasing his romantic aspiration, Norton realized his dream was too expensive to come true.

Last year, Norton, CGCS of Nettle Creek CC in Morris, Ill., began negotiating to purchase a golf course with his friend, a pro golfer, in his home state of Wisconsin. But Norton soon bowed out in his quest because the pot to own the course proved too rich for him.

"I realized that it all boiled down to money," Norton says. "As my partner said after I dropped out, 'Cash is king.'"

It's safe to say that most superintendents who aspire to own golf courses are average people who make a decent living — but they don't have a million bucks in the bank. Therefore, they may never attain their goals of becoming owners.

Norton considers himself an average guy. The lesson he learned is that it's difficult to purchase a course — and nearly impossible to build one — if you're a person with an average income.

"I don't have the yearning to buy a course as strongly now because I know the ins and outs of the process," says Norton, adding that he and his partner needed to come

Going For The Green



OWNING A COURSE



# Own

up with about \$600,000 cash to make the deal possible.

Ironically, superintendents are potential owners that lenders would love to fund, says Don Rhode, senior vice president of finance for the golf and marina division of Atlanta-based Bank of America. Lenders prefer superintendents because they know how to maintain and operate golf courses, unlike others that know little about the industry and buy for the thrill of it.

But that doesn't mean lenders will let superintendents slide on the financial side. Just like a rich businessman, a superintendent has to have the hefty down payment to buy a course.

Most loans for golf course purchases are more than \$2 million, which means that in some cases a superintendent would have to raise nearly \$1 million in cash for a down payment. "You must come up with 25 percent to 50 percent of the cash and get a loan for 50 percent to 75 percent," Rhodes says.

It's rare for superintendents to buy courses, Rhodes adds. "But I'd like to see it happen more often," he notes.

That's not to say there aren't superintendents succeeding as owners. But in many cases, these superintendents have acquired ownership of family businesses.

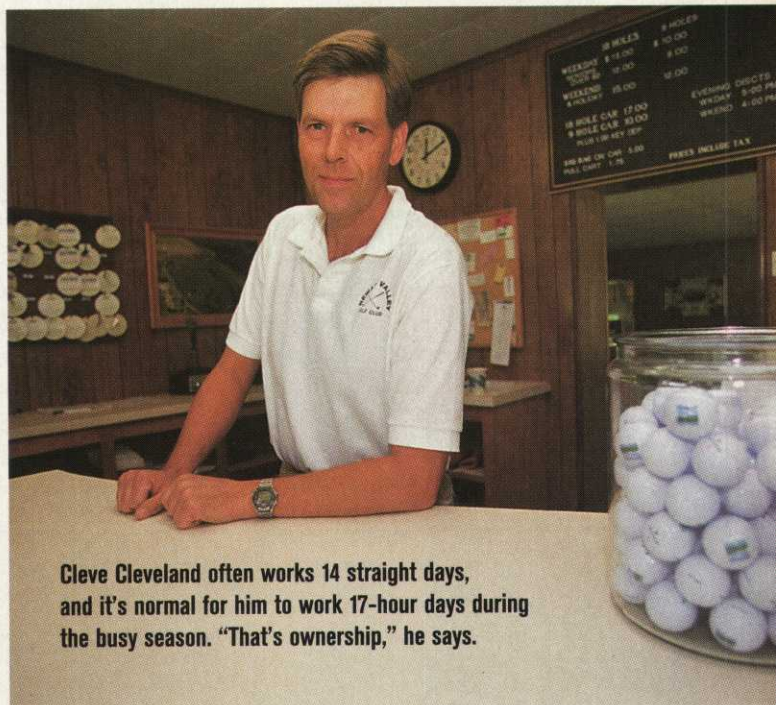
## Earning it

Mark Seabrook, the former superintendent at the Canadian Golf and CC in Ashton, Ontario, is now co-owner and general manager of the course with his brother, Brett. Their father began the business in 1975. If you're a superintendent looking to buy a course because you want to play more golf and not answer to anybody, you're making a big mistake, Mark says.

"You have to answer to everybody, including the public and your bank," he adds. "Just because you're the owner, it doesn't change the rules — and you play a lot less golf."

Superintendent Cleve Cleveland took over ownership of Newark Valley GC in Newark Valley, N.Y., from his parents in 1980. "A lot of superintendents who are owners tend to be at mom-and-pop courses like mine," Cleveland says, noting that such facilities usually have low overhead and little debt.

Cleveland says he makes more money as an owner/superintendent than he ever would as just a superintendent. But don't get the idea he's not earning it. Remem-



**Cleve Cleveland often works 14 straight days, and it's normal for him to work 17-hour days during the busy season. "That's ownership," he says.**

ber that Cleveland is pulling double duty because the course can't afford to hire a full-time superintendent.

"If I had to budget \$50,000 for a superintendent, I wouldn't make enough money," Cleveland says. "I'm forced to be the superintendent."

Cleveland often works 14 straight days before taking one off, and it's normal for him to work 17-hour days during the busy season. In the summer, he's at the course daily at 4:30 a.m. to inspect the irrigation system. Then he's off to the maintenance facility to prep the mowers. Around 6 a.m., he's in the pro shop readying the cash register and waiting on the day's first golfers. Cleveland works the register until about 8 a.m., and then it's back on the course for mowing and spraying.

In the afternoon and evening, Cleveland performs myriad jobs. He's back in the pro shop at 5 p.m. to oversee evening play. When the course closes at 8:30 p.m., he again checks the irrigation system to make sure it's functioning properly. Cleveland gets home about 9:30 p.m. "That's ownership," he says.

Cleveland's working days also include the perennial pains

*Continued on page 36*

WILL WALDRON

## On Your Own

Continued from page 35

in the neck. Sometimes, it seems like everything is going wrong at Newark Valley, and Cleveland is stuck in the middle.

Recently, Cleveland lamented about the irrigation system's main pump that was on the blink and a new fairway mower that wouldn't start. To top it off, an old duffer drove his golf car into a pond. "Every day it's something new," Cleveland moans.

Cleveland will be the first to tell wannabe owners that his livelihood is no walk on the beach, especially when you have to clean the facility's restrooms. "I have to clean them," Cleveland says, "because I can't find an employee to do it."

Finding employees for other jobs is also challenging. Recently, Cleveland had to ask his wife to work at the course for a day because he and his staff were shorthanded.

"I gave her a crash course in running the computer in the pro shop," Cleve-

**"You make your own decisions, and you don't have to answer to anybody."**

—CLEVE CLEVELAND

land says. "She said she hopes she doesn't have to come back here again."

Cleveland performs many different jobs at the course because he can't afford to pay others. "People say, 'Why don't you hire someone?' But I can't hire people to do every little job," Cleveland says.

As an owner, Cleveland must also pay the bills for the broken-down equipment. Even though Newark Valley GC

has low expenses, Cleveland must closely manage the money spent on course conditioning. "Only invest as much into the course as the revenue stream justifies," he says.

Cleveland did the opposite and learned his lesson. A few years ago, he invested in a double-row fairway irrigation system. That's fine if your green fees are \$75 and you attract serious golfers. But Cleveland's course is one of the most inexpensive in the area, and his clientele consists of players who are interested in affordable golf, not lush green fairways.

"I don't think the irrigation system has brought me additional business," Cleveland says. "I didn't justify the cost."

Listening to Cleveland, why would any superintendent want to own a golf course? Norton's answer is simple.

"People work their buns off in this line of work," he says. "Why not work your buns off for yourself?"

Cleveland agrees that there's nothing like being your own boss. There are no green committee chairmen to answer to, and you can change your fertilization program without your general manager's consent.

"I can't imagine doing anything else," he says. "You make your own decisions, and you don't have to answer to anybody."

Norton, who hasn't ruled out purchasing a course in the future, says one major fringe benefit of being your own boss is that no one can fire you when you turn 50 or are making too much money.

Financial reward is another incentive to own your own course. "If you have



WILL WALDRON

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a profitable course, you're going to make more money than you would as a superintendent," Cleveland says.

### The financials of it

Of course, finding a profitable course is the key because buying a course is about taking on a lot of debt. If a superintendent borrows \$2 million from a lender to purchase a course, he will have an annual debt service of \$225,000 depending on interest rates, Rhodes notes. For good business reasons, the superintendent would want the course to have about a 30 percent leeway on top of the debt service, meaning the course would have to generate \$300,000 to be in the clear.

Superintendents who want to be owners should know that lenders aren't throwing money around. They realize that courses have to make money if they're going to get paid, Rhodes says.

"Lenders want to know how they're going to get paid if deals don't work out," he adds. "They are more conservative than they were a few years ago."

Cleveland, who teaches a financial essentials seminar at GCSAA meetings, believes many superintendents, with the exception of those at high-end courses, want to own golf courses. Cleveland advises them to seek out mom-and-pop nine-hole facilities to get the best deals.

Rhodes advises superintendents who want to be owners to keep close tabs on economic reports. The current golf industry is healthy and prices for courses are high, but that could change in a recession. "That would mean more opportunity for the little guys," Rhodes says.

If you're a superintendent who attains the dream of ownership, Cleveland will tell you that you'll work your tail off from sunrise to sunset — but you'll love your job. Even with the daily dilemmas — an irrigation pump gone awry and a fairway mower on the fritz — Cleveland says life doesn't get much better than when you own a golf course.

"As much as I bitch and moan, sometimes I have to step back and be thankful that I'm able to do this," Cleveland admits. ■

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