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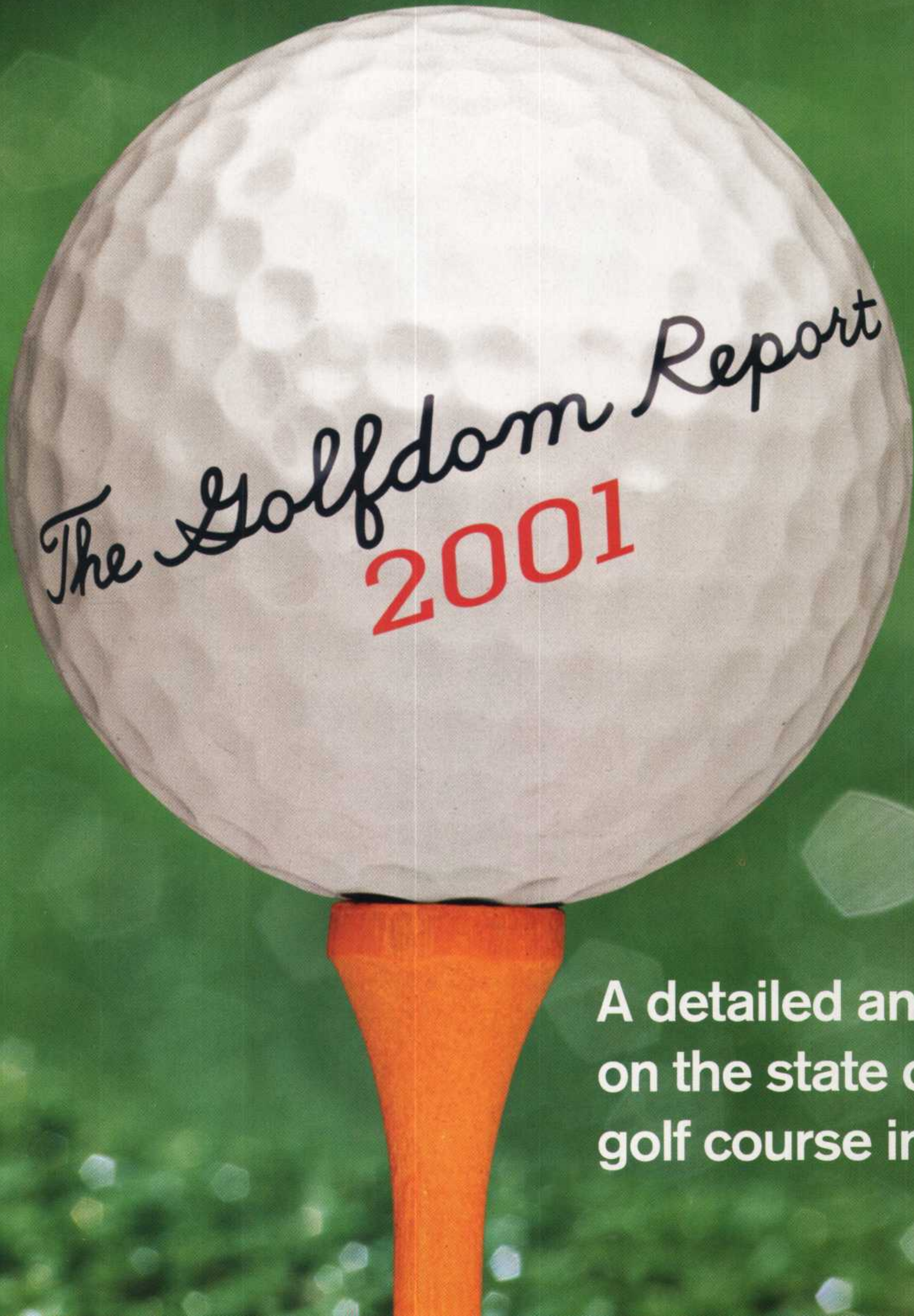


A detailed analysis on the state of the golf course industry

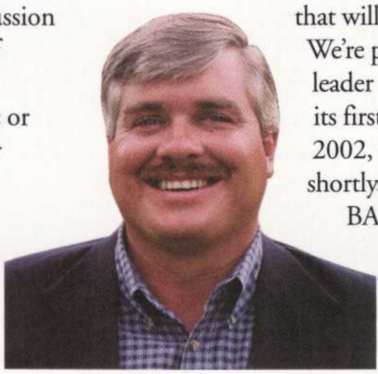
AN ADVANSTAR ★ PUBLICATION

And now, a word from our sponsor: BASF PROFESSIONAL TURF™

Embrace the Challenge

Recently, there's been much discussion of the challenges facing the golf industry. It's true these hurdles, whether competitive, economic or regulatory in nature, can interfere with our best-laid plans. Nevertheless, they can also serve to inspire us and initiate changes that will greatly benefit the industry in the long run.

The core values that serve as our foundation at BASF lead us to embrace these challenges. We are governed by the philosophy that the world demands and rewards continuous improvement in the quality of life. The search for new ways to overcome obstacles drives us to develop new solutions that better meet the needs of our customers. Those same solutions help create a more enjoyable environment for the golfers who play your courses.



Bill Baxter
Business Manager,
Turf, Ornamental and Pest Control
BASF Corp., Specialty Products Department

With that in mind, I'd like to share some of the strategies the Professional Turf Team at BASF is employing to meet the challenges of today and help build a dynamic and profitable future for the turf industry.

Long-term Commitment

It's been roughly one year since BASF entered the turf market. While our tenure has been relatively short, our commitment to the industry couldn't be stronger. While other companies have divested their agricultural portfolios and invested in the development of pharmaceuticals, BASF has divested pharmaceutical holdings to free up capital and resources to commit to the specialty agricultural markets. What does that mean to you? It means BASF is a partner you can depend on for a long-term, ongoing contribution to the improvement of your industry. We realize our growth is tied to yours, and we will do everything in our power to ensure our mutual success.

Innovation

Innovation is at the heart of everything BASF does. BASF currently holds more than 100,000 active patents, and currently has five new compounds for the specialty markets that will be available within the next five years. We're particularly excited that BASF, the global leader in fungicide technology, is set to launch its first fungicide specifically for turf early in 2002, with two more new fungicides to follow shortly. Moreover, that's only the beginning.

BASF has spent billions of dollars on research and development over the past few years, including $1.5 billion in 2000. That's a sizable investment in your future, as well as our own.

People Power

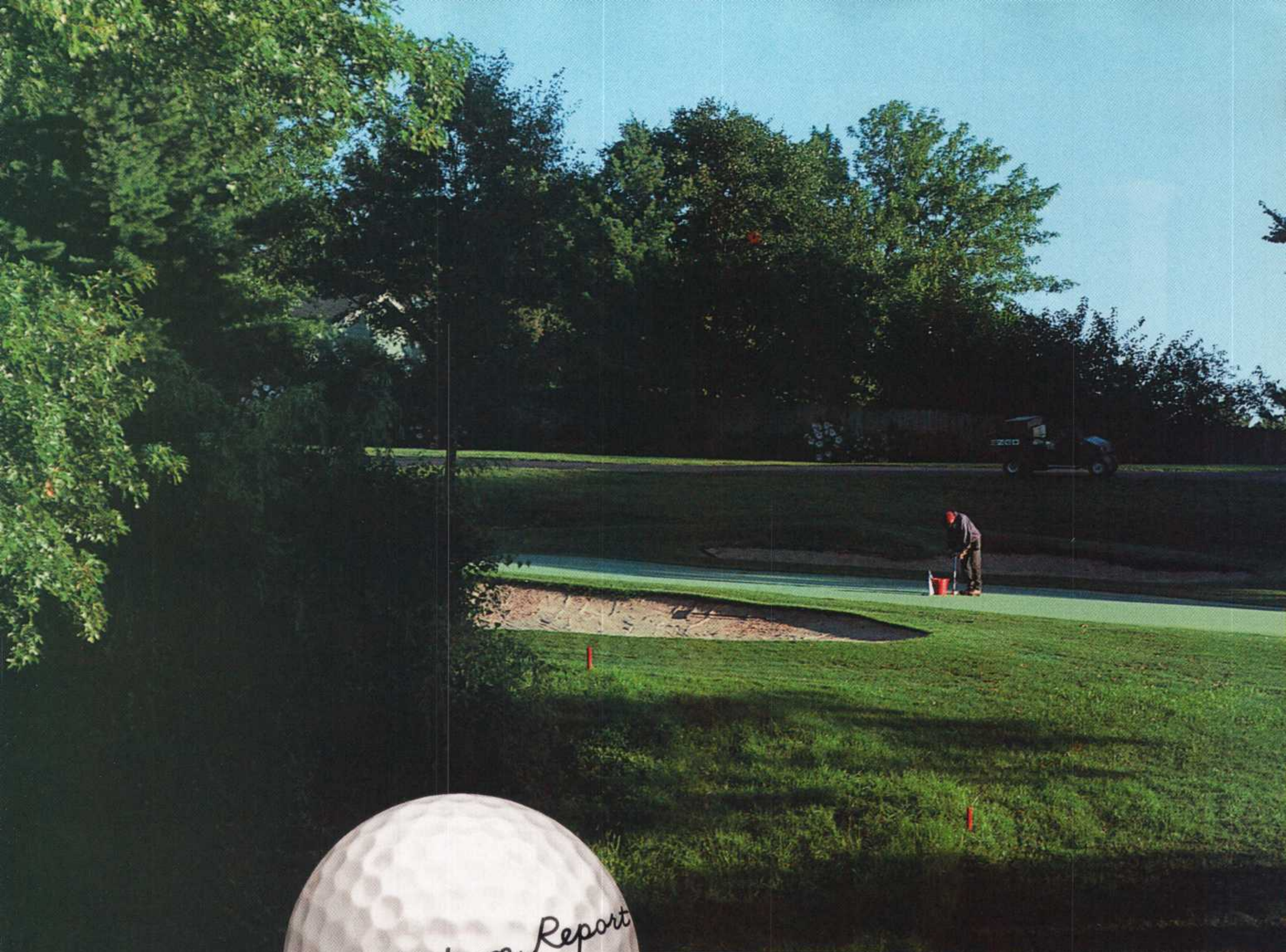
The challenge of finding and retaining the best people is universal. At BASF, we've built a creative and innovative work environment where all 100,000 employees are "key employees." From researchers who develop new compounds to the sales representatives in the field, everyone is part of the team responsible for providing you with the tools to succeed.

Adding Value Through Customer Focus

The companies that thrive in challenging times understand what customers need and provide them with customer-specific solutions. Leadership organizations are able *and* willing to change to meet customer needs, so tell us what you need. Then tell us what you want. With BASF, you can be sure we'll not only listen when you talk, but we'll respond with the best available solution. Because, to paraphrase our corporate slogan at BASF: We don't make the turf, we make it better.

Embrace the Challenge

I've talked a lot about challenges, and now I 'd like to issue one. I'd like to challenge you to join us at BASF in our commitment to the growth — not merely the maintenance — of the golf industry. Take a leadership role in identifying potential industry improvements, and then aggressively treat those needs as opportunities to serve your customers. I promise you that's how we at BASF will treat you as customers. If you'll join us in making that commitment, this industry is certain to thrive.



MIKE KLEMME

What's Going On?

Let's not sugarcoat it: The golf industry is enduring a difficult time. Rounds are down and worries are up. Superintendents and others who make the industry their livelihoods can't predict with any certainty what the future holds for them.

The golf industry is not alone. Many of America's industries – from automobiles to electronics – have been hit hard by the economic downturn. If you ask 10 people, you'll likely get 10 different answers of when they think the economy will turn around. Which brings us to the second annual *Golfdom* Report. Once again, *Golfdom* has taken the industry's temperature. Let's just say the industry has felt better, especially in light of the weak economy and the world's current events.

In this special report, we examine the industry from top to bottom and coast to coast. We explore the numerous factors that have combined to depress the golf industry across the country, including the terrible events of Sept. 11. We also examine the issue of affordable golf. Most everyone agrees the industry needs affordable golf now more than ever, but who's going to lead the charge?

Throughout the report, you'll see several charts comprised from our 2001 Market Study. Superintendents can see what they spent on various supplies and equipment, and what they budgeted for maintenance.

We'd love to hear your comments regarding the *Golfdom* Report. Please e-mail them to Larry Aylward at *laylward@advanstar.com.*

It's Tough Out There, But...

Despite a poor performance by the U.S. economy this year, the industry remains cautiously optimistic about 2002

BY FRANK H. ANDORKA JR., MANAGING EDITOR

At first glance, the numbers on how the golf course industry reacted to the economic downturn in 2001 aren't encouraging.

Rounds at the end of September dipped 2.3 percent nationwide, according to Golf Datatech, a Kissimmee, Fla.-based golf market research firm. Also, the National Golf Foundation (NGF) recently reported the number of new golfers entering the game in the last year is flat, and the National Golf Course Owners Association (NGCOA) reported golf course construction slowed considerably.

What's Your Budget?

The average total maintenance budget for superintendents last year was $570,000. The breakdown is as follows:

Readex/Golfdom, 2001

"That's what happens when you live in a free-enterprise economy," says Mike Hughes, executive director of the NGCOA. "You're going to have up times and you're going to have down times. This happens to be one of the down times."

Numerous factors combined to depress the golf industry across the country. Winter weather-related damage affected golf in the upper Midwest and Northeast. A slumping economy hurt business at courses that depend on corporate outings, and the Sept. 11 terrorist attacks slowed play in resort areas, such as Florida and California. With no immediate end in sight to the struggling economy, one could excuse members of the golf industry if they viewed the future with trepidation.

Instead, cautious optimism prevails — so far. Superintendents report normal increases in their maintenance budgets, while owners try to attract new golfers to the game and builders shift from constructing new courses to renovating old ones. Although no one is expecting the industry to rebound to late 1990s levels immediately, observers say the infrastructure of the industry is solid as it moves into 2002.

"That's the good news for the golf industry overall," Hughes says. "From everything

I've read so far, economists expect the economy to rebound by late 2002."

A difficult year

Weather and a slowing economy created financial difficulties for golf courses across the United States, reducing rounds and forcing corporations to cancel outings. According to Golf Datatech's numbers, the worst-hit areas included the upper Midwest states and New England, where bad winter weather clobbered courses, limiting playable days and subjecting courses to unprecedented disease pressures.

"The weather hurt us more than the downturn in the economy," says Ronald Kirkman, certified superintendent of Needham GC in Needham, Mass. "We never saw winterkill as bad as this year. Our play was severely limited until June, and I know other courses that had to overseed fairways three times. That's tough to handle."

Courses that depend on corporate business felt the pinch severely. Corporations that normally hosted golf outings couldn't finance them this year. When corporations cut costs, entertainment is often the first item slashed from the budget, Hughes says.

"When first-quarter profits turned sour for so many companies, you knew their entertainment budgets would suffer," Hughes says. "Corporate outings don't seem essential as profits fall."

Judy Hutt, general manager of Shadow Valley GC in Boise, Idaho, says her course normally does considerable corporate business, but many corporations cancelled events as the economy slowed.

"We lost 15 percent of our corporate business this year, even from companies that we've hosted for years," Hutt says. "It's all because of cutbacks in budgets attributed to the slowing economy."

The Sept. 11 effect

As the economy teetered on the brink of a recession, world events conspired to touch segments of the golf industry that the faltering economy hadn't already touched. After terrorists leveled New York's World Trade Center in September, the attacks' effects rippled all the way to Kansas.

Wayne Van Arendonk, certified superin-

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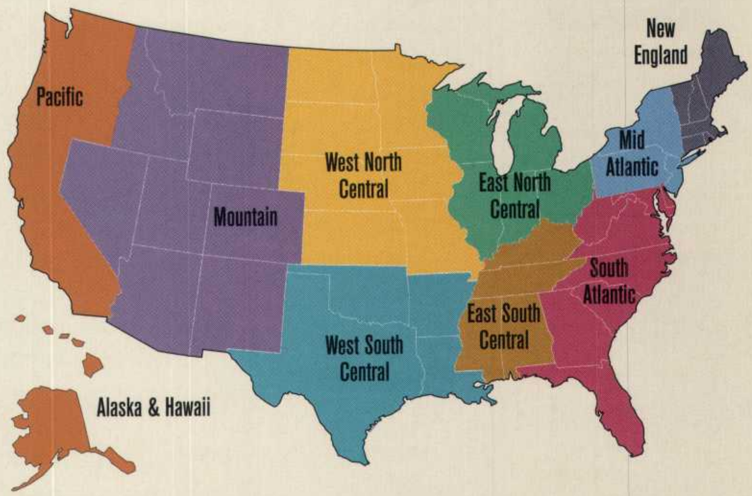
Golfers Stay Home

Rounds are down around the country. Here's a regional breakdown:



Region	Rounds in September (compared to September 2000)	Year To Date
New England	-1.4%	-4.1%
Middle Atlantic	-7.2%	-2.1%
East North Central	2.3%	-0.6%
West North Central	-4.1%	-7.0%
South Atlantic (w/o Florida)	1.7%	-0.6%
Florida	-8.4	-1.9%
South Atlantic (with Florida)	1.7%	-0.6%
East South Central	1.4%	0.1
West South Central (w/o Texas)	-3.0	-2.2
Texas	-10.0%	-8.8%
West South Central (with Texas)	-7.0%	-6.4%
Mountain	-2.9%	-3.7%
Pacific (w/o California)	-1.8%	-3.8%
California	-0.9%	0.5%
Pacific (with California)	-1.2%	-0.7%
Total	**-1.5%**	**-2.3%**

Golf Datatech

"The weather hurt us more than the downturn in the economy."

RONALD KIRKMAN
SUPERINTENDENT
NEEDHAM GC, NEEDHAM, MASS.

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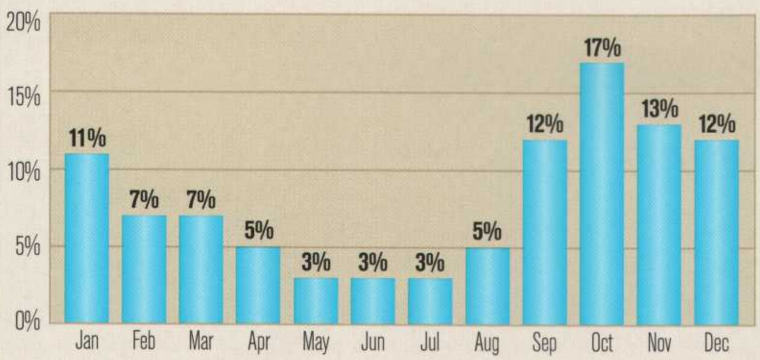
tendent of Rolling Hills CC in Wichita, Kan., says his course hosts executives and employees from local companies like Boeing, Raytheon, Textron and Bombadier, which manufacture airplanes and airplane parts. As the airline industry suffered financial setbacks after the attacks, the companies began laying off people. Van Arendonk says he's girding for tougher times in 2002 as corporate layoffs pile up because fewer people will have money to spend on golf.

"We're only a town of 400,000 people and the corporations have announced layoffs of 7,000 employees," Van Arendonk says. "There are rumors that another round of layoffs is imminent. It doesn't make for a pretty picture around here."

Lee Rubenstein, superintendent at Summer Grove GC in Newnan, Ga., says rounds before Sept. 11 rose slightly over where they had been the previous year. In the month following the attacks, however, business dropped 50 percent, causing Rubenstein some sleepless nights.

Budget Time

Which month do you and the green committee hash out your budget for the following year? Here is what our research found:



Readex/Golfdom, 2001

"I kept wondering if we'd recover," Rubenstein says. "Fortunately, we're in a growing suburb of Atlanta where home building is booming. The golfers have come back slowly, so I feel far more comfortable now."

Mike Rewinski, superintendent of Westhampton CC in West Hampton Beach, N.Y., says Sept. 11 had a devastating impact on his course's play because 70 percent of the club's members work on Wall Street.

"Things were really slow for a while, but it's starting to come back," Rewinski says. "Our members are still stunned by the disaster, so it's too early to tell what the long-term effect will be. We're a good value as a club, however, and we will come back."

For all the difficulties the industry has suffered this year, NGCOA's Hughes insists 95 percent of play is local, so golf courses can capitalize on local demand in 2002. With less money to spend on out-of-town vacations, local golf is an attractive alternative, Hughes says.

Owners hit hard

Hughes says new course openings fell 50 percent to 60 percent in 2001 because supply outstripped demand. He predicts that areas overbuilt during the course building boom of the late 1990s will see a correction during this down cycle.

Owners Jim Scott and Cliff Rampy certainly hope so. Scott, owner of Gull Lake View Resorts in Augusta, Mich., says his area has far too many golf courses to support the number of golfers. Rounds at his course were down 10 percent in 2001.

"A lot of people thought purchasing a golf course would be a cool way to invest when times were good," Scott says. "The cheap land in Michigan made it a great area to build golf courses. Now it's overbuilt."

Rampy, who owns Treeline GC in Houston, says rounds fell 15 percent in 2001 and he expects them to decrease another 8 percent in 2002. Houston saw an influx of new courses in the last year as wealthy citizens moved to the suburbs, particularly to the city's northwest side where Treeline is located.

"Golf is a game of variety," Rampy says. "We're seeing fierce competition on price as the number of courses increase and the amount of discretionary income in golfers' hands decreases. It's a battle."

Scott says he has no plans to cut back on the course's maintenance budget because his superintendent already keeps the course in top shape on a frugal budget.

"It's a good time to buy maintenance supplies," Scott says. "The equipment and chemical manufacturers are increasingly willing to shrink their margins to get the business."

Rampy says he will streamline his operation to cut costs.

"We'll cut the little things first, like spending for flowers in the clubhouse and maybe mow the fairways less often," Rampy says. "We'll have to tighten our belts because it's going to be two to three years before the industry hits a high point again."

For sale

Courses that can't compete in today's tighter market will inevitably go on sale, according to Tom Bruff, managing director of Dallas-based KPMG, a financial consulting firm with a golf industry practice. He doesn't expect mass closings of golf courses, but he expects a buyer's market in 2002 as current owners decide they can't operate their courses at enough of a profit in a bear market.

The money available for course acquisition, however, will be harder to come by, Bruff says. Bank of America's decision to close its golf course financing division dried up a significant portion of acquisition funding.

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What Lousy Economy?

Management companies expect business opportunities, not business gone wrong

BY MARK LESLIE

American Golf Corp. (AGC) co-CEO David Pillsbury, Evergreen Alliance of Golf Limited (EAGL) President Larry Corson and Signet Golf Associates co-President Peter Dejak agree that, although saddled with national tragedy and a struggling economy, management companies are finding that times of hardship and strife are rife with opportunity.

"It's a double-edged sword," says Pillsbury, whose AGC is the world's largest golf course operator with 315 courses in the United States and United Kingdom. "The tough economic times are difficult for us as they are for everyone. But out of this will emerge opportunity by virtue of the fact that we have what it takes to get through these difficult times."

"If you look at it in terms of golf course profitability, what we're finding is resort destination golf is getting hammered," says Corson, whose Dallas-based company manages 40 golf courses around the country. "At the same time, in local golf — primarily what EAGL has — there's been no disruption. In some respects, there has been a modest improvement."

"Even before the Sept. 11 tragedy, we were getting a lot of calls from owners of golf courses and banks," says Dejak, whose Signet Golf Associates in Pinehurst, N.C., manages six facilities in the Carolinas, Georgia and Tennessee. "We dealt with a couple of projects where the banks had taken over and didn't know what to do or how to manage golf courses."

Pillsbury, Corson and Dejak concur that the tighter the economy, the greater the call for their services.

> **"The skills we bring to the table are particularly beneficial in adverse economic times."**
>
> DAVID PILLSBURY, CO-CEO
> AMERICAN GOLF

"I expect it will happen in a very big way," Pillsbury said. "The skills we bring to the table are particularly beneficial in adverse economic times."

Dejak says some owners are giving up. "They bought the golf courses five years ago for $5 million or $6 million when things were going well," he added. "Now they're having a hard time servicing the debts and finding it difficult to sell them for $3 million."

Some industries have been brought to their knees by product oversupply, an economy sliding toward recession and the Sept. 11 tragedy. Yet certain segments of the golf industry are fine.

Pillsbury says the impact of Sept. 11 will be short-lived. He admits there's been a drop-off in corporate outings and golf tournaments, and that companies with sales forces that frequent high-end daily-fee and resort courses have reduced their expense accounts. Nevertheless, he said in mid-October, "We're already seeing groups rebooking and that business is bouncing back."

But that does not diminish the fact that 2001 was an industry-wide bad year following a sub-par 2000. Bad weather only increased the financial problems.

Pillsbury cited the reported 1.5-percent increase in demand for golf as falling short of the numbers needed to prop up the record number of courses built over the last decade. "The supply is growing at a much faster rate, so that dynamic had already created softness," he said. "As the economy began to slow, it exacerbated the problem."

Leslie is a free-lance writer from Monmouth, Maine.

"Things were really slow for a while, but it's starting to come back a little."

MIKE REWINSKI
SUPERINTENDENT
WESTHAMPTON CC
WEST HAMPTON BEACH, N.Y.

Continued from page 7A

Still, there will be bargains if owners can put together the right financial backing, Bruff says. Just don't expect established management companies to gobble up all the deals, however, he adds.

"I wouldn't expect the major management companies to be as active as they might have been in the past," Bruff says. "Some of them may not have the money they've had in previous downturns."

Bruff says the time is ripe for new management companies to enter the market. He adds such companies will have opportunities as golf course prices continue to come down.

Builders shift strategy

Although new course construction has declined, don't expect owners to stop building courses already under construction, says Barry Frank, NGF's vice president for growth and development.

"Once you've committed the resources and are already building a course, you're not going to stop," Frank says. "It would take something catastrophic to stop construction once it's under way."

The economic downturn will more likely affect golf courses that are still in the planning stages before construction starts. Frank admits that now might not be the best time to plan new courses, but potential investors should evaluate projects on their own merits. Some markets remain untouched by the building boom, and development might make sense in those areas, he says.

Fidel Garcia, vice president of Ryangolf Corp. and president-elect of the Golf Course Builders Association of America, says the economic slowdown will force builders to shift from building new golf courses to renovating older ones.

"We can't continue to build 700 to 800 new courses every year," Garcia says. "We're happy the building boom lasted as long as it did, but now it's time to shift our focus."

Four or five years ago, in the midst of the boom, Garcia says his company wouldn't have even looked at renovation projects because the profits weren't there. As big-money projects slow down, however, the renovation side will continue to grow, he says.

"There are a substantial number of older courses which will need renovations to stay competitive," Garcia says. "In a time of eco-

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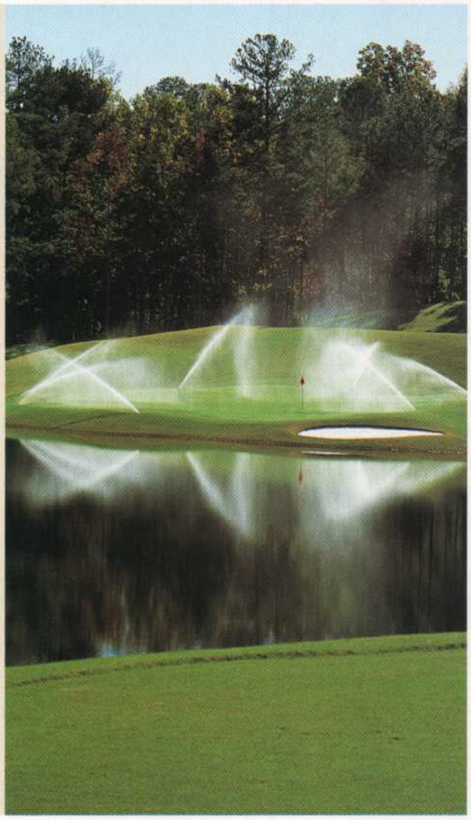
The Shopping Cart

Here's what the average superintendents spent on the essentials for golf course maintenance in a year's time. The data was collected from surveys completed by 269 superintendents last spring.

Category	Mean Spending
New irrigation system or remodel	$97,000
Fertilizer/plant nutrition products	$21,600
Fungicides	$20,100
Fairway/other mowers	$16,500
Greens mowers	$15,200
Utility vehicles	$12,500
Irrigation heads. controllers, or other parts/supplies	$9,900
Turf seed	$9,600
Herbicides	$8,460
Insecticides	$7,090
Aeration or cultivation equipment	$5,240
Growth regulators	$3,090
Total	**$226,360**

Readex/Golfdom, 2001



MIKE KLEMME

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nomic uncertainty, this will be the way to go."

Garcia also believes an influx of public money will fund new projects at municipal levels in an attempt to stimulate local economies.

Brad Schmidt, general manager for Lincoln, Neb.-based Landscapes Unlimited, says his company is still "riding the crest of the '90s" from agreements made three years ago and is building high-end golf courses. Nevertheless, Schmidt expects business to slow soon. "We're gearing up for the pipeline to go from building 500 courses a year to about 250 courses," he says.

Financial Impact

We asked superintendents: What's the word on the street from fellow superintendents about their facilities' financial prospects in 2002?

"Most are maintaining their current budget amounts. I haven't heard of any reductions to budgets. Private equity clubs like mine will continue to spend more as memberships become more expensive and more desired among the several semi-private and public courses in Florida."

Kyle D. Sweet, Superintendent
The Sanctuary GC, Sanibel Island, Fla.

"The wealthy clubs will be fine and the marginal clubs will struggle."

Dale Walters, CGCS
Royal Palm CC, Naples, Fla.

"It will be a bumpy ride in the next few months."

David Duke, superintendent
Golf und CC Seddiner See, Beelitz, Germany

"Word on the street is to tighten your belts. Well, we've done that for the 14 years I've been superintendent here. We supply very good playing conditions at affordable prices, and we'll move forward even with the instability of the world to date."

Greg O'Heron, superintendent
Peterborough G&CC, Peterborough, Ontario

"Obviously, the events of Sept. 11 are going to have a major impact on the way we look at next year and probably years to come. Maybe we, members and players will be a little more reasonable and focus on things that are really important – rather than greenspeeds of 12 feet and higher."

Ed Walsh, CGCS and Project Manager
Wending Creek GC, Coudersport, Pa.

What can you do?

In difficult economic times, everyone must plan to minimize the long-term damage. David McCallum, superintendent of The Island CC in Plaquemine, La., says he's considering giving all of his business to one chemical supplier in an attempt to negotiate a better price.

"I'm used to giving out my business in pieces, depending on who has the best price at the time I need the product," McCallum says. "This year, I'm thinking of giving it all to one supplier to see if that will bring me a better price."

McCallum says his course also created a new membership drive, which includes purchasing kiosks in a local mall to encourage members to join the club.

"My owners told me that if there are cuts to be made, they won't be in golf course maintenance," McCallum says. "At the same time, I recognize my role as a manager is to be as conservative as I can."

Rolling Hills' Van Arendonk says he expects his maintenance budget to go down next year, but he will still make his case against drastic cuts.

"If they come to me with budget cuts I don't think the course can handle, I'll make a list of the tasks that won't get done if they cut my staff," Van Arendonk says. "That may change some minds."

NGCOA's Hughes urges owners to focus on keeping their current customers happy. "You'll have to expand your efforts to take care for customers you have now because it's more expensive to attract new customers than to take care of the ones you already have," Hughes says.

The best idea for superintendents, owners and builders is to focus on building long-term strategies that will benefit their courses after the economy rebounds, KPMG's Bruff says.

"This is the kind of economy where everyone has to be smart about the way they do business," Bruff says. "If they do that, they should weather the storm well, no matter how long it lasts."■

Layoffs Won't Widen Labor Pool

'I don't foresee hiring a flight attendant to mow the greens,' superintendent says

BY MARK LESLIE

Superintendents may have to adjust their thinking if they believe job layoffs in various industries nationwide are an answer to their perennial problem with finding employees.

"The people who are losing their jobs because of the turn back in the economy are typically not janitorial or foodservice-type workers, but rather mid-level management," says Bruce Williams, director of golf operations at Los Angeles CC. "Those people are not going to take jobs on golf courses. Typically, people in manufacturing jobs aren't going to take outdoor jobs working on a golf courses."

Agreeing with Williams, superintendent Dan Dinelli of North Shore CC in Northbrook, Ill., adds: "I don't foresee hiring a flight attendant to mow the greens. When you look at these layoffs, none of them pertain to hand labor or field work."

Along the Northern tier of golf courses, staffing is not an issue this time of the year, so layoffs are not affecting the facilities. As superintendent Gerry White said from Point Sebago Resort in Casco, Maine, "We're at the end of our season in the Northeast and not in a hiring mode."

Along with the six-month financial downturn, the economics of golf pre-Sept. 11 and post-Sept. 11 are the new dynamic many people are dealing with at public, private or resort facilities, according to GCSAA President Tommy Witt.

"Whereas you had a certain situation pre-Sept. 11, now the question in many places is: How are they going to handle the employees they already have?" says Witt, director of golf course management and special projects at Kiawah Island Club in South Carolina. "Some are cutting back. Others are shutting down for the season."

"Two things are happening," Dinelli says. "First, the layoffs and the unemployment rate are higher and, in theory, you may have a bigger pool to choose from. But many of us are being asked to tighten the numbers and hold labor to zero increase. I wouldn't be surprised to see guys being asked to reduce their labor force. Even if there were more hands available, we may not be in a position to capitalize on it."

MIKE KLEMME

The double crunch of the economic downturn and the Sept. 11 terrorist attacks has meant empty tee times at some resorts.

"Many resorts are down in activity right now," Witt said. "Many things are canceled throughout the country through the end of the year. Many courses will have to decide how they handle employees between now and the end of the year.

"Even private courses are being hit somewhat with less activity," he added. "But they have a fairly consistent revenue stream from dues. A superintendent can plan a little more because activity might be down, but he has an audience and those people will slowly return as some degree of normalcy returns to our lives."

Meanwhile, there is good news and possible bad news for the many courses nationwide that depend on Hispanics to fill their workforces. Hispanics, according to Witt and Williams, are a stabilizing influence at many courses. For those in the North, many Hispanics go home to Mexico for the winter and come back in the spring. But the Sept. 11 terrorist attacks may throw a kink in that constancy, Williams says.

Even if the slow economy forces more workers to enter the labor market, superintendents may not capitalize on it because of tighter maintenance budgets.

"There could be problems because of greater difficulty obtaining immigration and naturalization," he says. "There has been a constant flow of Hispanic labor supply, and if that tightens up, it could have an impact on us – maybe not in the next six months, but in two or three years."

Leslie is a free-lance writer from Monmouth, Maine.

The Golfdom Report 2001

The Price Is *Not* Always Right

The industry needs affordable golf now more than ever. Who's going to lead the charge?

BY LARRY AYLWARD, EDITOR

Rounds are down, and some industry insiders blame the decrease on high green fees.

MIKE KLEMME

"Alister MacKenzie made golf an art form, Robert Trent Jones Sr. made it a business, and Jack Nicklaus made it expensive."

A grinning golf course architect recently related this quip about the three famous designers. Some architects think it's funny and true, especially the last part.

For sure, the Golden Bear and his high-priced golf courses haven't helped the game shed its "rich, white man's game" label. Nicklaus, however, is not alone. Some of his peers are in no hurry to design golf courses for $3 million with green fees of $30.

To be fair, people are willing to pay $150 to play Nicklaus- and Tom Fazio-designed courses because THEY ARE Nicklaus- and Fazio-designed tracks. But while high-end daily-fee and resort courses serve a purpose, they're not growing the game. These country-club-for-a-day courses, which dominated the building boom in the mid to late 1990s, are pricing many golfers out of the market with their lofty green fees.

Owners, builders and superintendents have also done their part to escalate the price of golf, industry insiders say. There's the owner whose ego and pocketbook drive him to build the most

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extravagant course in town. There's the builder who issues costly change orders. There's the superintendent who makes great use of his unlimited maintenance budget.

Asking Price

The top five states with the most- and least-expensive average weekend green fees (including carts where applicable), according to the National Golf Foundation:

Most expensive	
Nevada	$92
Hawaii	$81
Arizona	$54
South Carolina	$51
Georgia	$50
Least expensive	
North Dakota	$17
South Dakota	$19
Kansas	$20
Iowa	$22
Nebraska	$23

According to the National Golf Foundation, the average U.S. weekend green fee for 18 holes and a cart is a pricey $35. The highest average fee is a whopping $92 in Nevada, and the lowest is a budget-saving $17 in North Dakota.

Rounds are down throughout the country, according to Golf Datatech, a Kissimmee, Fla.-based golf market research firm. Through August, rounds decreased 2.4 percent on U.S. courses from the previous year. Rounds were down 3.8 percent in the mountain region, which includes golf resort destinations Arizona, Nevada and Colorado. (Remember, this number was taken *before* Sept. 11 when people weren't afraid to fly.)

If rounds continue to decrease and golf's price continues to increase, the industry could suffer financially. That could mean anything from courses delaying greens renovations to courses laying off maintenance workers to courses closing their doors. "If fewer players take up the game in coming years for economic reasons, everyone operating golf courses will surely feel the impact," says Ronald W. Fream, founder of Golfplan, an architectural firm based in Santa Rosa, Calif.

The main reason for reduced play is price, Fream insists. He and others, including Brad Schmidt, general manager of Lincoln, Neb.-based Landscapes Unlimited LLC, believe golf needs lower green fees now more than over.

"Ever-higher green fees in the long run are self-defeating since the number of players available is inversely proportional to the size of the green fees," Fream says.

"Quality, affordable golf is what's going to grow this game," Schmidt says. "Affordable golf means building a golf course that doesn't charge $100 a round."

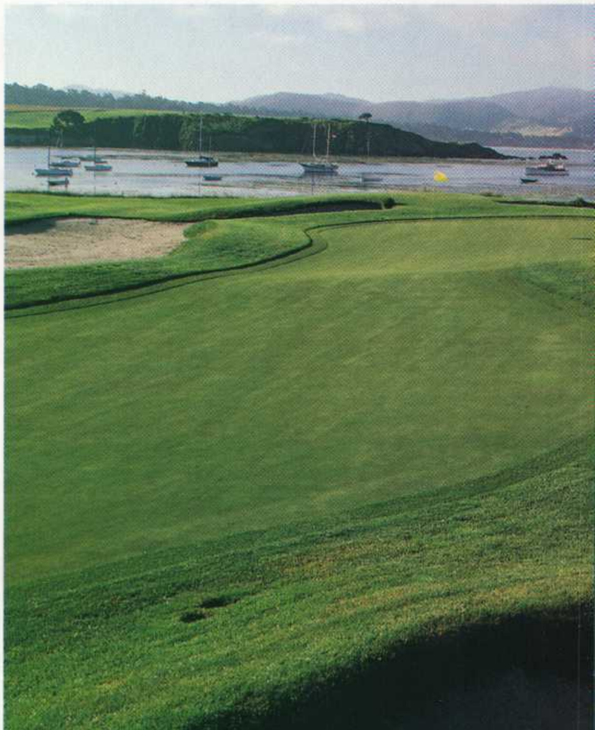
With affordable golf, however, the industry could experience an increase in rounds and attract new players. "But who's going to lead the charge?" Schmidt asks.

That's a good question. For starters, the people who comprise the different components of the golf course industry need to be on the same side. There's a lot of finger pointing throughout the industry. Owners blame contractors and architects for exorbitant fees and vice versa. While some of the criticism is warranted, these groups must work together if they want to achieve affordable golf.

When Damian Pascuzzo began his term as president of the American Society of Golf Course Architects last May, he said promoting affordable golf was at the top of his to-do list. Pascuzzo is not knocking high-end daily-fee courses, but he says entry-level affordable golf has been lost in the shuffle.

"Maybe I'm more sensitive to that now because I have three children," says Pascuzzo, a partner with architect Robert Muir Graves. "But try taking a family of that size to play golf when the green fees are $50. It's ridiculous."

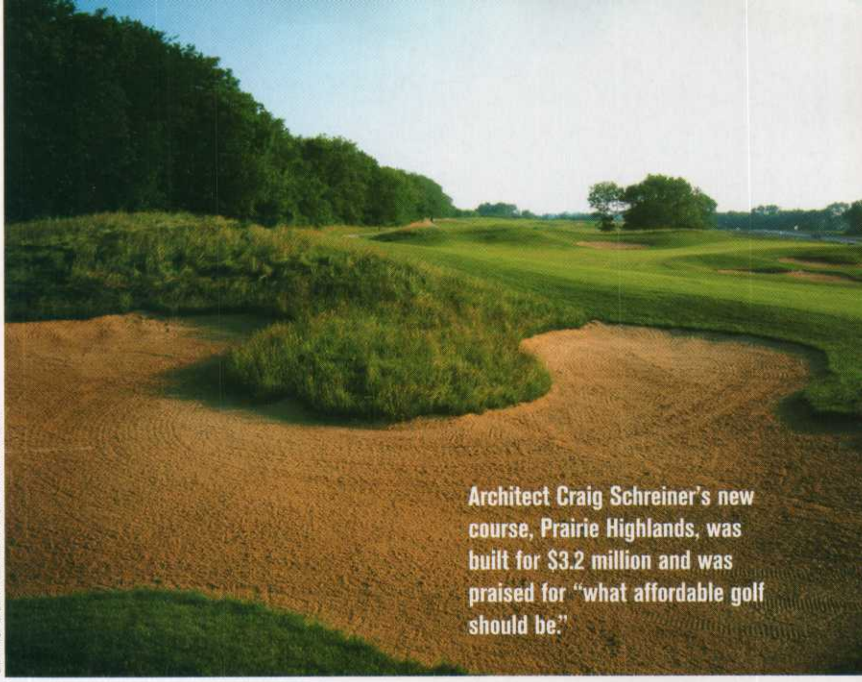
But as Barry Frank, vice president of growth



Non-resort guests at Pebble Beach Golf Links pay $350 to play 18 – and that doesn't include a cart or caddie. But people are paying the lofty green fees because . . . it's Pebble Beach, after all.

and development for the National Golf Foundation, points out, there's a fine line between affordable golf and a floundering business. Nobody is going to build a second-rate golf course and lose money on it, Frank says. "If somebody isn't building it from a cash-flow standpoint, then he's building it for all the wrong reasons, and he won't be in business for long," he adds.

The rule of thumb is that for every $1 million spent on a golf course, an owner needs to charge $10 in green fees, Frank explains. If the land costs $3 million, that means another $30 in green fees. "You have to build a course and price it based on what a certain market will bear," he says.

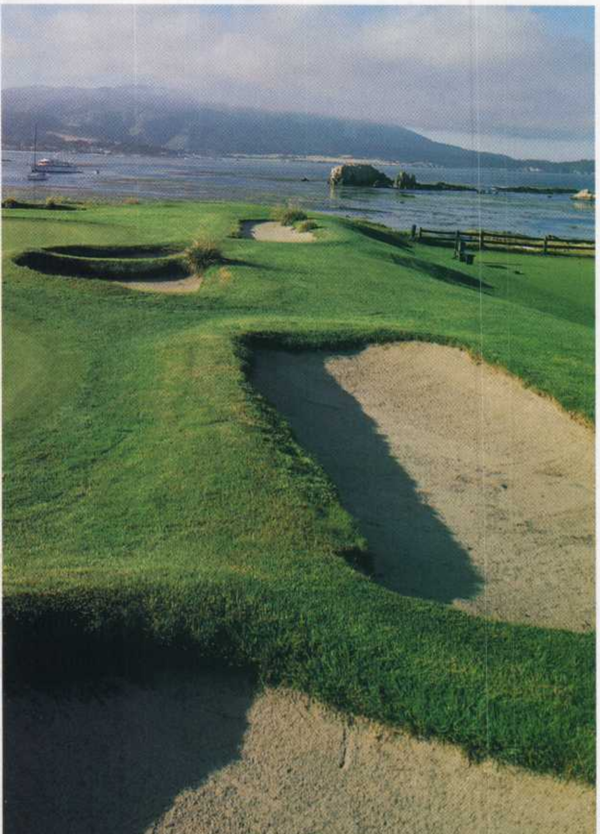

CRAIG SCHREINER GC ARCHITECTS

Architect Craig Schreiner's new course, Prairie Highlands, was built for $3.2 million and was praised for "what affordable golf should be."

What's out there?

Cleve Cleveland, owner of Newark Valley GC, a mom-and-pop track in Newark Valley, N.Y., says today's new owners all want high-end courses. "They don't want to build low-end, podunk courses," he adds.

In Boise, Idaho, Judy Hutt, general manager of Shadow Valley GC, says few owners are catering to the new golfer population by building affordable, entry-level courses. "Everyone is trying to build better mousetraps so they're building bigger and more expensive golf courses with higher green fees," she adds.


MIKE KLEMME

Mike Hughes, executive director of the National Golf Course Owners Association, says most courses built in the past 10 years are high-end tracks, and he doesn't see the trend changing soon. "Most of the courses I see coming out of the ground are high-end courses," he says, noting there are about four courses in the Charleston, S.C., area, where NGCOA is located, that are "ultra" high-end tracks.

The new high-end courses have also forced their competition — older courses with lower green fees — to renovate so they can remain marketable. Hence, the older courses must increase their green fees to help pay renovation costs. "They didn't start out as high-end public golf, but they've become that because they had to compete with what was coming online in their markets," NGF's Frank says.

However, some industry insiders believe construction of high-end courses is on a downslide. Lee Hetrick, executive director of the Lincoln, Neb.-based Golf Course Builders Association of America, says there's more focus on building affordable golf courses, mostly because of the recent economic downturn.

Kansas City, Mo.-based architect Craig Schreiner, a proponent of minimal design and affordable golf, recently completed Prairie Highlands GC in Olathe, Kan., for $3.2 million with green fees of $35. "It's better than or equal to — in terms of look and playability — the

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Enjoyable and attractive golf for a reasonable price can be a profitable venture.

RONALD W. FREAM, ARCHITECT

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courses that charge twice as much," Schreiner says.

Schreiner says many golfers don't mind playing on courses that feature minimal designs, a big reason for their low green fees.

"I've always engaged in sound engineering, simple design, minimal bunkering, maximum tees and wide-open fairways," Schreiner says. "I cut my teeth with (the late Columbus, Ohio-based architect) Jack Kidwell, who built a lot of golf courses for less than $1 million that were pretty damned good."

Schreiner says too many architects and developers focus on making golf courses extravagant and difficult. They move too much dirt, build too many bunkers and design too many intricate green complexes, which drive up the price. "It's easy to make a golf course hard, but it's hard to make it playable and challenging," Schreiner says.

Fewer "No. 1" courses

Frank says the topic of green fees often falls under the basic category of supply and demand. In the New York City area, for instance, golfers will pay higher green fees because the area is undersupplied. "But if you build a golf course in Waterloo, Iowa, you have to ask yourself if that area will support $90 green fees, which it probably won't," Frank adds.

Despite the influx of high-end courses, Frank argues there are still thousands of golf courses with moderate and low green fees. But Frank agrees the industry should keep affordable golf top of mind.

"If not, then golf will only be for people in the upper-economic division," he says. "We have to avoid that."

Pascuzzo wants to see more par-3 courses built on 30 acres. For that to happen, the public sector must get involved, he states. "I don't see it happening in the private sector because there's not a lot of profit motive," he adds.

Pascuzzo says city parks and recreation personnel, and public works directors must lead the charge. "They need to understand the economic and recreational benefits these facilities can have on their cities," he adds.

Most everyone agrees that egos and affordable golf are opposites. "When you have a lot of money and a big ego, you want to build the No. 1 course in the country because you can afford it," Schmidt says.

Not that there's anything wrong with that, Schmidt adds. At the same time, however, he believes the industry needs more quality and affordable golf courses, and less "No. 1" courses with $100 green fees.

Fream says "enjoyable and attractive golf for a reasonable price" can be a profitable venture. "A well-done course for $3.5 million or $5 million can often produce a better rate of return on investment than that $10 million or $12 million ego- or star-driven effort," he says. ■

Customer Service Rules

We asked superintendents: What can courses do to attract or retain players during tough times?

"Modify pricing structures and add more incentives to make golfers feel like they're getting more bang for their bucks."
Kevin Goolsby, superintendent
The Sportsman Golf Resort, Pensacola, Fla.

"Price reduction during hard times shows you have a heart for a game that you enjoy."
Pat Blum, superintendent
Colonial Acres GC, Glenmont, N.Y.

"Great service to patrons from the time they get out of their cars. Make them feel special."
Greg Pheneger, CGCS
John's Island Club, Vero Beach, Fla.

"Free beer and pretzels."
Robert DiRico, CGCS
Brae Burn CC, West Newton, Mass.

"Provide better-than-expected conditions and a positive, friendly atmosphere. Focus on service and those things that do not necessarily cost money."
Darren Davis, CGCS
Olde Florida GC, Naples, Fla.

"Sometimes just stopping to talk to your players is enough to make them feel better about being at your facility."
Ed Walsh, CGCS and Project Manager
Wending Creek GC, Coudersport, Pa.

What You Spent

Here's what superintendents purchased and for how much from May 2000 through May 2001:

Turf Seed	Mean = $9,680
$20,000 or more	12%
$10,000 – $19,999	14%
$5,000 – $9,999	16%
$2,500 – $4,999	17%
Less than $2,500	38%
$0/no purchases	2%

Seed is a no brainer. The average course spends nearly $10,000 per year on it. Spending was highest at Eastern private clubs. Surprisingly, nearly two-thirds of respondents said they overseeded last year.

Pesticides amounted to more than $35,000 of the roughly $280,000 the average course spends on non-labor items. Several pesticide manufacturers we shared these numbers with thought the fungicide figure was a bit high. So a few of you who made repeated disease-control applications last year may have skewed the average up.

Fungicides	Mean = $20,100
$20,000 or more	32%
$10,000 – $19,999	21%
$5,000 – $9,999	14%
$2,500 – $4,999	14%
Less than $2,500	14%
$0/no purchases	2%

Insecticides	Mean = $7,090
$20,000 or more	6%
$10,000 – $19,999	10%
$5,000 – $9,999	17%
$2,500 – $4,999	17%
Less than $2,500	38%
$0/no purchases	7%

Herbicides	Mean = $8,460
$20,000 or more	9%
$10,000 – $19,999	13%
$5,000 – $9,999	20%
$2,500 – $4,999	20%
Less than $2,500	31%
$0/no purchases	2%

Editor's note:

This data was collected from surveys completed by about 269 superintendents last spring. Margin for error is 5.9 percent at 95-percent confidence level.

Source: Readex/Golfdom, 2001

Fertilizer/Nutrition — Mean = $21,600

$20,000 or more	36%
$10,000 – $19,999	27%
$5,000 – $9,999	14%
$2,500 – $4,999	9%
Less than $2,500	8%
$0/no purchases	1%

Growth Regulators — Mean = $3,900

$20,000 or more	0%
$10,000 – $19,999	6%
$5,000 – $9,999	12%
$2,500 – $4,999	13%
Less than $2,500	34%
$0/no purchases	30%

Fertilizer and other plant-nutrition sources remain one of the largest line items on any golf course maintenance budget.. Growth regulators are a growing part of the market, but most courses still aren't investing heavily in them.

New Irrigation System/Remodel — Mean = $97,000

$500,000 or more	7%
$50,000 – $19,999	9%
Less than $50,000	23%
$0/no purchases	58%

Irrigation Parts/Supplies — Mean = $9,900

$20,000 or more	10%
$10,000 – $19,999	8%
$5,000 – $9,999	14%
$2,500 – $4,999	22%
Less than $2,500	32%
$0/no purchases	4%

A handful of courses that installed new systems pushed the mean spending in this category sky-high. But most courses still spend significantly on parts and supplies for their irrigation programs.

Greens Mowers — Mean = $15,200

$20,000 or more	26%
$10,000 – $19,999	16%
$5,000 – $9,999	7%
$2,500 – $4,999	5%
Less than $2,500	7%
$0/no purchases	35%

Fairway/Other Mowers — Mean = $16,500

$20,000 or more	30%
$10,000 – $19,999	9%
$5,000 – $9,999	5%
$2,500 – $4,999	2%
Less than $2,500	6%
$0/no purchases	45%

Aeration/Cultivation Equipment — Mean = $5,240

$20,000 or more	6%
$10,000 – $19,999	10%
$5,000 – $9,999	9%
$2,500 – $4,999	5%
Less than $2,500	9%
$0/no purchases	58%

Iron accounts for more than $36,000 annually in that mythical average budget. Between one-third and one-half of courses don't buy any new mowing/cultivation equipment in a given year — but the ones who do tend to spend plenty.