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."

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