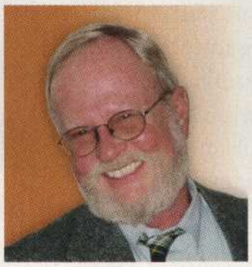
What It's *Really* Like to Work for a Management Company

Question: It looks like my course is about to be taken over by a management company. Having worked at American Golf, what are management companies really like to work for?



Heacock: They can be good, bad or indifferent.

First, understand that each management company has its own culture, style and business plan, and all these factors affect what that company is "like" to work for. They all differ, especially in culture.

Some management companies choose to own their courses, but most lease them or contract them from independent owners.

Some do business entirely on their own nickel — taking a risk in return for most of the profit and paying a guaranteed minimum rent to the course owner plus a percentage of gross income. The owner still gets paid the guaranteed minimum rent even if there's no net income. Management companies that utilize this style of operation prefer to manage the entire operation, not just golf maintenance. AGC and Club Corp are two examples.

Other management companies spend none of their money, take little or no risk, get a small upside potential (usually based on what they can save from some pre-agreed expense budget) and in return are paid a fee by the course owner. This arrangement is sometimes termed "contract maintenance," but companies that do it are still referred to as management companies. Some of Environmental Golf's operations are this type.

"Who's paying whom" factors significantly into the culture and operational style of any management company and has an impact on the superintendent. Let's contrast some examples:

■ Company A is paid a fee by the owner. In this situation, if the members like the superintendent because he does great work and/or schmoozes them, then his job is normally safe. This is similar to the typical private club job.

Editor's note: Golfdom *welcomes Mike Heacock, former vice president of agronomy and maintenance for American Golf Corp., to its editorial mix. Heacock, a certified superintendent who spent 17 years with AGC, wants to field your questions in this new bi-monthly column. What gives him the right to answer your questions? Well, in his prestigious career, Heacock cured a turf disease that no one else could and negotiated major purchase deals for AGC, among other things. In short, he knows the business — from economics to agronomics. So if you've got a question, fire away. You can reach Heacock at mike.heacock@verizon.net or 310-849-5011.*

Been there, seen that

You'll stay employed as long as you can keep everyone who counts happy.

■ Company B takes on all business risk and pays major rent to the owner. But let's say you're the superintendent at a high-end daily fee course that won't meet overly optimistic revenue projections because of a down economy. If you ignore financial reality and keep spending despite warnings from your boss, you'll be "adios, amigo."

And the company really doesn't care how much the members/customers liked you.

■ Company C is like Company B except that the superintendent conserves cash, comes in narrowly under budget and still keeps the course in decent shape while meeting or exceeding regional management's expectations. If they don't promote the superintendent to a regional position, he'll continue to be employed as the course's superintendent and earn accolades from management. He'll also be held as an example to the slackers around him, and he'll almost certainly get a raise during the next review period — though it won't be what he thinks he deserves.

The bottom line: Many management companies have commitments to banks, stockholders, and/or other entities regarding financial performance. So bad things will happen if they don't meet their numbers.

The only way to get away with underperforming as a superintendent is to stay below the corporate radar screen — and that's impossible in the long-term. The only way to do it as a career is to perform well as both a grass grower and a budget and personnel manager — every day.

For an expanded version of this column, see Golfdom.com.