



Status Quo

As shocking as sky-high gas prices may be, it's environmental issues that are driving equipment makers to revise their strategies

BY THOMAS SKERNIVITZ, MANAGING EDITOR

When it comes to more fuel-efficient equipment options, superintendents are doing more crying than buying.

A recent *Golfdom* survey of 150 superintendents found 52 percent are worried that increasing gas prices will have a major impact on their maintenance budgets. Another 28 percent were only slightly worried.

But the heightened concern hasn't impacted the major equipment manufacturers. There hasn't been a run on what few non-gas mowers are available. Nor has there been a backlash against gas-guzzling products.

"As far as our golf and turf sales, we really haven't seen any effect from the increase in fuel prices the last year or so," says Tracy Lanier, the golf and turf product manager for John Deere Co.

More telling, the Big Three — Jacobsen, John Deere and The Toro Co. — haven't significantly modified their immediate plans in response to the dilemma.

"Certainly there's noise out there because of (increasing gas prices), and Toro is certainly working on other fuel choices. But everything



When it comes to mowing a course, "there's nothing as efficient as a gas engine," according to The Toro Co.

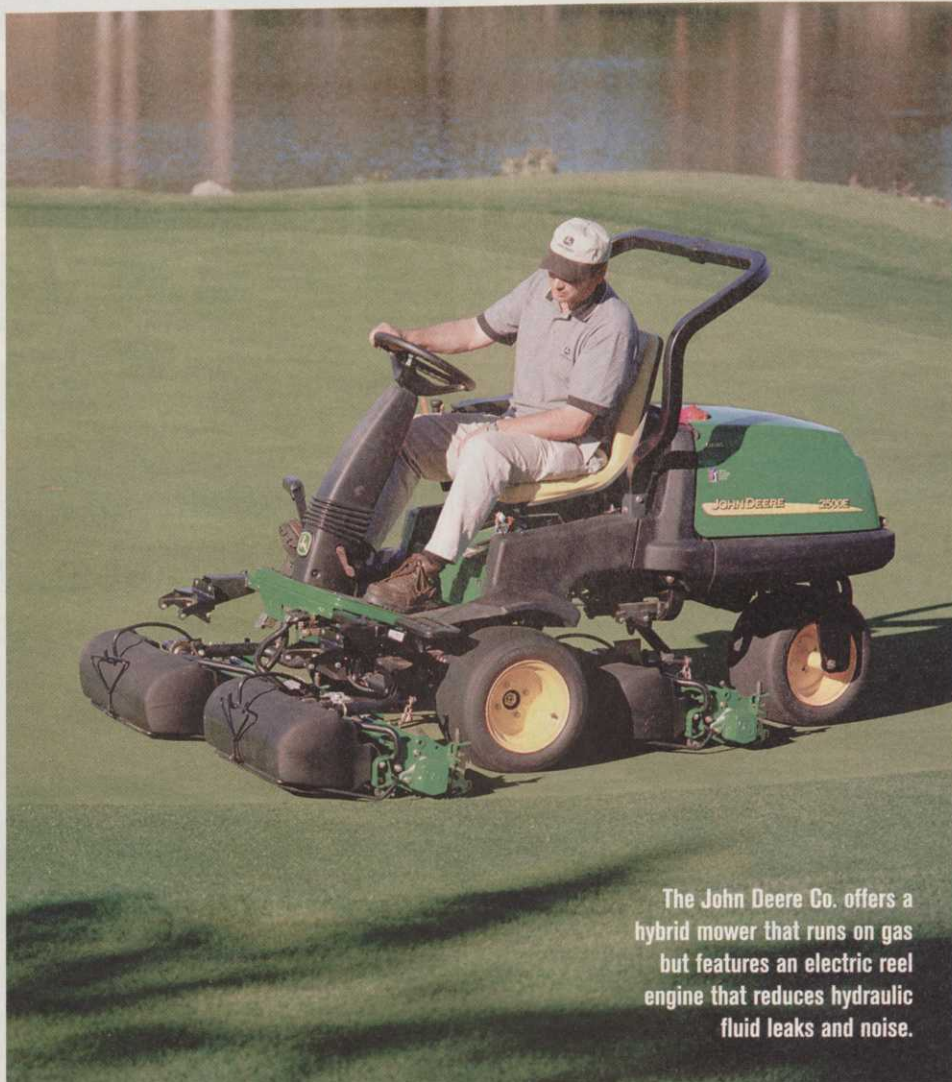
has tradeoffs," says John Wright, Toro's director of investor relations. "There's nothing as efficient as a gas engine. And gas would probably have to go up considerably for someone to say, 'Oh, my gosh, we have to all use batteries.'"

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“These (pieces of equipment) don’t consume a ton of fuel.”

RYAN WEEKS

JACOBSEN



The John Deere Co. offers a hybrid mower that runs on gas but features an electric reel engine that reduces hydraulic fluid leaks and noise.

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Until then, according to Wright, fuel consumption simply comprises too little of a superintendent's overall budget to warrant major revisions. Over the lifetime of a machine, about 10 percent of cost goes toward gas, he estimates. Meanwhile, the purchase price, costs for repair and parts, and especially the labor expenses are significantly higher.

“While we certainly acknowledge that prices have gone up, it’s by no means anywhere near the largest portion of someone’s budget,” Wright says. “If labor had gone up the same percentage (as fuel), it would kill somebody.”

Ryan Weeks, Jacobsen’s director of product management, agrees: “These (pieces of equipment) don’t consume a ton of fuel. It’s not like they’re a semi (truck) and get 4

miles to the gallon. But we do recognize it’s a cost, and we are doing things to significantly reduce or even eliminate that cost from the golf course.”

Ultior motive

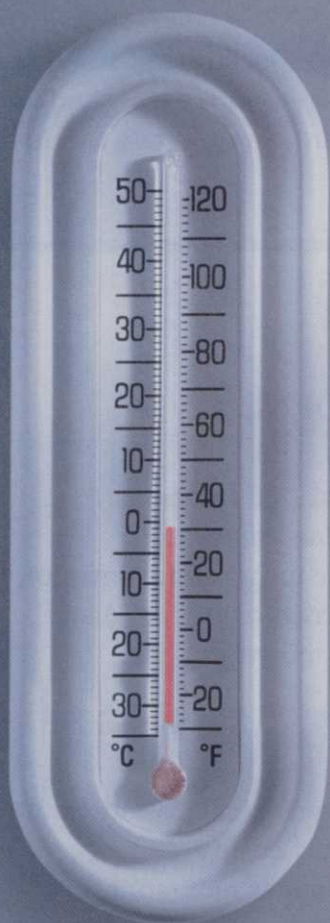
Although manufacturers have been working on hybrid alternatives for years, they’ve never used fuel efficiency as a motivator. Environmental concerns are foremost. And with homes increasingly being built along courses, reducing noise is another major factor.

“(Saving gas) would be third right now,” Lanier says.

Manufacturers are busy heeding California’s strict emissions standards and expecting other states to emulate them, according to Weeks. Already, he says, New York state offi-

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cials are seeking more environmentally friendly machines for municipal areas, "and they're actually offering subsidies to anyone who can help them do that."

Deere's response to the problem is the 2500E Hybrid Tri-Plex Greens Mower. Although the machine is powered by a gas or diesel engine, it features an electric reel motor that, according to Lanier, eliminates 102 hydraulic leak points, lowers sound levels by 4 dBA and increases fuel efficiency by 10 percent.

"What this allows us to do ... is that

we can throttle back our engine because we're not dependent on reel speed," Lanier says. "The customer can still mow all his greens with the same machine because we're not dependent on battery power."

Apparently customers are pleased. "It's hard to keep up with demand for it," Lanier says. "We're virtually shipping every one we've built."

Electric stigma

Meanwhile, the industry's lone all-electric mowers aren't selling quite as well, according to the machines' maker. Jacob-

Fertilizer Prices Yet to Sink In

Fortunately for fertilizer manufacturers such as The Andersons, superintendents — at least for now — appear to be an empathetic bunch. Despite fertilizer prices that have jumped by at least 15 percent this year and more than 25 percent over the last 18 months, there's been no major consumer backlash, according to the Toledo, Ohio-based company.

"(Superintendents) understand that fertilizer costs are related to natural gas," says Mike Bandy, marketing manager for The Andersons. "No one likes higher prices, but we haven't seen any real balking in terms of product consumption."

How long the calm will last is uncertain. The Andersons had not been expecting such a large increase in gas prices this year. In addition, the company was hoping to see a dip in natural gas prices this summer, but that has not yet occurred.

"We built in as much (of the rising costs) as we could in the pricing we did in the fall," Bandy says. "But prices went up more than we were expecting, so we were forced to do a price adjustment in April to further reflect where (costs) are right now."

"We're concerned about it longterm. We don't want to see the superintendents' cost go up, so we're trying to be as efficient as we can. But there is a limit as to what we can do."

Natural gas represents 70 percent to 90 percent of the cost to make nitrogen fertilizer, according to The Fertilizer Institute. Compounding matters, two other fertilizer components — phosphorus and potassium — have increased in price.

"Natural gas isn't the only driver for fertilizers," Bandy says. "The phosphorus is probably related to energy costs in general, and the potassium pricing is probably more of a competition situation within the potassium industry."

On top of all that, The Andersons has to ship products to and from each of its three main plants in Maumee, Ohio; Bowling Green, Ohio; and Montgomery, Ala.

"Most of our fertilizer and raw materials are not sourced close to our manufacturing facilities, and they are obviously very bulky products and very expensive to ship," Bandy said. "Conversely, we are a nationwide distributor and we ship products all across the nation and there are additional costs, primarily in the form of freight charges for trucks to ship products to our distributor customers."

Unfortunately, the increased costs represent a "change that will probably not be reversed," Bandy says. That may force The Andersons to change. "What it probably is forcing us to do is relook at our formulas and make sure we're as efficient as can be," he adds.

— By Thomas Skernivitz

sen's riding greens mower, the E-Plex II, and its walk-behind greens mower, the E-Walk, have yet to sway superintendents.

"To be honest, I don't fully understand why the electric greens mowers haven't taken off like wild-fire," Weeks says. "It seems logical that customers would get on board with this technology, especially when it's very environmentally friendly and the machine is obviously dead silent.

"But the adoption rate on the riding greens mower and even the walking greens mower hasn't been what I think it should be. The percentage of the electric

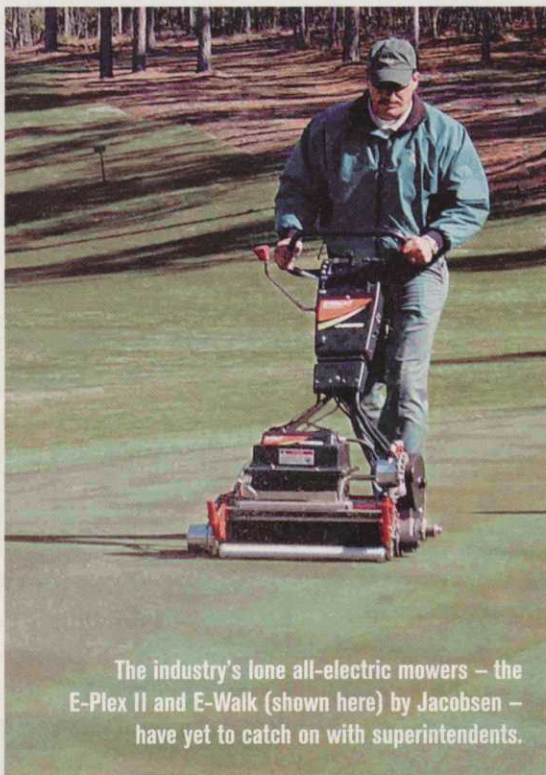
walkers that we sell relative to our overall percentage of our walking greens mowers is not even 10 percent."

The easy explanation behind stagnant sales is the perception that electric mowers are less powerful — a belief that Jacobsen's competitors are quick to highlight.

"The problem with a straight battery-powered machine is that it just can't perform the same functions as a standard hydraulic greens mower," Lanier says. "That's the downside of a total electric battery-powered machine. You only have a certain amount of power stored in this battery, and once it's gone, it's gone. You have to recharge it."

Not to fear, according to Jacobsen. Most courses, Weeks says, typically have an arsenal of at least two riding greens mowers and possibly six walking greens mowers per 18 holes.

"Sometimes," says Weeks, "we get a golf course that says, 'Well, I can't cut 18 holes with that riding greens mower on that one charge.' Well, nobody cuts 18 holes with one riding greens mower regardless of what you're using because you don't have that much time in the



The industry's lone all-electric mowers — the E-Plex II and E-Walk (shown here) by Jacobsen — have yet to catch on with superintendents.

morning to get all the greens cut."

Jacobsen's all-electric sales could also be suffering because of the golf industry's traditionalism and conservatism.

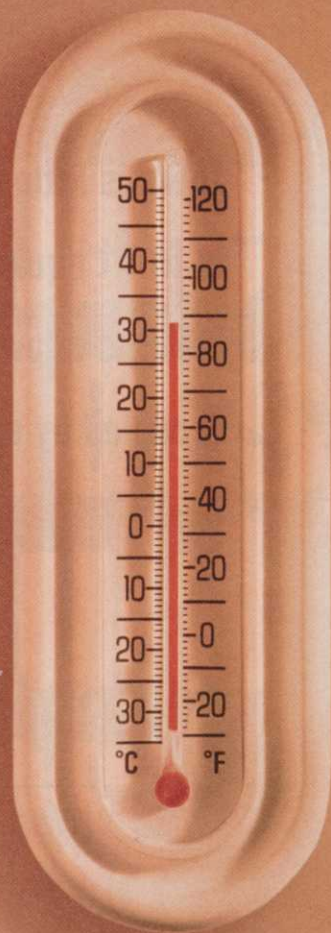
"The overall product lifecycle in the golf industry seems to be a hair slower than most industries," Weeks says. "And you have to recognize that superintendents, if they screw up one or five of their greens because they try out a new technology that doesn't work out, could lose their jobs over it. So they're rather slow to switch and they like to see a lot of proof before they consider it."

Jacobsen plans more aggressive educational and marketing campaigns to remedy the situation. "We're doing things to insure that the nightly charge isn't really what (superintendents) need to be concerned with in terms of getting that mower around the course," Weeks says.

Equally frustrated

Equipment manufacturers are no more pleased than superintendents about increased fuel prices, according to Wright. Toro, he notes, has had to

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work through price hikes of several of its manufacturing components, including steel, resins and rubber.

There is little that the Big Three can do to limit equipment price hikes because theirs is a low-volume industry that's occupied by even smaller suppliers.

"Those things are a lot bigger than fuel prices," Wright says. "We've felt it just as much as any superintendent."

In turn, superintendents have already seen equipment price increases. "I think everybody has had to nudge them up a little bit," Wright says. And there is little that the Big

Three can do to prevent that, he adds, because theirs is a low-volume industry that's occupied by even smaller suppliers.

"The people that supply a fairway mower with a motor aren't also supplying General Motors," Wright says. "So while there are three players that are trying to become more efficient in how they make things ... it gets tougher to fight price increases when it's more of a niche market."

Nonetheless, Toro is always trying to defray customer expense, Wright says. Currently a lean manufacturing system is being implemented to eliminate waste in the production process and, in turn, reduce the amount of time between customer order and delivery.

"Toro is working hard at managing the commodity and fuel increases out there, whereas the gas companies are probably not doing anything," Wright says. "When was the last time Amoco was trying to save you a dime?" ■

Got Ball Mark Problems?

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Country Club of St. Albans, St. Albans, MO
Desert Highlands Country Club, Scottsdale, AZ
Elgin Country Club, Elgin, IL
Flint Hills National Country Club, Andover, KS
Karsten Creek Golf Club – OSU, Stillwater, OK
La Jolla Country Club, La Jolla, CA
Medinah Country Club, Medinah, IL

Merion Golf Club, Ardmore, PA
Norwood Hills Country Club, St. Louis, MO
Palos Verdes Golf Club, Palos Verdes, CA
Quintero Golf & Country Club, Peoria, AZ
Raccoon Run Country Club, Warsaw, IN
TPC at Boston, Norton, MA
TPC at Summerlin, Las Vegas, NV
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