# Rays of Hope in a Stormy Economy

Despite difficult financial times, superintendents are optimistic about the future, according to reader survey

BY LARRY AYLWARD
EDITOR IN CHIEF

Maybe they think the economy has bottomed out like John Daly's golf game? Maybe they think the economy, like Daly's career, has nowhere to go but up?

Whatever the reason, 34 percent of golf course superintendents expect the national economy to improve in 2009, according to *Golfdom's* recent annual reader survey, which includes more than 650 responses. The survey is part of our ninth-annual *Golfdom* Report, a detailed analysis on the state of the profession and the industry.

Yes, we find the 34 percent ratio rather high because only 26 percent of superintendents said the economy would improve in 2008 when we asked them this question more than a year ago. At that time, the country was only teetering on a recession, and few people expected the economy to tank as much as it did in the last few months of 2008.

At the time we contacted readers for this year's survey, some economists suggested we were teetering on … gulp … a depression! We were witnessing meltdowns in the financial and automobile sectors. The stock market was up and down like a Duncan yo-yo. And the topic of "government bailout" dominated discussion among armchair politicians everywhere.

For sure, the 26 percent of superintendents who predicted the economy

PHOTO BY: ISTOCK INTERNATIONAL INC.

would improve in 2008 were wrong. But let's hope that most of the 34 percent of superintendents making the prediction for 2009 are better prognosticators. We *want* them to be right, after all.

OK, enough optimism about the national economy improving. Let's bring it back home to the golf facility, where superintendents — not surprisingly — aren't as optimistic as they've been in the past.

In this year's survey, as in years past, we asked superintendents: How optimistic are you about the economic health of your facility in 2009?

Twenty-two percent said they are "very optimistic" and 34 percent said they are "kind of optimistic," which equals 56 percent on the glass-is-half-full side. However, that 56 percent is down from 66 percent when we asked superintendents the same question for 2008. At that time, 30 percent said they were "very optimistic" and 36 percent said they were "kind of optimistic."

Not surprisingly, the pessimism meter jumped a tad this year. Fourteen percent said they are "kind of pessimistic" about the economic health of their facilities, and 3 percent said they are "very pessimistic." Those numbers are up from 10 percent ("kind of pessimistic") and 1 percent ("very pessimistic") from a year ago.

It should also be noted that 27 percent of superintendents said they are "neutral" in their views for 2009 compared to 23 percent for 2008. That's not bad news.

Let's move on to the golf course maintenance budget, which was whacked mercilessly in 2008 thanks to high fuel and fertilizer prices that many superintendents didn't see coming. As for 2009, as in many industries across America, superintendents will be asked to do more with less. That's because their maintenance budgets, while not shrinking as fast as our 401(k) funds, are not necessarily increasing and remain flat in most cases.

According to our survey, 4 percent of superintendents say their maintenance budgets increased 15 percent or more from the previous year, a number that's down from 6 percent the previous year. But there was a big decrease in the number of superintendents who said their maintenance budgets are up 5 percent or more in 2009 compared to 2008. Thirty percent said their budgets are up that much this year, down from 43 percent last year.

The number of superintendents reporting their budgets remain the same in 2009 when compared to 2008 is similar — 42 percent this year compared to 40 percent last year. However, 17 percent of superintendents report their budgets are down 5 percent or more this year compared to only 9 percent in 2008. The num-

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# A Cautious Man

## Who would know best about the state of the golf industry? The National Golf Foundation's Joe Beditz, of course. I sought him to obtain answers about the game's future in this tough economy

**By Larry Aylward, Editor in Chief**

Heading into 2008, Joe Beditz said he was "cautiously optimistic" about the state of the golf industry. Going into 2009, the president and CEO of the National Golf Foundation said he was just plain "cautious" because of these tumultuous economic times.

"We're going into 2009 with great uncertainty," says Beditz, who lives and breathes the golf industry as the head of the Jupiter, Fla.-based firm that has been tracking statistics and trends in the golf industry since 1936.

Last year, when the country was on the eve of this nasty recession, Beditz said he was optimistic about the golf industry's health because rounds were down only a half percent in 2007 when compared to 2006. "It's surprising [rounds] are holding under these economic conditions," he said at the time.

Of course, not many people predicted the economic demise that occurred in 2008 and has continued into 2009. Despite a worsening housing market, as well as financial and automotive market meltdowns (among other things), rounds dipped only 1.6 percent through the first 11 months of 2008 when compared to the same time period in 2007.

"That's not bad," Beditz says.

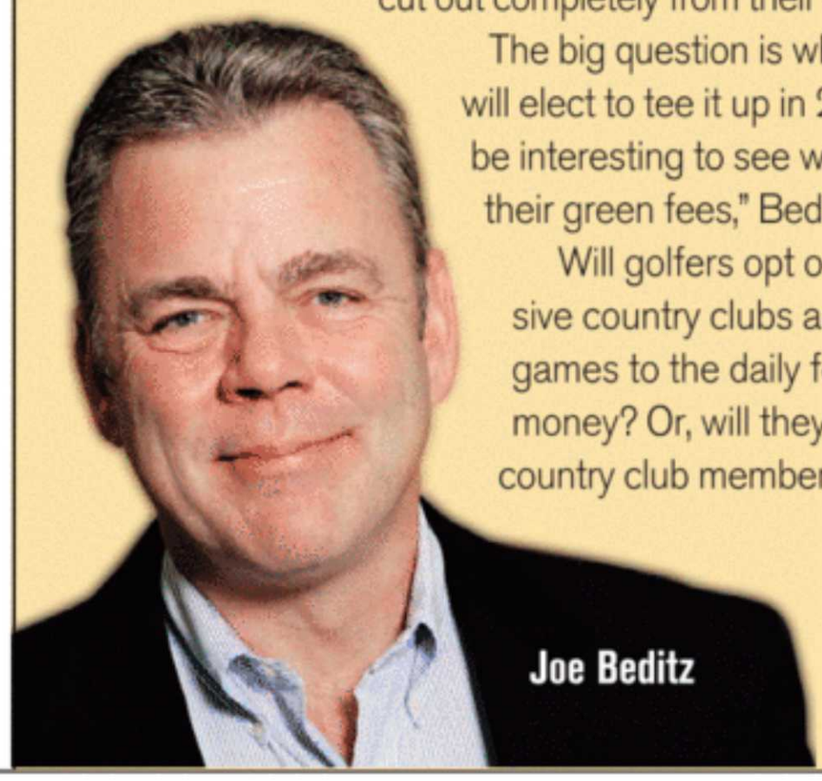
But the statistic is not good enough for Beditz to be as optimistic about the industry as he was a year ago. "This is not a time to put rose-colored glasses on and say everything is going to be fine," he says.

But Beditz does not doubt people will continue to play golf.

"The golf business is not drying up like the auto business," he says. "Golf is not the kind of expenditure that people must cut out completely from their spending."

The big question is where golfers will elect to tee it up in 2009. "It will be interesting to see where they take their green fees," Beditz notes.

Will golfers opt out of expensive country clubs and take their games to the daily fees to save money? Or, will they keep their country club memberships but play



Joe Beditz

◀◀◀ more public golf? Beditz says courses in the mid-price market range are reportedly doing fewer rounds because premium-priced courses are discounting rounds to attract more mid-market golfers.

"But I'm not so sure the mid-priced facilities might not start looking better to people than a discounted premium facility that still costs more than the mid-priced facility," Beditz says. "If you and I normally play at a place that costs $40, but we get an offer to play for $60 at a place that normally charges $90, we might say that $60 looks pretty good because it's normally a $90 place. But the $60 fee still may not look as good when compared to the $40. Some people might say the difference is only $20. Others might view it as being able to play three rounds at the [mid-priced] place compared to only two rounds at the [premium] place."

The bottom line is more golfers are managing their costs per round just like they're managing their other household costs.

Of the nation's 4,415 private clubs, memberships are down an average of 23 percent from their peak with money as the reason why, according to a recent report by NGF, "The Future of Private Golf Clubs in America." Beditz says NGF research also reveals that 15 percent to 20 percent of private clubs are struggling. While he's not worried about them closing, Beditz says those clubs need to make smart business decisions.

"I think you'll see that more clubs will be forced to open their doors a little or a lot [to non-members] to generate revenue, which will provide additional opportunity for golfers to play these venues at certain times and at certain prices," he says.

While golf is often criticized as too expensive to play, Beditz disputes the notion. He compares golf courses to restaurants, where some are upscale and expensive and others are casual and less pricey. "People still eat out; they're just being careful with their choices," Beditz says. "We have plenty of affordable golf courses."

Like most people, Beditz anxiously awaits how the first quarter will shake out economically. "The bad news continues to pile up, but things will ultimately turn the corner," he says. "But 2009 is not a year to think about being aggressive [to grow]. It's about being defensive and careful. It's a year of caution."

Beditz says the golf industry is "only a little cog" in the big economic machine. "We're one of the least-affected industries, but we're still affected," he says. "But we have nothing to do with the causes of the recession. We're on the sidelines watching."

Beditz stresses that customer service is more important than ever for every segment of the golf industry. "All businesses in golf, be it a turf supplier or a golf course, need to be extremely focused on retaining their existing customers and keeping service levels as high as possible," he says. "In times like this, customer retention is incredibly important."

Beditz says he has been through recessions before, but this one is deeper and longer than the others. "But I'm optimistic that recessions don't last forever," he says. "I'm also optimistic that golf and the entire economy will come through this down cycle. And, I'm optimistic the vast majority of golf businesses in all sectors are strong enough to withstand it." ■

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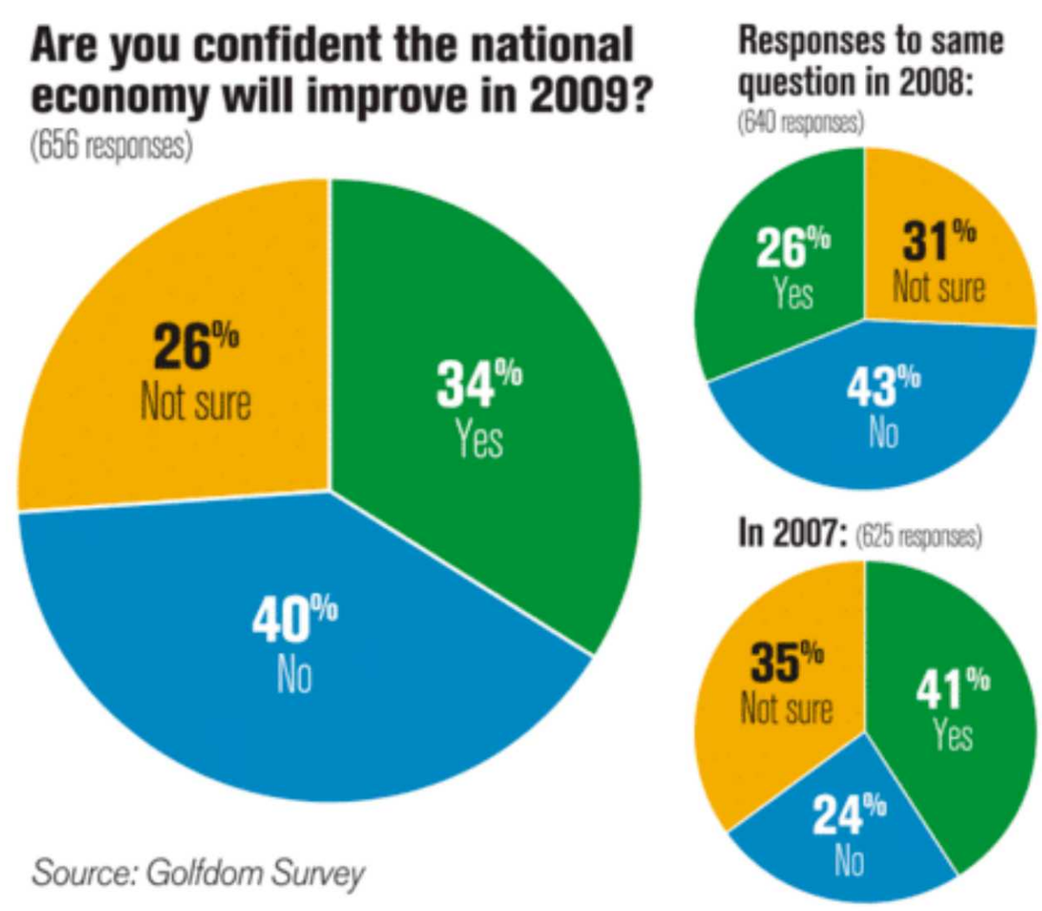
ber of those reporting that their budgets are down 15 percent or more also doubled in 2009 from 2008 — to 6 percent from 3 percent.

It's not uncommon in an unsettled economy for superintendents to be forced to cut items in their budgets. 2008 was one of those years. When fuel prices soared last spring, many superintendents found they had to make cuts in other areas to make ends meet. For instance, some superintendents reduced their mowing frequency to stay within their fuel budgets.

According to our survey, 48 percent of superintendents say they are most likely to reduce labor in 2009 if they must cut their maintenance budgets. That's up from 42 percent of superintendents who were asked the same question about reducing their 2008 budgets.




*Source: Golfdom Survey*

But a telltale sign about how superintendents feel about their budgets came with the answers to the question: What is your biggest professional concern? The leading answer to the question has been the same the past three years: finding and retaining good employees. However, the percentage providing that answer dropped to 33 percent this year from 42 percent last year. And coming in a solid second place this year, which has not been the case in previous years, is that 23 percent of superintendents said their "budget" was their biggest professional concern. That number is up from 15 percent in 2008 and 16 percent in 2007.

Clearly, more superintendents are taking their budget issues more seriously. They're worried they won't have enough money to maintain their courses at the high

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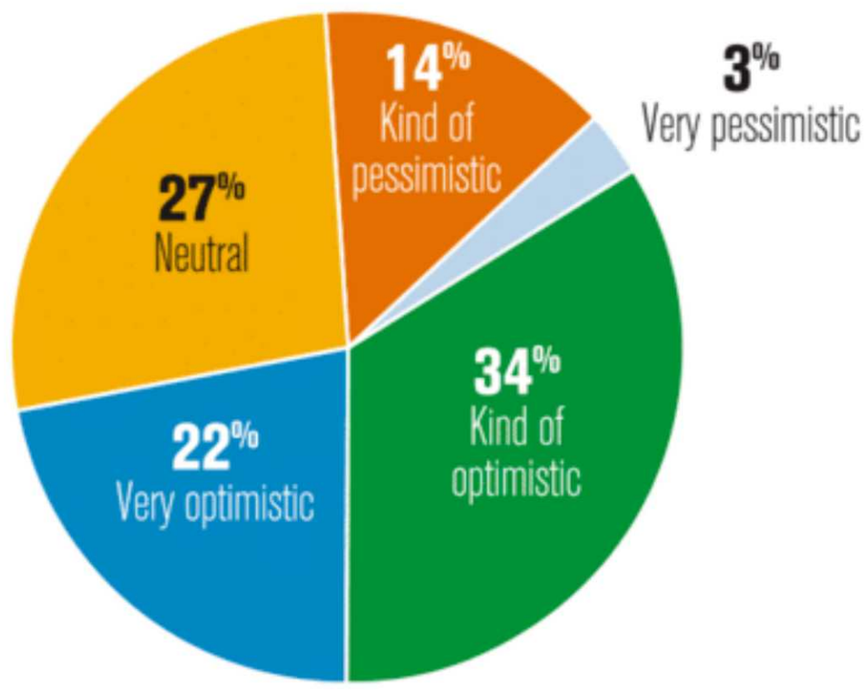
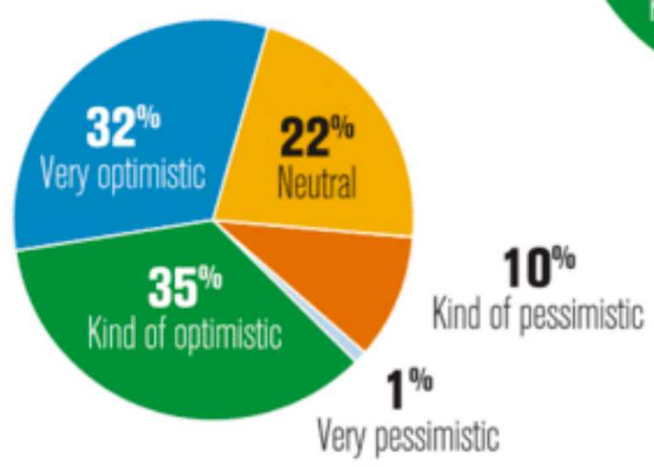
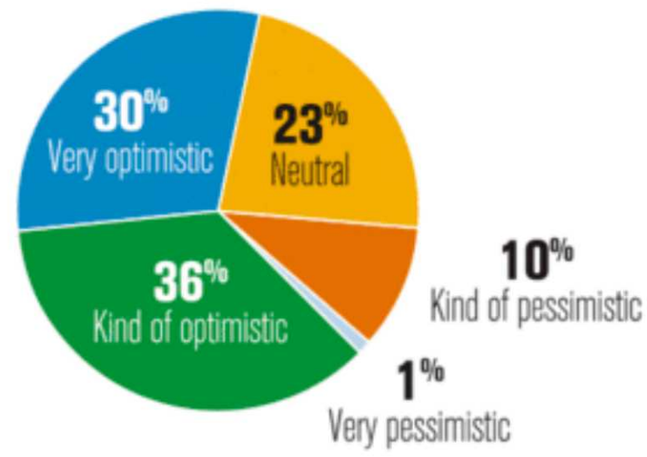
**How optimistic are you about the economic health of your facility in 2009?** (656 responses)




**In 2007:** (625 responses)




**Responses to same question in 2008:** (640 responses)




Source: Golfdom Survey

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levels to which they are accustomed. And if the courses look a little shaggy and the members/golfers complain about that, who do you think will take the fall? Indeed, it's a "professional concern" that makes sense.

It's interesting to note that golf rounds were down only 1.6 percent through November in 2008, according to Golf Datatech. Chalk that up to a victory considering sales in other industries plummeted much further, some accruing double digits.

Of course, there are fewer golf courses to play. The National Golf Foundation reports that U.S. golf course developers posted the lowest number of openings in two decades. Measured in 18-hole equivalents, 72 courses opened in 2008.

On the other side of the spectrum, the NGF reports 106 golf course closures in 2008. The NGF says most of those courses were "disproportionately public, stand-alone nine-hole facilities or short courses (executive or par-3 length) with a value price point."

That's a net loss of 28 courses in 2008. This golf course "correction" has been going on for a few years — it's the third straight year of closures outnumbering openings. The industry was overbuilt in the 1990s and early 2000s, and play has been flat. Something had to give — and it's giving.

However, with fewer golf courses and rounds not being down as much as they could be, could it be that competition for golfers and their rounds will be greater this year than ever before, especially in this economic climate? And considering that golfers place a premium on golf course conditions, maybe it's not a good time to make drastic cuts to the maintenance budget.

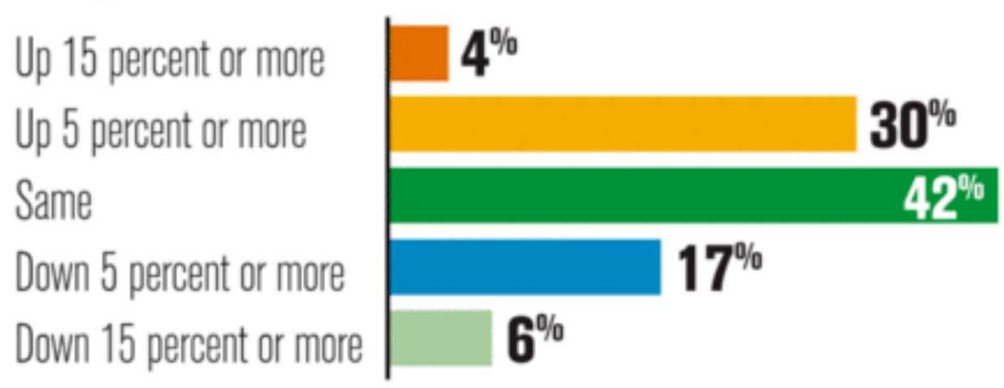
The catch phrase these days is, "I just want to make it through 2009." But the phrase has a hunker-down-and-stick-your-head-in-the-sand-and-let-these-bad-times-pass mentality. While it may sound like the safe route to take, is it the right route? Considering the battle for consumers' tightly grasped dollars, this is not a good time to offer less of a product to your customers.

Maybe all golf courses — private, public and municipal — should take a hard look at their game plans for this year. And if those game plans are only about "just making it through the year," maybe they should be revamped to say, "We're going to do everything in our power this year to have the best dang year possible."

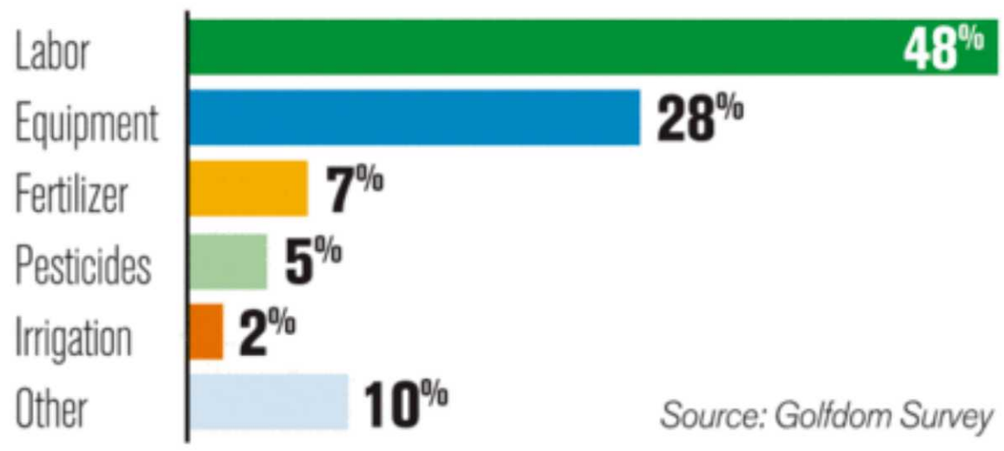
A little optimism could go a long way. ■

*For construction outlook, turn to page 22*

**Do you think your 2009 maintenance budget will be ...** (652 responses)




**What is the area of your maintenance budget you're most likely to cut if asked to do so?**




Source: Golfdom Survey


# All Quiet on the Construction Front

Architects, builders rely on restoration work to get them through the recession. They also rely on hope that things will get better

**BY ANTHONY PIOPPI**
**CONTRIBUTING EDITOR**

The land that was supposed to transform into the bustling Maine National Golf Club in 2008 turned out to be a quiet piece of property for most of the year.

Earlier in the year, the site was brisk with sounds of heavy equipment reworking the land into a highly anticipated private layout. But the recession put a stop to the project on all but a small amount of work for Mark Eitelman, owner of Agri-Scape Golf Construction, and his crew. Now and again Eitelman and some of his employees will inspect the site that was about 30 percent cleared when the job was halted. They visit the disturbed land to make sure that silt fences are in place and that no runoff is making its way into a nearby pond.

"We're there on an as-needed basis," Eitelman says of the Brad Booth-Brad Faxon design on the south Maine coast. "We're still dealing with the Department of Environmental Protection and erosion-control issues. We're babysitting the site."

Eitelman has not been given a time frame as when the project might start up again, and he does not foresee it happening anytime soon, maybe not even in 2009.

The sour New England golf market, where the only new course that opened in 2008 was the Brian Silva-designed Old Marsh Country Club, a semi-private layout coincidentally also in Wells, is not an aberration. Long before it was formally announced the country was in a recession, the golf course design

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PHOTO BY: LARRY AYLWARD

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and construction industry, from the jagged Maine coastline to the fog-shrouded shores of northern California, was mired in such a state.

2008 marks the third consecutive year that more golf courses across the country closed than opened. In 2007, the National Golf Foundation said the equivalent of 121.5 18-hole courses closed while 113 opened. In 2006, 146 shut down and 119.5 opened. The NGF reported that 72 courses opened in 2008, the lowest number in 20 years. The NGF said there were 106 closures in 2008.

New course construction has virtually ground to a halt. It wasn't long ago that opportunities for renovations and restorations were passed over by many of the larger construction companies and highest-priced architects. But not anymore.

**Mark Eitelman**

Owner, Agri-Scape Golf Construction

"We downsized our crew and equipment. A lot of our big earthmoving equipment is packed in the yard."

Most of the rest of the world is not that different from North America. There are burgeoning markets such as Eastern Europe, but the golf crisis is global for the most part. And no one can predict, with any semblance of faith, when it will end. Agri-Scape's Eitelman says that where once his business in the United States was 80 percent new construction and 20 percent renovations, it has been 90 percent renovation and 10 percent new construction for the last three years. Eitelman said he saw the downturn coming and was prepared for it, adding that he "re-geared" the company.

"We downsized our crew and equipment," he says. "A lot of our big earthmoving equipment is parked in the yard."

Three years ago, Agri-Scape employed 60 to 70 during the summer. In 2008 that number was between 25 and 30. Last year the company worked on a number of projects where it performed everything from major bunker renovations to irrigation and drainage work. Agri-Scape also handled much of the sodding,

Some of the jobs came at financially sound private clubs. "The older, stable facilities have money," Eitelman says. "There's always going to be that kind of work around."

But Eitelman says that even those courses have cut back. Where once the projects were budgeted for $300,000, they were reduced to $150,000 or $200,000. Making matters worse for Agri-Scape and other small companies is that the big boys on the block are bidding on smaller renovation contracts they once passed over.

Tom Shapland, president of the Midwest office for Wadsworth Golf Construction, the largest golf course builder in the United States, said a $1 million project was the smallest the company would be involved with not too long ago. Now Wadsworth is going after jobs nearly half that number. "It's very bad, very depressed," says Shapland, who has been with Wadsworth for 40 years.

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PHOTO BY: ANTHONY PIOPPI

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At the end of 2008, Wadsworth was working on a variety of projects in the United States, including new construction for a private facility and a municipality as well as various renovation projects of varying sizes. To help cut costs, the company is restructuring its equipment fleet and not filling job openings when employees move on. As a result, the remaining workers can find themselves performing duties they have not done in a while.

"A lot of key people in lead positions are now in secondary positions; shapers might be running track hoes," Shapland says. "You end up with all-star casts on the jobs."

Architect Craig Schreiner, based in Myrtle Beach, S.C., has experienced such lineups with the architecture firms of which he has worked. "They're keeping the best workers," he said. "And they're having to pay attention to projects they might not have before."

Those courses that can afford work are benefiting from the downturn. "We're seeing more competitive pricing," Schreiner says. "For clubs that have money, this is a really good time."

Schreiner, who moved his headquarters to Myrtle Beach in 1990 after being based in Kansas City, Mo., for 18 years, said his business was up 46 percent in 2008 over 2007, but he knows he's fortunate to have had such success. Schreiner does have some new-course construction in the works, but the majority of his business comes from existing facilities.

Not every architect is able to secure such jobs, at least not in the United States. Brit Stenson, director of design for IMG Golf Course Services which works mostly in Europe and Asia, says some designers in need of work are traveling overseas for the first time to find it.

"There's more competition because more guys are coming over," he says.

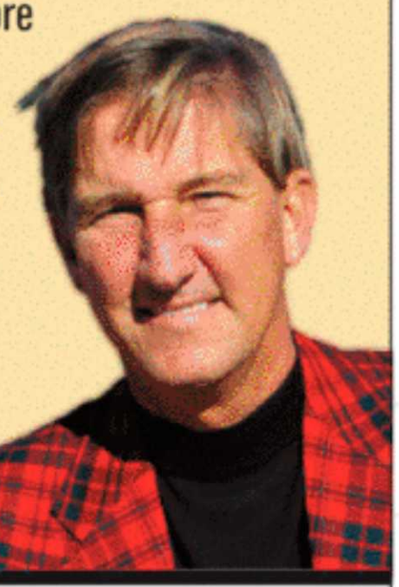
Business remains strong in places like China, Austria, Costa Rica and Kazakhstan, although other countries that have been in a building boom are slacking, such as Vietnam and Thailand.

"You can clearly see the slowdown," Stenson says.

The present and the future are much the same in Canada ,where Doug Carrick has designed courses for more than 20 years. After a decade of healthy business in and around Toronto, near where his

**Craig Schreiner**
Architect, Schreiner Golf Inc.

"We're seeing more competitive pricing. For clubs that have money, this is a really good time."



business is based, Carrick says work has dwindled as it has in places like Nova Scotia and New Brunswick. Courses are being built and planned in two regions of Canada, however. British Columbia, where tourism is big and Alberta, where oil money can be found, continue to see growth.

Carrick has no idea when the outlook in North America, or elsewhere, will change. "I don't know if anyone knows how long this recession is going to last," Carrick says.

There is a combination of steps needed to survive this downturn or it will put construction companies and architects out of business or, at least, out of the golf business, Carrick and others say.

Carrick has only two other partners so a firm with three employees has a better chance of riding out the bad times. His company has its hand in a variety of projects from small renovations to full-scale designs.

Another key to gaining business, according to Agri-Scapes Eitelman, is maintaining a relationship with nearly every course on which he's worked.

"Whatever the project is, whether we build or renovate, we look at them as friends," he says.

As a result, he has repeat customers, usually high-end private or resort facilities that want to keep their layouts as good as they can be, which can mean bunker touch-ups, small drainage and irrigation projects, or even the recontouring of fairways and greens.

Schreiner has already seen clubs giving more attention to their practice areas and says he expects that trend to continue.

Despite the downtown, the architects and builders look to the future with hope.

"I don't think it's going to be good in 2009, but it will be better in 2010," says Wadsworth's Shapland, noting that's his gut feeling. "It's hard to be a contractor and not be an optimist." ■