

Holding Their Turf

It's a splendid late-October evening for an outdoor cocktail reception, and members of the Independent Turf and Ornamental Distributors Association (ITODA) are holding their gathering in the perfect place — on the balcony of a Key West hotel about 50 yards from the ocean.

There's a cool ocean breeze under a cloudless sky and the sound of gentle waves lapping the sandy shore. The only thing missing at this party is a flip-flop-wearing, six-string-strumming Jimmy Buffett.

While it feels like Margaritaville, the sensation is fleeting. Most of the folks at the party, all of whom are golf course maintenance distributors and manufacturers who are members of ITODA, have endured a challenging year in the golf course maintenance industry. In a few days, they'll return home from Key West, where they held their annual meeting, and they'll be back in their offices — and back to the reality of doing business in a difficult golf economy.

Ned Herod sits on a chair and sips a cold drink. He sighs when asked if he's glad that 2009 — which will go down as the year of the Great Recession — is coming to a close. Herod, the second-generation owner of Herod Seeds, a distributor in Richmond, Va., says he's glad 2009 is almost over because he's never experienced a year like it. And, unfortu-

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Golf course distributors, suppliers
have no choice but to be steadfast in
dealing with economic woes

**BY LARRY AYLWARD,
EDITOR IN CHIEF**

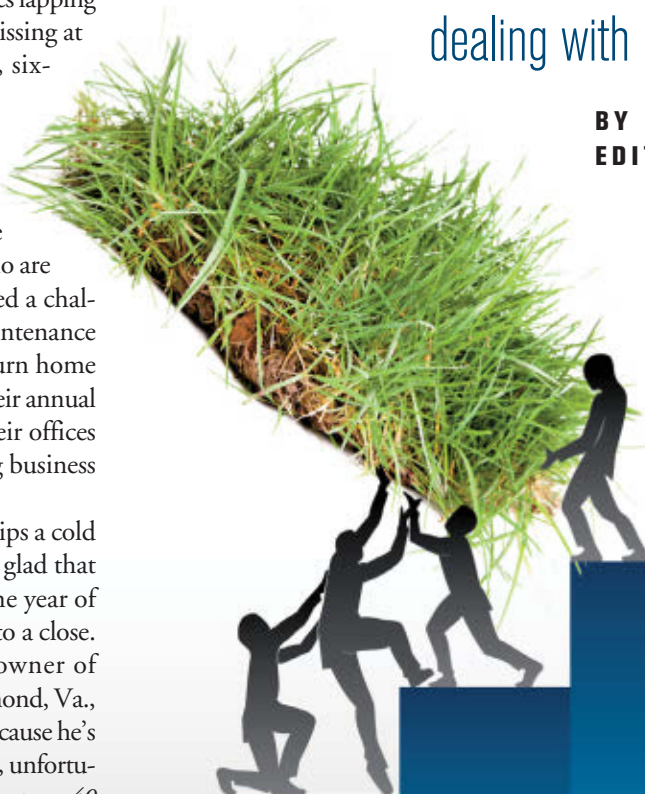


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nately, he expects 2010 to be similar.

Last year started off on a good note for Herod Seeds, which conducts about 65 percent of its business in the golf market, but ...

"I wasn't feeling the pain a year ago," Herod says. "We did a good job with early-order programs and really didn't start feeling the pain until April or May."

Herod estimates that golf courses in Virginia and Maryland, which his company primarily serves, are down 25 percent to 30 percent in expenditures on seed, fertilizer and chemicals. This after Herod Seeds grew steadily every year since it opened in 1979.

Don Naumann, president of Sierra Pacific Turf Supply in Campbell, Calif., says his business was down only 3 percent going into August, but that dropped to 15 percent in October. He says some northern California superintendents are using "super-long" residual slow-release fertilizers or cutting fertilizer applications to save money. Others cut a pre-emergent herbicide application in the spring.

Naumann predicts 2010 will be worse than 2009 because superintendents base their budgets on the year's previous rev-

enues. Naumann also expected fewer golf course superintendents to participate in early-order programs.

"They're afraid the money won't be there when they need to pay it in June or July," Naumann says. "Also, some superintendents were hurt by price drops mid-season, and they don't want to be hurt again."

Chad Will, president of Tenbarge Seed Co. in Haubstadt, Ind., says other factors besides the economy hurt business in 2009.

"It was a perfect storm this year for our business because golf is down, the housing market has slowed, and the weather couldn't have been much worse," he says. "The weather has affected our business more so than the economy. But we've learned a great deal about our business through these tougher times, and we'll be stronger because of it."

Will, however, believes his business will be better in 2010.

"If for no other reason than the weather has to get better," he says. "In addition, prices are down and that should create more end-user buying. Consequently, we'll still face challenges, and I don't foresee any record-breaking numbers."

Brian Smith, president of Arizona Sports Turf in Scottsdale, Ariz., is also bracing for a challenging year. Winter is golf's peak season in Arizona, but Smith says he heard hotel reservations in Phoenix were down as much as 50 percent at some establishments.

Smith conducts 75 percent of his business in the golf industry. He says he's taken steps to combat the economic downturn by taking "a great awareness" to be cost-effective.

"The advantage for an independent smaller company like us is that we can react," Smith says. "We saw this coming. We started doing the things we needed to do to better manage the finances of the business."

Smith says he's constantly looking at new products, new product applications and new technology for improved performance and

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— DON NAUMANN

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cost efficiency. Is he optimistic his business will improve? You bet — Smith recently hired three employees to prove his optimism.

A problem in 2009 that could carry over to this year is golf courses not paying for their purchases, distributors agree.

“The issue now is managing cash ... making sure everybody is going to get paid,” Smith says.



“If you get weighed down by this, it can get to you. We have no option but to find a way through this.”

— BRIAN SMITH

Overall, Smith says a positive attitude is needed and vital to get through these tough times.

“If you get weighed down by this, it can get to you,” he says. “We have no option but to find a way through this.”

That’s exactly how Mike Bandy, senior technical/regulatory manager for The Andersons Turf & Specialty Group, sees the big picture. In fact, Bandy is surprised “things” have held up so well.

“There are some troubles out there, but it hasn’t been a catastrophe,” he says. “Perhaps the industry is more resilient than we give it credit for.”

Bandy realizes golfers have either cut back their playing time or are playing less-expensive courses, and are also holding off on new equipment purchases, all of which can impact maintenance in the long run.

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“A lot of people I talk to feel like they’ve weathered the storm.”

— DON SPIER



“What’s really important is we keep the players in the game,” Bandy says. “But we have to face reality. If rounds are flat and revenue per round is down, this is the world in which we have to live.”

Bandy says some superintendents are trading down to cheaper fertilizer for fairways and even skipping applications to save money. But Bandy believes industry personnel have acted in earnest to the economic downturn.

“Certainly, distributors in the industry have pulled their inventories down, which is not good for us but I understand why it’s done,” he says.

Don Spier, vice president of the professional turf business for Precision Laboratories, predicts the industry will start to bounce back at year’s end or the beginning of 2011.

“A lot of people I talk to feel like they’ve weathered the storm,” he says.

Spier says Precision Laboratories’ business took a double whammy in 2009 — from the economy and the wet weather, of which the latter negatively impacted the company’s soil surfactant segment. However, the company’s business rebounded in the fall, he notes.

Herod expects to do a lot of thinking this winter about his enterprise, which celebrated its 30th anniversary in 2009. “It’s a real challenge now to maintain profitability,” says Herod, noting independent distributors generally have a higher cost of doing business than national distributors. “Do we need to alter our business model? We’re exploring some out-of-the-box things. It’s going to be an exciting winter.”

For ITODA members and everyone in the golf course industry, for that matter, this is a time to persevere.

“We need to get through this,” Bandy says. “But in the mean time, we need to manage our P’s and Q’s, whether we’re suppliers, superintendents or somebody else.” ■



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