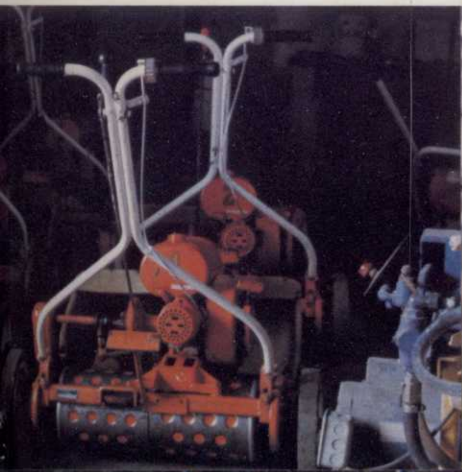
traditional throw-aways

SURVEY: THE STATE

Last fall, there was a considerable amount of uncertainty among management personnel at this nation's golf courses and clubs. People were wondering what turn the economy would take next.

Somewhere between then and now, things became a little more stable. In fact (and that is what this report will deal with), the industry's various segments seem relatively optimistic about the future.

Earlier this year, GOLF BUSINESS sampled various elements of the trade, asking questions about the business of its four different sections: club professionals, club



OF GOLF BUSINESS

managers, course superintendents and independent owner-operators. Hundreds of replies were received from all parts of the country, all types of clubs and all types of courses. Whether it was nine hole or 18, public or private, municipal or resort, the emphasis was one of stability.

Some of the predictions of industry observers have come true since this publication last looked at the trade from a statisical standpoint. Some companies that had dealt in this industry for years fell prey to the recession's swoop.

High prices are still with us. Although things are stabilizing, prices on many products are double what they were in 1974. Fertilizer and chemicals, golf equipment and foodservice products have all increased, giving management headaches.

Some of the questions of two years ago are still unanswered. The "pro-only" suit is still in the courts. The New Orleans court action went against Wilson and the PGA several months ago. A decision on their appeal is due this October. But it will probably not end there. A pending case in Chicago involving a major retail sporting goods chain in that city against the equipment manufacturers could put the pro in still more direct competition with retail outlets. This is a trend already hurting pros in several regions of the country.

In the foodservice area, the government's efforts in the changing of grading of beef has placed the club manager in the seat of paying more money for cheaper meat quality.

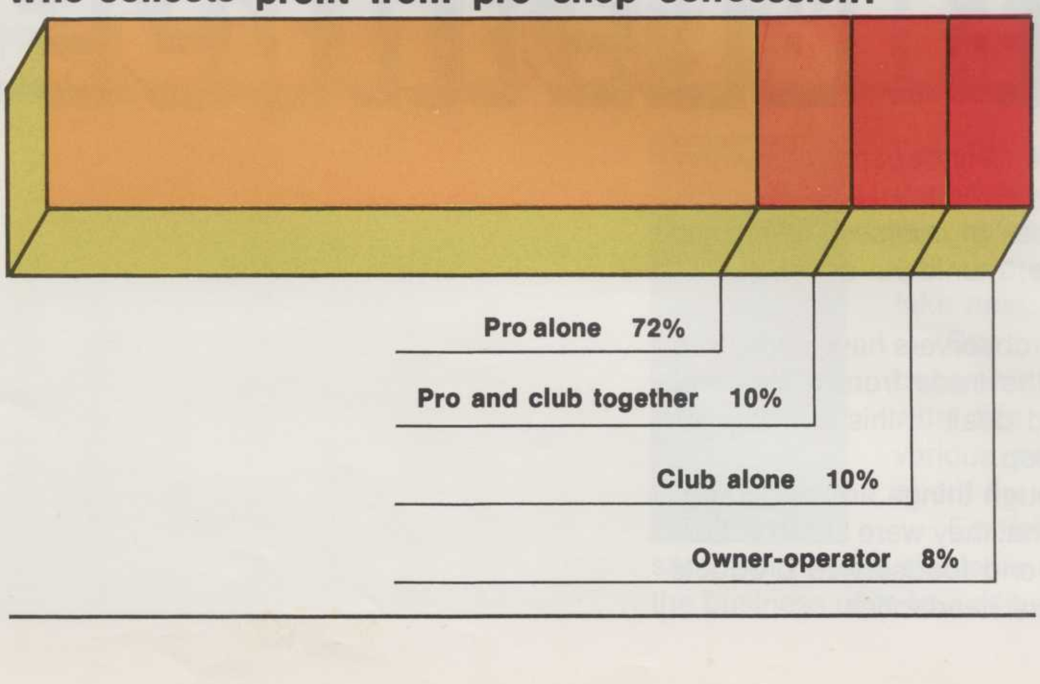
Labor continues to be a problem and costs are on the upswing. Clubhouse employees and maintenance crews continue to get additional wages and this has been aggravated by the increasing amount of clubs which are being invaded by organized labor. Where unions haven't entered, clubs and courses must still continue paying the escalating costs of the minimum wage.

The industry definitely has its problems. Better management of facilities will have to continue in order for them to make it.

Following, GOLF BUSINESS tells you the facts of the matter. We attempt to analyze what the figures mean and what certain management personnel around the country had to say about this year.

THE PRO

Pro-survey —
Who collects profit from pro shop concession?



In the pro shop, there seems to be a shift in what the most popular items in terms of dollar volume are. Following a trend established several years ago, golf equipment sales are down, but other areas in the shop tend to be on the rise.

What the pro might have lost in equipment sales, he made up in miscellaneous merchandise and apparel. According to the GOLF BUSINESS profile, shops were making a significant move in the softgoods area.

Hundreds of shops responded to the club professional questionnaire. Background information in this area indicates the vast majority of the shops, 63 percent, were at private clubs, 18 percent in the daily fee category, 12 municipal and 7 percent of the total were resorts. Of all shops responding, 70 percent were of the 18-hole variety.

Pros were questioned on product movement based on dollar volume. They were asked to check off dollar ranges for the various product categories. An average in gross sales was then established for each area. The following lists products in order of sales: miscellaneous merchandise ($16,400), men's apparel ($12,000), women's apparel ($9,000), golf balls ($9,000), irons ($8,200), woods ($6,000), men's shoes ($4,300), bags ($3,800), gloves ($3,500), putters ($2,650), utility clubs ($2,000), women's shoes ($1,900) and club repair ($1,700).

Obviously, the trend seems to be away from hard goods and more to apparel, shoes and other merchandise. The gross sales total for the GOLF BUSINESS pro shop was $80,000.

Checking into data available in each product category, there was a wide range of dollar volumes. For example, in men's apparel, 6 percent of the shops were doing between $25,000-50,000 in sales in spite of the average of $12,000. Much the same was true in the women's apparel area, in which more than 20 percent of the shops questioned did between $10,000-20,000 in sales.

Although, golf balls have always been a leader in shop sales, indications are that with the advent of the durable ball on the market, sales in this area have decreased. Since more and more golfers are demanding balls with a Surlyn® cover, balls are lasting longer and sales are not as great as in the past.

According to the data breakdown in this area, 30 percent of the shops questioned were selling $10,000 to $25,000 and more in balls. Still, as technology has made the golf ball more durable, it may have also caused a reduction in sales.

Taking a closer look at golf equipment sales are also important in order to chart the course of the industry. Almost 75 percent of the shops were close to the $8,200 average on iron sales. There were shops in a higher range, but only 4 percent were selling over $25,000.

Woods were in much the same order. Nearly 73 percent of the shops were in the general range of $6,000. Four percent surveyed were doing better than $30,000 in wood sales. Here again, the significant price increases manufacturers have brought on in the last two years are beginning to have an affect on the ability of pros to move equipment. This is further aggravated by the influx in certain regions of the country of downtown pro shop establishments or retail outlets that have procurred proline clubs and are selling them in direct competition with the pro.

As far as putter and utility clubs were concerned, sale of these items seem relatively stable based in many cases, on the novelty and innovation of the product. Granted, there were shops above the average of $2,650, but this was approximately 13 percent. This was not necessarily the case for utility clubs. Sixty-three percent of the golf shops sold less than $1,000 in this area, while about four percent sold $8,000 and over.

Looking into merchandise outside the hard goods again, sales in gloves, shoes and bags all seemed stable or on an upward swing. In glove sales, 20 percent of the shops were selling in the $5,000-10,000 range, even though the average was $3,500.

Men's shoes continue to outdraw women's lines, although the gap may be narrowing as more women become involved with the game. There were a number of stores exceeding the average shop sale of $4,300 a year, but nearly 75 percent of the shops were in that area.

Pro Shop sales from pro survey. 67 percent of respondents were from private clubs. Following are shop averages.

$16,400	Misc. merchandise
$12,000	Men's apparel
$ 9,000	Women's apparel
$ 9,000	Golf balls
$ 8,000	Irons
$ 6,000	Woods
$ 4,300	Men's shoes
$ 3,800	Bags
$ 3,500	Gloves
$ 2,650	Putters
$ 2,000	Utility clubs
$ 1,900	Women's shoes
$ 1,700	Club repair
$80,000	Total

Golf bags seemed to be on an even course. With an average gross sale of around $1,700, the profile group did have some shops above that mark. Some 23 percent of the pros admitted selling in the $5,000-10,000 range on bags.

Maybe the newest profit avenue pros were exploring was club repair. Out of hundreds of respondents, 80 percent of the operations had some kind of club repair service available to its customers and members with an average of $1,700 in extra income available to each facility.

There is a lot more to the business in the pro shop than dollar volume and questions were asked about that also.

For example, what kind of club professional were we dealing with? Although, no average age was established for the respondents, it was quite evident professionals were getting head positions at a younger age. More than 25 percent of the pros were head pros before the age of 34. Experience was still strong in the professional area, though, since 27 percent of the pros answering were 55 to 65 and older.

Club professionals made up 92 percent of our sample with the remaining being pro shop managers or owner-operators. Reflecting a strong trend to association membership, when asked if they belonged to the PGA, 80 percent of the pros said they did.

Profit relationships between the pro and the club were also looked into with some surprising results. Although, many in the industry have been talking about the rise of country clubs that have been taking the shop concession away from the pro, those answering the question about who collected the profit from the shop operation, answered 72 percent that as pros, they collected it alone. Only 10 percent involved said the club alone got the profit. Another 10 percent of the pros shared with the club. Profits of the remaining 8 percent went to the owner-operator.

Many pros continue to receive salaries from clubs along with what they accumulate in income off the shop. Depending on the type of contractual arrangement between the club and the pro, salary ranges were between $3,000 to $9,000. The greatest percentage of respondents fell in the latter area, 35 percent.

Golf cars was another area questioned. Almost all of the clubs had car rentals, 93 percent, with an average fleet size of 33. Even though, 33 cars was established as the middle of the scale, 45 percent of the clubs ranged anywhere between 35 and over 100 cars at their facilities. In fact, at least 15 percent had between 60 and 100 cars on hand.

Gross car rental revenue for the sample averaged around $41,000, but there were 15 percent of the facilities that brought in between $75,000 to $150,000 and more.

Where pros were involved in sharing car revenue (there were 67 percent that did), almost 30 percent of that number had all the revenue to themselves. There were other percentages of shares with the next greatest, 18 percent of the pros getting between 15 and 25 percent of the total income.

What does the club professional think of this past year on his own? In a random sample, GOLF BUSINESS editors questioned several pros around the nation to see how things are going this season.

"My club sales are down, but everything in the shop seems like it's selling at a steady pace," said Herman Lang, head pro at the Inverness Club, Toledo, Ohio. Lang thought in his particular situation, the uncertain economy had not hurt his business much, if at all.

Optimism was chief in the comments of Mike Dougherty, assistant pro at Lake Shore Country Club, Erie, Pa. "All our sales are up from a year ago. Our inventory is up too, but we look to take care of that problem with our increased sales," Dougherty told GOLF BUSINESS.

Lake Shore has seen some increase in the sale of golf equipment this year, but apparel, especially shirts seem to be about the same in sales at this time a year ago. Dougherty mentioned direct competition from discount outlets on balls have really hurt sales at his club. "These places are selling balls in lots at such low prices, it's hard for us to stay competitive."

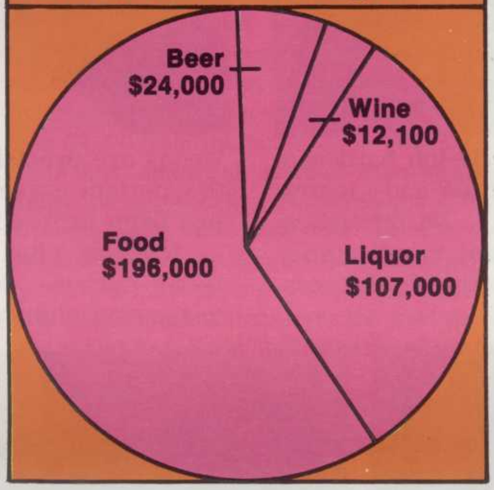
Resort facilities have their problems also. Such is the case at Sandpiper Bay, near Port St. Lucie, Fla. Pro Charles Johnson, Jr., says his summer business is bad due to the seasonal trade his facility goes after. "My sales are

usually made in the early winter and January, February and March. Club sales are down for us, but I think this is because of the unstable economy," the Florida pro added. Johnson also felt economic trends hit the south about a year after they get started in the industrial sections of the north.

Sales increases may be as regional as the weather, though. At Redlands (Calif.) Country Club, assistant pro Bob Thomas said sales were moderate at best this year. Equipment sales were definitely down due to the extreme amount of discount outlets in the general Los Angeles vicinity.

In essence, the pro shop seems to be in relatively good shape for the time being. If manufacturers can hold the price line on equipment, things may go easier for the pro in 1977. Question marks involving the 'pro-only' suit and the already present competition of retailers could throw the professional's economic view for a loop.

Club manager food service-beverage income. Gross sales averages



CLUB MANAGERS

Foodservice at clubs has been an area of concern at many facilities for several years now. Club managers continually have to innovate to get their members to take advantage of all the services a club has to offer.

On the whole, club managers forming the GOLF BUSINESS profile were from private clubs, 69 percent. The remainder were divided up with 19 from daily fee operations, 9 from municipal and 3 percent from resorts. As in the club professionals survey, the majority of managers were at facilities with 18 holes, 62 percent.

In the area of food and beverage, club managers continue to advance in cost cutting management, bringing their operations closer to control. Most clubs seem to operate with the beverage service and food operation bringing in roughly the same amount of income. GOLF BUSINESS' profile of the club manager found food was ahead of all categories with the dollar volume in sales being an average of $196,000 per club. Liquor was next with $107,000 in gross sales, while beer was $24,000 and wine, which is gaining in popularity, was marked at $12,100 per club.

There was a wide range of clubs with gross food sales well over the sample average. Nearly 42 percent were over the $196,000 mark. In the $300,000 to $500,000 range, 17 percent of the clubs were listed, while another 8 percent did business in excess of $50,000.

In questioning about gross wine sales, 23 percent of the clubs sold over the average of $12,100. Four percent of those were doing business in excess of $50,000.

Existing capital investments and planned improvements were two areas focused on in the club manager questionnaire.

Facility improvements and additions were relatively high among the list of needs on managers' budgets this year. Fifty percent of the respondents planned to go ahead with building needs.

In the addition area, 21 percent of the respondents were going to add to the clubhouse, while another 21 percent had their sights set on a bigger kitchen. Supporting the theory tennis is becoming a more popular sport at clubs, another 21 percent of the managers had made plans to add to their existing facilities.

Other areas where additions were being planned were in the dining room (15 percent) and the pro shop (7 percent). Improvements to existing facilities ran along the same lines in order of priority. Twenty-eight percent of the club managers were going to improve their existing clubhouses, 21 percent were improving their dining rooms and another 17 percent had improvements in the kitchen in mind.

Looking at dollar expenditures in these areas, averages were accumulated in each budgeted improvement or addition as follows: tennis ($86,300), clubhouse ($55,500), kitchen ($35,000), dining room ($30,000) and pro shop ($9,000).

In standing inventory of kitchen equipment and dining room supplies, club managers had a considerable amount of money. Based on the sample respondents, kitchen equipment ran an estimated $56,000 at the profile clubs, while dining room supplies averaged out at $21,000. In the kitchen product area, 25 percent of the clubs had investments between $50,000-100,000, 11 percent between $100,000-200,000 and 4 percent $200,000 and over.

Asked if they planned a major kitchen equipment purchase in the near future, 26 percent of the managers said they would, while 15 percent answered the same way about dining room purchases.

Getting back into activities other than golf, 62 percent of the clubs responding said they did have swimming facilities, while 57 percent had tennis. Those having tennis were grouped in order of how many courts they had: 1 or 2 courts (34 percent), 3 or 4 courts (39 percent), 5 or 6 courts (14 percent) and 7 or more courts (13 percent).

Platform tennis has become a popular winter activity for many clubs in the northeast, but as far as the nation as a whole, GOLF BUSINESS' profile clubs have not had platform catch on greatly. Less than 10 percent even had platform facilities.

What kind of individual made up the club manager profile? Most of the managers in the sample, 55 percent, ranged in age from 45 to 64 years of age, while 40 percent fell in the 20 to 44 age span. Only half of the managers were college graduates and less than 40 percent belonged to the CMAA, reflecting somewhat the large number of managers in the industry not belonging to that trade association.

Looking at the type of club the managers came from, most were from average size units in terms of golfing members. The average number of golfing members from the sample was approximately 340. Referring to the length of season at these facilities, the cross section had a good mix. Less than 13 percent of the clubs had a season ranging between six months or less, 39 percent were 7-8 months in length, 14 percent were 9-10 months and 34 percent had seasons 10 to 12 months.

Again, how do managers around the country look at the year and what effects the economy has had on them?

"We're definitely showing an increase in business this year," said Nick Mourikis, manager at Metropolis Country Club, New York City. With a total membership of 300, Metropolis has a completely private operation with very little non-member business.

Mourikis commented that his club was having a marked increase in parties, but they were of a less formal variety. "The trend with us is a more relaxed party. Cookouts are common," added Mourikis. Formal parties are on the decrease at Metropolis, but oddly enough, as the economy got worse, business got better. "Instead of people going on vacations to Europe, they are hanging closer to

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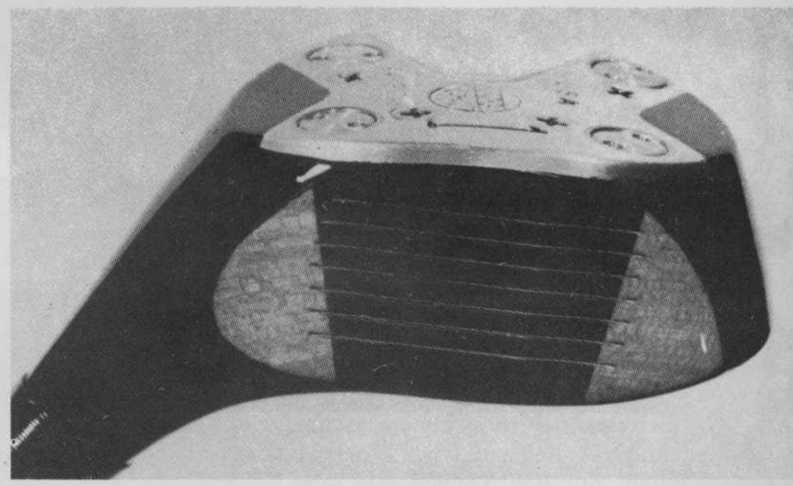

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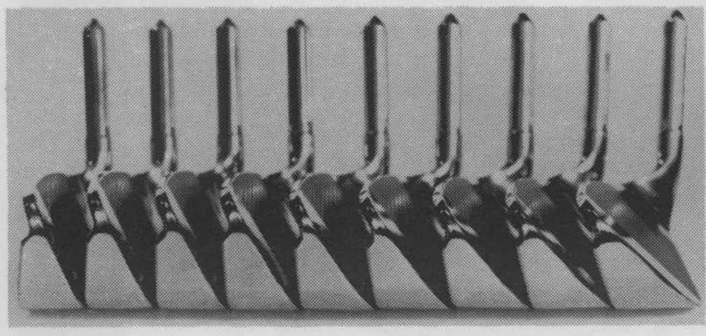
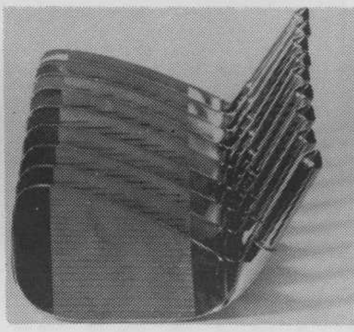
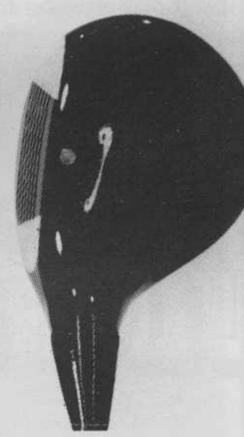




Side view of a complete set of irons, 2-9 P-W. Note the perfect match on uniform height throughout entire set and perfect match in hosel length. Front view shows you exact length and uniform look from heel to toe of club throughout entire set.



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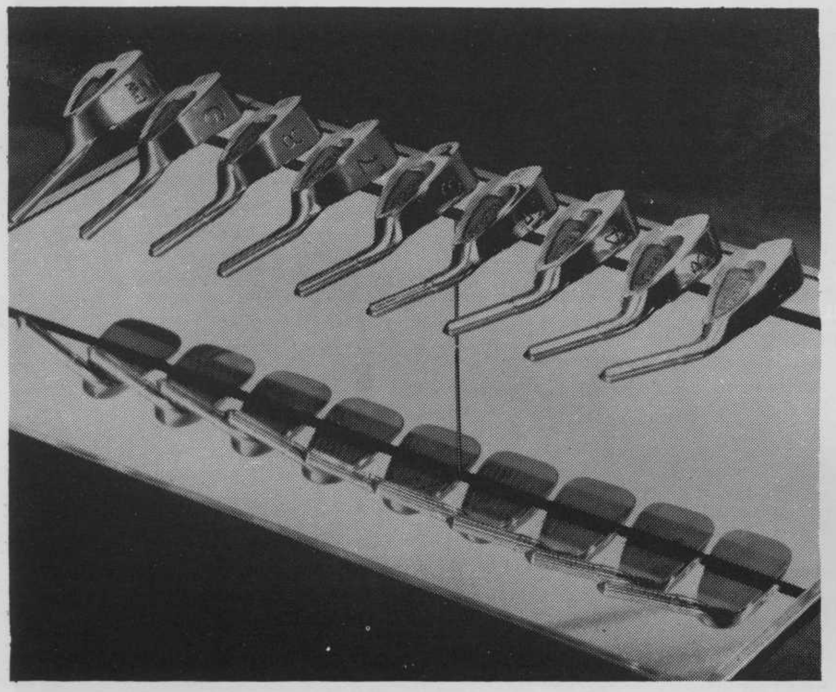

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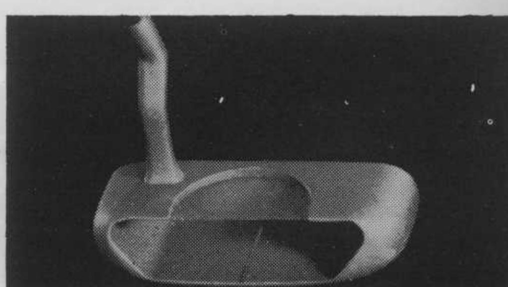

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home this summer. When the economy gets better, my members start travelling," added Mourikis.

Another manager looking at better business this year is Francis Groach, club manager at Moraine Country Club, Kettering, Ohio. "Our dinner service has really picked up," said Groach, "Big parties are phasing themselves out."

Marked improvement in beer sales at Moraine have come about through light beer brands. Moraine is a club that could definitely improve its clubhouse revenue with further upswings in the economy, according to Groach.

At McHenry (Ill.) Country Club, manager Fred Parkinson admits his business is also doing better this season. With a membership of 250 at the semi-private facility, Parkinson has seen a marked increase in his food sales, although his non-member business has decreased, especially in the wedding area.

Additional foodservice income was unexpected at Old Ranch Country Club, Seal Beach, Calif., but manager Wayne Ferrel welcomes it. Food sales are $25,000 over this time last year and beverage sales are better than $9,000 from the same period last year.

In fact, almost all revenue areas at Old Ranch are up, including the pro shop and the driving range. The club has launched a program to upgrade the activities at the facility. Banquet business is growing, but Ferrel insists informal meals seem to be the most popular at Old Ranch with its limited membership of 500.

SUPERINTENDENTS

Course superintendents don't directly contribute any revenue to courses and clubs, but it is quite apparent the job of the superintendent, the ability to keep the course playable, is the most critical position at a facility.

The budget year of 1975 was not one of the best for superintendents. Obviously, fertilizer's direct relation to the petro-chemical industry skyrocketed prices, doubling them in most cases. This year, though, it seems the wild costs of '75 are stabilizing and superintendents know what to deal with now.

First off, the average total budget for the GOLF BUSINESS profile was $93,000. Even with that in mind, though, the range in total maintenance budgets were great. Approximately 24 percent of the superintendents were spending between $100,000-150,000, but 2 percent of the clubs had budgets of $500,000 and over.

Breaking down some of the areas of the budgets, the averages of the sample were: labor ($55,000), equipment ($7,700), fertilizer ($5,-500) and chemicals ($550).

Checking the dollar ranges for these areas, 12 percent of the superintendents responding to the fertilizer question spent between $10,000-15,000. Four percent of the respondents spent between $25,000-30,000 on fertilizers.

Equipment was another area of varying range. In spite of the $7,700 average, 19 percent of the superintendents budgeted between $10,000 to $15,000 annually on equipment.

Irrigation systems were also inquired about with 51 percent of the clubs having automatic systems, 43 percent with hose and/or quick coupler and 3 percent with sod cup. A variety of systems made up the remaining 3 percent.

In profiling the superintendents involved in the survey, GOLF BUSINESS found they came largely from private clubs, 54 percent specifically. Twenty-three percent of the superintendents were from daily fee courses, while 20 percent were from municipal facilities and the remaining 3 percent came from resorts.

Length of season seemed as diverse as the varied geography the sample had. Exactly 10 percent had seasons of six months or less, while 36 percent fell into the 7-8 month range. Eighteen percent were in the 9-10 month area. The remaining 36 percent had seasons 10 to 12 months.

Age groupings of the superintendents fell just in about everywhere, pointing up this management area has both youth and experience.

Youth in the profession was evidenced by the fact 28 percent of the superintendents were in the 25-34 age span. Running down the other ranges, 21 percent were in the 35-44 group, 20 in the 45-54 area and 17 in the 55-64 age section. Eight percent were 65 and over.

Referring to the education level of the sample, 50 percent of the turfgrass managers were college grads. With that kind of emphasis on education, 63 percent of the superintendents were members of the GCSAA.

Superintendents in the field seem to feel better about their industry this year, according to GOLF BUSINESS interviews.

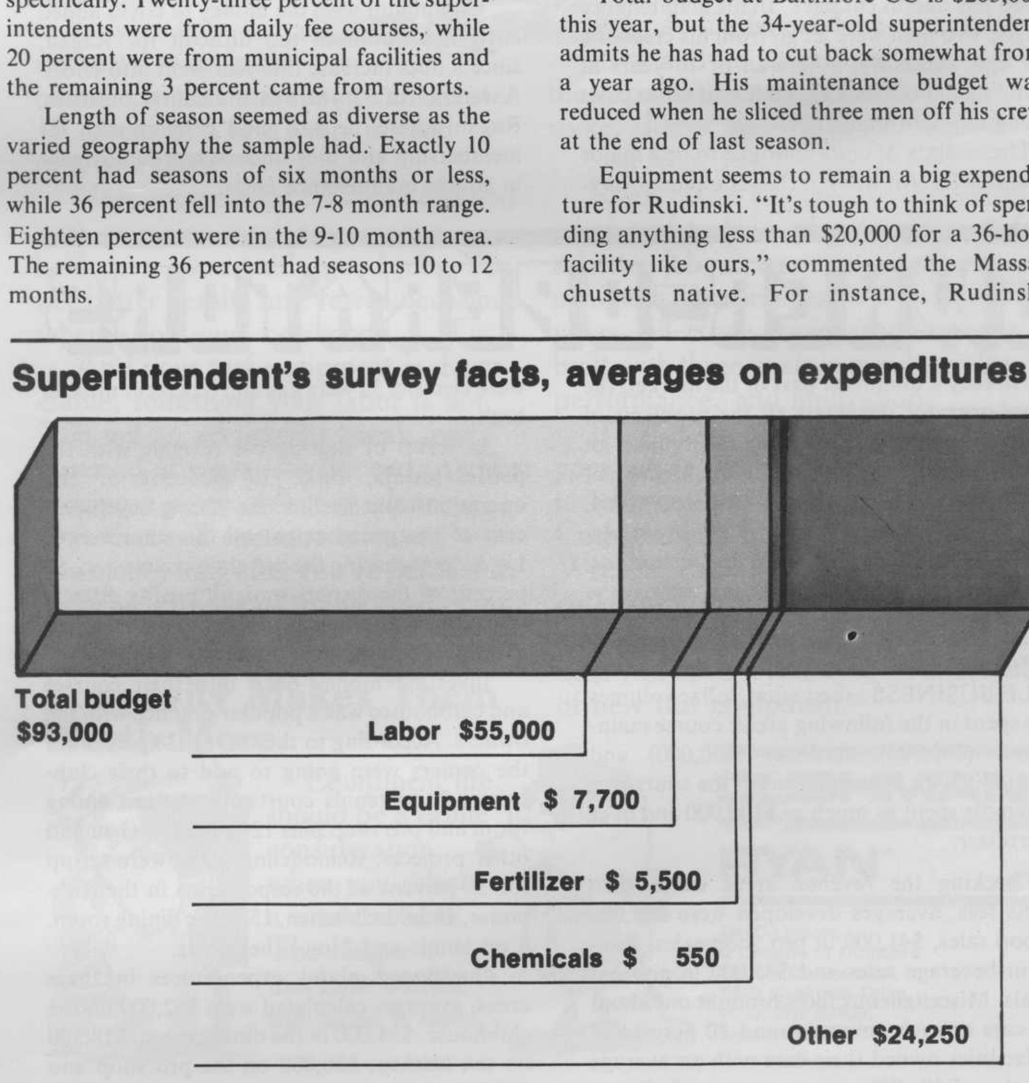
With four years in as superintendent at the Baltimore Country Club, Lou Rudinski sees prices stabilizing somewhat in the fertilizer and chemical area on the east coast.

"I'm getting better prices this year from my distributors. Even though prices are still twice as high as a couple of years ago, I don't see any big increases in the coming year, but who knows," said Rudinski.

Total budget at Baltimore CC is $203,000 this year, but the 34-year-old superintendent admits he has had to cut back somewhat from a year ago. His maintenance budget was reduced when he sliced three men off his crew at the end of last season.

Equipment seems to remain a big expenditure for Rudinski. "It's tough to think of spending anything less than $20,000 for a 36-hole facility like ours," commented the Massachusetts native. For instance, Rudinski

Superintendent's survey facts, averages on expenditures



pointed to the phenomenal increase in the cost of a walking greens mower in the last few years from $600 to $3,000 per unit.

Added costs are no guarantee of continued equipment service, according to the Baltimore CC superintendent either. "Sophisticated equipment today is much more apt to breakdown. My equipment repairs are way up. Sometimes its cheaper to replace equipment than repair it."

Stabilized costs were echoed down south by superintendent Franklin Butler at Atlantis Country Club, Lake Worth, Fla. With a semi-private membership of 100, Atlantis has a housing development tied to its operation.

For his 18-hole course, Butler spends $200,000 yearly, a marked increase of $40,000 since he started at Atlantis five years ago. Fertilizer and chemical costs are stabilizing in the Lake Worth area, but Butler insists equipment costs are still too high. According to Butler, a 50 percent increase over the last two years.

Keeping costs under control is even a problem for superintendents with smaller budgets. Jim Anthony, superintendent at Ashtabula (Ohio) Country Club has a yearly budget of $75,000 for his 18-hole course, but he too has had to cut back. In his maintenance budget, two men were let go from his crew of a year ago. Anthony, a veteran of 16 years at Ashtabula, allocates $30,000 for his labor costs among an eight man staff.

Uncertainty of costs continue to be a major headache for Anthony in his equipment buying. "I've seen the price of a sand trap rake shoot up $100 this last year," Anthony commented.

Unlike the other superintendents interviewed, Ed Berardy, who has logged 25 years at Lake Merced Golf and Country Club, Daly City, Calif., has to face the harsh reality of unionized crews. Lake Merced and five other clubs in the area are under a three-year contract asking $12,000 a year per man on the maintenance crew. That is quite a bite of Berardy's $180,000 annual budget for the 18-hole course.

Without the worry of the 12-month season, superintendent Ken Ragan at the Champaign (Ill.) Country Club takes on enough challenges in his "official" six-month season. In his third year at the private club, Ragan has seen prices on chemicals and fertilizer go up drastically in the last two years, but now costs seem to be leveling off.

"The market is becoming more competitive," said Ragan. Prices still zoom, though. A year ago, Champaign spent $16,300 on fertilizer and chemicals. This year, the same amount of supply ran $23,000. Labor continues to be a big cost with $62,000 in that area of Ragan's total $117,000 budget.

Coming up with the money to cover added costs has not been too difficult for Ragan, since a dues increase this year went into effect. A veteran of 33 years in the course business, Ragan admits he has good rapport with his membership and they understand the increase in course maintenance costs.

OWNER-OPERATORS

Already a dominant part of the market, the owner-operator shoulders all the problems of the pro, manager and superintendent plus a lot more. Sampling the owner survey, 48 percent of the courses were of the 18-hole variety, while 43 percent were 9 holes. Sixty-seven percent of the courses were daily fee operations. Average number of rounds in the survey was 33,000.

Probing into the expenditure area first, GOLF BUSINESS asked what dollar volumes were spent in the following areas: course maintenance ($53,000), fertilizer ($30,000) and labor ($30,500). Seven percent of the courses in the sample spent as much as $100,000 and over in fertilizer.

Checking the revenue areas other than greens fees, averages developed were $58,000 in food sales, $41,000 in pro shop sales, $36,000 in beverage sales and $35,000 in golf car rentals. Miscellaneous facts brought out about golf cars at such courses found 80 percent of the facilities owned their cars with an average fleet size of 30. Fifty-seven percent of all cars were electric, 35 were gas and 8 percent utilized both.

In terms of sharing car revenue with the professionals, only 30 percent of the operations split the income. Thirty-seven percent of that number got all the car revenue. Looking at sharing the pro shop concession, 50 percent of the owners took all profits directly from the shop, while 21 percent of the pros had shop profit completely to themselves.

Investing money back into their courses and clubhouses was a popular practice with the owners. According to the survey, 28 percent of the owners were going to add to their clubhouse, 20 to tennis courts, 14 each to dining room and pro shop plus 12 each to kitchen and other projects. Remodeling plans were set up for 35 percent of the respondents in the clubhouse, 16 in the kitchen, 15 in the dining room, 8 on tennis and 5 on other areas.

Questioned about expenditures in these areas, averages calculated were $62,000 on the clubhouse, $34,000 in the dining room, $18,500 on the kitchen, $28,000 on the pro shop and $58,000 on tennis. □