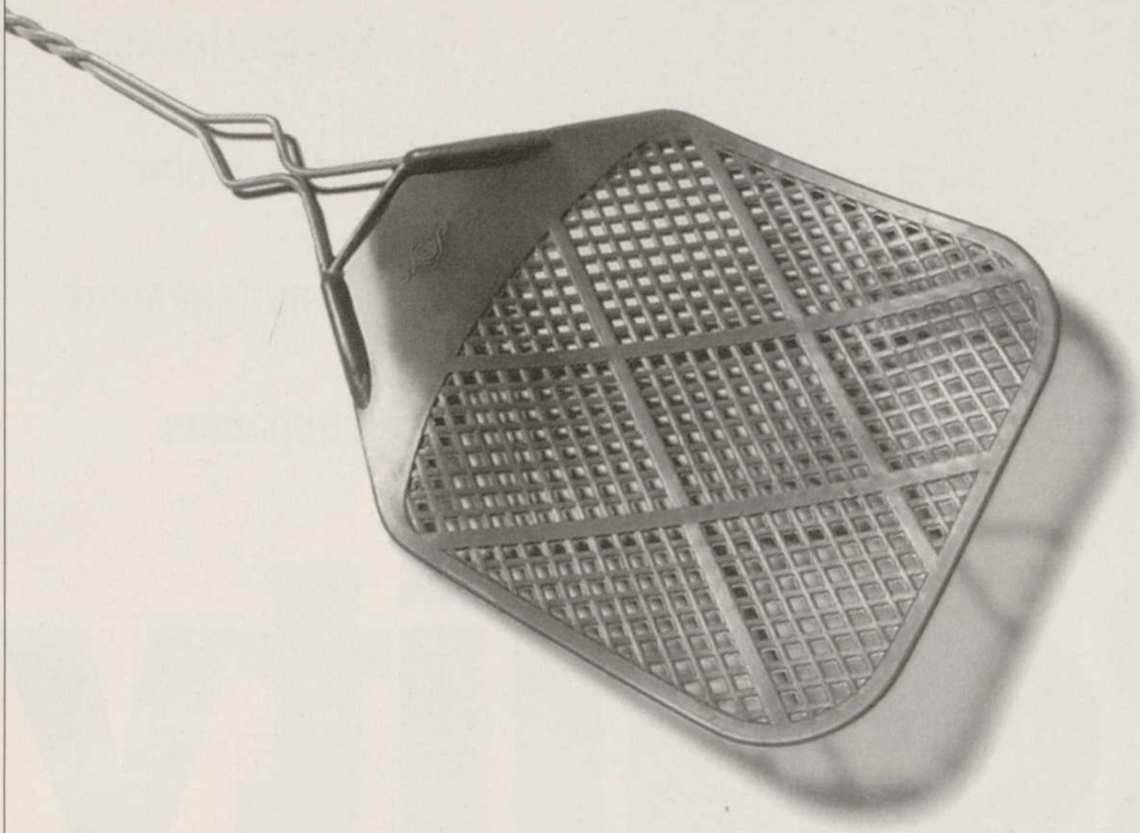


# Act now! Or this may be the only pest control tool you'll ever use again!

**How come?**

Because the Environmental Protection Agency is reevaluating the pesticides you count on to run your farm, keep bugs out of your house and weeds out of your garden.

As early as May, you could begin to lose some of the most trusted insecticides on the market today.

**Why?**

Because EPA isn't asking you--the pesticide user--or other Americans how you actually use these pest control products. Without accurate input, the new Food Quality Protection Act cannot be fully and fairly implemented.

**So what?**

So you lose many cost-effective pesticides--the tools you depend on most. Fewer products lead to less effective IPM. Pest resistance rises. Damage occurs.

So what?

**So act now!**

Write to:

The President
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

For more information, log on at *www.acpa.org* or call RISE at (202) 872-3860.

American Crop Protection Association

RISE
Responsible Industry for a Sound Environment

Superintendents in the realm of management companies

# The New Reality

It's survival of the fittest for those involved in the golf course acquisition and management business. Competition is fierce, and only the strong will survive.

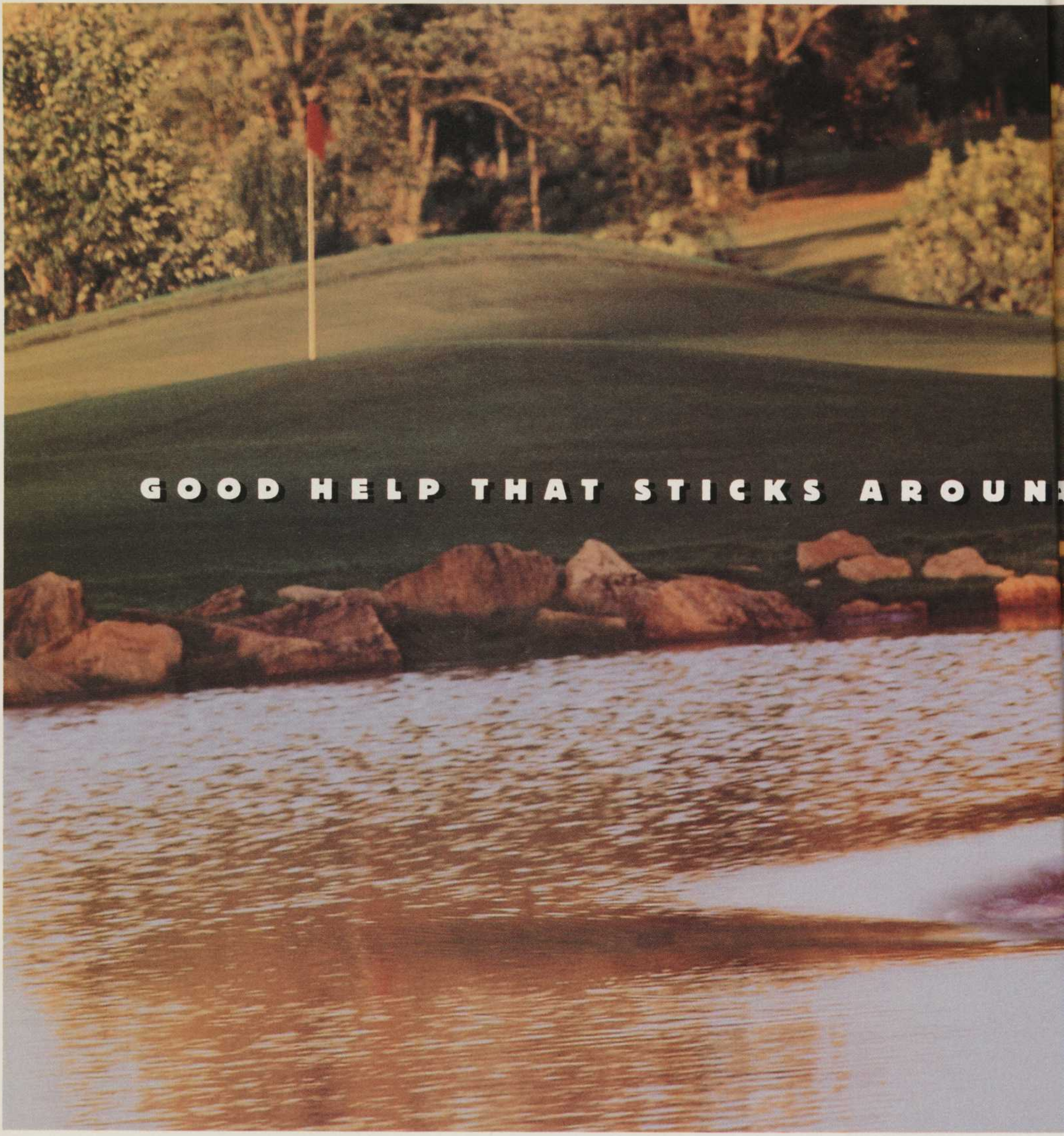
As the golf industry nears the new century more far-flung than ever, it does so perhaps with a sobering awareness of the consequences from the fallout of its own explosion. But of the industry segments still riding high on the crest of the game's wave of success, few have more formidable accomplishments than golf course management companies. While only about 10 percent of the country's courses are currently under this collective corporate wing, it's a significant number considering its relatively insignificant total a few years ago.

Even more eye-opening is the number of companies that have emerged during this century's final decade in search of a piece of the action. More than 100,

*Continues on page 26*

BY TERRY OSTMEYER

ILLUSTRATION BY ROB SCHUSTER




Like we need to tell you. We realize that grubs are just one more item on the long list of things you deal with every day. But MERIT® Insecticide has such a wide window of application and long residual control, that one application is all it takes to eliminate the very thought of grubs through the fall.

Bayer


Which should be of some comfort. Because you don't need grubs trying to ruin your course. You have enough help doing that already.

For more information, contact Bayer Corporation, Garden & Professional Care, Box 4913, Kansas City, MO 64120. (800) 842-8020. www.protect-your-turf.com

Circle No. 109 on Reader Inquiry Card

*Continued from page 23*

in fact, seriously contend in varying forms and degrees, ranging from Santa Monica, Calif.-based American Golf Corp.'s prestigious portfolio that approaches 300 golf properties to a vast number of smaller companies that each own and/or manage a course or two.

The recent proliferation of golf course management firms has given more than one mainline corporate official pause to wonder where this is heading. Beryl Artz, vice president of golf/country clubs for Dallas-based ClubCorp International, says that while his company added several courses to its array of more than 175 golf properties in 1998, the business activity was more of a wait-and-see approach.

"There were maybe 10 serious companies five to seven years ago, while today there are a hundred or more. We decided to (step back and) take a look at the industry," Artz says, adding that ClubCorp's ability to add golf holes to its lineup of resort properties enhances revenue growth in the meantime as it assesses its future acquisition plans.

### Competition factor

Some major management companies share ClubCorp's caution, notably those with similar healthy portfolios and proven track records, while others have been busy fortifying their holdings and positioning themselves as prime-time players.

Joe Redling, chief operating officer for Orlando-based Arnold Palmer Golf Management, says that putting a corporate spin on an industry where the number of new courses outpaces the increase in golfers means the competition for customers has come to the forefront.

"Golfers' perceptions of courses have become critical," says Redling, whose company owns or has long-term leases on more than 30 properties ranging from high-end private clubs and daily-fee layouts to municipally owned venues and entry-level country clubs.

"Companies bring professional management from expertise and experience, and optimize the results of a property," he adds. "The bottom line is to make money, but it's also vital to create a great golf experience . . . to set yourself apart."

The competition factor has led AGC on an all-out recruitment of new golfing customers, which it believes will assure it of long-term vitality and a healthier share of the market it already dominates.

### Natural attrition?

The economic impact of management companies is considerable throughout the golf course industry. Acquisitions and management takeovers are generally followed by property improvements, renovations and expansions that benefit not only the paying customer and player, but also those in design, construction, maintenance equipment and turf-care supplies.

**"THE BOTTOM LINE is to make money, but it's also vital to create a great golf experience ... to set yourself apart."**

JOE REDLING
*Chief Operating Officer, Arnold Palmer Golf Management*

"While we look at our needs on a case-by-case basis, most of the golf courses we buy require considerable capital expenditures to bring them to our standards," says Jeff Warren, director of business development for Manassas, Va.-based KSL Fairways, which owns about 50 golf properties along the Eastern seaboard and in Florida, California and Wisconsin.

It's that spend-money-to-make-money philosophy that will eventually make or break many in the industry. More specifically, many in management circles believe such a scenario is driving an instinctive movement toward consolidation of facilities and management companies.

While somewhat scary at face value, consolidation – or strategic alliance, as some prefer – is viewed by most major corporations as inevitable. Further, most believe it's what many of the scores of smaller companies have had in mind all along.

### Meet customers' needs

Survival of the fittest comes with the territory, says Dana Garmany of Scottsdale, Ariz.-based Troon Golf Management. As founder, chairman and CEO of one of the industry's most successful management firms in recent years, Garmany believes that Troon's mission to provide a balanced, upscale day at the golf course is paramount but unattainable without ample wherewithal.

"Our goal is to improve our clients' facilities while maximizing their profits, and to offer every guest a well-balanced, high-end golf experience," Garmany says. Troon operates 40 courses in 10 states and four countries, including such gems as Troon North Golf Club in Scottsdale, a handful of Westin resort layouts in the Southwest, Eagle Ridge Inn & Resort in Galena, Ill., and the famed Turnberry in Scotland.

Troon's growth in managing high-end properties has increased more than 100 percent in each of the last three years following its joint venture with Starwood Capital Group. Its current foothold in the business is viewed by company president and chief operating officer John Sauter as only the first of many steps.

"The golf course management industry is one of consolidation and professionalism," Sauter says. "Our goal is to continue to build a loyal customer base by meeting the needs of everyone who visits a Troon golf facility every time they step on the property. Troon Golf plans to be at the forefront of the consolidation that's taking place."

Andy Crosson, Cobblestone Golf Group's vice president of acquisitions, says consolidation is a major phenomenon. Crosson's Del Mar, Calif.-based firm has 45 golf holdings, most of them clustered in major U.S. metropolitan areas. Cobblestone recently acquired Carolinas Golf Group in North Carolina and IRI Golf Group in Texas.

Artz expects ClubCorp to be a player in the consolidation game in this year. "There will be some opportunities for us," he admits.

Stability, strength of resources and a demand for the same from vendors and suppliers are keys to success among management companies, according to Redling. "The survivors will be the companies that are well-capitalized," he says.

But Redling adds that reputation can't be overlooked. "More and more a company's brand will mean something. With all that's involved, people will lean toward management by someone they trust."

**The posturing begins**

Most major management companies have begun to strengthen their positions in the industry, furthering the notion that alliances and takeovers are likely.

Cobblestone, founded in 1992 by former CCA/GolfCorp executive Bob Husband, made huge strides in the industry last year by acquiring 18 properties, a move that's attributed to the management company's parent firm, Cobblestone Holdings Inc., being bought by The Meditrust Companies, a real estate investment trust based in Needham, Mass.

Thus, optimism within the management firm is high and its quest for clustered, high-quality golf properties with good revenue potential is unbridled. "We feel 1999 will be a good year because of our reputation and our access to capital," Crosson says.

Troon Golf's venture with Starwood has already spelled success, but even more significant is the company's global expansion that made big news last summer through an international venture with Macquarie Bank Limited of Australia and Greg Norman's Great White Shark Enterprises. The alliance created Medalist Troon Golf Management, which will develop and manage upscale golf facilities in Australia, Asia and the Middle East.

Arnold Palmer Golf Management, with offices in San Francisco and Orlando, is part of the Palmer Group of companies and is majority-owned by the Olympus Real Estate Corp. Following an internal reorganization in 1996, the management firm developed into a major, worldwide operator of golf courses either by ownership or long-term leases, as well as developing a franchising program for independent course operators.

In the past few years, the Palmer firm brought the National Park Service's century-old Presidio Golf Club in San Francisco under its management umbrella and added high-profile public properties to its growing lineup of municipal layouts, including Spencer T. Olin in Alton, Ill., and the environmentally acclaimed Harbor Links in North Hempstead, N.Y.

*Continues on page 38*

COVER STORY

# Takeovers & Turnover

## The words 'management company takeover' used to translate as 'pink slip' for superintendents. Have things changed?

BY TERRY OSTMEYER

As bright as the horizon is within the mainline ranks of the golf management industry, it does have a dark side that only recently began to glimmer with rays of improvement.

Whenever a business comes under new ownership or management, the hard fact of life is that some employees will be out of jobs. While such turnover is so commonplace in the corporate world that it should hardly be alarming, it has been a burr on the public relations backsides of golf course management companies for decades.

And, indeed, the toll of discarded golf course personnel from the clubhouse, the pro shop and the maintenance facility was considerable in the early days of the management industry, no matter how small the percentage of corporate-run properties may have been then. The country's largest and most entrenched golf management entity, Santa Monica, Calif.-based American Golf Corp., shouldered much of the blame. In its early years, AGC took on struggling, financially challenged public courses and replaced many incumbent employees as an economic move. Often, the charge was that people with little or no golf background were brought in to run the facilities.

Dallas-based ClubCorp, which has been around longer than AGC, has experienced similar criticism in the past, although on a lesser scale

*Continues on page 31*