

Off The Fringe

Business briefs

Borman going back to Carolina

Chuck Borman, who joined the GCSAA as its chief operating officer in 2001, will leave the association to return as executive director of the Carolinas GCSA, beginning March 1.

Borman had previously been the executive director of the Carolinas GCSA before joining GCSAA.

"I really thought I would be a great fit for this position when I accepted it last year," Borman said. "Once I got here, I realized the scope of the job was bigger than I expected, with a faster pace. I decided it was more than I wanted to do at this stage of my career."

Borman said he felt he was a better fit for a smaller organization like the Carolinas GCSA. His only regret was that now the GCSAA would have to undergo the hassle of looking for a COO for the second time in two years.

"I'm fortunate that at my new job, I will still be associated with the GCSAA," Borman said. "This move will allow me to return to a job I loved and remain affiliated with a great national organization as well."

Steve Mona, GCSAA's CEO, did not put a timeline on replacing Borman, noting that it is standard procedure to evaluate all open positions before conducting a search.

Nicklaus coming to Hong Kong

Jack Nicklaus is moving to Hong Kong. Well, not really. Nicklaus Design, the family-based business founded by Jack and supported by his four sons and his son-in-law, is opening an office in Asia under its Nicklaus Design Asia wing.

The firm is working in association with Panorama Worldwide LTD, which will assist with certain marketing and sales programs for golf course design and field support ser-

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ANALYSIS

American Golf at the Turn

WHAT WILL BECOME OF EMBATTLED MANAGEMENT COMPANY NOW THAT IT HAS NEW OWNERS?

By Shane Sharp

Outside of my chosen profession, I am a glass-is-half-full person when it comes to golf courses. I search for the ray of hope in any golf course when I am not searching for my ball. If the conditions are commensurate with the price, and the service in the pro shop and around the course rivals or exceeds that at my local neighborhood bar, I will go quietly about my business of hooking drives and three-putting.

Yet it has become impossible for me to apply this philosophy — try as I might — to golf courses managed by American Golf Corp. (AGC). It's not that I have sampled many of its facilities because I haven't. But many golfers have, and they e-mail me time and time again to let me know how disappointed they were with their entire experiences.

This basic issue, according to the dozens of e-mails I received over the past year and hundreds of posts in

golf-related chat rooms and message boards across the Internet is this: AGC is taking over perfectly good golf courses and ruining them.

Allegedly, AGC is buying up leases across the country for chump change, lowering the bottom line by paying its employees like fast-food workers and conditioning its courses like Scottish sheep farms. In the process, AGC is saving its clients big bucks and seemingly teeing off a majority of the golfing population.

The question is: With the recent purchase of AGC and National Golf Properties by an investor group comprised of Goldman Sachs and Starwood, will anything change?

Common sense and the laws of competition tell us that not all of American Golf's more than 300 golf facilities are overpriced goat ranches, or golfers simply wouldn't return to the scene of the crime on a daily basis. In fact, some American Golf-

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EYEWIRE

Business briefs

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vinces in the territory. Beginning Jan. 1, the Nicklaus Design-Panorama Worldwide association will have full-time representatives based in Hong Kong. They will serve existing clients in Beijing, as well as additional clients in Japan, Vietnam, Thailand and Korea.

Nicklaus Design has about 55 golf courses spread across Asia, including 23 in Japan and 12 in China. They have another three in Asia under construction or under design.

"Our primary focus is to expand efforts in China over the next few years," said Tim Kenny, senior vice president of Nicklaus Design.

Basamid registered in Arizona

Basamid, the granular soil fumigant from BASF Turf and Ornamental, was recently granted registration in Arizona.

BASF says a single application of Basamid penetrates deep into soil to eliminate weeds, nematodes, grasses and turf disease quickly. Reseeding in the sterilized soil can begin in 10 to 12 days.

In another company matter, BASF AG, parent company of BASF Turf and Ornamental, reported third-quarter net profit of \$248.7 million, double what it earned in the same period last year. Sales rose 5.3 percent to \$7.59 billion, slightly above market forecasts. For 2002, BASF now expects to grow operating profit before exceptional items by 15 percent, with full-year sales to remain unchanged at around \$32 billion.

Deere profits soar

Moline, Ill.-based Deere & Co. announced that broad-based improvements across all businesses led to better results in the fourth quarter. Worldwide net income was \$68 million, or \$.28 per share, for the quarter and \$319.2 million, or \$1.33 per share, for the year ended Oct. 31. This compares with net losses of \$64 million, or \$0.27 per share, and \$320.1 million, or \$1.36 per share, last year.

Net sales of the commercial and consumer equipment division were up 20 percent for the quarter and 7 percent for the year. Excluding the impact of acquisitions less divestitures, net sales increased 26 percent and 6 percent in the respective periods.

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operated courses are known to be in excellent condition, and service levels are where they should be.

But where there is this much smoke, don't you think there has to be fire?

Says Mike Ross, an 18 handicap from San Jose, Calif.: "I've been very disappointed in the apparent results of American Golf management at two should-be-fabulous courses that I've played in the last year [in Hawaii and California.]"

Ross claims the greens at the course in Hawaii were some of the worst he's ever seen. Ross also claims that nearly half the fairways at the California course he played were either barren or being resodded at the time of his playing.

This space could be filled and refilled with similar comments from golfers like Mike.

The majority of complaints I have seen or read about American Golf have to do with conditioning. With more than 300 courses, American Golf may employ more superintendents than any other golf-based cor-

poration in the world. But you can count the number of them on one hand that will speculate about the future of the company.

"They had a reputation for low-balling superintendents," says Greg Thomas, superintendent at Las Sendas GC in Mesa, Ariz., and a former American Golf employee. "But my first year, they spent a lot of money on education for superintendents. I actually ended up having a good experience."

American Golf, Goldman Sachs and Starwood would not comment on the future of the company.

If you know Goldman Sachs, then you know it is in this to make money. If you know Starwood, you know that it owns Troon Golf. If you know Troon Golf, then you know that it has an outstanding reputation for operating high-end golf courses.

You can bet that American Golf's critics hope this all adds up so that they can have that "good experience," too.

Sharp is senior editor of travelgolf.com and a frequent contributor to Golfdom.

Quotable

"I'm willing to have a sex change operation and be referred to as Patricia O'Brien."

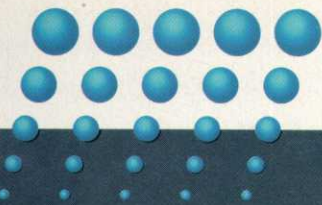
— Pat O'Brien, director of the USGA Green Section's Southeast Region, who said he'd help Augusta National overcome the problem of not having a woman member

"If an agronomist, entomologist and

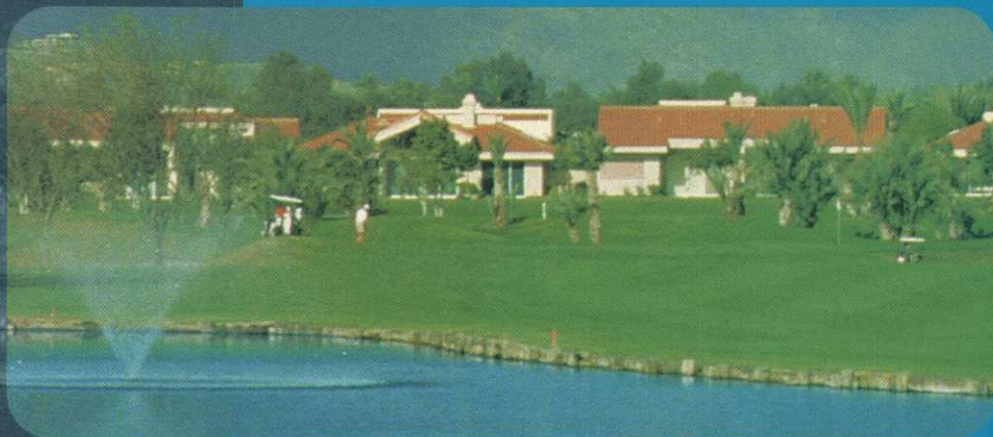
a plant pathologist are playing golf together, I guarantee you that they couldn't come to any agreement on the causes of turf problems on the golf course."

— Keith Karnok, professor of plant pathology, University of Georgia

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Off The Fringe

Standardizing Sprig Measurement Not Easy

DIFFICULTY IS COMING UP WITH A PRACTICAL WAY OF DOING IT

By Peter Blais

Speaking at a recent Alabama Turfgrass Conference, architect John LaFoy said the golf industry needs to change the way bermudagrass sprigs are ordered and measured to ensure that new golf courses and renovations are built correctly.

"There is no standardized measurement," lamented the former American Society of Golf Course Architects president. "In the South, you order 600 bushels per acre. But you have no idea how many sprigs are [actually] going down."

Why? Two reasons.

First is the definition of a bushel. Most turfgrass growers base their de-



liveries on the U.S. bushel, also commonly called a Georgia bushel, which measures 1.24 cubic feet. But some areas of the South Central United States make deliveries based on the so-called Texas bushel, which measures closer to 0.4 cubic feet, roughly a third of the size of the standard U.S. bushel.

"From the golf course contractor's position, standardization would be

good," said Jim Lyles, vice president of irrigation with Austin, Texas-based course builder Golf Works. "If someone is bidding based on a U.S. bushel, his bid process will be three times as high as someone else's. So he might bid \$300,000 on a job while someone else bids \$100,000. The guy with the lower bid will probably get the job. But whether he bid what the owner and architect wanted is the question.

If you want to have accurate bids and be able to compare apples to apples, that's why you need standards."

Agreeing on whether to make the U.S., Georgia, Texas or some other measurement the dimensional standard would probably be easier than solving the second problem — for example, how bushels of sprigs are packaged.

"When you use the old bushel bas-

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ket and you use beans, wheat or something like that, you get a consistent level," said John Foster, president of West Coast Turf, based in Palm Desert, Calif. "But when you put something in as fluffy as a stolon [bermudagrass sprig], it depends on how much the material is compressed."

Some growers have packing standards that call for filling a bag and shaking it twice, Foster noted.

"That seems difficult and bizarre to me, to measure something by two shakes of a bag," he said. "Other people might shove it down and put a lot more compression so they get more stolons in there."

Whether sprigs are washed or cleaned of dirt before delivery can affect how many can be packed in a bushel. The type of bermudagrass also determines the number of bermudagrass stolons per bushel.

"For example, Tifeagle tends to be clumpier once it's harvested than Tifdwarf," said John Holmes, a salesman for Southern Turf Nurseries of Elberta, Ala. "A bushel of Tifeagle would have fewer live sprigs than a bushel of Tifdwarf because it's clumpier. That's the type of difficulty you encounter in standardizing. You might get everyone to agree that a certain volume is the standard. But it boils down to how many live plants you have in that bushel."

Most agree with Catechee GC superintendent Buck Workman. "I don't

know what the best way would be, but standardization would be good," said the turf manager at the Hartwell, Ga., course. "In the construction process, it would be helpful."

Given the many variables in developing a standard, the difficulty is coming up with a practical way of doing it.

"I'm not optimistic about the industry developing a different measuring standard," Foster said. "It's been talked about for years. You just do the best job you can and hope people realize the importance of quality."

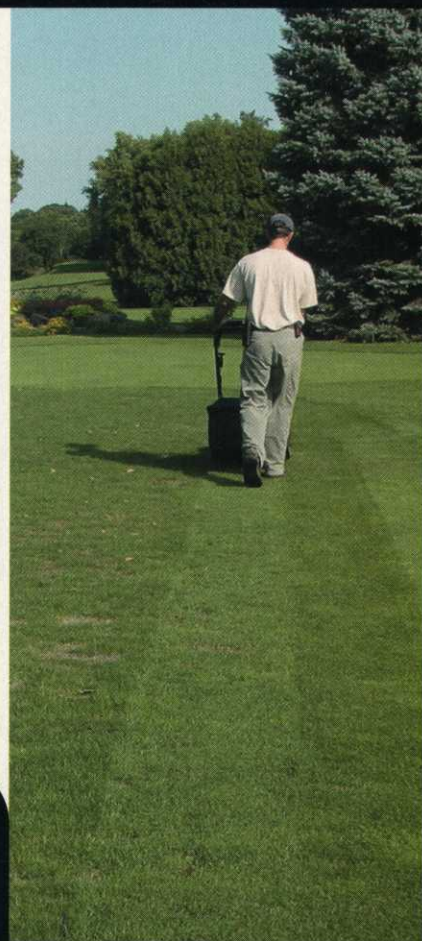
Blais is a free-lance writer from Maine.

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*Bill Larson, CGCS
Town & Country Club, St. Paul, MN*



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Dimples And All



SGD Golf, a Medina, Ohio-based product and supply company specializing in the golf course, miniature golf and driving range markets, says it has perfected the world-famous 1960s smiley face by adding dimples to it. Yes, the company is distributing golf balls in a variety of colors that feature the distinguishable smiley face.

Fore heaven's sake!

CIRCLE NO. 113

Off The Fringe

The World Meets at Kananaskis GC

CANADIAN COURSE WAS SITE FOR G-8 SUMMIT

By Andrew Penner

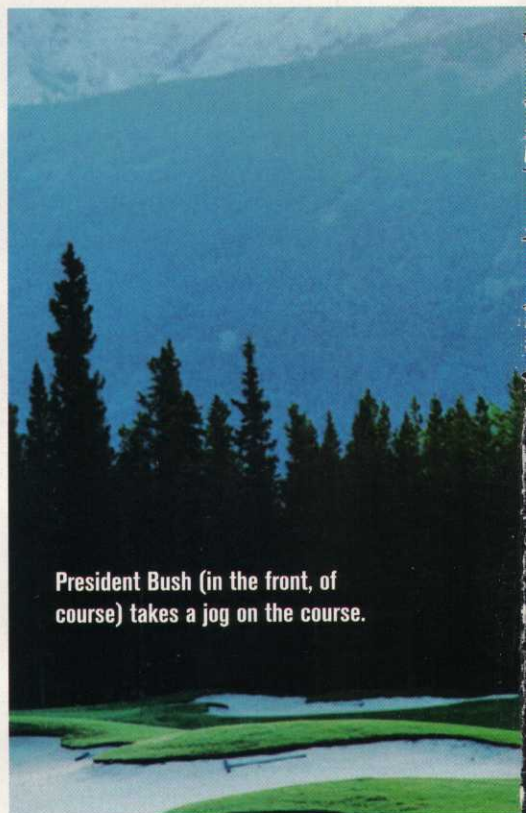
When was the last time President George W. Bush went for a jog on your golf course? Better yet, when was the last time that eight of the world's most powerful leaders got together at your club for meetings and dinner? Kananaskis GC club manager Darren Robinson's response to both of those questions is last June.

The G-8 Summit, the pre-eminent gathering of the most powerful nations in the world, took place in Kananaskis, Alberta, last summer. In attendance were Bush, Jean Chretien (Canadian Prime Minister), Tony Blair (Prime Minister of the United Kingdom),

Vladimir Putin (President of the Russian Federation), Jacques Chirac (President of France) and Gerhard Schroder (Chancellor of Germany). Also in attendance were leaders from Italy, The European Union, Japan and the United Nations.

"The golf course was closed for 13 days for planning and security purposes prior to the meetings," says Kananaskis superintendent Calvin McNeely. And there was plenty of security.

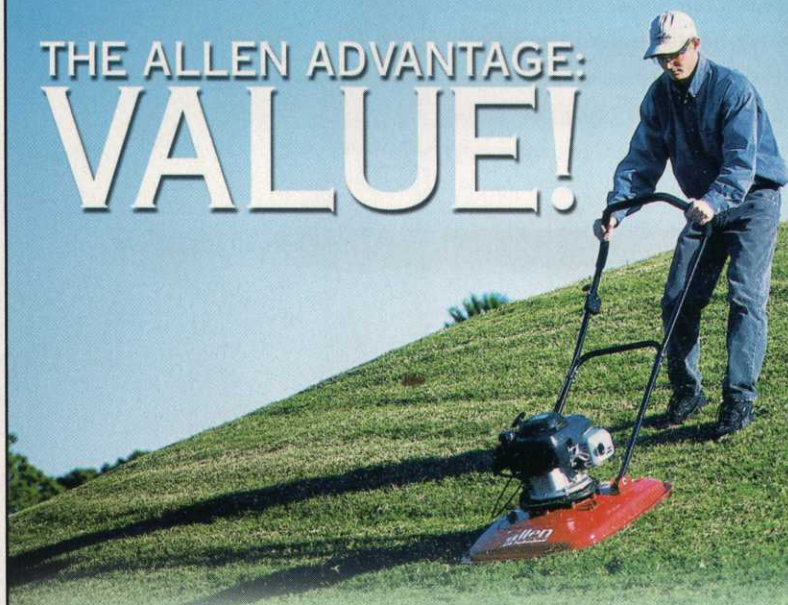
"The hillsides were dotted with military tents and soldiers were everywhere," he says. "It was something I won't soon forget. It did, however, give us a chance to restore some bunkers and get some work done that otherwise



President Bush (in the front, of course) takes a jog on the course.

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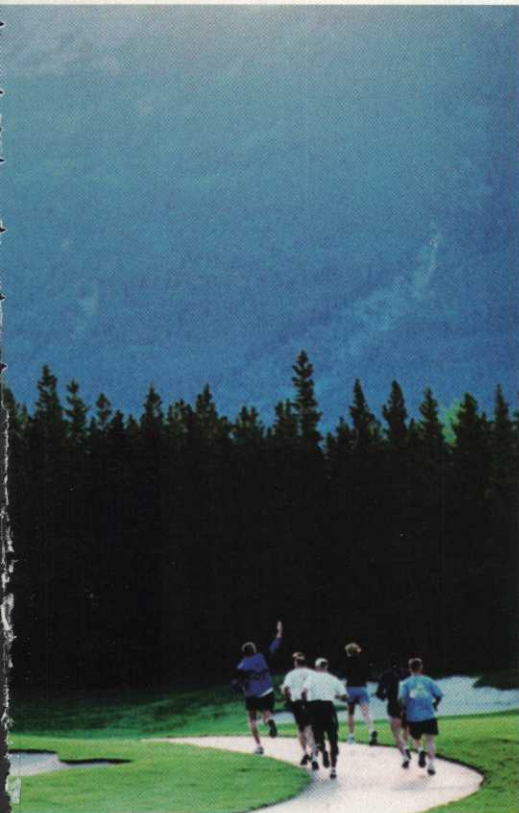
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CIRCLE NO. 114



wouldn't have been possible. I kept my entire staff working."

Not surprisingly, when the Kananaskis GC reopened — after nary a divot was taken for almost two weeks in prime growing season — it was a thing to behold. (Prime Minister Chretien did manage to get in four holes with head professional Bob Paley).

"'Absolute perfection' is the best way to describe it," Robinson says.

When was the last time the world's leaders gathered at your course for a summit? They did last summer at Kananaskis GC in Canada.

Kananaskis boasts two pristine Robert Trent Jones Sr. courses and is considered to be one of the world's finest 36-hole facilities.

Penner is a free-lance writer from Calgary, Alberta.

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When a veteran and well-respected superintendent calls the GCSAA on the carpet for what he says are questionable accounting practices, heads are going to turn, ears are going to perk up and people are going to listen to what he has to say.

Of course, in today's world of greedy and deceitful Enrons and WorldComs, it's easy for most *anyone* to question the business practices of almost *any* company or organization. But certified superintendent Dennis Lyon, manager of municipal golf courses for Aurora, Colo., isn't just anyone. He was president of GCSAA in 1989-1990 and has been a superintendent for more than 25 years. That's why I wanted to talk to Lyon after he stated his concern that the GCSAA wasn't following Generally Accepted Accounting Practices (GAAP) in its annual report published in *Golf Course Management*.

GAAP means that financial statements and financial information should be presented in a specific and generally accepted manner. Lyon says GCSAA hasn't been doing that the past few years. And because GCSAA is dealing with superintendents — most who are capable money-keepers but not financial wizards — he says the association needs to be presenting information in a more concise manner for all to understand.

"I'm an agronomist, not an accountant," Lyon says. "The simpler you can make it for me to try and figure out what's going on, the better."

The past few years, Lyon had two issues with GCSAA's accounting procedures in accordance with the annual report published in the association's December magazine. First, Lyon says GCSAA should have accounted for its investments at fair market value, not cost, in the report. (GCSAA says investments were carried at cost unless market decline was determined to be permanent, in which case the investments were carried at the lower of cost or market.) Second, Lyon claims that GCSAA, according to GAAP, should not have placed \$1.65 million in a financial reserve with the intent of showing the revenue and expense in a future year.

Lyon says Julian Arredondo, GCSAA's chief financial officer, said the \$1.65 million was set aside in a reserve for future programming.

The GCSAA By The Numbers

BY LARRY AYLWARD



EX PRES CRITICIZES

ASSOCIATION'S

ACCOUNTING

PRACTICES. BUT,

THANKFULLY, THIS

STORY DOESN'T

HAVE AN ENRON-

LIKE ENDING

Arredondo said the information was disclosed in the more detailed audited financial statements which are available to members through the GCSAA's Web site and service center.

GCSAA says it does not try to hide the fact that it establishes financial reserves as a safety net. Lyon says he supports the idea of a reserve. His issue was the way the information was presented to the membership in the magazine.

"For example, if a member simply looked at the financial report for 2000/2001, he could assume the association had excess revenue over expenses of \$28,308," Lyon says. "What was not apparent was the fact that \$750,000 was also spent from the accrued reserve. A member had to go to the financial notes to discern this fact."

Lyon's question is: Why not just show things the way they are? "It gets muddy when you don't put everything on the balance sheet because people don't know what you're talking about," he says.

Being a superintendent for a municipality, Lyon says he's experienced in dealing with the public's money.

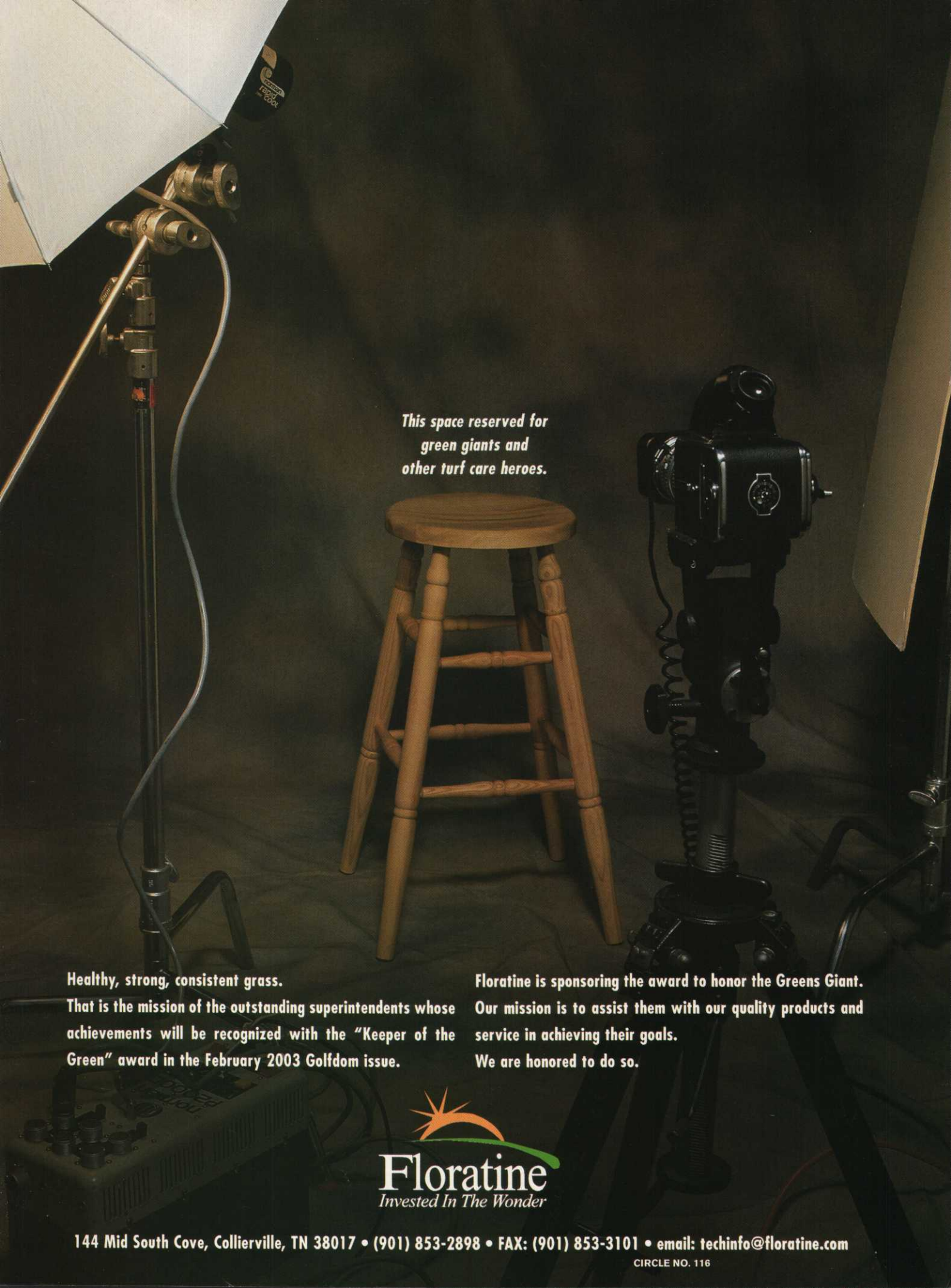
"As far as I'm concerned, this is similar to the public's money," Lyon says of the matter. "And in the public sector, we have to be upfront with everybody."

I talked with Arredondo about Lyon's claim. He thanked Lyon for scrutinizing the GCSAA's financial statement.

Arredondo says the GCSAA deviated from GAAP in the annual report published in *Golf Course Management*, but he stresses the association is not trying to hide any financial information from superintendents. "GAAP speaks to accounting methods, but there are also reporting standards that require you to disclose any departures from GAAP, which we do," he says.

Arredondo stresses that the GCSAA fully disclosed all information about its investments and

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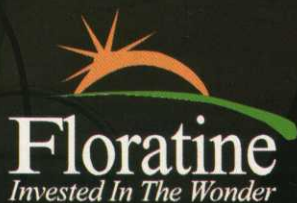
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CIRCLE NO. 116

Pin High

Continued from page 18

the money it set aside for the financial reserve in the notes of the audited financial statements. Arredondo says GCSAA didn't publish the nuts-and-bolts information in the magazine because it's too detailed for many members' financial reading preferences. "They've said they don't want that kind of detail [in the magazine]," he adds.



"I'm an agronomist, not an accountant. The simpler you can make it for me to try and figure out what's going on, the better"

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Arredondo says superintendents only needed to go to the GCSAA Web site or call the GCSAA service center for the detailed information. "Our members are intelligent people, and they can personally choose the way they wish to consume the information," he says.

What this boils down to is a matter of convenience, not intelligence. The bottom line is that many superintendents probably don't have time (or don't want to take the time) to go to GCSAA's Web site and download the detailed information or call the association to obtain a hard copy of it. So they aren't getting the more in-depth report.

GCSAA hasn't done anything wrong, but there's a problem here that it needs to address on behalf of Lyon's legitimate complaint. GCSAA needs to find out if it's serving its members properly according to this matter. It has to do with not making them think twice while reading the association's financial statement. The statement doesn't have to read like a Dr. Seuss book, but it has to read easily so they can all understand. Yes, the association's members are intelligent. But, as Lyon said, they're not accountants.

I spoke to Lyon in early December, and he said the GCSAA was going to find ways to present the information more clearly and conveniently, which it did in its latest report. Thankfully, this is a story with a good ending, not one filled with Enron- and WorldCom-like deceit.

"I feel good about it — that [the GCSAA] listened to one of its members," Lyon says.

Editor Larry Aylward can be reached at 440-891-2770 or laylward@advanstar.com.