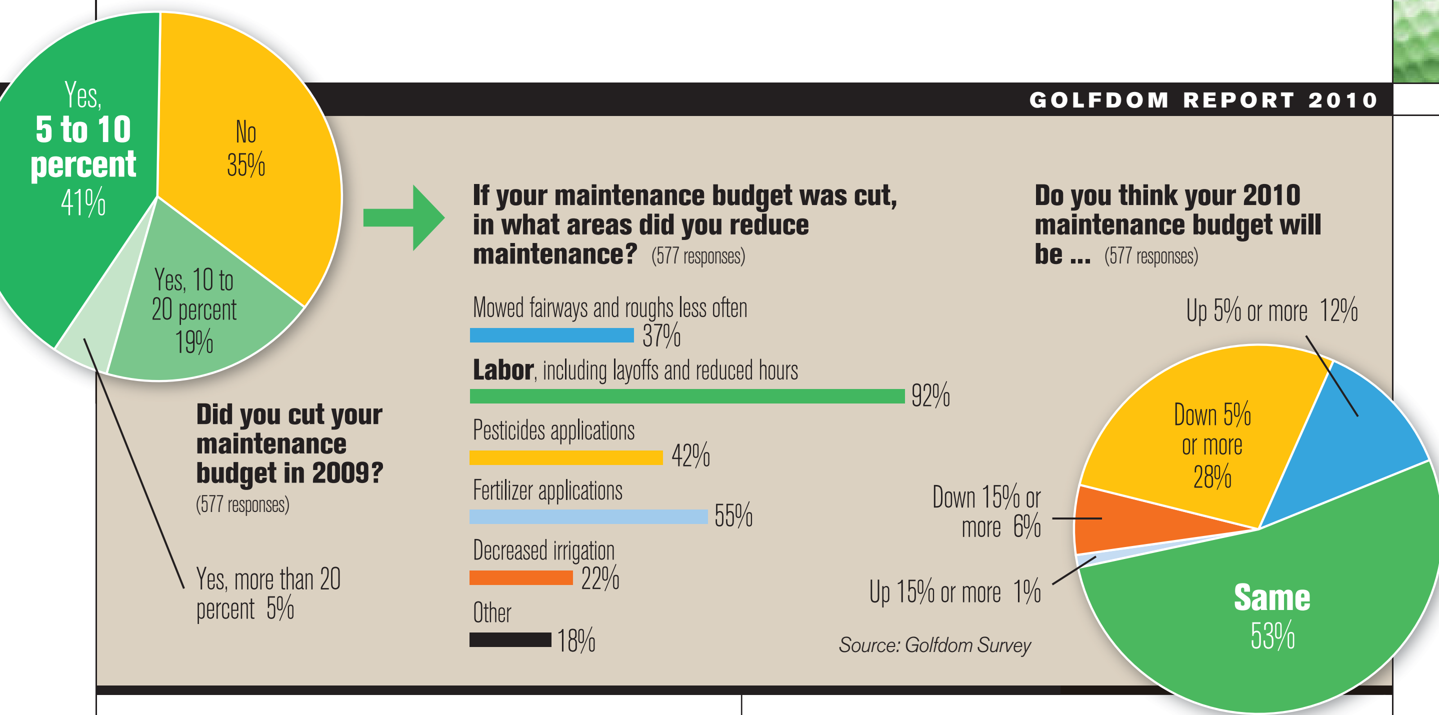

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money to repair them, but his courses' employees had to deal with irate golfers who rented the cars destined to break down. The money saved on not purchasing the golf cars wasn't worth it, he adds.

"We've always managed on the edge to be as efficient as possible," Lyon says. "But when you cut beyond that, you have impacts on the other side."

Another veteran, Sandy Clark, the certified golf course superintendent for Barona Creek Golf Club in Lakeside, Calif., says 2009 was a year of unknowns and challenges in California, including the recession, the severely collapsed California real estate market and water-shortage issues.

"This is probably the most challenging period for the golf industry that I've experienced in my lifetime," says the 63-year-old Clark, who grew up in the industry (his father was a superintendent) and has worked in it his entire career.

"Several of the top private clubs in California have lost members, but the daily-fee courses that focus on lower green fees are holding their own," Clark says. "All of the resort courses have experienced drops in hotel guests and tee times."

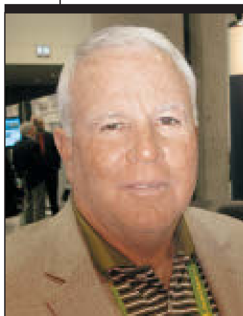
Seventy-five percent of readers from resort and semi-private 18-hole facilities nationwide said rounds were flat or down, according to our survey. Forty-two percent of readers from resort and semi-private 18-hole facilities said their rounds dropped 5 percent to 10 percent in 2009.

Clark says the golf boom of the 1990s has come back to haunt the golf industry in California and nationwide. "Most every developer wanted to build a fantastic, top-100 golf course," he says.

Problem was, many of those developers didn't consider how the high cost of course maintenance could impact their operations — translation: high green fees. Then they wondered why nobody was paying $200 to play their courses, and they weren't making any money.

"They didn't look down the road," Clark says.

Another veteran, World Golf Foundation CEO Steve Mona, is looking down the road and he sees better days for the golf course industry.



Sandy Clark

CERTIFIED GOLF COURSE SUPERINTENDENT, BARONA CREEK GOLF CLUB

"This is probably the most challenging period for the golf industry that I've experienced in my lifetime."

"I'm no economist, but my sense is we certainly have bottomed out," says Mona, who served the golf course maintenance industry for 14 years as CEO of the GCSAA from 1994 through 2008. "Being an optimist, I think we're moving back in the northerly direction, although not at a great rate of speed."

Mona also gets the vibe that people are more optimistic about the golf industry than they've been in the past two years. "But it's not wild optimism," he's quick to add.

Now more than ever, more clubs and courses, many

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of which are hurting from departed players, are open to embracing programs to help grow their businesses, Mona says. For instance, Get Ready Golf, a nationally branded program rolled out in 2009 to bring new and former golfers back to the sport, has exceeded expectations. The WGF projected that 700 facilities would sign up for the program, but more than 1,000 did. Mona expects 1,000 facilities to sign up this year.

The fact that golf course closures continue to outpace golf course openings continues to be a good thing for the industry from a pure market standpoint, Mona says. In 2009, for the fourth straight year, course closings outpaced course openings. "Supply and demand are coming into a better balance," Mona adds.

But Mona sympathizes with the golf course architects and builders who have been painfully stricken from doing business in the United States, even if a correction must occur.

However, Mona doesn't deny that all of the course closings are also hurting golf on the demand end. He knows there are cases of golfers who quit the game because courses they played near their homes were closed.

"For the sport to continue to grow and for more people to participate in it, you have to have supply," Mona says. "And when courses close, you reduce supply. It's not good for the supply to diminish on a macro basis because you need places for people to play that are convenient and offer a way to enter the game in a convenient and cost-effective manner."

Like Mona, Mike Hughes, executive director of the National Golf Course Owners Association, is optimistic to a point about the golf economy. Hughes says he's "upbeat" but not "crazy upbeat."

"I try to see opportunity where I can see it," he says. "There have been some positive stories in the midst of this downturn."

Most of us have heard only the negative stories, especially about the rash of struggling private clubs. But Hughes says the golf industry can't be painted with a broad brush. There are major differences in club and course types, which are relevant to their success. Some clubs and courses have weathered the recession better than others.

Hughes cites Billy Casper Golf, which operates 100 mostly public facilities, as a management company that has endured these hard times.

"Billy Casper Golf has a lot of middle-of-the-road courses and has come through this well," Hughes says. "[The company] is managing costs with great discipline."

On the other hand, to nobody's surprise, high-end destination resort courses have suffered because of the diminished corporate outing business. Some wonder

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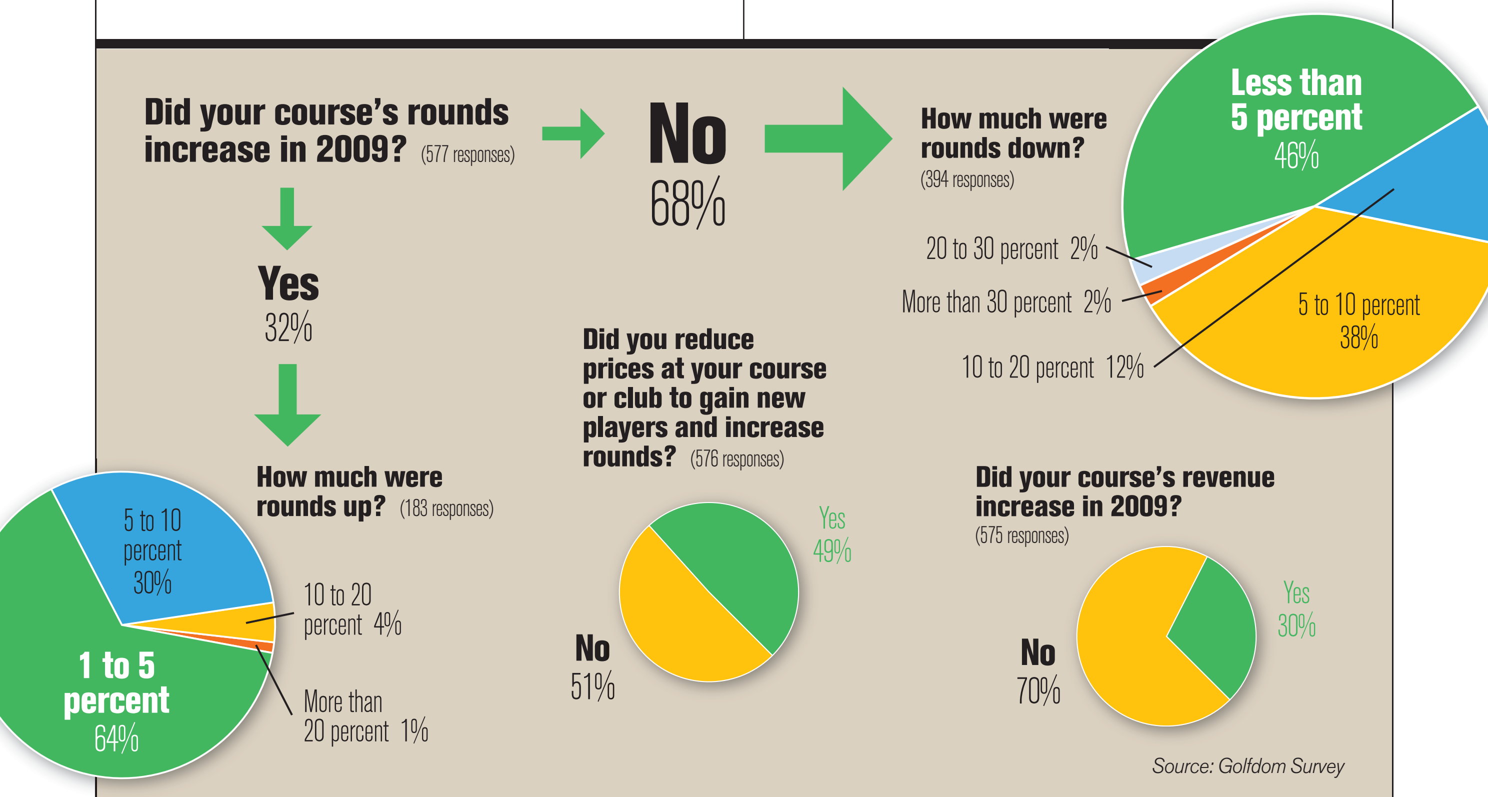
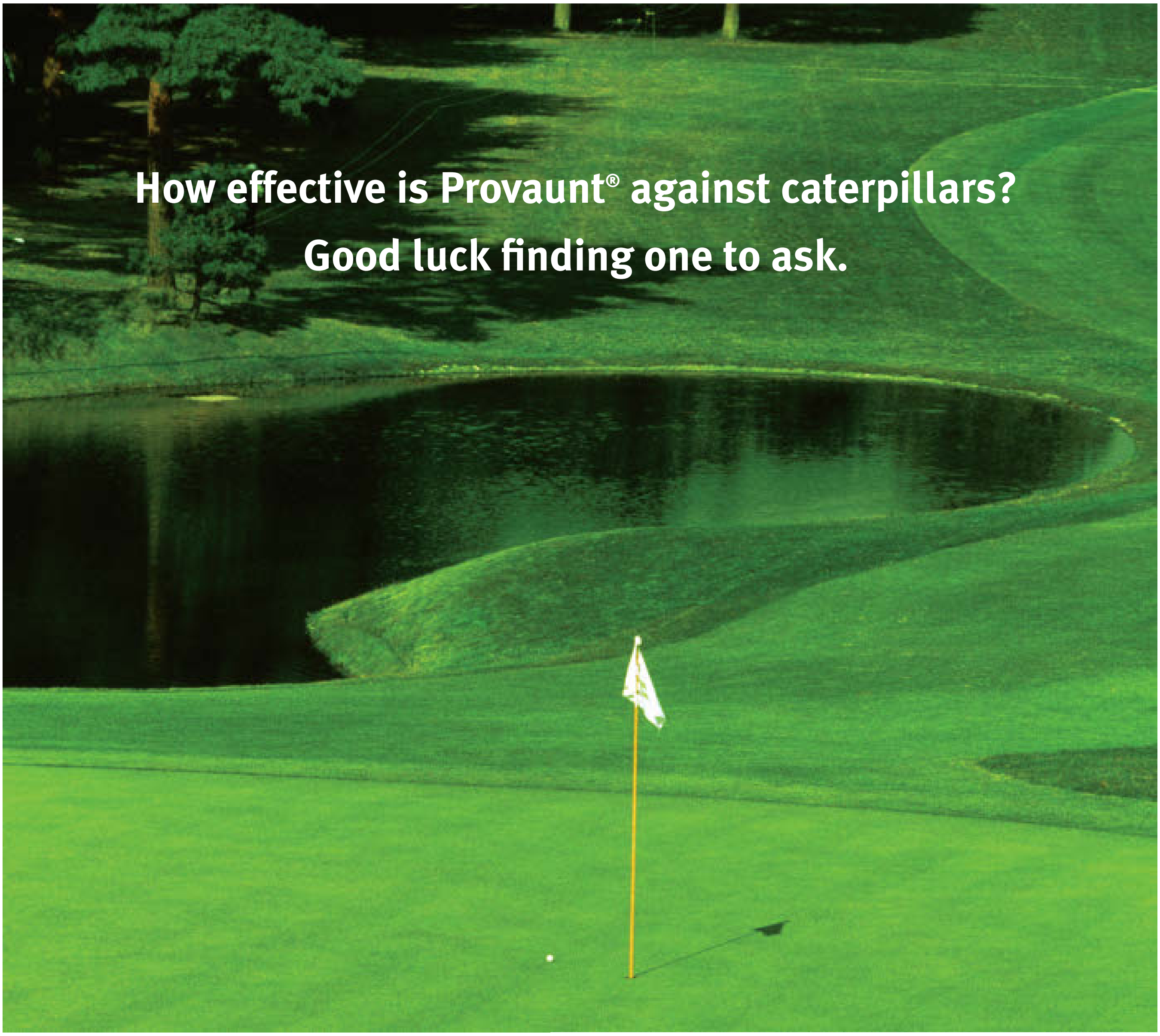


Source: Golfdom Survey



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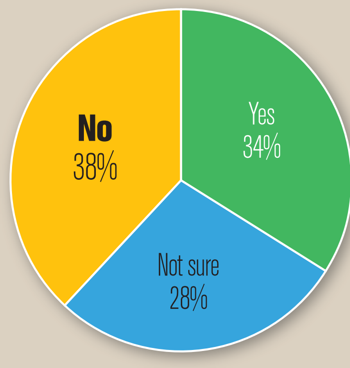
Are you confident the national economy will improve in 2010?
(576 responses)



Source: Golfdom Survey

Continued from page 24
if the corporate golf business will ever come back? Not Hughes. "Why would that not be the case?" he asks.

Hughes answers his own question by saying it's human nature for people to think that things like economic downturns and upturns are the be-all, which they're not. Hence, Hughes believes corporate golf will begin to rebound as early as the spring.

"I don't think it's going to come roaring back in the spring, but we'll start seeing an uptick," he adds.

Some of that uptick will occur because many business people no longer consider it taboo to play golf on a company's dime, which wasn't the case a year ago when they didn't want to be seen on golf courses and perceived as frivolous spenders. But that thinking is fading, Hughes says.

"We're not hearing criticism from Congress people that it's an evil thing to go on a corporate golf outing," he adds.

Another reason Hughes is optimistic is because owners have become accustomed to operating in the recession. "They've gotten used to grinding it out," Hughes says.

Hughes predicts the golf industry will improve as the general economy improves.

"We weren't exempt on the downside, and we won't be exempt on the upside," he says.

While Keith Smith doesn't have the golf industry experience of some veterans, the former superintendent turned financial consultant for MorganStanley Smith-Barney knows something about the X's and O's that drive the economics of the golf course industry.

Smith expects further consolidation of private clubs. He also says golf rounds will continue to increase at public facilities at the expense of private clubs.

"More public courses' rounds will increase and a lot of lower- or middle-tier country clubs will struggle because people won't renew their memberships," he says.

Smith says even more golf courses need to close than open for the industry to gain economic strength. And as long as new housing starts are slow, golf course construction will be slow.

"Many golf courses that were getting financed were getting financed because there were housing developments next to them," he says.

It's always fun (or not so fun, depending on the answers) to ask readers the proverbial crystal-ball question. So in our survey, we asked them: Where do you think the golf course industry will be in five years? Most respondents (65 percent) answered, "Improving, but still a ways to go toward good health."

At least most people aren't pushing the panic button when they look into the future. It's a good sign that most people are pressing on and hoping for better days.

"Golf will be in a better place in five years," Mona predicts.

Here's hoping Mona's right. ■

For **2010 OUTLOOK**, *turn to page 28*

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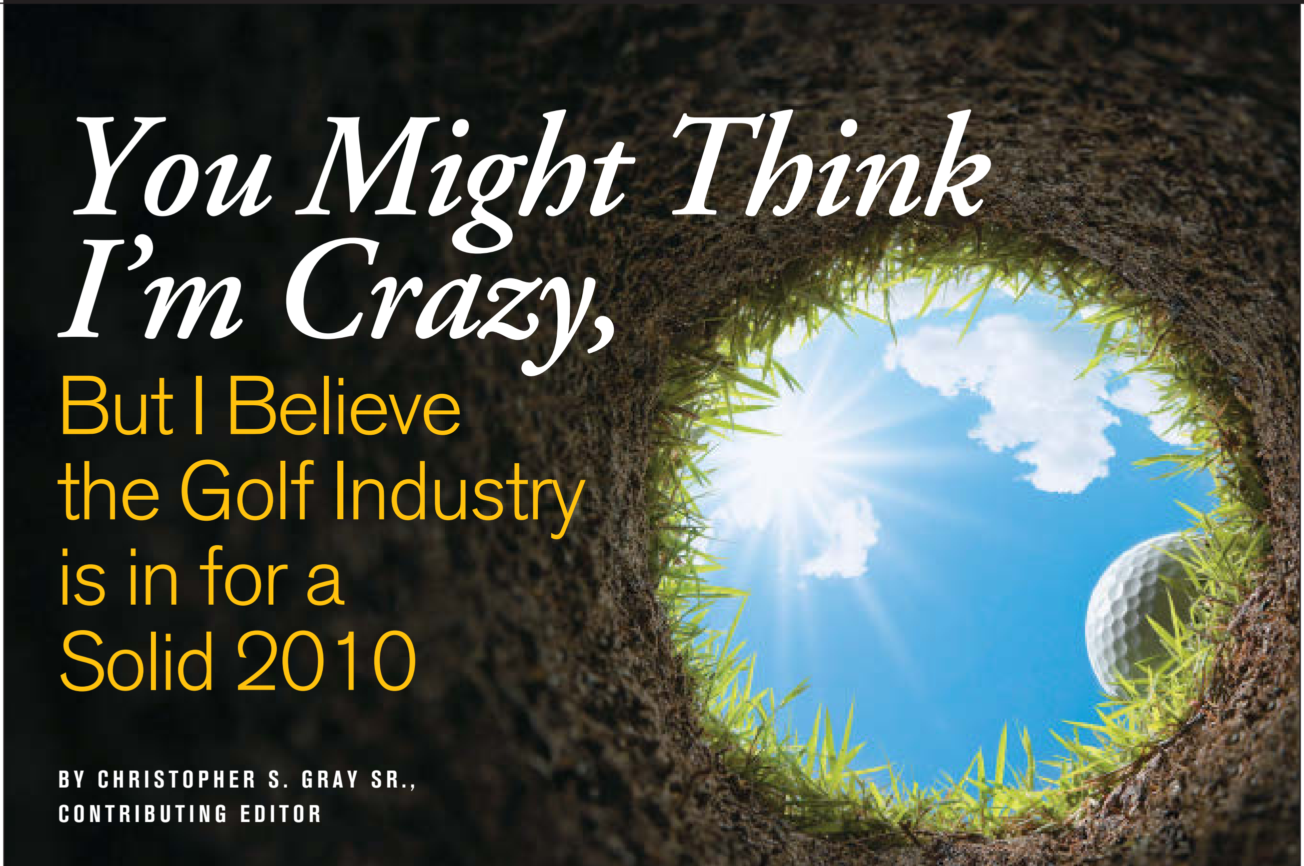

You Might Think I'm Crazy,

But I Believe the Golf Industry is in for a Solid 2010

BY CHRISTOPHER S. GRAY SR., CONTRIBUTING EDITOR

PHOTO BY: ISTOCK INTERNATIONAL INC.

2009 will be remembered as a completely crummy year for the golf course industry. The news was ghastly on almost every front — golf courses closing, maintenance budgets shrinking and then the undeniable icon of our sport, Tiger Woods, showing everyone just how human he really is.

But despite the harsh year from which we recently emerged, I'm optimistic about 2010. A year from now, we'll look back and see the beginnings of the golf course industry's recovery — returning the delightful, yet recently unfamiliar feeling of optimism to its workforce of superintendents, general managers and owners.

Woods will be back and in a big way. The three-ring circus surrounding the behavior of the

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