



Economic Considerations

By **Pat Norton**, Golf Course Superintendent, Nettle Creek Country Club

It seems that the older and more experienced I get, the more I realize that practically everything we do as golf course superintendents is based on economic considerations. Money, budget, finances, invoices, revenues, expenses, and cash flow are all now replacement key words for green speed, fertility, landscaping, and even more so are replacements for lofty terms such as capital improvements, long range or master planning! Now that golf courses nationwide, of all classes, are experiencing some degree of financial difficulty, the above statements are especially true.

Superintendents of established golf courses everywhere are having to make some very tough financial decisions within their operations, as are their respective golf professionals, club managers, general managers, and boards of directors.

The ongoing rumor mill this past summer revolved almost entirely on which golf courses were suffering from declining revenues due to lack of play. This translated into \$\$\$ or percentage points that courses were down as compared to the previous year...which translated into mid-year cost savings programs for entire golf course programs. Economic considerations jumped right up there when expenditures for the golf course, even though totally budgeted, came under more severe scrutiny. The written golf course budget became a threshold that could not be crossed...and in fact, the challenge was to see just how far under budget the monthly and yr-to-date figures could become!

The economic considerations

really became somewhat of a discipline game during the season. Lots and lots of 'saying no' to employees, suppliers, and myself...as I daily surveyed a golf course that needed or wanted this or that. As there is never a shortage of ideas for improving the looks or the playability of any golf course...it becomes difficult to hold your creative self in check! During normal times, there is a steady stream of improvements...and accompanying invoices and statements to fund them! During tougher times, things and ideas must be left to rot in the quest for cost savings.

After taking all of the economics and financial problems into account during 2002, this entire golf course operation tightened the belt. As detailed below, we spent \$25,000 less on fertilizers and chemicals...and a total of

\$50,000 less on the golf course than in 2001.

Fert&Chem 2000	\$74,500
Fert&Chem2001	\$75,300
Fert&Chem2002	\$50,000
Proposed Fert&Chem 2003	\$60,000
Final Budget Fert&Chem 2003	\$55,000

In other operational areas...golf, administration, bar&restaurant...we squeezed out another \$50,000 in expense savings for the year.

Wow! We saved \$100,000 as compared to last year! But, the top half of the income statement shows that total gross profit for food, bev, and golf was down \$128,000 compared to a year ago.

So, we are in effect about \$30,000 worse off this year than



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last year. Not a very encouraging thought...until one realizes that at many courses the financial picture is much bleaker and economic considerations are much more severe! As a result of a very sluggish 2002, budget time for 2003 involved lots of economic considerations.

Initial budget 2003 discussions really frosted the cake when I began to realize that our austerity program during 2002 was somewhat underappreciated by ownership. There were, I must admit, many admissions during the year that we'd be in much worse shape if expenses across the board were at their normal level.

But, my impression was that ownership didn't really believe that conscious cost cutting decisions were made in '02...that Mother Nature, coincidence, or whoever was responsible for not spending as much money! The

comment was made, when I was defending a proposed very moderate \$60,000 level of Fert&Chem spending, that..."refraining from spending fert&chem \$\$\$ was probably not an intentional decision"!

To which I replied that it was all definitely, definitely, definitely...a series of intentional decisions to not spend money based on our lackluster financial performance!

Unfertilized roughs for three years running, higher tolerance to dollar spot than ever before, cheaper fertilizers, less fertilizers, less people, less hours, less projects, less trees planted...can add up to saving money. And, that's what we did. And that's what we had to do.

Fortunately, I still love to play golf, so it was still easy to see that the course was still pretty good...and people were enjoying themselves. And, at least at this privately owned public course,

golfers don't notice many of the flaws. I can't imagine the pressure of having to please people in a private club situation...after the operating budget gets slashed.

Overall though, our budget will still jump up a bit in order to fund equipment purchased in 2002. And though there's less money for fertilizer, we did purchase a John Deere Aercore 1500...which is a great machine. So, I am committed to improving these beat up roughs...among other things.

In the end, though, I had to give in...and agree to a Fert&Chem spending level of \$55,000...which will take care of the basics, but force more tough choices for the coming year.

Great!!! Save money...spend considerably less on fert&chem...only to realize that I'd just set myself a new benchmark. And, the malleable chorus was loud and clear that...in the opinion

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of the golf professional and the members...the course was better than ever in '02...and nobody except 'Particular Patrick' could even tell the difference in course quality!

I distinctly remember Roger Bell telling me years ago that cutting a budgeted amount will only give the honchos the impression that the lesser amount is acceptable...and that's exactly what I, and undoubtedly many other superintendents, have done with their own austerity measures!

But...is there any other choice? When confronted with less revenue, what possible other choice is there? Lots of guys just like us are out there doing exactly the same thing...making tough choices, spending less, and hoping for better days ahead.

Hey, at least this is a discussion of cutting costs on the course instead of cutting the manager's salary or benefits! It's pretty easy to refrain from spending if it means that I'm still employed with a salary and benefits package that's 21% of the entire golf course budget. I totally understand that fact, and that someday it may come to an end.

I do have a verbal agreement that if the course needs more attention/\$\$\$...we will not hesitate to spend the money and go over budget. This little agreement, however, needs to take into account the economic considerations that seem to run throughout this essay and the daily working lives of golf course managers everywhere.

When it comes right down to it...I'll do whatever is necessary to insure that this golf course holds together. In fact, in the face of this storm, the idea must be to find ways to do better financially in 2003.

Hey, how about a year or series of years in which the expenses are held down and revenues bust wide

open? In order for that to happen, some creative thinking needs to flow.

Instead of raising prices on greens fees, drinks, food, memberships, merchandise to create more revenue...and force higher prices on public golfers...how about holding the line or dropping prices a bit, especially on items like beer and concessions, which are notoriously high at public courses? Does it make sense to think that public golfers would truly appreciate and subsequently patronize the course that offers beer and food at bargain prices? It really gripes me to rip people off for \$2.50 per bottle or can of beer. Drop that price to \$1.50 for an everyday price, and I'll bet that golfers will come more often and stay longer after a round of golf.

Instead of relying on people to buy that same old annual membership/season pass, offer them ten or twenty round passes with a small discount for buying additional rounds.

And, instead of limiting golf outings to only a few days...take them

anytime! Send your idle assistant golf professionals out during the winter months to hunt and prospect for more outings...and give them commission incentives for doing a good job.

Widen the scope of the F&B operation...and quit relying only on golfers from May-October. Utilize the clubhouse more by insisting that F&B managers fill their calendar in the same manner that the golf professional fills his with golf outings!

There are economic considerations out there these days...but there's business out there also. Don't let the current economic considerations bury your golf course in pessimism. By any measure, making a few tough business decisions helps toughen any superintendent into more of a golf businessman.

Then...when it comes time for a little 'economic consideration' from your employer...you'll be in a great position to demand a little bit of 'economic consideration'.

Economically speaking, get the picture?? ♣

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