

# Your Piece of the Revenue Pie

At many courses, less than 25% of golf facility revenues are budgeted for turf maintenance.

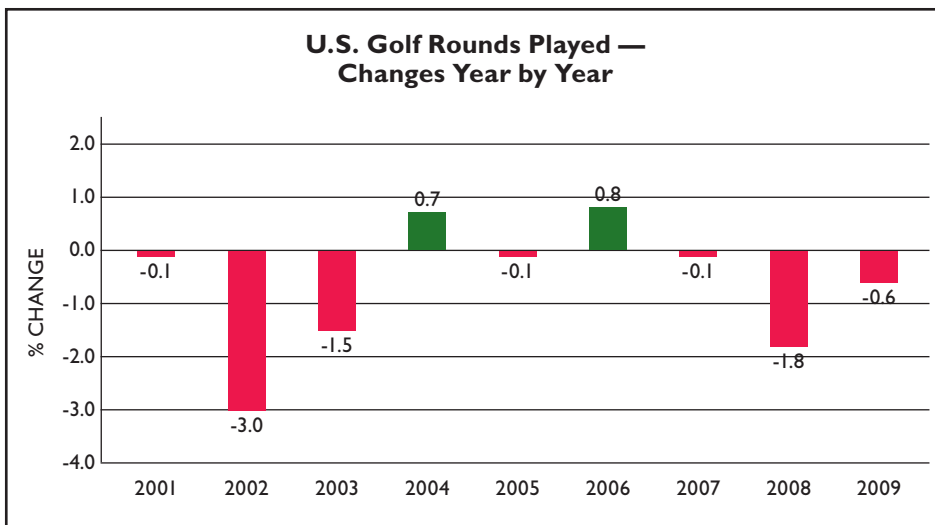
BY ROBERT VAVREK



It's only natural for a superintendent to consider the course the center of the universe at a major golf facility. However, at many elite golf operations, the lion's share of revenues are often allocated for clubhouse services.

Data from reliable sources, such as Golf Datatech and the National Golf Foundation, clearly indicate that fewer and fewer rounds of golf are being played in the United States. Only twice since 2000 have golf rounds increased from the previous year, and these marginal increases were overshadowed by much more significant decreases in play the other seven years.

The sluggish economy takes the lion's share of the blame for golf's decline, and poor weather has a significant effect on rounds played in specific regions of the country. Whatever the reasons, fewer rounds of golf are being played, and that typically means less revenue generated for golf facilities,



Golf rounds played in the United States have decreased during seven of the past nine years, and a sluggish economy provides little hope of recovery in the near future. Consequently, most budgets for maintenance operations have been frozen or cut in response to decreasing golf facility revenues.



Hard times make for hard decisions. Labor-intensive operations, such as hand-raking bunkers each day, cannot be justified when maintenance budgets shrink each season.

unless the price per round of golf greatly increases or a significant number of golf courses close.

Steadily decreasing golf revenues have a direct effect on a golf course maintenance budget. Most superintendents have seen little, if any, increases for turf maintenance during the past 10 years, and many budgets have been significantly cut by as much as 10% to 20%. Maintenance budgets have decreased despite increasing maintenance costs, which is due to higher oil prices and players' ever-escalating expectations for perfect course conditions.

A Western Pennsylvania Golf Association survey that compares (1) total revenue, (2) maintenance budgets, and (3) equipment budgets from modest/mid/high-end member clubs from 2002 versus 2007, documents the dwindling resources available for turf maintenance at Midwestern golf courses. Maintenance budgets marginally increased by 9% during the five-year survey period only at elite facilities having total income revenues exceeding \$4 million. However,

equipment budgets at elite courses decreased by 28%. Maintenance budgets decreased by 20% and 44% at mid-budget and low-budget courses, respectively, during that time period. Equipment budgets decreased by 36% at mid-budget courses and by a whopping 51% at low-budget facilities.

No doubt, superintendents have been asked to tighten their belts and do more with less for nearly 10 years, and there is no light at the end of the tunnel just yet. Nevertheless, to an uneducated golfer, the budget for turf maintenance will always seem unreasonably expensive, regardless of whether the facility spends \$200,000 or \$2 million per season for course conditioning. After all, from their point of view, how much can it actually cost to mow grass, rake sand, and press a button to turn sprinklers on once in a while? Besides, the courses in northern states aren't even open all year, so where does all that money go? How do you respond to fair and sometimes unfair comments from players or course officials who

question your request for budget increases during tough economic times?

You could debate the issue and justify the operating expenses line item by line item. There is certainly a time and place for that exercise, when you develop and submit a budget each year, but there may be better, faster, and more direct ways of addressing this issue to any of the serious golfers at your facility.

Golf is the number-one reason why a serious player pays membership dues or green fees, and you can use their passion for golf to your advantage by putting the total facility revenue versus the maintenance budget into perspective. When you inform the perplexed golfer that only \$2 out of every \$10 of income revenue into the facility is spent on turf maintenance, you just may convert an adversary into an ally with respect to future budget allocations. Besides golfers, most superintendents would be surprised to find that only 18% to 20% of the total revenue from the elite golf clubs is allocated for course maintenance, with as much as 50% allocated to clubhouse operations. On the other hand, a modest nine-hole golf facility with no overhead other than one person to collect green fees and sell the occasional beer or hotdog may allocate as much as 80% of the course revenue to turf maintenance and equipment. You just don't know where you stand until you accurately determine your piece of the revenue pie.

Most superintendents have a thorough understanding of turf operations, even down to the minute details of equipment depreciation and maintenance employee wages/benefits, but few have more than an elementary knowledge of the total facility operations and revenues. The process of determining the relationship between total facility revenues and the turf budget will be an eye-opening experience for officials at mid- to upper-end private clubs who believe the golf



Most superintendents have faced the challenge of doing more with less for nearly a decade of declining golf revenues. Costly maintenance operations, such as mowing intricate patterns across fairways and approaches, have been put on the back burner and replaced with block pattern mowing and other more efficient management practices.

course is the center of the universe. In fact, it will quickly become apparent that the golf course, pro shop, pool, tennis courts, and all else will generally revolve around the clubhouse.

Golf course owners, GMs, Directors of Golf, COOs, etc., should embrace the opportunity to meet with the superintendent to discuss total facility operations. It's easy for many superintendents to dismiss clubhouse operations as unimportant, overrated, or simply a waste of money, when so much time, effort, and passion are spent conditioning the course. They

fail to realize that the personal, but costly, services and attention provided to golfers at the clubhouse, dining room, pro shop, locker room, etc. are what clearly differentiate an elite full-service club from a high-quality daily-fee golf course. Furthermore, social members who have no interest in golf are also contributing to the financial stability of the club.

The bottom line is that taking the time to accurately determine your piece of the revenue pie is well worth the effort. The process has potential to strengthen the relationship between

GMs and superintendents, and the time spent educating golfers about the cost of turf conditioning is never wasted.

*BOB VAVREK discusses maintenance budget issues during Turf Advisory Service visits in Wisconsin, Michigan, and Minnesota to help superintendents determine their piece of the pie. Speaking of pie, try the award-winning banana cream at the Norske Nook in Osseo, Wis., when traveling through the North Central Region.*