



Another dog heading to the bone yard. Regular equipment replacement can prevent this type of situation.

Fleeting Moments

Managing an entire fleet of golf course maintenance equipment requires a new approach for golf courses at all levels.

BY TODD GRAY AND LARRY GILHULY

How many times have you read an article that makes you stop and think, “That is exactly what we are facing!”? If you answer the following five questions with affirmative responses, you should continue to read on, as golf courses across the United States are facing new challenges in how they manage their golf course maintenance equipment fleets.

1. Do you need more equipment than you request in your annual equipment replacement program?

2. Do you believe your golf course is falling behind in its equipment replacement program?

3. Is your maintenance and repair budget increasing?

4. Are your mechanic and/or staff displeased with the condition, reliability, and efficiency of your regularly used maintenance equipment?

5. Are you in competition with more golf courses than you were a decade ago?

The challenges faced by modern golf course superintendents have not changed significantly when compared to earlier generations in regard to growing grass and creating playing conditions for the game of golf. What *have* changed are 1) the expectation level of players on golf courses at every level, 2) ever-increasing costs to achieve these expectation levels (budget), 3) training and keeping quality labor (mechanics and operators), and 4) competition for players with other golf courses that were built during the boom times of the 1990s.

The equipment fleets on golf courses of every type have not been replaced on a regular schedule based on hours of use. The result is spiraling higher costs for maintenance and



Keeping equipment in your inventory twice its recommended normal life only leads to an increased maintenance and repair line item.

repairs, while equipment costs for new units are certainly not going down. The purpose of this article is to take a critical look at what caused the current situation at most golf courses and what can be done to help golf courses get a grip on their course equipment fleet management.

HOW DID WE GET WHERE WE ARE?

Today, more than at any time in our industry's history, more "business conditions" are affecting golf course conditions than ever before. A recently received email displays both the need for addressing this situation and some introductory comments on how to begin the process of addressing this issue:

I attended your presentation at the USGA regional conference and I must say it was the best time I have ever spent at a conference, hands down. Your presentation did not apply to anyone in that room more than myself or our

course superintendent. I operate two municipal golf courses and I would dare say that our current equipment program is a huge drain on our operation. We currently lease all of our equipment directly from our city fleet department. It is a bad system, and I have been given permission by our mayor to explore options outside of our system that could benefit our operation. I have attached an inventory of the equipment that we have at each golf course. The list does not have as much detail as you probably need, but I thought I would start with that and see where it goes. I would also like to seek input on a program for golf cars if your company is involved with that. Please let me know what additional information I can provide so that you and your team can provide us the options that are currently available.

Response:

From our work with several golf courses, municipal fleet reconfiguration is a growing need for many operations. I am somewhat certain that traditional "bid" and "balance sheet" ownership type practices remain in place with your city. These practices are no longer consistent with the competitive nature of the golf business or the increasing level of a municipal golf course's responsibility inside a city parks and recreation business center. The practices simply must change. Successful city operations are recognizing the need to convert to a consistent replacement and properly run golf industry relevant program. Simply stated, municipal operations that remain in the transaction-based "bid/quote/own" system are tripping on nickels and spilling dollars, all while losing competitiveness.

Bell Nob, an outstanding operation managed in Wyoming as part of Campbell County's municipal system, is a recent significant converted operation. They have utilized municipal leasing for years, but have recently converted all turf, cars, and a GPS system to a new management system in order to consolidate, become more efficient, and coordinate a plan. I look forward to furthering this initiative and encourage you to forward this message to your mayor to keep him abreast of our combined efforts and to pave the path of support in weeks ahead. It will be a very easy decision once you see the numbers and the rationale, but a decision that will involve a paradigm shift in your golf course management system. You are losing and wasting money each day, and you should convert as soon as we can do our analysis.

There are several factors that have occurred in the past decade that have led this golf course operator, and many more, to the current situation. Let's look at a few of these factors as they relate to your operation:

● **Significant prosperity and overall growth during the late 1990s and early 2000s.** It seems like only yesterday when there was a widely held recommendation that hundreds of golf courses needed to be built annually to keep up with the demand of existing and new golfers. Times were good, with exceptional amounts of discretionary income available, thus the game of golf became very popular.

● **Significant increase in the amount of product, choices, and expectations.** High-end private and public golf courses were at the forefront of construction, with green fee models that have proven to be far beyond what golfers today wish to pay. However, when all the new construction was occurring, the economy was going full steam, and \$20-30 green fee golf courses were not even considered. The resulting high costs to maintain these high-end courses, combined with the following factor, have resulted in many golf courses having difficulty with their expensive golf course equipment inventory.

● **The golf industry is a lagging economic trailer of the overall national economy.** With the disaster in September 2001 and an overall downturn in our national economy during the mid-2000s, golf followed as a lagging industry. In a nutshell, the extra money of the dot.com times was gone, and with it the discretionary income used for pleasure and leisure activities, such as golf. With less money available in the overall population and a larger number of golf courses to choose from, many golf courses felt the pinch. This resulted in reduced green fees and ever-tightening budgets, with far less capital available for expensive golf course maintenance equipment. This was followed by a prolonged period (four years plus) of economic uncertainty and revenue contraction.

● **Additional economic challenges (gas prices, fertilizer costs, electric costs, water costs, etc.).** As the cost for fuel continues to climb, there are many aspects of the golf course maintenance operation that severely impact cash flow and the bottom line. Dramatically increased costs for gasoline/diesel, fertilizer, water, and the electricity required for the operation of the irrigation system have had a major impact.

● **Competition for golfers — it has changed significantly.** First, there is more competition than ever, in all sectors. The industry experienced significant growth in the late 1990s,

creating many more golfing alternatives for prospective golfers. Second, overall economic contraction in recent years, combined with more available golf courses, has caused revenue contraction in all sectors. Third, all sectors now compete with each other for golfers' discretionary dollars, resulting in competition that has not existed in the past. Private golf clubs now compete with daily-fee courses that offer a very high level golfing experience. All daily-fee golf courses compete with each other. Municipal courses must have higher standards than ever, as they, too, are facing a more discerning golfing public with more available alternatives.

In 2008, the simple fact is that if a golf course does not compete favorably on course conditions, that course will lose the revenue to another course. One of the single biggest factors affecting course conditions is the golf course maintenance equipment that is used on the golf course. The golf course equipment fleet is the single largest recurring expense relative to the overall golf operation, and regardless of the equipment manufacturer, this equipment expense never goes away.

WHAT CAN BE DONE? THERE IS A LIGHT AT THE END OF THE TUNNEL

Because of the economic conditions that govern the industry, the importance of cash flow management has become the critical issue at golf courses in all sectors. Private clubs, in general, do not have the influx of new members to provide the financial offset to all of the capital needs that their facilities require on an ongoing basis. Daily-fee, resort, and municipal operations are already cash-flow-driven businesses. Golf course operators must realize these economic realities, as they impact every course's ability to invest in the golf course maintenance equipment that is required to deliver a quality product. Since these economic conditions are not likely to change in the foreseeable future, there is a bridge between golf course maintenance and the business of running the course that needs to be understood and strengthened.

The first step is to realize that the equipment fleet is just that — a fleet, composed of 20-40 or maybe even more individual component parts, all of which do a specific maintenance job. It is *not* 30 or 40 individual pieces of equipment. The golf course superintendent is called upon to manage the fleet. Part of that job includes a

Fleet management includes every unit used for the maintenance of your golf course, with each piece requiring a proper replacement schedule.



replacement schedule, control of the golf course maintenance budget, the creation of a year-over-year plan, and a responsibility to stay within a budget. That means that a plan must be in place for all 30 or 40 pieces at all times — not the more typical 1-3 or 5 pieces of turf equipment that are in greatest need of replacement.

Once you have made the jump to fleet vs. individual piece equipment management, it will be easier to look at the plan for each individual piece. In this step, in most cases, golf course operators will easily identify the differences in

useful life between the different pieces in their fleet. A tractor, for example, has a much longer useful life than a utility vehicle, even though both pieces are part of their fleet. Attaching a useful life to each piece is important.

Next, use your own records to prove the useful life of the equipment. Some pieces last for a long time without requiring much maintenance, yet still deliver quality results. Others wear out sooner, causing course conditions to deteriorate, draining staff resources, and requiring expensive repairs. In most cases there will be

a clear optimal rotation that emerges, which is consistent with the intuition that course managers *feel* would be the optimal replacement cycle.

The next step is to bridge the gap between the optimal replacement schedule and the business reality of limited financial resources. This is more complicated because it involves more levels of club management than just the golf course superintendent. If golf courses accept that 1) the economic landscape of our industry has changed, 2) cash flow is more important than ever, and 3) every aspect of a golf course operation must be examined, then this step may be easier to take. This step will challenge a golf course's practices. Importantly, it will address what a course's true goals are relative to equipment. In virtually all cases, it is not a golf course's goal to own equipment. The truth is that the goal of virtually every golf course in the industry is to *operate each piece of equipment as inexpensively as possible over its useful life and then dispose of it.*

If a golf course can establish a comprehensive plan for its entire course maintenance fleet, with a specific replacement schedule for each component piece, and where that replacement is sensitive to the growing importance of business cash flow, it is likely that most, if not all, golf course equipment will end up being managed under one big plan. Equipment fleets are a large operating expense that is ongoing. They are no longer a mix of some owned (tractors) and some

financed (higher use) individual pieces. If golf course managers and operators realize that the goal is to manage this overall expense as one, there is a high likelihood that they will be able to transition to a better overall solution.

SUMMARY

The outlined observations and recommendations are very important because they apply universally to this industry. Literally no golf course or club is exempt from the need to improve in some area of golf course fleet management. If golf course conditions can improve, it is likely that economic efficiency and staff efficiencies can be recognized. If golf courses fall behind on equipment replacement, a look at the overall plan is warranted. The choice is yours. Look at your overall golf course equipment inventory as a long-range and critical portion of the golf course operation, or just give it a review once a year for a fleeting moment.

TODD GRAY, VP, Golf & Turf Division, Wells Fargo Financial, has provided more than two decades of financial assistance to golf courses in North America regarding their management of equipment. LARRY GILHULY, director, Northwest Region, USGA Green Section, has observed golf courses in the Western U.S. and British Columbia struggle to keep up with the rising costs of equipment. The perspective of the authors comes from two different directions, yet both agree that this subject is the key to effective golf course management.



Fairway topdressing is just one example of equipment needs brought on by greater golfer expectations.