

GOLF INDUSTRY REPORT

Information and Insights on the Business of Golf

IRS Tees Up New Depreciation Ruling, 'Catch Up' Allowed for 2001

by William E. Ellis

For players, getting some relief on the golf course usually means improving their lie. For course owners, relief now means lower taxes.

A recent IRS ruling finally concurs with the industry that course owners may claim depreciation deductions for certain costs of building greens that are constructed with an integrated drainage system. While the ruling only addressed newly constructed or reconstructed greens, the basis of the ruling will apply to purchased courses and similar costs of modern sand bunkers and tees, if they include integrated drainage systems – a substantial “win” for course owners and one consistent with industry representations.

replaced, the IRS would not allow depreciation to be claimed. Operating under a ruling from 1955, when most greens were of the “push-up” variety built with native soils and a tractor, the government considered the work to be landscaping – a nondepreciable land improvement. Owners were being audited (costly to defend and usually unsuccessful), and the IRS was poised to issue a golf industry audit guide in the summer of 1999 that would have further reinforced this position.

To change the IRS position meant fighting a ruling that seemed as well entrenched in the IRS’s view as St. Andrew’s legacy is in the history of golf. Citing a 1963 court case in which the judge stated that “A golf course is primarily a landscaping proposition, and occasionally a green or trap or bunker is altered or rebuilt,” the IRS didn’t seem likely to budge.

The National Golf Course Owners Association (NGCOA) and KPMG LLP, an international accounting, tax and financial advisory services firm, mobilized an industry-wide approach in an effort to bring the issue out of confrontational audits and into a more rational process. An April 2000 workshop attended by the IRS and industry representatives was organized with the active assistance of the IRS national office analyst assigned to coordinate the new golf industry audit

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“I was impressed that so many senior-level IRS people were there to hear our story.”

— Larry Hirsh, President
Golf Property Analysts

Landscaping or Construction?

While course owners have long argued that golf course features are subject to wear and tear and are frequently renovated or

Participation Rates Remain Steady in 2001

The U.S. golf industry continues to experience a slight annual growth in the number of golfers, according to the latest NGF Participation Study. In 2001, 27.6 million Americans (age 12+) played at least one round of golf, an increase of approximately 400,000 golfers (or 1.4 percent) compared to 2000 results*.

“Essentially, golf continues to expand at the same rate as the U.S.

population,” explained Jim O’Hara, NGF VP Industry Research and Consulting. “This slight increase occurred despite the sudden drop in leisure time travel and purchases as a result of September 11.”

The Participation Report also includes a look at golf’s “best customers,” the intersection of avid golfers and best spenders. These best customers collectively drive the success of the

industry, accounting for more than 80 percent of all rounds played and money spent. In-depth participation results will be available in May from the NGF and Golf 20/20. ■

**The previously published figure of 26.7 million golfers in 2000 was increased to 27.2 million in 2001 based on updated 2000 census figures recently made available.*

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What do you hear?

That's a question I get a lot when talking to people in the business. And what I tell them is that I'm hearing from just about everybody – from golf equipment manufacturers to golf course operators – that business is pretty tough right now. Several years of flat or, at best, very slow growth in golfers and rounds played, has created an environment where growth can only come from taking market share from the competition.

The silver lining, if there is one, seems to be almost universal agreement that we need to start taking some serious steps to grow the game. I don't hear anyone saying "things are fine, we're doing great." So there is finally a consensus brewing as to the need for action.

Another thing I hear is some surprise that we aren't actually worse off than we are. Golfers and rounds are holding steady in the middle of a bad economic cycle. Even though consumer confidence has waned, we're still playing a half a billion plus rounds of golf. Not bad.

But these rounds are being played on an ever-increasing number of courses, and that does worry a lot of people. Golf course competition for rounds has become very intense in many, many markets. This has led to widespread discounting, decreasing margins and some stressful times for the golf course owner/operator.

But other than growing rounds played or competing more effectively, there is not much that can be done. New course development, driven primarily now by real estate projects, continues at a brisk pace. Most of these courses would not be built if the decision were made strictly on the merits of market need. But they're not. These are real estate projects, not golf projects. The owners seldom care or are unaware of the negative effects they have on the existing market.

What's the worry? Well, think about Detroit for a minute. The auto manufacturers can build all the cars they want, but if the businesses on the front line – the thousands of car dealers who actually touch the customers – are not prospering, Detroit will suffer in the long run. Likewise, the 17,000 golf courses that are our front line for golfers have to be healthy or everyone in the business will ultimately suffer.

We understand this and are supporting efforts like Golf 20/20 to grow our way out of this situation. But we are also doing everything we can to help our golf course members compete more effectively in the reality of today's market and to bring disciplined and rational decision making to golf course development by providing information and insight pulled from the best data available. In the end, the better-managed, better-capitalized courses will survive and prosper again. In the meantime though, there may be some fall-out. Or, at least that's what I hear.

A handwritten signature in black ink that reads "Joe Besitz". The signature is written in a cursive, flowing style.

Cindy Davis Elected Chairman of NGF Board of Directors

Cindy Davis, SVP of sponsorship sales and tournament affairs of The Golf Channel, was recently elected NGF chairman of the board, and American Golf Corporation co-president and CEO David Pillsbury was elected vice chairman. The election of officers took place January 26, 2002, at the NGF board of directors meeting in Orlando, Fla.

In her role as chairman, Davis foresees new direction and strength for the NGF as well as the industry as a whole. "This will be a significant year for the NGF," she explained. "Through the introduction of new, groundbreaking research

products such as CLASP, InfoNet and additional proprietary research, the organization will further solidify itself as a leader in providing insights and information on the business of golf. More importantly, these new products, as well as the current research products being offered, will be significant growth tools to all stakeholders in the golf business."

Davis has been a member of the NGF board since 1997, most recently serving as vice chairman. Named one of *Golfweek's* "Top 40 Under 40" for 2002, she went to The Golf Channel from The Arnold Palmer Golf Company, where she made her mark as president and CEO. It was at Arnold Palmer Golf where she successfully launched a new business division of the company, NancyLopezGolf and served as its executive vice president/general manager. Under Davis' leadership, the new property made a prominent and successful golf industry debut in January 1998.

As vice president of the LPGA from 1994 to 1997, she led the development and implementation of their first fully integrated marketing and communica-



Davis



Pillsbury



Drapeau



Ferris



King

tions business plan during an important period in the organization's growth.

Davis succeeds Joe Louis Barrow Jr., national director of The First Tee, who has served as the board's chairman since 2000 and will continue as a director.

Pillsbury, a member of NGF board of governors since 1997 and board of directors since 2001, currently spearheads American Golf Corp.'s operations support functions, emerging business opportunities and corporate administration. With AGC since 1988, he has served in such capacities as golf course manager, director of operations for the practice center division and SVP of marketing and field services.

Mark King, president of Taylor Made-adidas Golf Company, and a member of the board since 2001, was elected secretary/treasurer.

New to the board of directors are Ron Drapeau, president, CEO and chairman of Callaway Golf; and Mike Ferris, executive director of golf balls and public relations for Spalding Sports Worldwide. ■

IRS Tees Up

(continued)

guide. "I was impressed that so many senior-level IRS people were there to hear our story," commented Larry Hirsh, president of Golf Property Analysts.

Golf industry experts presented a history of golf course construction and modern construction techniques, and KPMG presented results from a reconstruction survey sponsored by the Golf Course Superintendents Association of America (GCSAA), the USGA and the NGCOA as well as other technical submissions. "The IRS didn't know there was as much involved in greens construction as there is," said Jim Moore, director of the USGA Green Section's Construction Education Program. "They wanted to know about realistic expenses to build greens and their life spans. They were very reasonable, listened and asked good questions."

This issue ultimately worked its way through the IRS's Industry Issue Resolution (IIR) pilot program, resulting in the issuance of Revenue Ruling 2001-60, which provides new distinctions between "push-up" and "modern greens" for tax purposes. While push-up greens remain nondepreciable land improvements, the IRS now recognizes that modern greens include substantial integrated drainage systems. The costs of modern greens that would be retired, abandoned or replaced, as well as the drainage system, are depreciable as 15-year land improvements. However, general earth moving and grading, as well as the initial shaping of the area surrounding and underneath the modern green, remain nondepreciable.

The extension of this factual determination to other golf course features – sand bunkers, tees and certain costs of fairways and roughs – has also been formalized in a published IRS Field Directive. Finally, the IRS has issued a

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IRS Tees Up

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“mulligan” to current owners. They will be allowed to “catch up” on past depreciation not claimed or to spread out the recapture of prior excess depreciation. The IRS has also just announced that the “catch-up” depreciation is fully deductible in the year an owner reports the change, which is available for calendar year 2001 tax returns.

Who It Affects

Who can take advantage of the depreciation allowance? All for-profit owners and some member-owned clubs with nonmember taxable income are eligible. This covers thousands of owners, including a substantial number who have already properly claimed depreciation. Courses considering renovation may also be encouraged by the tax savings from the depreciation of replacement features with integrated drainage. The proper documentation of original costs will also provide a current deduction for the features replaced, whether depreciable or non-depreciable.

Keep Records

It's vital that course owners have records of construction and renovation costs to substantiate depreciation and/or current expenses. The IRS, while very pleased with the new ruling, will require appropriate records including facts about the construction and documented costs. Course superintendents should maintain factual records not just for maintenance purposes, but for taxes as well.

For new construction or renovation, much of the information can be obtained from original, third-party construction documents, plans and specifications. The question then is, how much additional cost – for architectural and other overhead expense, etc. – should be allocated to green construction, for example, as compared with non-depreciable costs? In many cases, cost segrega-



What Can You Save?

An owner has \$1 million in costs of modern greens, sand bunkers and other covered costs (not unusual for modern courses) that first came on line in 1991 and have not been previously reported as depreciable. Using the statutory 15-year, accelerated depreciation method, approximately \$675,000 would have been allowed in accumulated depreciation through 2000.

Revenue Procedure 2002-19, released on March 14, 2002, provides that the \$675,000 would be fully deductible in 2001. The remaining depreciable costs (\$325,000) can be depreciated normally, roughly \$59,000 per year for five and a half years beginning in 2001.

This results in approximately \$734,000 (\$675,000 + \$59,000) in additional depreciation expense for 2001 – almost \$294,000 in 2001 cash savings for an owner in the highest tax brackets – a bigger payoff than a hole-in-one.

tion specialists may help maximize the amount and assist with proper documentation. Such specialists also understand the accepted methodology for a purchase-price allocation to the components of an asset being acquired.

A Win-Win Resolution

This new ruling represents a win for both golf owners and the IRS. The benefits to the industry are obvious, and the IRS has benefited by resolving the issue without lengthy and confrontational audits and legal proceedings – a basis for the IIR pilot program. The IRS listened and learned and then applied the knowledge by writing a ruling consistent with modern golf course construction factors.

The ruling is significant because times and methods do change. “It was refreshing to see IRS policy makers recognize that technology is changing everything, even golf greens, and that they need to adapt their rules accordingly,” commented Dr. Michael Hurdzan, president of Columbus, Ohio-based Hurdzan-Fry Golf Course Architects and past president of the American Society of Golf Course Architects. “I was equally impressed at their qualifications and methodical approach to

understanding a new field.”

Modern techniques are being used at even the most traditional courses. At St. Andrews, a massive irrigation system was begun in 1998, and all 112 bunkers were renovated prior to the 2000 Open – normally a five-year rolling program. The Hell, Shell and Cottage bunkers were rebuilt using railway sleepers sunk into concrete.

And, now that Hell has been paved over, what's next? Whatever it is, this ruling brings the IRS's view of modern course construction up to date, benefiting everyone. ■

Bill Ellis is a partner in the Atlanta office of KPMG LLP, an international accounting, tax and financial advisory services firm with a golf industry practice focused specifically on the business of golf. He organized and led the efforts of KPMG with the NGCOA, which resulted in the new ruling.



Ellis

The information contained herein is general in nature and based on authorities that are subject to change. Applicability to specific situations is to be determined through consultation with your tax advisor.

Getting Your Customers to Complain

If you ask most business people how many customers they lost last month, you'll get blank stares. And yet, "Your most important measurement isn't your bottom line, but how many customers you lost," explained Larry Venable, a national customer loyalty speaker/author.

"It's all about customer defection, so you have to constantly monitor customers," he added. And there are several reasons why reducing customer defections is so profitable:

- The high cost of new customer acquisition
- Older customers spend more
- Lower operating costs. As customers learn your business, they become more efficient over time.
- Referrals. Happy customers "brag" about you.

"Your main objective should be to prevent customer defections in the first place," said Venable. "Therefore, your most important business strategy is to give your customers outstanding service and constantly monitor customer satisfaction. The only way you get better is to constantly, continuously monitor your

customers' perceptions."

"But what most businesses do not do well, or at all," he says, "is to continually seek information from customers." Your most important business strategy is to get people to complain in a way that provides you with actionable feedback.

For example, how many times have you been asked by a waiter or restaurant manager if you enjoyed your meal? Chances are, you said "yes" even if something wasn't right because it was easy to do and you thought your feedback wouldn't really make a difference. Yet, if the staff had asked, "how could we make your next dining experience better?" there might have been a real opportunity for the restaurant to learn from you.

"A few of the facilities that I've talked with have implemented a customer survey in the past, typically using a customer comment card," said Kelly Olshove, NGF Golf Facility Services manager. "One of the major drawbacks, they tell me, was the time it took to compile the information from the cards and analyze the results. Many of them did not collect enough surveys, which increases the margin of error."

"Many operators think that once

they've completed a customer satisfaction survey, they have all the information pertaining to the customer," she said. This couldn't be farther from the truth.

Because of changes in the economy, increased competition, demographic shifts, etc., it is imperative to track and analyze trends among your golfers. Measuring satisfaction should be conducted up to three times annually at the beginning of the season, mid-season and at the end of the season.

For participants in the NGF Customer Loyalty and Satisfaction Program (CLASP), their findings have brought some surprises.

"We discovered that our customers are not who we thought they were," said John Dee, general manager of Willow Run Golf Club in Pewaukee, Wis. "Our players regularly play on a card with the county park system, and they travel much farther than we ever imagined to play at Willow Run. We also found that our customer is more value-oriented, rather than price-oriented."

With these and many other specific results in hand, a facility can take action on their customers' concerns and bring golfers back for years to come. ■

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Jon Dee, General Manager, William Run GC, Pewaukee, Wis.

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Grand Plans: Smart clubhouse redesign and renovation

By Craig Better

Eventually, every golf course clubhouse is going to need some attention. Whether it is out of necessity — space or structural issues — or more cosmetic, it is inevitable. And while the process of sprucing up a clubhouse is simple in theory, these are highly complex structures. There aren't too many buildings that house retail, dining, bathing, storage, banquet and lounge facilities under one roof.

Basis for Modifications

Clubhouses are usually redesigned or renovated for four reasons: capacity, quality, functionality or amenities. As a club's membership or customer base grows, there often isn't adequate space to accommodate everyone, thus compromising service. As a result, clubs have to build new rooms or expand existing ones.

Quality issues could relate to structural problems or an outdated or worn out interior décor. In other cases, needed changes have nothing to do with the look of the spaces, but rather their functional layout. Unfavorable or inefficient traffic patterns can put stress on the staff and guests.

Even new clubhouses undergo changes, most often to add new amenities such as fitness areas, spas and business centers that facility members and guests have come to expect.



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Burdened with a bar that was too underutilized and unfashionable to be the focal point of the dining room, Eastpointe Golf and Racquet Club in Palm Beach Gardens, Fla., hired STH Architectural Group to reduce the bar's size, relocate it and replace its washed-out color scheme with rich greens and browns.

In need of a dining room with seating for 200, Eastpointe tripled its existing size with this addition, featuring 12-foot-high ceilings and an extra row of windows that bathe the room in light. Residential-feel carpeting and dark, rattan furnishings complete the updated look.

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“All these reasons really tie in to competition for market share, which is measured in terms of membership or rounds played,” said R. Chris Wilkerson, Ph.D., president of Golf Management, Inc., a Jacksonville, Fla.-based planner and builder of golf courses and clubhouses. “People have a desire to be at the nicest places – the latest and greatest.” Wilkerson was formerly VP and director of construction for the PGA Tour and currently teaches clubhouse design at Harvard University.

Structural Changes

One of the biggest trends that continues to influence clubhouse structure is the changing demographic of golfers. When it was essentially a game for men only, card rooms and lounges could be located inside locker rooms. Not any more. With more women, children and families playing golf, clubhouses have had to reflect these changes and create or reallocate spaces for them. Another trend reflective of cultural changes is the

increase in casual areas. Country clubs are still one of the last bastions of formal dining, but younger members are seeking more areas where they can simply relax. One place they are doing it more than ever is on outdoor patios and verandas, another trend that has many club operators digging out their blueprints.

Previously, the formal dining room was the largest room after the ballroom and the grill was the smallest,” said Ryan Yakel, EVP/COO of CCI/Chris Consultants, a club architecture and design firm based in Irving, Texas, which has overseen more than 400 club projects. “That’s exactly the opposite of how members are using them today. Now it’s 25 percent formal and 75 percent casual.”

Many clubs are also trying to tap into or expand the lucrative outing and banquet business and have had to add additional kitchen and dining space.

Style Trends

Perhaps only in the ’70s and ’80s did clubhouses delve into contemporary

styles and colors, creating more of a commercial look. Before and since those decades, clubhouses have stuck to the tested formula of traditional-looking, residential spaces.

“There is this sense of history and tradition that surrounds golf, and that’s one of the things that makes it special,” said Dick Schrupf, president of Behrle Club Consultants, a Verona, N.J.-based consulting and design firm that specializes in established, private clubs. “Most clubhouses continue to reflect that timeless, traditional look,” he added.

As far as exterior treatments, it’s fashionable to use indigenous materials that evoke the look of the region, such as barrel tile in Florida and brick in Georgia.

Process Changes

Today, it’s common for architects and contractors to be involved in clubhouse projects from day one. That’s much different from years ago when the process was design, bid, build. With both parties

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involved early, the contractor is continuously cost estimating as the design evolves and has a better shot at keeping the project within its budget. As a result, there has also been an increase in demand for one-stop shops, firms that can handle entire projects: planning, designing, and building. “The paradigm has shifted,” said Wilkerson. “It’s now about partnering and construction management.”

Another change that architects have noted is that more operators are hiring them for integrated, long-term plans versus room-by-room projects.

Avoiding Pitfalls

Working closely with consulting industry professionals may be the single most important step that club owners and operators take in assuring that their projects come out according to their plans and within budget. Redesign and renovation projects involve much more than simply how the building looks. There are logistics, traffic flows and efficiencies that need to be considered. Experienced professionals can help steer around major problems, and the type of professional one hires is critical.

“Even a firm that has done new clubs isn’t qualified to do renovations unless

As part of a complete makeover for Hillwood Country Club in Nashville, Tenn., CCI/Chris Consultants built a native stone and copper Porte Cochere (covered entry) creating a more elegant, functional and durable entrance to greet guests.

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they’ve been down that road before,” said Bill Hanser, principal of STH Architectural Group in West Palm Beach, Fla. “It’s a different animal.”

Specifically, there are zoning and building codes that have to be considered before a wall is knocked down or the first spade of dirt is turned. Ignoring or dealing with them improperly can lead to problems with the local building inspector and, more importantly, an unsafe structure. “Those are major, major issues that, if you ever overlook one, you’ll never do it again,” said Hanser.

Another consideration often overlooked by anxious club operators is what their members or customers will do while work on the clubhouse is being done. In most cases, projects are scheduled during off season and sometimes parts of the clubhouse can continue to operate. Often arrangements have to be made to provide alternate facilities. This can mean building temporary structures or having reciprocal agreements with neighboring clubs.

Many operators also fail to consider labor costs when planning their new clubhouses or expansions. Labor is the single greatest cost over the life of a golf operation, and it should be considered from the start of any project.

“Consider whether you have to hire extra people to staff the new space,” explained Yakel. “The goal is to get the maximum use out of current employees while still providing the best service to members and customers.”

Redesign vs. Renovate

Sometimes operators will be faced with the decision of totally rebuilding a clubhouse or simply renovating what’s already there. There are advantages and disadvantages to both. Unlike new construction, where planners and designers can start with a clean slate to create the most efficient space, renovations involve working with existing systems and structures that aren’t always in the ideal shape or in the ideal place. Plus, many older clubs no longer have their original blueprints, and knocking down walls can

turn up unwelcome surprises with associated costs. “The biggest disadvantage to renovating is that you face the inherent problems or limitations of the clubhouse,” said Hanser. “You’re either stuck with them or you have to pay to solve them.”

On the other hand, renovation is a great way to preserve the history, tradition and ambiance of a clubhouse. Again, history is a big part of the game, and it’s hard to duplicate it in new construction. Details such as moldings and light fixtures as well as overall structural characteristics such as high ceilings all add to the atmosphere.

Timeline and Costs

Building projects break down into three main phases: planning, design and construction. The first thing architects do is create schematic drawings based on what the club’s needs are. That can take any-

where from 30 to 60 days. Once the design has been approved, permit drawings are produced, which can take from three to five months. Next comes permitting, which is handled by the local building department and can vary dramatically. Then, construction begins. Based on the complexity of the project, this can last anywhere from six months to two years. Often, the construction process itself is broken down into phases to minimize the impact on operations.

Without defining the project, it’s difficult to estimate what construction and renovation costs will be. However, prices can range from \$150 to \$350 per square foot. Average remodeling projects range from \$500,000 up to \$4 to \$5 million, whereas new clubhouses can top \$10 million. Architect fees are either based on a percentage of construction costs or are a lump sum fee based on the scope of the project.

“There is also the cost of doing nothing,” said Wilkerson. “It might be that you have a dissatisfied staff or that you’re losing clientele or members. There’s a lost opportunity cost that you have to consider.”

First Steps

Any good designer or architect will start by putting together a team – club representatives, a kitchen consultant, an interior designer, a contractor – to “program” the building, determining exactly what the needs and goals are. This often involves internal and external market research to get an objective view of the project.

“Many times the owners or board members think they understand what their members and customers want, but they don’t really know,” said Schrupf. “Sometimes the research can be very eye opening.” ■



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Behrle Club Consultants in Verona, N.J., transformed this previously pink and teal space at Upper Montclair Country Club into a formal and informal lounge, using rich jewel-tones, brass chandeliers and more comfortable furnishings. The fireplace, now embellished with columns and moldings, became the room’s focal point.

NIGM Conference Provides Issues Forum

By Craig Better

For the past 18 years, the National Institute of Golf Management (NIGM) has provided a forum to learn, network and share ideas with some of the most successful industry experts in the country through its annual four-day seminar program. At the recent 2002 school held in January, facility personnel including golf professionals, superintendents, food and beverage managers and general managers, participated in "Hot Topics" sessions. Expert panelists helped facilitate and moderate the discussions, which covered everything from tee-time systems to ADA regulations. Here are highlights of some of the liveliest sessions.

To order, please call us at 888-NGF-2500, e-mail us at ngf@ngf.org or visit us online at www.ngf.org/pubs. To find out more about the next NIGM conference (January 12-16, 2003), please call the Oglebay Office of Continuing Education at 1-800-624-6988, Ext. 4019, or go to www.ngf.org/nigm.

Pace of Play

"The No. 1 reason why people leave the game is because of the time it takes to play," explained Keith Clark, head professional at the TPC at River Highlands and this session's moderator. "Pace of play has become an extension of a course's customer service," said Clark, "and given the times we're in right now, everybody is focused on that."

Clark, who wrote the starting and marshalling guide for the NGF, discussed course layout and conditions and how they can affect the pace of play. He also advised students to view their tee

RELATED NGF INFORMATION SOURCES	
<i>Slow Play: Fast Solutions: 2001 (Third Edition InfoPac)</i>	
Members:	\$35
Non-members:	\$45
<i>Golf Manager's Handbook: A Desktop Reference for Facility Management and Staff Training</i>	
Members:	\$100
Non-members:	\$130

times as physical inventory and see how it is affected by changes in scheduling. And, of course, many attendees wanted

to know how to deal with slow groups. "Some people are afraid to make the customer upset so they appease one foursome at the expense of 140 to 180 other players," said Clark. "Course marshals need to address problems quickly. It's not fair to let one group hold all the other groups hostage."

Too often, explained Clark, marshals simply tell groups that they're off pace, but don't tell them how to speed up. When you inform a group about their pace and give them a measurable goal to attain, they'll do it 80 percent of the time, he added.

Golf Shop Operations

Bob Swezey, general manager of KemperSports Management, moderated the golf shop operations session, where students were very interested in the retail outlook for 2002 and opportunities they might be able to capitalize on given the tighter marketplace. One of the relevant issues was excess inventory, particularly, what to do about it and how it will affect buying plans. "Years ago it used to be order more, fewer times. Now it's order less, more times," said Swezey.

This year, vendors will have to be reactive to their retail constituents just to retain, let alone grow, their business. Swezey foresees a more customer-

focused approach. "For the most part, we're seeing that beginning to occur," he said. "Vendors are keenly aware right now that they have to make adjustments in their plans – buying, selling and marketing – or the guys in the field won't have room for their new products."

Swezey also spoke about the importance of retailers understanding "customer engagement," a level of service that goes beyond mere customer satisfaction. "'Satisfaction' is basically average," said Swezey, "and average just isn't good enough anymore." Instead of just meeting people's expectations, retailers must continually surprise customers with superior service to keep them loyal.

RELATED NGF INFORMATION SOURCES	
<i>The Professional Golf Shop: 1999</i>	
Members:	\$40
Non-members:	\$50
<i>Increasing Your Pro Shop's Bottom Line: 2001 (Third Edition InfoPac)</i>	
Members:	\$35
Non-members:	\$45

Students also spoke of the fallout they've seen among golf discounters in their various regions. "I think green-grass guys are getting smarter; they're figuring out how these [specialty stores] are getting their margins," said Swezey. "And they're turning into retailers."

Player Development

Rather than have students simply throw out ideas that may have worked for their individual golf operations, session leader Rich Richeson, project manager/player development for American Golf Corporation, discussed his company's affiliation with Nike Golf Learning Centers, a business model that has been one of the most successful across various regions and player demographics.

The key to the Nike model is that it not only introduces players to the game, but it gets them playing golf. That's an important distinction from other programs that never progress past the lesson tee. For \$179, students get six hours of instruction and five rounds of golf, plus 10 "play days," a warm-up clinic and three to six holes of golf during the final two hours of daylight. Another reason why the model works is that it rewards

golf professionals for getting students to the course once their lessons are complete.

"We pay our golf professionals when guests come back and play," said Richeson. "That's the crux of it. When you do that, everybody wins."

By outlining the structure of the program, participants could apply the basic principles to their own operation. Richeson cautioned, however, that player development doesn't necessarily equate to junior golf. "Yes, we have to grow the game through junior golf, but we have to get fee-paying guests on our golf courses now," he said.

Some operators also expressed concern about giving away free rounds of golf. Richeson explained that it doesn't have to be on peak days or times, and beginners usually prefer when the course isn't as crowded.

RELATED NGF INFORMATION SOURCES

Welcome Programs That Work: A Facility Guide

Members:	\$20
Non-members:	\$24

Women's Golf Programs that Work

Members:	\$40
Non-members:	\$50

Getting Minorities Into The Game of Golf: 1999 (Second Edition InfoPac)

Members:	\$35
Non-members:	\$45

"Giving away free golf is like advertising," said Kirk Lundbeck, director of golf at Sycamore Golf Club in Sycamore, Ill., and one of the NIGM graduate students who participated in the discussion. "If you treat people right when it's free, they're going to come back with their friends and pay to play."

ADA Issues

Perhaps the hottest of the hot topics discussed was the effect the Americans with Disabilities Act is having, and will continue to have, on public golf courses. Led by Jim Niskanen, the City of Modesto director of parks and recreation in California, this session gave students the opportunity to share their experiences and hear what different courses have done to accommodate physically challenged players.

Some students told of legal claims against their course and sought the advice of other group members regarding how to respond. Other courses and communities shared the suggestions from their legal counsel to obtain one or more ADA-sanctioned, single-rider golf carts. Others were simply trying to understand a vague law that is somewhat puzzling.

"It's really easy to comply with building guidelines because they are definable by uniform building codes, but the ADA was purposely written vague in every other area because there are so many variables," said Niskanen.

RELATED NGF INFORMATION SOURCES

Accommodating Disabled Golfers: 2001 (Third Edition InfoPac)

Members:	\$35
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"Essentially, it's a complaint-driven and court-determined law."

Basically, the law states that all public buildings have to provide access and usability for people with disabilities. That means not only providing ramps to enter a clubhouse, but also accessible bathrooms, elevators, etc.

The law doesn't address outdoor areas such as golf courses or parks. But even if a course took it upon itself to try to become ADA-accessible by removing curbs from cart paths and shallowing out bunkers, how could it possibly cover every different type of disability?

"The ADA is built upon the phrase 'reasonable accommodation,' and there is no definition for what that means," said Niskanen. "That is in the eye of the person asking for the accommodation

and the accommodator. And if they can't reach an agreement, then it's in the eyes of a judge."

Perhaps the playground industry offers some clues. When the law first came out, there were no guidelines for playgrounds in the United States. Eventually, through some claims filed and assertive work on the part of the playground industry and disabled community advocates, they eventually developed some guidelines that have now become the standard.

"That was the main idea of the discussion," said Niskanen. "The golf industry as a whole needs to do a lot of work if it wants to become accessible, and if it wants to do it without a court order. Personally, I believe the day will come when, on every golf course in America, there will be a certain percentage of single-rider ADA accessible carts...by law. That's where things are headed."

Whether the industry is ready to make accommodations or not, it is clear the disabled community wants to play golf.

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Your Golf Project Database Just Got Better

The NGF has redesigned its online golf course construction activity report to provide real-time, daily updates of golf and golf-related projects in a searchable database. Previously updated monthly, the Golf Course Project Report now allows the user to search by more variables than ever before, and it also includes non-golf related development.

At a proposed private resort golf facility in New Jersey, for example, online users also learn of the adjacent proposed motor sports project, tennis facility, conference center and two luxury hotels.

The revenues generated from golf related projects typically affect many businesses and households within the project's local and regional economy. New office parks, houses and schools bring new economic activity. Included are not only the direct vendors from whom the course, offices, schools and dwellers purchase their equipment and supplies, but also the supplier to the vendors and so on, in a chain reac-

tion called the multiplier effect.

Even in small communities or regions where multiplier effects are minimal, a new development project offers a range of full-time, part-time and seasonal job opportunities that may be a significant source of support to the local business economy.

Customized reports can be created on any combination of such criteria as project/ facility name, state/province, status, project estimate, open date and more.

Information in The Golf Project Report is compiled from data the NGF receives from architects, developers, builders and other industry sources. ■

Project Name	Location	Status	Date
New Golf Course	New Jersey	Under Construction	2008-01-01
Tennis Facility	New Jersey	Planned	2008-01-01
Conference Center	New Jersey	Planned	2008-01-01
Luxury Hotels	New Jersey	Planned	2008-01-01



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