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Tossing a Life Raft

By David Gould

Management companies offer aid to owners on an island

To operate a standalone golf facility is to challenge the proverb that states, "No man is an island." Running a single-course business, you actually are an island, in the context of golf operations and marketing to your audience. No other golf facility has exactly your location, your acreage, your surrounding population or even your microclimate for turf care.

Which must be the reason why some owners strongly consider leasing their course to a management group—they get weary of trying to make good decisions based on the peculiar circumstances and the small data sample one 18-hole property represents.

Penetration by management groups into the 14,000-some courses in the United States is still marginal, but the proof-of-concept is there: Buying power, pool of talent, sharing of costs for back-office functions and the steady advantage of amassing information about diverse operations all ease the decision-making challenge.

The information part of that multi-pronged advantage can be shared much more easily than the economies of scale, so we made that the focus as we queried successful multi-course managers, asking them how they would advise someone charged with managing a standalone course.

When the question was put to Blake Walker, CEO of Dallas-based Arcis Golf, he made use of the up-close look any Dallas business flyer gets of the operating philosophy of a true-blue legacy air carrier, American Airlines. "This is a brand that used to stand for everything," observes Walker, "in a business where you can't attempt that anymore. In its current version, American is doing very well at the things they've decided they can do well, in order to best serve a section of the market. So right now their success is more about on-time performance than pillows and meals."

No one touts the "point of differentiation" modern businesses require more enthusiastically than Walker. He warns any vendor, in any market, that they have wandered into the mud flats of "being a commodity" if they can't find a way to stand apart. Now, granted, the crown jewel in the Arcis portfolio is the Dallas Cowboys golf facility, Cowboys Golf Club, in the Dallas suburb of Grapevine. "We're the only NFL-themed golf property in the U.S.—and I understand that this sort of opportunity is extremely rare," Walker says. "But if you follow the logic of it, you'll see that staking out your own unique territory as a public-serving golf facility is a better route to success than putting up a bland idea of decent quality across the board."

So the best option for a single-course owner is to ask whether you've set yourself apart, and how you've done that. Bear in mind: Subtraction can be part of the strategy—you could do away with retail merchandising, or have no beverage cart, or skip the bag drop attendant, or quit trying to do weddings, as long as you've provided value in some other way, and told golfers clearly that you're concentrating on certain key features in order to get them totally right.

According to the mindset within Southworth Development, your strategy, branding, customer experience and training all flow together in a way that a single-course business could conceivably master, but the sheer fact of not being a multi-property enterprise might get in the way. Think about the mom with six kids who is prone to say, "this one is my scholar" while this other one, "is the athlete in the family," and so on. Meanwhile, parents of an only child are inclined to perceive the full range of qualities in that kid. It's actually necessary—if they want to convince themselves they're capable of passing on all these desirable traits.

Based outside Boston, Southworth has long favored a smaller portfolio of high-end properties that it doesn't just manage, but owns. Greg Sherwood, president of the company's Southworth Golf division, is a customer-experience maven who developed a list of principles called "The Southworth Way," in order to elevate service to the level of a true culture. The result is a series of rules that everyone working at the operations level has to carry with them, have memorized, and be able to recite—by item number—at any moment. To back this all up, Sherwood is sometimes seen washing windows during a facility visit, intending to lead by example.

Branding is about consistency and a sense of assurance, and it's usually talked about in relation to products or services that are available in lots of places, yet apparently a single course can do it, too. "We don't have 'Southworth' printed on our signage or our golf carts," says Sherwood. "All our properties are one-offs—there's no cloning." True, all the range balls at Southworth properties are Titleists, but that's mainly about consistency. "There are other high-quality range balls—you could pick another one and make a similar statement," says Sherwood, "you just have to commit to it." The moral of his story: pour energy and a devotion to detail into managing the operation, making choices that are good—not necessarily brilliant—and sticking to them. "Do that and your facility will brand itself," Sherwood believes. "It will reveal its soul."

To extract valuable wisdom from the executive team at McConnell Golf, it may help to know that company policy calls for all the cups at all of its 12 facilities (all but one of them member-only) to be painted daily. Christian Anastasiadis, the company's chief operating officer, believes the best golf operators will find the special touches and points of distinction that truly matter to the customer base, and put resources into those aspects.

"We often talk about centralized strategy and decentralized functions," says Anastasiadis. "You have core beliefs and key priorities you never turn from, but you don't have to go about executing the strategy in the same way all the time." On that premise, if you pulled this 14-year McConnell veteran out of his current position and made him manager of a standalone course, Anastasiadis would promptly look into pros and cons of outsourcing turf maintenance. "Keep the superintendent and one or two others to oversee, but otherwise outsource the function," he muses. "This would be done to lower costs, although it wouldn't be done if it would also lower quality—but there's no reason not to study it and consider it."

If golf tees at this hypothetical standalone were sold in bags, and pond balls were $1 apiece, Anastasiadis would buy a big fishbowl, fill it with tees —free for the taking—then raise the pond balls to $1.25. "People really, really notice those free tees, but they won't notice the extra 25 cents on the cost of the balls."

Anastasiadis would, generally speaking, think in terms of "shopping"—both on his course's part and on the part of the golfer. "Negotiate with vendors," he advises, acknowledging that many of them have considerable pricing power but, even still, "they don't want to lose you." As for your own clientele, "everybody shops, and they shop more now than ever," which means distinctive details—the painted cups, the free tees, and so on—take on an even greater importance because they tend to make the shopping cease and the decision to patronize your facility more enduring, less fleeting.

Bear in mind, the little touches and details that go along with branding won't work—all sources interviewed agree here—if the basic product is faulty and shoddy. Empire Golf Management, which currently has a four-facility base of owned-and-operated courses but is gearing up for growth on the lease-and-manage side, views course maintenance with a sharp eye and a sharp pencil. "The single-course owner," says Rudy Virga, the company's director of operations, "is spending way too much money on the golf course."

How to fix this problem? The best approach, Virga believes, is to redefine "quality golf course conditioning" as a spectrum of standards, all of them perfectly acceptable and appropriate based on the dollar amount people are paying either for a membership or a daily fee. Then you get straight in your own mind which conditioning standards—the loftiest ones or the entry-level ones—befit the various cost levels. Then you execute and you communicate.

"Our company retains its superintendents for long tenures—15 years and longer," Virga says. "We give them the resources they need and we support them when the standards are met, but maybe there are some brown spots in the summertime. We educate the golfers that for what they're paying, this makes sense, then we invest in other aspects of the operation where you can really make a difference that matters."

The single-course owner, according to Virga, can get fixated on hitting 11 on the Stimpmeter every day of the year, even though he's operating a moderately priced semi-private, either because of pride or because golfers who don't know what they're talking about make a lot of noise in chat rooms about slick greens. "Remember, the value of bringing in a management company," says Virga, "very often has been that you avoid delivering bad news in the way of policy changes. You don't have to be a multi-course operator to do that, you just have to know the business, know your stand and communicate effectively."

If you ask the two principles of Fore Golf what management groups possess and single-course facilities lack, they go immediately to the "Moneyball" function of performance analytics. Expertise in golf operations is no longer a matter of just hands-on experience, say Charlie Staples and Mike Miraglia. These days, you've got to be analyzing the business using digital tools and software that track all kinds of "KPI" (key performance indicators) data.

"Raising your green fees in order to lift revenue is extremely difficult, if not downright impossible in this environment," says Staples. "That leaves cost-containment—which requires a lot of good recordkeeping and metrics for comparison—or revenue increases that come from other parts of the business. It all takes data and tools to manage that data."

Miraglia speaks about the KPI challenge as one who's been poring over these numbers for many a season. "Which ones matter most, at any given time—that's a question you learn to answer over a long period of study," he says. "It could be labor costs as a percentage of revenue on weekday afternoons, or it could be rounds per member when the economy is trending down, or beverage-cart sales on weekend mornings. You use the data to make quick adjustments, and that makes your difference between satisfactory performance and unsatisfactory."

When Virginia-based Fore Golf is called in to consider takeover of a standalone course, the first task is to look through financial statements and operating history in search of these key metrics. "Usually, they're relatively rudimentary reports," says Staples. "In part, that may be because when you don't have multiple courses you're looking at, the numbers don't mean as much because you can't run comparisons."

The next best thing, say many executives of multi-course companies, is to come up with every comparison you can, with other facilities in your market, by "shopping" or even "secret-shopping" what they do. After all, if they're all or mostly operating as standalones, then it's just your island versus their island—a competition that the best man can win.

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