

Golf Course Management

OFFICIAL PUBLICATION OF



MAY, 1986

Inside: Golf Course
Accessories Update '86



From the West:
More Than A Trend

In The East:
The U.S. Open
Draws Near



More Than A Trend:

Because Golf Has A Price . . .

*The leader of American Golf Corporation
is giving new meaning to course management,
with growing support from — and of —
GCSAA-member superintendents.*

James G. Prusa

Associate Executive Director, GCSAA

Just who is David Price and how is he changing the golf industry as we know it?

Will golf course superintendents be affected by these winds of change?

Could there be a future effect on your career in golf course management?

A great many people in golf are asking these same questions today. Before we attempt to provide ourselves some answers, let's first review recent history and ask a few more questions.

Golf In An Era Of Change

Recent years have brought considerable change to the great game of golf. By changing the game has grown, yet it has protected cherished traditions. For a great many individuals the game has grown into an industry, a business. The need for a renewed business approach has been fueled by the many needs and demands of the game itself.

To survive and prosper during the 1970s the game of golf needed to expand its popularity. Golf needed to regain the participation of the general public that it had enjoyed originally in Scotland (and to a major degree still does today throughout the United Kingdom). It needed to once again become accepted and practiced by the common man. Golf needed aggressive *promotion* on all fronts.

In order to promote golf to the general public, golf courses had to be made even more attractive. The public expected and demanded higher levels of maintenance that were then only enjoyed by a very few private courses. Thanks to television, every golfer expected every golf course to look like Augusta National. In order to enthusiastically and confidently promote junior golf, senior golf, women's golf and public golf, golf operations needed to improve their golf courses — their *product*.

Bringing even greater business pressure on golf, more golf courses were needed for the public to play on. These courses

had to be placed and *distributed* where the general public would have access to them. This usually meant places where real estate was expensive, resulting in more demands on management for cost efficient operations.

Finally, as with any business, golf courses had to be managed so as to become competitive with other recreational activities for the general public's dollar. The *price* of golf had to be reduced and maintained so the public could afford it.

A New Business Phenomenon Emerges

With all the increasing emphasis on golf as a business, innovation and entrepreneurship closely followed. The great

The phenomenon of the '70s became a definite trend in the early '80s . . .

expansion of golf has created substantially increased demand for accountability, production and performance on everyone employed in its management. These pressures have resulted in extreme competition for cost control and brought competition — the American free enterprise system — to golf management.

Amongst outcries and groans from traditionalists and tears of joy from progressives, new approaches to the management of the nation's golf courses were ushered in during the 1970s. Contract management companies and maintenance firms began to spring up faster than October's overseeded ryegrass in Palm Springs.

As the phenomenon of management companies began to develop during the '70s, so also did the horror stories and fears within the industry. Rumors flew telling of qualified golf course superintendents and other managers being

Continued on p. 26

fired when management companies assumed control of golf courses.

Everyone has heard of how this or that course was contracted out to some management company and nearly "overnight" turned into a cow pasture. There is no doubt that over the years some of these stories had factual basis — but most were hearsay. Though today problems still occur, they are diminishing.

The phenomenon of the '70s thus became a definite trend in the early '80s — a trend that has mushroomed into a real and sustained part of our industry today. Contrary to the fears of many, there are management companies today who are providing real service, are treating their employees professionally and are here to stay.

Understanding The Phenomenon: One Company's Roots

Have you ever considered what it would be like if your country club or public golf course were to cast out its traditional management approach and instead begin to operate like IBM or General Motors? What would happen if the traditional club committee system of management — or the city bureaucratic system of management — were replaced by a system similar to Apple Computer or Delta Airlines? What would it be like being considered a company executive instead of a club employee?

To answer such questions and more, one only needs to look at some of the better management companies that are developing impressive reputations in golf. American Golf Corporation is one such firm. Though it has not yet joined the Fortune 500 list, the business style, organization and approach of American Golf are Fortune 500 caliber.

To better understand what is behind the business of management companies, we need to better understand

Price is not unlike the earlier entrepreneurs who redirected the golf business.

companies such as American Golf. And to better understand both management companies and American Golf we need only look at the man directing the company, David G. Price. Price is chairman of the board, CEO and founder of American Golf Corporation.

Price is not unlike the earlier entrepreneurs who redirected the golf business. The early days had the Graffis brothers and the '50s and '60s had Gill and Davis of *Golf Digest*. We may soon look back and recognize that the era of the '70s and '80s belongs to Price.

Price began American Golf Corporation (known then as California Golf and Tennis) back in 1973. An attorney, Price

began his business not with numerous and long contracts based upon mistrust, but on a handshake backed by integrity — not unlike Arnold Palmer's famous business relationship with Mark McCormick, which started with a handshake, not a contract.

"We had had kids during my tour in the Navy," Price explains, "and afterwards I was in law school at U.C.L.A."

An attorney, Price began his business on a handshake backed by integrity.

After graduation I was as poor as a church mouse and needed to make some money. So, I went to work for a big law firm downtown (Los Angeles). I specialized in entertainment law — films, TV and real estate. There I met a very wealthy businessman by the name of Joseph Drown. He hired me as his personal attorney."

Drown was one of Southern California's wealthiest businessmen. He was involved in land development, owned Don the Beachcomber restaurants, owned the Bel Air Hotel, was a partner with Baron Hilton in the San Diego Chargers and also owned Yorba Linda Country Club, to name a few of his businesses.

With the guidance of Drown, Price began to develop his own entrepreneurial instincts and within a few years was appointed president of two companies — Don the Beachcomber Co. and Getty Financial Corporation.

"So, I turned into a businessman," Price continues. "In 1967 we built a couple of golf courses near LAX (Los Angeles International Airport) — Westchester Golf Course and El Segundo Golf Course.

"One day I told him that I wanted to buy the golf courses off of him. He smiled and said, 'Well Dave, you work for me and you don't have any money. Why should I sell you the golf courses?' I replied, 'I just think I can do something with them.'

"This went on for about a year and he never seemed that interested. Then one day it all changed. He went to Yorba Linda Country Club and was seated at the bar. Well, you know how some country club members are. A member was sitting six or seven chairs down the bar knowing who Joe was. This member says to the bartender loud enough for Joe to hear, 'I wonder what that rich @#* is going to do to us next!'

"Joe's feelings were so hurt that he came to my office and said, 'Dave do you still want to work a deal on those golf courses?' I said yes, and we did. I took out a dollar bill, we both initialed it, we put a date on it, he wrote 'DEAL' and we shook hands. I gave him a very small down payment and bought three golf courses."

Thus began American Golf Corporation and the birth of major contract management entrepreneurship in golf. The

Continued on p. 28

timing could not have been better. And Price's handshake on the promise to Drown, like Palmer's handshake to McCormick, proved to be more solid than a truckload of written contracts drawn up by a legion of lawyers.

After the great boom of golf in the '60s, golf courses (private and public) were running into major problems. Inflation was driving up maintenance costs and the Arab oil crisis came along, affecting everything from gasoline for tractors to fertilizer costs and electricity for charging golf cars. A few years later, droughts and water shortages began to take their

Continued on p. 30



A long-time aviator, David Price keeps his flying skills well honed by piloting several aircraft he owns, including this WWII-vintage British Spitfire, which achieved fame and respect for its high performance.

On The Personal Side:

The Sky's The Limit

A California native born of immigrant parents, David Glyn Price is flying high these days. After attending high school in Los Angeles he went on to gain an undergraduate business degree from the University of Southern California. Then he served his country with a tour as a Navy fighter pilot and was a good enough jet jockey to later serve as a flight instructor — the Navy only uses the best as instructors. After his successful Naval career it was back to school at U.C.L.A. where he graduated from law school and passed the California Bar.

While subsequently working for a large Los Angeles law firm concentrating on entertainment law, he met wealthy Southern California businessman Joseph Drown and eventually was able to buy three of Drown's golf courses. That deal changed Price's life and, perhaps, the business of golf, as he filed a flight plan for what eventually became the American Golf Corporation. And the speed at which American Golf has

grown has set off sonic booms that continue to reverberate throughout the business world of golf.

Catching everyone's attention, American Golf is climbing full-power into the financial stratosphere of corporate America's small businesses. The year 1986 finds the company rapidly approaching 80 golf courses under its wing — and 20 to 30 new operations are being added every year. Earnings this year should set a new altitude mark of over \$100 million. American Golf now has a staff of employees of about 3,000 on its crew — nearly enough for ex-Naval-officer Price to fully complement his own nuclear aircraft carrier.

If you thought from reading this that you just found a great growth investment for your IRA, bad news: American Golf Corporation is still closely held. I have a suspicion they're developing quite a following of folks waiting for them to go public. Count me in.

What does a 53-year old, ex-Navy pilot who heads up a big golf business do for a little recreation? Among other things, he served as a co-commissioner of basketball for the Los Angeles Olympic Games — along with his co-commissioner wife Dallas. He still flies high in his three airplanes — a WWII British Spitfire, a P51D Mustang and a Cheyenne II.

And, of course, he plays a little golf. —J.G.P.

toll. In short, golf was stagnant and smack in the middle of a business pressure cooker. The stage was set for management companies to come on the scene.

"It was a case of luck, just chance," Price modestly states, "It took a number of years before I realized just how unlimited the golf management field really was.

"For the first few years we simply concentrated on the three golf courses. We didn't add any courses and we began doing well. We started to learn how to operate — tried to be businesslike about all aspects, including the maintenance of the golf course. And for some crazy reason we found that very few people looked at golf course management as a business. There are nearly 13,000 golf courses in America and 90 percent of them are probably losing money or doing little more than breaking even.

"We discovered that if you are sensible about managing golf courses — plan, budget, train people and do all the things that you (GCSAA) teach in your seminars and conferences — it really works. If you don't follow sensible approaches — you don't have a chance!"

The Importance Of People

Listening to Price firsthand, one becomes clearly aware that he cares about the people who work for him. Price's American Golf is in the people business and he knows it.

"We tried to hire business people to be our managers as opposed to hiring people who may have traditionally been hired by clubs or courses. For example — I always get in trouble saying it and I think they are wonderful people — I don't generally think golf professionals should automatically be running the entire golf course. The golf professionals should be giving golf lessons, running the golf shop and

**"There is no more valuable lesson
we've learned . . . than how key
the superintendent is . . ."**

being involved setting up and conducting golf tournaments. That's what they're best trained to do. They are athletes, though some have educated themselves as excellent managers.

"In terms of operating a restaurant, maintaining a golf course or managing a membership sales program, you need a business person with experience in those areas."

Price is well aware of the importance of the golf course superintendent's role in management.

"The more your members (GCSAA) know about us," he says, "the more opportunity we'll have to do business with them. What we are finding with our rapid expansion — about 20 to 30 new courses each year — is that we need ever-more-qualified people in our management ranks.

"We need professional superintendents — at our golf

courses, as well as for regional superintendents who oversee five or six course superintendents. There is no more valuable lesson we've learned over the years we've been in the golf business than how key the superintendent is and how key their supervision is. It is the area we need to work on the most over the next decade."

Countering Criticism, Hearsay And Rumor

One of the commonly muttered complaints about contract management companies is "they were low bidder." Price quickly points out that the better firms obtain contracts based upon their track records and are not necessarily the low bidder. Price smiles as he recalls a pertinent anecdote.

"I'm reminded of one time when I was standing at the bottom of Hoover Dam. It was beautiful, monstrous and unbelievably huge. We were all just standing there looking up realizing that it was holding back millions of tons of water when Art Linkletter pipes up, 'Doesn't it give you a satisfying feeling to know that the lowest bidder got this job?'"

What about the stories on management companies taking over golf courses and firing the golf course superintendent and staff?

"Well, I can only speak for American Golf," Price explains. "When we have the opportunity to begin operating a new golf course, we very much hope that each person there will become an effective member of the American Golf team. Frankly, we don't have a train full of extra people we carry around.

"If the existing people at a facility are capable of doing a good job and we can help them do a better job, that's the best circumstance for us. We get most of our people from existing staffs at new operations. I venture 70 percent of our people came to American Golf that way. Some do not make it. Some are bad eggs.

"We place a great deal of emphasis on selection of personnel. American Golf has a standardized selection process that includes written exams, background investigations and drug testing. So yes, some people are replaced if they're not good at their jobs or good for the company."

* * *

GCSAA member Michael Heacock, CGCS, serves as director of golf course maintenance for the company. He's enthusiastic and proud of American Golf's track record with hiring golf course superintendents.

"Our company has more GCSAA members on its management staff than any other entity in golf," Heacock observes. "I can point out instance after instance where we took over operation of a course where the former management did not employ a GCSAA member and where we hired a GCSAA member superintendent and placed him in charge.

"I doubt that you'll find any greater number of Certified Golf Course Superintendents than at American Golf. We've done a great deal in promoting membership in GCSAA because we believe in the Association, we need the Association's services and we support it."

It is also widely charged that contract management com-

Continued on p. 32

panies "make money by spending less on golf course maintenance and cutting the salaries of golf course superintendents." Heacock responds quickly to dispel such rumors.

"To say the better, more successful management firms cut spending and salaries to make a profit is unrealistic. In comparing our salaries at American Golf to GCSAA salary survey data, we rank at or above national and regional aver-

**"We get more people to play
by selling them
a better product."**

ages. And our management team has other profit and incentive benefits that are not even heard of in the private club or municipal sector. In addition, there's a list as long as your arm of intangible benefits.

"We usually take over a golf course operation and actually spend substantial capital for improvement projects and equipment upgrading," Heacock continues. "We want to provide a high quality golf course and you have to spend money, intelligently, to obtain that goal."

It is Price who firmly defines American Golf's direction here.

"We don't do contract maintenance," he emphatically declares. "The reason we don't is that I don't understand the philosophy behind it. The only way a person can make money strictly doing maintenance is by not spending money as the contract pays.

"In our case, we make money by spending more money than the previous operators. Those who believe that you make money by going in and cutting maintenance and raising prices are wrong — it's the reverse.

"Volume is our secret to success. We get more people to play by selling them a better product. And the city councils or our competition dictate how much we can charge. That's the only way we make money, period."

Sources Of Success

Price's business philosophy must be working. The company is growing rapidly and attracting high quality people to it. From Los Angeles to New York City, from Waco, Texas, to Toledo, Ohio, and down to Atlanta, Ga. American Golf is taking over and turning around golf courses. Their growth is being noticed by an even broader interested audience than their nearly 3,000 employees.

American Golf was featured in a recent issue of *Golf Digest*. The article explained how Price's company stepped in to revitalize New York City's deteriorated municipal golf courses. It hasn't been only municipal public courses that have benefited from their services.

"About one-fourth are private country clubs," Price states regarding the mix of courses under American Golf's operation. "The remainder are public facilities. Some are owned by large corporations, some by the memberships and many

by municipalities. We try hard to relate well with our various landlords and we appreciate the confidence they have shown us in our working relationships.

"Our existing landlords have given us the kind of positive word-of-mouth support that allows us to continue our growth," he points out.

* * *

Sitting and listening to Price speak, you can't help but be impressed by the man. The appreciation for people was probably derived from his immigrant parents and intensified by his mentor Joseph Drown. And his personal drive and success are proof that the American Dream is still alive.

Price comes across as a man of sincere conviction who has thought things through and is keenly aware of what's going on in both the business and game of golf. He speaks of bringing golf to those in the inner city, to minorities, to juniors, to more women and to the seniors — bringing them not just the recreational pleasure of the game, but also getting these groups into the business of golf. And he makes sure that credit is given for the success of American Golf.

"We have been able to attract some really wonderful people — some really great people of whom I'm very proud. They deserve credit for our successes.

"I've often been asked to what I attribute the success of American Golf. I was recently asked that question again in an interview with a San Diego newspaper, and I replied that I was just lucky and didn't know quite how it happened.

"Not long afterwards, I received a call from a college friend — Donn Mooman — I had played football with at U.C.L.A. He's now a minister. This friend said, 'Great story Dave — but I would have preferred it more had you given some of the credit to God.' He was absolutely right — all of the credit goes to God."

* * *

So, if you have ever wondered if golf courses can be managed like General Motors or IBM — you need wonder no longer. David G. Price and his American Golf Corpora-

**". . . we're a company
that cares about
the people who work for us."**

tion have answered that question convincingly and affirmatively.

Yes, golf course superintendents are being affected by these changes. Perhaps the future holds a career change for you.

When asked why a golf course superintendent would want to work for American Golf, Price responds without hesitation: "Why should good people come to work for American Golf? Because we're a company that cares about the people who work for us. We care about their growth — both professionally and personally."

Ask someone who knows Dave Price — they'll tell you his word is as good as his handshake. □