

May 2010

4 Doing More

By Steve Eubanks

In the quest to boost business, these operators are driving revenue with ancillary vehicles

Desperate times call for drastic measures, or so the saying goes. That has never been truer than today, especially for the golf course industry.

With participation stagnant, income dwindling and an economic fever that shows no signs of breaking, many owners and operators are looking under every rock in search of ways to increase their revenues. And like Arnold Fornachou, who ran out of serving dishes at his ice cream stand at the 1904 World's Fair and bought some waffles from neighboring vendor Ernest Hamwi, thus inventing the ice cream cone, some creative golf course owners are discovering there is some good that can emerge from this recession.

The following four innovators demonstrate that the key to survival often requires moving beyond traditional budget lines to find income in places where many have never thought or been willing to look before.



Life In The Slow Lane

Trevor Crafton and his wife, Sara, co-owners of Cozy Acres Golf in Madison, Indiana, made all the traditional improvements you'd expect at an executive-course facility—they installed a heated and covered hitting area, added an indoor teaching center, and created a miniature golf course—but one of their newest revenue vehicles has nothing to do with golf operations. The Craftons now customize, repair and sell golf cars.

"I've made connections with the golf car manufacturers to get the best deals I can on cars, and then I take in trades throughout the year," says Crafton, whose superintendent/mechanic/clubfitter, Jon Miller, can "do anything you want done with a golf car."

Interestingly, Cozy Acres' foray into golf car sales was driven by outside forces. When gasoline topped \$3 a gallon, Crafton saw a potential new market for golf cars, which prompted him to begin lobbying state and local politicians to recognize golf cars as a viable "green" alternative to motorized vehicles. The efforts paid off. In early 2008, Indiana legislators passed a law that allows golf cars to be driven on roads but leaves it up to each town to set ordinances on where the vehicles can and can't be operated. (In Madison, it's any road with a speed limit of 35 mph or less that does not cross a major intersection of an interstate.) After the law went into effect, Crafton immediately entered the golf car business.

Of course, selling and servicing private-use golf cars might not make sense in some areas of the country, but in southern Indiana, particularly a town like Madison, it's a big source of untapped revenue.

"Downtown Madison is a small, niche area where we have a lot of shops and tourists who come into our historic district," says Crafton, who sells approximately 50 used vehicles each year, services 180 and customizes another 30 or so with knobby tires and other accessories. "There are a lot of festivals and things in town where people need to get around, but they don't want to have cars rolling up and down the streets. That's a perfect environment for golf cars, and we cater to a lot of those [types of people]."

Since becoming an aftermarket golf car dealer, Crafton estimates the business unit has added 35 percent to his top line. That type of revenue increase puts Crafton in rarefied air among golf course owners, but it doesn't change the fundamental nature of his business. At the end of the day, the golf course remains Cozy Acres' primary revenue stream, and golf car sales are a sideline.

"We understand our demographic," says Crafton, who assumed control of Cozy Acres from his parents, Dr. Dale and Kathryn Crafton, two years ago. "We're a small 'ma and pa,' but we understand our area. We can react quickly to what's going on, and we've got a good feel for our customers and what they need."

A New Brew

When Art Bale purchased Turquoise Hills Golf & RV, a par-58 executive course in Benson, Arizona, in June 2009, the timing couldn't have been worse. Arizona was one of the worst-hit states in terms of the housing crisis, and the saturated Tucson golf market was sputtering, even for an inexpensively priced executive course known for its pristine and well-maintained conditions. In response, Bale redefined his business.

"We put 50 RV sites on the property," he says. "That makes it a park-and-play community with a built-in customer base."

Turquoise Hills originally had six RV parking spaces, but the areas were run-down and inappropriately used. Rather than attracting the top-end Prevost RV, the old campers could have been mistaken for meth-labs or the rolling home of the Unabomber. These days, rent for the 50 sites (\$80 daily, \$480 weekly, \$695 monthly, \$3,750 semi-annually or \$6,000 annually) includes unlimited golf, with cart, for two people. For non-campers, the daily golf rates range from \$15 to \$27, while the yearly, unlimited play rate is \$1,600.

"We opened up those 50 sites in December and have gotten great response," Bale says. "People pay to stay here and they play all the golf they want for free at the same price."

It's an ideal cost-benefit scenario for Turquoise Hills' clientele because, as Bale says, "If they add up the cost of staying in an RV park and paying to play golf on top of that, it's a lot cheaper this way. Plus, they're eating in our restaurant and buying stuff in our shop, so it's a win-win for everybody."

Bale's non-golf revenue generation hasn't stopped with several dozen camping spots. To further differentiate his facility and even out cash flow, he opened his own micro-brewery in the clubhouse restaurant. Now, Turquoise Hills is as well known in the area for its pale ale as it is for the course's greens.

"Our golf was so seasonal that we tried to think of something that would stabilize our business year round, so we started with the micro-brewery, brewing beer in the kitchen," says Bale, who now crafts four varieties of beer on site and soon plans to open a local winery. "That has really opened us up to a younger generation of customers who wouldn't normally have come out here."

With a more diverse customer base and additional offerings, Turquoise Hills looks to enjoy a cash flow that is less susceptible to seasonal fluctuations in business. "Overall, the brewery just gives us a fuller picture," Bale adds. "We're projecting that with it, and once those 50 camping sites are all ready, our revenues inside the building will go up at least 30 percent."

Memory Makers

Many course operators have marketed their clubs as ideal venues for weddings and receptions, but far fewer have chosen to permanently dedicate a section of their facility to these special events. Count the management of Flat Creek Club in Peachtree City, Georgia, south of Atlanta, among that forward-thinking minority.

In 2005, the club decided to repurpose the elevated back tee of its driving range by adding a row of fir trees and magnolias. Then, with four-by-four posts, tresses, paint and minimal carpentry, management created an open-air wedding pavilion that's attracting business from as far as 70 miles away.

"Brides really want to be able to have an all-in-one location for the ceremony and reception," says Theda Tankersley, catering and food-and-beverage manager of Flat Creek. "[So] we decided to define the space and put up the structure so that it fits into the environment of the course and the clubhouse, but is still intimate."

Some purists may scoff at the thought of surrendering a driving range tee to something as "non-traditional" as a wedding pavilion, but no one is turning their nose at the additional leasing and catering revenue Flat Creek's new amenity generates. Tankersley fields an average of six calls daily requesting information about the open-air chapel, which rents for \$1,750. Meanwhile, the ballroom in the main clubhouse, located 20 yards away, leases for \$1,250 and has a \$7,500 food minimum.

"We've almost tripled our business from what we were doing five years ago to what we're doing now," says Tankersley, who notes that the club recouped its \$80,000 investment during the first year with the increase in banquet bookings.

The Traveling Trade Show

Just as most people could never have imagined that Tower Records would go the way of the buggy-whip and that Apple, a computer company, would become the world's leading music retailer, Midwestern golfers wouldn't have dreamed that a par-70 public facility outside Grand Rapids, Michigan, would become one of the biggest discount retailers in the region. That's exactly what has happened at Maple Hill Golf Course, where Rich Kitchen has grown his side business into a profit center that's now more lucrative than the golf operation.

Looking to earn a few extra bucks to help sustain his enterprise through the off season, Kitchen, a 35-year veteran of the golf business, decided in 1994 to do what a lot of Northern course operators do: He held a winter blow-out sale. But instead of using his golf shop, he packed up his substantial inventory and hauled it to Grand Rapids, where he rented downtown convention space and invited the public in for a weekend. The sale proved so successful that Kitchen began repeating the effort. Now, he stages events each weekend throughout winter and enjoys remarkable

results.

"We go into different cities and set up shows where we sell large amounts of merchandise," says Kitchen, whose numerous industry connections allow him to buy inventory in large quantities and realize substantial savings. In addition to two sales in Grand Rapids, Kitchen and his team, which includes his two sons, host shows in Lansing, Chicago, Detroit, South Bend and Kalamazoo. "If our booth is small, we might only have 5,000 square feet," he adds, "but for a bigger sale, it's more like 25,000 square feet."

The shows have become so large and successful that Kitchen now charges admission, much like Costco or Sam's Club. Yet even with the entry fee, he continues to move merchandise at an astonishing clip. "At a big show like the ones we have here (in Grand Rapids), we sell 4,000 dozen golf balls, 500 golf bags and 400 drivers," Kitchen notes.

In fact, Maple Hill's retail business has grown so strong that many would-be competitors are now turning to Kitchen for their equipment needs because they can buy merchandise cheaper from him than from the manufacturers. Perhaps not the way he envisioned his place in the golf industry, but he's in business and doing well—which is more than can be said for many operators around the country.

"We're a full-service golf facility with a course and a driving range, and indoor and outdoor hitting areas," Kitchen says. "But this (the discount retailing) is our primary business. The golf course is secondary to the retail side."