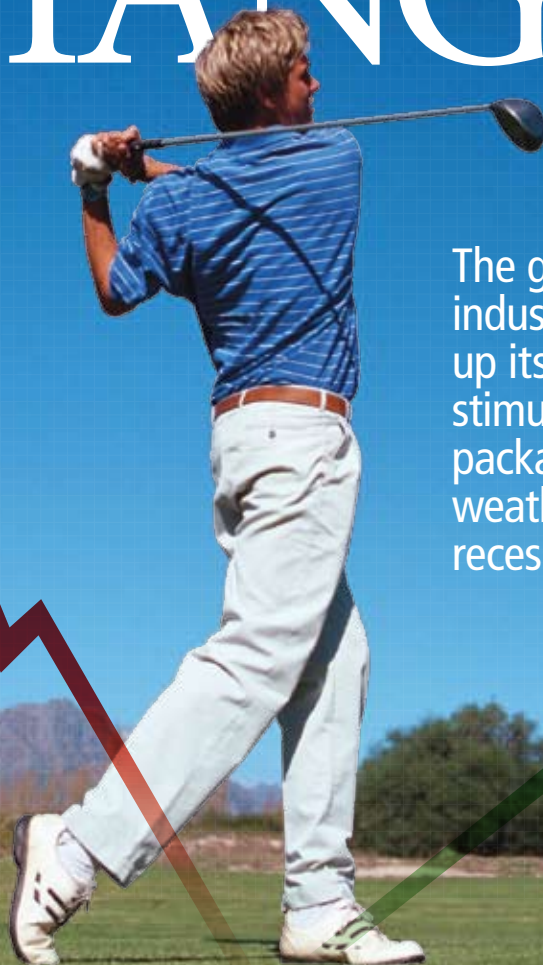


DRIVING CHANGE



The golf industry tees up its own stimulus package to weather the recession.

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Historically, recessions ignite change and reinvention. That's why it's not surprising that the current downturn has spurred the U.S. golf industry to tee up its own unique stimulus package to grow the game in a challenging economy.

That's good news, considering golf is an industry that employs about two million people, and contributes \$3.5 billion to charity and \$195 billion to the economy each year. "Golf is a big part of the fabric of America and a significant economic engine," observes PGA of America CEO Joe Steranka. "From a PGA Professional at a local golf course, to a person picking up range balls, to a chef at the club restaurant, golf facilities provide employment opportunities and are a vibrant, valuable community asset."

The golf industry couldn't predict the breadth and depth of the recession, but it was prepared. With participation flat over the last few years, leading golf organizations have created a host of targeted, nationally branded programs to promote the sport among all demographics.

Led by The PGA of America and its 28,000 professionals, golf's major organizations united under the GOLF 20/20—World Golf Foundation banner in 2004 to fund Play Golf America and other creative initiatives to drive sports enthusiasts to the 16,052 golf courses and 1,900 stand-alone driving ranges across America.

Those grassroots efforts have recently expanded to include the new "Get Golf Ready" adult player-development initiatives at facilities across the nation. These programs provide an

affordable golf opportunity to the masses amid trying economic times: They feature a series of five introductory lessons at a recommended \$99 per participant. Since January more than 800 golf facilities have been certified, outstripping the target number of 700.

"People still want to play golf," emphasizes Jim Remy, a 30-year veteran of the ski and golf industry at Okemo Valley Resort in Vermont, who was elected president of The PGA of America last November. "Golf has tremendous appeal. First, it presents a healthy form of exercise and provides a prime opportunity for all members of the family to enjoy the great outdoors. Golf also provides affordable programs, which are important factors in this environment."

A Grassroots Movement

On the local level, PGA Professionals are hosting innovative programs such as "Wine, Dine, and Play Nine" for couples in the evening; family-and-friends clinics and contests; shorter golf courses for juniors and seniors; and a variety of leagues and social outings designed to combine business with pleasure on the golf course. Private courses, hit especially hard by the recession because of membership declines, are pumping up marketing, advertising on sports talk radio, and

The return of Tiger Woods to tournament golf after a hiatus has rekindled interest in the sport.

offering memberships with no initiation fees or monthly spending limits.

So what are the future prospects for the sport? Several barometers indicate that golf is not only surviving the recession in early 2009, but that interest is growing in the game.

American courses enjoyed a strong start to 2009, with rounds played in January up 7.7% (flat in February) from the previous year, according to PGA PerformanceTrak data from 2,600 facilities. And the return of Tiger Woods to tournament golf—after an eight-month hiatus for major knee surgery—has spiked television ratings and rekindled interest in the sport. Attendance at the 2009 PGA Merchandise Show in Orlando showed only a modest 4.5% decrease in attendance, while comparable trade shows are enduring attendance declines of between 25% and 30%.

The creativity displayed by PGA Professionals and other industry leaders has certainly helped buoy business. Allan Belden, the PGA Head Professional at the private Worcester Country Club in Massachusetts, now hosts a “Corporate Day” on an open Monday. It’s an opportunity for a club member to

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entertain and conduct business with up to 23 guests, generating thousands of dollars for the facility. It is also a great way to introduce prospective members to the club.

To help attract more customers, PGA Professional Bob Baldassari, at PGA Golf Club in Port St. Lucie, Fla., is now selling golf by the hole at the 54-hole daily-fee facility. “The key to growing participation is making it as convenient and affordable

as possible,” says Baldassari. “Every time a golfer visits our club, it presents a fresh opportunity.”

PGA Professional Del Ratcliffe, who manages several public golf properties in the Charlotte, N.C. area, has built two nine-hole “short” courses and two three-hole, player-friendly “learning courses” to attract time-conscious and beginner players.

“It’s like providing a bunny slope in the ski industry,” says Ratcliffe. “We help them develop their skills on a three-hole learning course—then they can move up to a nine-hole par-3 course, and eventually graduate to a regulation golf course.”

Golf may not be recession-proof, but breakthrough thinking is giving the industry its best shot at becoming even more vibrant in the future.

— J. Roger Graves

Home on the Range

Despite the recession in the real estate market, savvy homebuyers are still making investments in golf communities due to lower prices and interest rates, along with the allure of living near the range. Reynolds Plantation in Greensboro, Ga. (80 miles east of Atlanta) can attest to that. Established nearly 25 years ago as a way for people to purchase not only property, but also a way of life, Reynolds continues to prosper today. Recognized by multiple sources as the South’s premier golf and lake community—with five championship courses, a myriad of water sports on Lake Oconee,

miles of walking trails, and three luxurious clubhouses—Reynolds epitomizes affordable luxury.

“We’ve been in business 22 years, so we have a long history of delivering on what we say we’re going to do,” says Mercer Reynolds, founder and CEO. “We’re also not investor-driven in the way that some other communities have been. Buyers come to Reynolds Plantation to settle down and to become part of our community.”

That is probably why the company has been able to maintain solid sales during the recent real estate slowdown, according to Terry



Russell, president of Reynolds Signature Communities.

Last year sales of its properties—ranging from condos to cottages, to primary and secondary homes—were on pace with previous years.

Reynolds Signature Communities’ financial strength has helped it take advantage of current opportunities for expansion, and it recently

purchased a 6,300-acre tract in western North Carolina to build a similar community. It’s also developing plans to build a sixth golf course at Reynolds Plantation, to be designed by legendary architect Pete Dye. It’s proof that even in turbulent times the company is constantly aiming to develop a lifestyle homeowners dream about.

—Lou Dubois

A Venerable Meeting Ground

Few golf resorts offer more amenities for corporate confabs than legendary Pinehurst.

In 1944, General George Marshall, the U.S. Army chief of staff, purchased a winter home in the Sandhills region of North Carolina, a drive and a chip away from Pinehurst, the famed golf resort. Marshall liked to entertain guests and take his meals at the Carolina, one of the resort's stately hotels, as well as watch tournaments unfold on the renowned Donald Ross-designed courses. But the military leader also came to work: Legend has it that, while at Pinehurst, the general wrote much of the sweeping strategy for post-war European recovery that history would come to know as the Marshall Plan.

That Pinehurst, one of the grandest names in golf, has a long tradition as a place where serious business gets done might come as a surprise to some. After all, with its impeccable sporting pedigree (Pinehurst has hosted two U.S. Opens and welcomes a third in 2014) and numerous awards (*Travel + Leisure Golf* has named it the top resort in the country three of the past four years), Pinehurst is rightly considered one of the ultimate leisure destinations in the world. Yet, as loyalists know, the institution that began in 1895 as a health-centered winter retreat is also a state-of-the-art meeting facility that prides itself on ensuring a seamless professional experience for its corporate clients. "We've been going to Pinehurst for 19 years," says Dave Dunning, senior vice president of sales and strategic planning at the Power Group of Fluor, the multinational construction firm. "It's obviously a mecca for golf, but it's also somewhere that gives us an excellent return year after year. The ROI is high for us."



A VIP experience awaits at Pinehurst's lush golf courses, meeting facilities, and historic lobby.

In these troubling economic times, that's clearly a vital consideration for companies looking to stretch every dollar. In the past year Pinehurst has invested \$5 million in capital improvements to its 2,000-acre property, with a special emphasis on upgrading the resort's business capabilities. High-speed Internet is now complimentary in all guest rooms, and several new executive boardrooms bring the total meeting space on

the grounds to a whopping 60,000 square feet. Luxury hasn't been compromised either: All guest rooms now boast marble bathrooms, flat-screen TVs, and ultrasoft bedding. And every improvement was made with an eye toward preserving the singular character of the resort. "It is important to us that you feel special when you arrive, and you know you're coming to someplace meaningful," says Cheryl

Ferguson, Pinehurst's vice president of sales. "You know when you come to Pinehurst, this is a different, and timeless, experience."

Another important stamp of approval comes from the steady stream of famous visitors who continue to head to the resort, even in tough times. Recently, a special VIP brought his entire staff to Pinehurst after a visit to nearby Fort Bragg. As countless other guests had done over the years, he enjoyed a meal prepared by the world-class kitchen and took in the restorative qualities of the area's mild climate and pine-scented air. Then, after some much-needed rest, he moved on to his next business challenge.

The VIP? Barack Obama. Undoubtedly, General Marshall would have approved. —Albert Kim