



*Who needs golf clubs? Troon Golf's CEO Dana Garmany's golf bag is stuffed with blueprints and plans for building more golf in today's economy.*

## DANA GARMANY

# Growing The Golf Economy

**T**roon Golf is a leading high-end golf development, marketing, and management company, headquartered in Scottsdale, Ariz. The company manages operations at more than 140 courses located in 25 states and 11 countries. Chairman and Chief Executive Officer Dana Garmany sat down with our editorial staff at *Arizona, The State of Golf* to answer a few questions on his perspective on the state of the golf industry within Arizona and throughout his international business.

**State of Golf:** *The number of rounds played and amount of participation has been flat and even down in recent years. How have participation trends affected the Troon business plan?*

**Dana Garmany:** We have been able to generate continuing growth in rounds, though in 2001 and 2002 we had our average daily rates drop a bit, and our mix of play changed with corporate outings

and group rounds being a smaller percentage. With regard to impact on our business plan, the troubled economy during those times actually fueled growth for us as developers and owners of golf courses found their results slipping and were looking to us to provide an edge to their operation.

**SOG:** *What are Troon Golf's plans for increasing participation at its facilities?*

**DG:** Our plans are to fully embrace Golf 20/20 and its research regarding this topic, along with our own initiatives regarding minority, junior and women as a target for new and steady growth. The bottom line, however, is that we must have Generation X view golf with the same importance the Baby Boomers have to be successful in the long run. The age demographics for the next seven to ten years provide enough "boomer" golf to see continued success, but the industry

does need the 28–38-year-old age group to step up in their participation.

**SOG:** *How would you compare Arizona's golf economy with the rest of the nation, and internationally?*

**DG:** We had growth in revenues in 2003 over 2002 in Arizona and 24 out of the 27 states we operate in, so Arizona was probably average in 2003. However, we think with the forecast growth in the resort industry in Arizona in 2004, the golf industry in the state will be 2-3 percent above most other states with regards to revenue growth.

**SOG:** *The three common criticisms of golf are it takes too long to play, can be too expensive, and too difficult to learn. What is Troon Golf's perspective?*

**DG:** Well, it is hard not to agree with this, and we are doing what we can to combat these factors. We have aggressive programs in place with regards to pace of



play, and are introducing new play programs for late afternoon partial rounds of golf. We also have state-of-the-art teaching programs led by Tim Mahoney targeting different groups and trying to introduce golf to the masses. The cost of play is a more difficult issue, as it is much more expensive to build a course today than a few years ago, much of this tied to fees for water, impact fees and various other governmental requirements. In Arizona, for example, the cost of water delivery alone can be staggering, if it is even available.

**SOG:** *What is your outlook for Troon Golf, and the sport of golf overall?*

**DG:** We are very happy with our position in the industry and feel that our “steady growth” goal has worked well for us. We expect to add 26-28 golf courses in 2004, with about 20 of these being in the USA and the remainder being international. Troon will be the second-largest golf management company in the world by mid-year, but our goal is to be the best company, not the largest. If we become the largest, that is fine, but that is secondary to trying to improve and strengthen the company each year.

**SOG:** *Have greens fee prices hit a ceiling? If so, why? Is Troon Golf reacting to pricing or changing services to increase or meet expectations?*

**“We are very happy with our position in the industry and feel that our ‘steady growth’ goal has worked well for us.”**

**DG:** ADR (average daily rate), along with REVPAT (revenue per available tee time), have dropped the last few years for most operators. We have worked hard to stabilize this, and for the first time in three years, had some rate growth in 2003. We expect rates to begin to move up a bit in 2004, but rates are always a mix of tourism rounds, local play and various specials that are in place, all attempting to yield-manage the bottom line, and at the same time, provide some pricing that can

attract a wide range of players. I do think that operators have to be aware of a price/value equation when they set their rates and we are always conscious of this.

**SOG:** *How is Troon Golf enhancing and improving the overall experience standards it has set with golf consumers?*

**DG:** To be honest, we look as much at things we might “over-do” as we do trying to add or find new services. This means we try to make sure we are not doing things that add costs by providing service that our customers do not fully appreciate. Generally, we are still seeing agronomic quality as the most important thing when we survey our customers, so we still attempt to put this first on our list as well.

**SOG:** *Are there too many (overpriced) golf courses in Arizona?*

**DG:** I would disagree with the premise that pricing has any impact on supply and say that in almost all markets we operate in, the one constant is that the lower end and higher end seem healthiest, with the middle-level courses being the ones under the most pressure. A lower priced golf course is a great entry point for new golfers, and provides a place to play inexpensive golf for the masses. A higher end course provides an experience for those who want something special. A course in the middle, without a distin-



---

guishing characteristic or personality, is the type of operation that we see impacted by a down economy first, and the kind of operation that recovers last. That being said, yes, there are probably too many golf courses in Arizona and in many other markets, but since golf courses are built primarily as amenities and not profit centers, they will continue to be built as they have been proven to enhance real estate sales. This is one of the reasons that golf is a unique industry, as almost 90 percent of courses built are built as amenity first and stand-alone business second.

**SOG:** *Without too much personal grief and being a good sport, how often do you play golf, with what kind of scores?*

**DG:** I play golf probably three-four times per year, and my game shows significant rust. From being a pretty decent player as a young person and fairly competitive through my early 30s, I am now a 5- or 6-handicap, capable of hitting lots of awful-looking golf shots.

**SOG:** *How did you start Troon Golf?*

**DG:** I founded Troon Golf in 1990 to operate our first project, Troon North, which we now own. The company started from that beginning, with two other employees, Ron Despain and Jeff Spangler, who remain officers in the company today. □

