

# 2011

## Green Mountain National Executive Summary



Killington, Vermont

**browngolf**  
management

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## **Summary**

Brown Golf Management was hired by the town of Killington to perform a full operational analysis of Green Mountain National. This analysis has been recapped in full in the Operational Analysis Report. The following areas were addressed in the Operational Analysis Report:

- Overview of the Golf Industry and its Relationship to GMNGC
- Golf Course Maintenance
- Golf Course Maintenance Facilities
- Food & Beverage
- GMNGC Golf Operations
- GMNGC Operational Analysis Summary
- Summary of Brown Golf Suggestions
- Dues & Fees Structure
- Revenue Development
- Membership Categories & Pricing
- Facility Audit
- Sales, AR & Cash Receipts
- Purchases, AP & Cash Disbursements
- Financial Statement Close Process
- Target Audience Profile/Survey Review
- 2011 Budgets
- 2012 Budgets
- Conclusion
- Final Recommendation

Included below are some highlights of the Operational Analysis Report.

## **Green Mountain National Operational Recommendations**

Brown Golf recommendations are listed throughout the Operational Analysis Report. Below is a recap of a few key points and suggestions:

- The town of Killington made a well thought out decision to build GMNGC
- The original pro-forma was accurate
- GMNGC will continue to achieve a nice positive NOI annually
- GMNGC will never achieve enough NOI to cover the \$590,000+ annual debt
- The key staff are doing a good job of managing the facility for the town of Killington
- The Operational standards being employed provide a good quality experience for the customers
- Focused facility marketing, with emphasis on the GMNGC brand is needed
- Stronger financial operational and audit controls are needed
- Integrated and informative reporting standards and practices are needed

- The addition of a Sales Director is strongly recommended to drive revenues
- The benefit plan is outstanding, but the cost associated is not justifiable in today's economic climate or today's golf industry
- The better GMNGC is operated, the higher the likelihood of its survival in this saturated golf market
- GMNGC will need to develop creative programs and new revenue enhancing ideas to maintain their market share of players/members. Course operators have to do more with less as we believe there is still a 10-15% reduction in average facility operational expenses that can be achieved
- New mowing patterns should be instituted to create more definition and better targeting in the landing areas of the range. This is a neglected area that does not receive equal care.
- Hand mowing all the tee boxes is unnecessary. GMNGC should consider discontinuing this practice for the less time consuming /cost effective method of triplex cutting.
- We recommend mowing the tees and fairways twice a week rather than the current three
- Par 3 tees should be seeded and smoothed daily to maintain their integrity
- Continue knocking down and cleaning the growth on the perimeter of the course
- Maintain rough at shorter height to increase player enjoyment
- Greens: cost saving measures that could be implemented with minimal impact on quality are:
  - 1) Rest the greens from cutting one day a week (Monday). The dew levels will still need attention on that day.
  - 2) Triplex mowing of green surfaces as the normal operational course of action. Occasional hand mowing during the hot weather or atmospheric conditions where a lighter weight mower would be better for the turf should still be utilized. Maintaining the current 9-10 stimp meter green speed works well, any faster would not be enjoyable and would slow play.
- Approaches: recommendations include:
  - 1) Go to twice a week cutting schedule.
  - 2) Simplify the process, again, getting away from walk cutting as often as possible.
- Maintenance: get away from the 1996 plan. Extend the life of your current equipment. Personnel should be adjusted down to 7 laborers, 1 mechanic, 1 assistant superintendent, and 1 superintendent.
- Food & Beverage, like any other profit center, needs to be featured in the club's marketing programs. There is potential to grow the revenues in this department \$50,000 - \$75,000 annually with a more aggressive catering effort
- Try new creative programming - (9 & dine, 9 & wine, bucket of balls & a burger, lesson & lasagna, superintendents revenge & roast, the chardonnay clinic, etc).
- Cleaning of the F&B area, and multi-use areas needs to be more aggressive
- A reduction of daily operational hours should be considered as follows: Food service 11-4: Beverage service 11-6.
- Be aggressive in your purchasing, pin one vendor against the other, do not become complacent.

- Operational Standards: standards need to be formalized in writing, and every associate needs to sign off that they understand the expectations similar to the quality of the staff handbook (operational standards are the detail)
- Merchandise: monthly inventory and related controls will need to be improved
- Consider adding a multi-day invitational that people from all over New England will be excited about and plan on playing every year
- Important to aggressively pursue and centralize the collection of e-mail and other data
- Important to create professional special announcement bulletin board

## **Conclusion**

After reviewing the operations of Green Mountain National, it is our opinion that the club is being run efficiently. Green Mountain National's full time team is both experienced and passionate about the operation. Green Mountain National ended 2010 with \$195,000 of net operating income - a sign of a successful facility in today's market, especially when you factor in the seasonal nature of the Vermont golf market.

Throughout our review, we have recommended multiple suggestions for each area of the club that will help the club expand on their efficiencies, service levels, and revenue development opportunities. The current team is capable of implementing these suggestions and continuing to increase the club's positive cash flow.

We believe, however, that the club will not be able to support the \$590,000+ in annual debt service. The operation is run well; and it is highly unlikely to squeeze an additional \$400,000 of positive cash flow from the seasonal operations of Green Mountain National. That being said, there are opportunities to increase cash flow for the club moving forward. In today's market, given the seasonal operation of the property, it is nearly impossible to carry well qualified staff year round and achieve substantial cash flow. Brown Golf Management has included three example budgets for 2012 for the town to review:

2012 - Full Time Associate Budget  
2012 – Seasonal Budget  
2012 – Third Party Management Seasonal Budget

The type of budget that is selected by the town will depend on the town's risk tolerance. All three budgets have been included in the Operational Analysis Report.

## **Final Recommendation**

Brown Golf's recommendation is that the town of Killington move forward with their current operational philosophy. The 2012 – Full Time Associate Budget details the parameters under which the town should move forward while implementing some necessary changes. The following proposed changes will increase efficiencies and revenues:

- 1.) GMNGC must focus on bringing in small outside (8-24 people) leisure golf groups

- 2.) GMNGC should hire a qualified Sales Director to drive revenue development
- 3.) Grounds labor practices should be scaled back which will result in cost savings
- 4.) GMNGC's health insurance offering is well above the industry average. The town should look at offering a more market driven health insurance benefit.
- 5.) GMNGC's retirement plan is well above the industry average. The town should look at offering a more market driven retirement plan.
- 6.) Operations recommendations made throughout this report should be implemented to produce more cash flow and efficiency.

A second viable option for Green Mountain National is to move to a seasonal operation with a third party professional golf course management company overseeing the club. This option, which is detailed in the 2012 – Third Party Seasonal Budget would give the town of Killington its greatest opportunity for more cash flow when administered correctly. However, this option will almost certainly result in:

- 1.) A transitional period from experienced staff to less qualified staff.
- 2.) The town will lose some day-to-day operational control of the golf facility; however, the town will be able to devote this time on other areas of town business.

We would not recommend the town of Killington move to a seasonal operational philosophy without the support of a professional management company. This move would be far too problematic and could potentially result in a substantial reduction in performance from the club. Here are some of the major issues of a seasonal concept without a professional management company being hired:

- 1.) The town will have to seek out and hire qualified entry level executive management positions to run club operations.
- 2.) The town does not have the experience in understanding how a seasonal operation would operate day to day.
- 3.) Since the golf season is so seasonal in Vermont, any inefficiency that results from a less qualified staff and/or an inexperienced operator would be much harder to overcome in only a six month golf season.

In closing, the 2012 – Full Time Associate Budget gives Green Mountain National the greatest opportunity for continued success moving forward with their golf operations. This operational concept will guarantee consistent cash flow and a wonderful asset for the town moving forward. However, if the town's number one goal is to increase net operating income, then a seasonal concept with a professional golf management company should be considered.