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Turnaround artists

With more banks taking over courses, a new breed of management companies have emerged who are experienced in the quick turnaround

BY BRUCE BUCKLEY

Any reputable management company can tout its ability to take a languishing course, stabilize it and deliver positive results that stretch over a period of years. But what if that company had to compress its plan into a year, six months or even less?

The economic crash of 2008 delivered a deathblow to many courses already on the brink, leaving owners with no option but to hand over the keys their to lenders. With banks beginning to take properties back — and more expected to do so in the coming years — a breed of quick-turnaround artists has emerged. With short-term assignments that can last as little as a month, these companies have developed ways to mobilize quickly, identify issues, create a recovery strategy and stay within the financial limits of a lender who ultimately wants to dispose of the asset.

"It's a race from day one," said Steve Harker, president and CEO of Touchstone Golf in Burnet, Texas. "You have to be able to go in and show quick improvement, you don't have a choice."

Touchstone is one of multiple companies that have developed a reputation for finding quick solutions at courses that have reached the breaking point. Among its biggest clients is Textron Financial, which has taken back more than two-dozen courses in recent years and put them in the hands of third-party managers until the assets can be sold. This summer, Touchstone operated five courses for Textron.

Originally founded as a golf course consulting firm, Touchstone established itself early as a short-term problem-solver.

"One of our clients said they hired us because we're head-scratchers," said Harker, who was previously national sales

director at American Golf. "When we see a problem, we look at it at all angles, take it apart and put it back together. It's incredibly challenging, but fun work."

When the recession hit, Touchstone took advantage and signed multiple short-term assignments with financial institutions, including four deals that saw courses sell in less than six months.

One of the more established names in the art of the turnaround is Kitson & Partners Clubs in Palm Beach Gardens, Fla. Since it was founded in 2000, the company has managed a total of more than 100 clubs. It maintains a portfolio of around 20 courses under long-term contracts, adding short-term assignments on top of that.

"You have to be able to mobilize quickly," said Michael Rippey, president of Kitson & Partners, which currently has around 750 employees. "We have our band of gypsies that can jump on a plane tonight and be at a property to open it the next day. We could take over five courses in the next five days, if we were asked to do so."

Although its managers sweep in like a SWAT team, Rippey maintains that his teams try to take a low-key approach.

"There's already a lot of stress about the situation from employees, golfers and the community, so you have to go in there like the calmest group of guys they've ever seen," he said. "We're not there to run

people off. We're there to listen and find answers to problems."

Although turnaround companies are hired to develop strategies that stabilize a property, they also have to be mindful of their clients' resources. Although lenders are interested in improving a property,

they are generally hesitant to invest capital, Rippey said.

"We go in with a list of what we call 'Quick Wins,' which are things that don't cost a lot of money, but make a good impression," he explains. "We're looking for, what we can do right now without having to spend our client's money to make the place look different, feel different and send the right message to the

marketplace that the place is being improved."

This summer, Kitson & Partners was operating three bank-owned courses, but Rippey expects that number to grow in the coming months. Many banks have held off on taking back properties so far, but some experts forecast that their patience could wear thin in the coming months and years, bringing about a wave of foreclosures.

"We've been amazed at the level of pain that some lenders are willing to endure, but that can't last," Rippey said. "Some are reluctant because they don't understand golf and truly don't want to own these properties, but at some point they have no choice."



Kitson & Partners President Michael Rippey said his company takes a low key approach to management.