



PRACTICABLE STRATEGIES FOR AN EVOLVING INDUSTRY

“Successful private golf clubs have one thing in common. They operate as a business.” – MICHAEL ZMETROVICH

SAN ANTONIO, TEXAS: Few golf industry executives have the insight of Michael Zmetrovich, the founder of Z Golf Properties. Fresh out of college, he landed a consulting job in 1989 during the heart of the S&L crisis and was involved in the sale of marquis golf courses that



Michael Zmetrovich, Founder, Z Golf Properties

included PGA West, Kiawah Island, and Carmel Valley Ranch.

“Starting as a caddy, competing in both junior golf and college golf, gave me a unique perspective and appreciation for the game,” said Zmetrovich who carries a plus 0.5 index. “I quickly learned that even the best projects need the right capital structure, people and execution.”

After a couple of years of experience, he joined Golden Bear Club Services as a senior vice president.

“The economy turned and Mr. Nicklaus’s design business was thriving. We had projects in various stages of development all over the world. Life was busy, stressful, and rewarding,” recalled Zmetrovich. “The nature of the beast required extensive travel and I got to know the personal side of Mr. Nicklaus. To outsiders, Jack is known as a fierce competitor with a focused persona. As an insider, I can report he has a great sense of humor and is a wonderful person to work for.”

Learning the intricacies of golf course and community development under Jack’s wing has served Michael well. Tired of being a road warrior, with two small children at home, he decided to hang out his own shingle and launched Z Golf Properties.

“TEXAS AND FLORIDA GOLF DIFFER GREATLY. MANY OF THE TOUR’S BEST PLAYERS COME FROM TEXAS. WHY?

I ATTRIBUTE PART OF THE REASON TO THE STATE’S WIND. IN SOUTHWEST FLORIDA, THE WIND IS A FACTOR IN JANUARY AND FEBRUARY. IN TEXAS, IT’S YEAR-ROUND. I ADJUST MY DESIGN PHILOSOPHY IN WIND-PRONE STATES AND CREATE MORE OPPORTUNITIES FOR YOU TO ‘KEEP THE BALL DOWN.’ WEATHER WILL DICTATE YOUR CLUB SELECTION AND THOUGHT PROCESS.” – TOM FAZIO

LESSON LEARNED

Today, Z Golf Properties owns and manages two private golf clubs: Coral Creek Club in Florida, and Briggs Ranch in Texas.

“I learned important lessons over the past 25 years,” avowed Zmetrovich. “My experience allows us to run our facilities more as a business than a club. This provides a better, more stable and consistent membership experience. While most member-owned private clubs operate at the direction of a volunteer Board of Directors that is constantly changing, it is advantageous to have consistent leadership from someone with the same business acumen as a Fortune 500 company executive.

“For better or worse, the golf industry is steeped in tradition and slow to change its ways. I would recommend private clubs to evaluate the following,” advised Zmetrovich.

“Proactively promoting membership is something every private club should be doing today both in terms of attracting new members and retaining existing ones. This includes having a multi-faceted marketing plan that addresses the club’s membership objectives, positioning in the market, target market groups, budget, strategies, collateral materials, website and social media, public and community relations, membership process and operational plan. One of the most important elements is having at least one staff member dedicated to promoting membership.

“Devil in the details reveals how the smallest items can have a cumulative effect on the membership’s experience. Even the most basic of items are often overlooked. Are there fresh towels, tees, a new scorecard and water in the carts? Are the locker room amenities up to date? Are you greeted warmly and by name at the club and made to



CORAL CREEK CLUB – *The Best in the Sunshine State*

PLACIDA, FLORIDA: Coral Creek Club is a private golf club and small residential community across the causeway from Gasparilla Island and Boca Grande. Bordered by picturesque Coral Creek, a salt-water estuary that flows to the Gulf of Mexico, and a 6,000-acre nature preserve, the Club features a Tom Fazio-designed core golf course, a first-rate practice facility, and a 17,000 square-foot clubhouse.

The abundant fishing waters of the Boca Grande area, the Intracoastal Waterway, and the Gulf of Mexico are a short boat ride away.

“When you mention ‘Boca,’ folks from the East Coast think Boca Raton. When Midwesterners hear ‘Boca,’ they think Boca Grande,” smiled Tom Fazio.



“Since Coral Creek Club opened, Boca Grande has evolved into quite a destination. All modern conveniences are close by and it remains uncongested and relaxed.

“Coral Creek Club is one of my best designs in Florida. The site is ideal for golf. Its lush vegetation provided an excellent framework for the course. I took great care to protect the lagoons and wildlife corridors since the area is ecologically sensitive.”

Boca Grande and Gasparilla Island are affluent areas. There were few, quality private clubs in the area to join until Coral Creek Club.

“This area is truly unique and special,” said Zmetrovich. “We were able to capitalize on the region’s demographics. The area still has a low-key, coastal influence and resembles Florida, before the population boom.

“Our club’s appeal is evident in the growth of our membership. Since we purchased the club, our membership numbers are up 45 percent.”

Coral Creek Club is located one hour south of Sarasota and one hour north of Fort Meyers.

For more information on membership opportunities, please visit CoralCreekClub.com.

“PRIVATE GOLF CLUBS MUST OFFER SOMETHING FOR EVERY MEMBER OF THE FAMILY.” – MICHAEL ZMETROVICH

feel special? While these little things might seem trivial, they are not. Members may not remember what is said to them but they will remember how they felt.

“*Service trumps everything* is the mantra The Ritz-Carlton and Four Seasons resorts live by. Shouldn’t this ethos be the same for private clubs? The staff’s attitude starts from management and trickles down. The general manager should promote ‘lateral service’ which involves a willingness by all employees to be cross-trained in multiple positions. If employees feel connected with the club, they will provide better service.

“*Respect goes both ways* between staff and members. It is common for the golf shop staff to ask members how their kids are. This should be a two-way street that goes both ways. If club staff members feel wanted, they will feel more connected and absenteeism and turnover will decline, and service will improve.



President George W. Bush with Michael Zmetrovich.

“*Managing versus owning* a club’s operations has proved to be a profitable niche. Club Corp and Troon Golf are leaders in the management business. Their expertise helps club operations, but not always. They can add an extra cost structure and a club can lose a certain level of its uniqueness. When you have skin in the game, human nature dictates a higher level of dedication and investment of personal time. Many of the best clubs are run by benevolent dictators.

“*Refundable or non-refundable* memberships both have advantages and disadvantages. Historically, developers tended to prefer refundable memberships which provide tax advantages and a larger potential income stream. Refundable memberships typically are priced higher and have strict ‘out’ guidelines. Non-refundable

memberships are less expensive and avoid a long-term commitment. However, as soon as you write the check, the money is gone. If you move six months after joining, you lose 100 percent initiation and it isn’t prorated. Restructuring refundable membership programs and offering the two classes of memberships is becoming more common and allow candidates to weight the benefits.”

2004 VERSUS 2014

Ten years ago, over 500 new golf facilities opened annually. By 2014, the number of new golf course openings declined by 97 percent to 12.

“The golf industry was overbuilt,” said Zmetrovich. “I don’t think anyone would contest the fact. With distress, comes opportunity. As weaker clubs lose members or close, stronger clubs will grow stronger. There is no such thing as a quick fix. The economy continues to improve, particularly in Florida and Texas, and there is virtually no risk of a new competitor entering the market,” explained Zmetrovich. “This is a good thing. All private clubs have become more focused on membership and management has become smarter and operations have been streamlined. In many ways, technology has made this possible.”

THE HANGOVER AND THE PRESENT

“Since the economy bottomed and even as it has improved, I have been assessing everything from pre-development deals to ‘broken’ clubs in-need of recapitalization.

“There are four criteria in my evaluation of a club’s prospects,” revealed Zmetrovich. “First, what is the up front cost to acquire the asset? Second, what investment is immediately required to upgrade the facilities? Third is evaluating current and future cash flow and, finally, determining if the club is a superior asset compared to its competitive set. The most difficult of the four criteria to measure is cash flow and specifically what and how long is it going to take to make the club profitable.

“Today, when new owners enter the picture, often it is to recapitalize, solve problems and make improvements. As a new owner, change is never easy but existing members are generally glad to see the reinvestment in their club and want to help move it forward. Experience, perspective and love of the game also help.” ■

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BRIGGS RANCH – *The Best in the Lone Star State*

SAN ANTONIO, TEXAS: Briggs Ranch Golf Club is a private golf club located 20 minutes from downtown San Antonio.

The Club features a Tom Fazio-designed golf course, an 18-acre practice facility, and a 15,000 square-foot clubhouse.

Host to the 2014 NCAA Division 1 Men’s Regional Championship and the 2012 United States Women’s Mid-Amateur Championship, the Fazio design is the No. 1 ranked course in San Antonio and among the top 10 in the state by *Golf Digest*.

“Briggs Ranch has hosted many amateur tournaments and has developed a reputation as a players’ course,” said Fazio. “Its conditioning is superb. In the middle of the fairway, your ball looks like it’s sitting atop a tee. Make sure to keep the ball in play. I maximized the use of oak tree clusters to penalize errant shots.



“The large building envelope I had to work with,” said Fazio, “allowed me to design a core golf course. Although San Antonio is considered outside the Hill Country, the topography at Briggs Ranch reminds me of Austin’s rolling hills.”

“The scale of our club is ‘Texas big.’ It is the kind of course you want to play,” added Zmetrovich. “Our elevation changes and bunkering create a distinctive feel.

“There are a lot of positive dynamics at Briggs Ranch. The economy is booming and we are well positioned to attract a mix of local, national, and international members.”

For more information on membership opportunities at Briggs Ranch, please visit BriggsGolf.com.