



## 2020 Golf Opportunity for HSV

### Description

By Tom Blakeman, June 2, 2020

***Editors note: Tom Blakeman sent the following email to the HSV Board of Directors and the HSV Finance and Planning Committee on June 2, 2020.***

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As some of you may know I have been offering suggestions and critiquing HSV issues for a few years. Now that a new board is in place and the Covid-19 issues are diminishing there is an opportunity available. But, **ACTION** is required **IMMEDIATELY** for maximum benefit.

**The issue is Golf. The Opportunity is: Restructure the HSV Golf Program.**

If done aggressively and without delay, second half 2020 golf losses may be mitigated. It is even possible that break-even or profit may be achieved. The key elements required are:

**Price** – Reduce All Pricing across the board; Eliminate surcharge; Effective July 1.

**Promotion** – Marketing & Advertising Push; Local Region (150 mile radius); Effective June 25.

**Product Management** – Fill all tee slots; Charge all no-shows; Enhance all Performance Metrics; Effective ASAP.

Many of us moved here for reasonably priced and quality golf. That no longer exists and hasn't for some time. Most of us recognize that Hot Springs Village and our Golf in particular is known as a "best kept secret". Golf is our largest amenity and most expensive to maintain asset. We lose approximately \$2 million per year on our Golf Program. Our total rounds of play have been steadily declining for 10 to 15 years. Worst of all we now have a growing number of non-golfer Property Owners voicing opinions that we need to close one or more courses – permanently! All of this has to change. Here's how:

**Price** – Our golf pricing, both for members and visitors, is based on out dated legacy concepts that may have worked 20 or 30 years ago but no longer apply. We are not a country club, we no longer have a Developer supporting us with subsidy dollars and we cannot continue to think we are some kind of "Premium Venue" like Pebble Beach or a resort hotel in Florida. We are none of those. We are a rural Arkansas community with poor access and competition all around.

***It is now cheaper for an HSV Property Owner (particularly a senior) to play golf anywhere else in a 60 mile radius than to pay the Member Daily Rates at HSV.***

Outside (non property owner) players pay as much as double what they would pay anywhere else. Don't believe me? Please view "Area Golf Rates for June 3, 2020" PDF below. In fact, I could play on a PGA Pro Tour course, which recently completed an 18.5 million renovation, in Houston, TX, as a senior, for less than here. Don't believe me? [Look it up here for yourself.](#)

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### **Area Golf Rates for June 3, 2020**

[Golf-Rates-for-Wednesday-June-3-2020](#)

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On top of this our past management with the help of TROON implemented a flex pricing model for daily paying Property Owners. We not only pay different Property Owner rates from course to course within the Village (stupid and unfair) but the system increases the rate for all the "prime season" months. Insane. [This scam \(you can't call it anything else\) is fully detailed here in my "A New Plan" published last year.](#)

Last month, on the Hot Springs Village People website I responded to a posting with 15 suggestions on what our new Board needed to do to put the Village on the road to recovery. Hardly anyone noticed. Fortunately, the new Board has already accomplished (or we assume they are working on) a few of the items. *That list of 15 items is included as a postscript on this email. For your quick reference the golf items are numbers 5. and 6. Please review them.*

Bottom Line is that just like anything else golf is subject to what's called "**Elastic Demand**". Changes in price impact the quantity of products, goods, or services demanded. [Again, please see "A New Plan" published last year.](#)

**Promotion** – In case it wasn't clear already, or if you have not yet read "A New Plan" we need to

revitalize our Golf Program by reducing all fees. This includes Property Owners and Guests (that means any and all outside players). **We also need to attract these outside players from our immediate surrounding area.** We do this by not only **making the price right for them** but we must **let them know about it.** No more “best kept secrets”. **This means TV advertising, Billboards, Magazines, Newspapers for our local market area.** This includes high population areas like Little Rock and probably even Texarkana. When I visited Bella Vista last year and turned on the local TV news station the first thing I saw a 30 second commercial extolling the virtues of the Bella Vista golf courses. “Come out and Play” they said. If they can do it so can we.

This promotion does not need to cost big bucks or take months to create. We have supposedly accumulated a slush fund of \$161,971 as of April 30 financials thanks to the surcharge. Take some of that money and make it work for us to generate the **Outside Revenue** we need. We have the Sells Agency already onboard with some of their ‘creative’ work already done. They are in Little Rock. Let them implement it. Or, hire the [Dannett Botkin agency](#) which is right here in the Village. She has worked for POA before, and does excellent work.

Again, and this is simple, we can price it right but if nobody knows it is “**on sale**” or however we decide to phrase it, they will not come out and buy it. We need buyers from our surrounding area and we need them now. They will come if we make them an offer they can’t refuse. **Promotion is Key.**

**Product Management** – Just yesterday our Board Chair was lamenting on NextDoor about how she could not get a tee time for she and her husband. How can this be? As I recently waxed poetic online:

**“I look out my window and what do I see?**

**An empty golf course looking back at me. . .”**

*Tom Blakeman*

I live on a green on Cortez Golf Course. I also play some golf. It is not unusual, in fact it is commonplace, to see that course (one of our more popular and most played) to be only 1/3 to maybe 1/2 utilized throughout the day. All the courses are that way. Sure, between 9:00 AM and Noon there is a reasonably steady flow – on any of our courses. But there are often many gaps even then. There are lots of 2 golfer only groups and 3 golfer groups too. No one at the pro shops or in the Golf Department ever seems to do anything to try and fill those gaps.

There is also the problem with groups booking 3 and 4 back to back tee times (4 golfers each) and then a number of the players either cancel or just simply don’t even show up. I see this all the time. **No one ever gets charged a no show.** Everyone thinks this is normal. It may be normal for HSV but it needs to change and change now.

Then there is the tournament issue. The party line excuse is that if only we had a hotel all our problems would be solved. **NOT TRUE.** The problem lies with the fact that our tournament acquisition is extremely poor. Obviously, this year with the Covid-19 is an exception but take a look at last year. *Below is a study I did in April 2019 of tournaments reported in the Arkansas Golfer Magazine. These were mostly ASGA and USGA sanctioned tournaments. Of 101 total tournaments, HSV had only 12. Hot Springs Country Club (which only has 2 golf courses and no hotel) had 26. Rebsamen Park in Little Rock (only 1 course, also no hotel) had 13.*

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## **Arkansas Golfer Magazine\* – Volume 38 – Spring 2019**

### **2019 Tournament Calendar**

#### [2019-ASGA-Tournaments](#)

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Finally, the metrics of how we account for golf need to change. Or if we have them, they need to come out of the closet. The only things reported to the Board (or anyone) are the “playable days”, total number of rounds played, and how many \$\$ per round. Virtually nothing else. And then there is the question of how those “playable days” are calculated? Do you know? I don’t. Do you know how the “Annual” rounds are factored in? Of course not. It’s been kept secret. We do know that “Annual” pay players have been dropping consistently for the last 10 -15 years.

Obviously, changing the reporting, metrics and management will take time. But it needs to start immediately.

Thank you for considering these facts, comments and suggestions for the HSV Golf Program. Changes need to be made. The Golf Program can be made profitable or at least break even. For what’s left of 2020. . .

**ACTION is required IMMEDIATELY for maximum benefit.**

#### **Attachments:**

- 1) [Click here to see “Golf Rates – 60 Miles – June 3, 2020” PDF. It reflects data from Golf Now which is where HSV and most others advertise Golf tee times and rates.](#)
- 2) [Click here to see “2019 ASGA Tournaments” PDF. It reflects data from Arkansas Golfer Magazine for ASGA tournaments in 2019.](#)
- 3) [Click here to see “A New Plan” PDF. The Appendix deals solely with HSV Golf. \(42 pages published on August 8, 2019\)](#)

## Postscript:

The following is the comment I made on the Hot Springs Village People website. Edited for clarity and completeness in **BLUE**:

**05/22/2020 — 6:45 pm**

The new BOD is doing great, so far. Here is a simple recipe to start Village on road to recovery:

1. Fire little “ceo”.
2. Fire those on Andy’s list above (and do not refill the positions). ***[Andy’s list: Director of Golf, Director of Tourism and Community Affairs, Director of Food & Beverage, Director of Agronomy] [ There is also Walter’s list: CFO, CMEO, Director of Place Making]***
3. 30% pay cut for all other salaried (exempt) staff – remainder of year, to be reviewed in 2021 by new General Manager.
4. All POA restaurants adopt the “Magellan” food service model including minimal staffing. Cease the “free” entertainment” program. Reduce staff as appropriate. Effective immediately.
5. Roll back all property owner amenity fees to those of 2010. Yes, 2010. Effective immediately. ***[For golf that would be Property Owner Green Fee: \$13.10 (without the \$2.00 surcharge) and Cart Fee: \$9.50]*** Refund annuals as needed. ELIMINATE THE GOLF SURCHARGE. DITCH THE FLEX PRICING MODEL.
6. Set golf fees for outside golfers at \$10.00 (including tax) BELOW any other course in a 150-mile radius. Also effective immediately.
7. Implement TV and Print Media advertising blitz for outside golfers for a 150-mile radius. Effective immediately.
8. Implement \$5 per car toll fee for any visitor entry to Village (unless you have a reserved golf tee time). No other exceptions! Effective immediately.
9. Freeze all capital expenditures for the remainder of the year. No exceptions.
10. Freeze all non-exempt pay increases – the remainder of the year, to be reviewed in 2021 by new General Manager.
11. Freeze any and all “ongoing contract renewals” (such as residential street mowing just approved) and implement zero-based re-justification for all with ROI and in-house tradeoff hurdles.
12. Implement an immediate BOD level review (not another damn committee) of organization structure, job descriptions, and redundancies. Act on results. \*
13. Hire a new auditing firm (not EGP) for evaluation of, investigation of, and restatement of financial records for the last five years with an emphasis on potential fraud uncovering.
14. Implement an immediate BOD level review (not another damn committee) of our IT capability and systems. Emphasis on real-time reporting and real-time management tools. Act on results. \*
15. Start the process (not another damn committee) to find a replacement General Manager who actually has experience managing a city and understands and plays golf and understands how a retirement community should function. \* (No hurry on this one, the process should take six to nine months – minimum).

\* Those now on the BOD have the talent already for these specific tasks. Use it. This is not the time to spend days and days (weeks) arguing, debating, seeking legal opinions, chartering committees and so forth on all of our governing documents, policies and bylaws.

Not to use a hackneyed expression but this is our “Nike” moment. Or, as they used to say in Ancient Rome “Acta non Verba”.

Sincerely,

Tom Blakeman

Village Resident / Property Owner

June 2, 2020

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Editor’s note: Thank you for reading. [Click here to go to the home page to bookmark this website so you don’t miss any updates.](#)

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[Click here to visit Hot Springs Village PEOPLE private Facebook Group.](#)

### Category

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