
5 The Management of Golf Tourism

Spotlight: Trump National Los Angeles: The most expensive golf course ever built

Clubhouse at Trump National Los Angeles, photograph by author



Located on the Palos Verdes peninsula south of downtown Los Angeles is the Trump National Golf Club. Donald Trump paid \$27 million for the property in 2002 and then invested \$261 million in redesigning the course. 'This is the most expensive golf course ever built,' he proclaimed. Apart from the wonderful golf course, the club has a 45,000 square foot clubhouse, a pro-shop, two dining options, conference rooms, and a ballroom. A public park sits between the front and back nines providing access to hiking trails. Because it is on the coast, the course is not permitted to go private, so Trump National is the public version of his private clubs elsewhere.

David Conforti is General Manager and Director of Golf at the club. With experience working for Troon Golf and the PGA, Conforti is clearly a highly competent hands-on manager, and speaks openly about the club and its visitors. 'I would say about 30-40 per cent of our visitors are tourists – mainly from other parts of the US, Asia, and Latin America,' he said. 'Corporate golf has been very strong in the past – up to 50 per cent of our business - but was slow during the recession. Most of our visitors seem to find us through the Internet, but our accolades help.' Trump National has been rated #1 golf course in California by every major western golf publication, ranked #38 in the US by Golf Magazine, and recognized as having a 'Top 100 Golf Shop in America' by Golf World Magazine.

Trump National also attracts a number of celebrities, which maintains its high profile. Tiger Woods and Phil Mickelson are regular visitors, as is soccer star, David Beckham and American football player, Tom Brady. Actor Mark Wahlberg also plays on a regular basis. 'They just want to come here to escape and they are all such nice people,' said Conforti. The club is featured on television programmes

and in commercials quite frequently. 'The PGA America was here last week filming a commercial, and the latest Michael Jordan commercials for Hanes with Charlie Sheen were shot here,' said Conforti. 'H.B.O.'s Entourage was here last year, and the Golf Channel has been here to film a Big Break instalment. We have also had a number of films made here including Step Brothers with Will Ferrell. We will usually charge a site fee for filming, although for the recent Tee it up with Tiger Woods series, filmed over a two week period here for the Golf Channel, we waived the fees as the exposure it gives us is priceless.'

In terms of operations, golf carts are compulsory on the course and the club has chosen electric over gas. 'We are always concerned about the environment here,' Conforti explained. 'But electric carts are also less noisy. I actually think golf carts are the arteries of a golf club operation. Right now we are considering acquiring a new fleet with a new GPS system that we will lease for four years.' The club does all the servicing itself as it has found it too expensive in the past to outsource. 'We have six maintenance staff on site to take care of any problems with the carts,' he added. Cart presentation is also very important to Conforti: 'Our customers notice if the cart is not clean so we spend 15–20 minutes on each cart every night to ensure it is spotless for the next day's golfers.'

It is not just the golf carts where special attention is paid. From the moment guests arrive, the club's mission is to provide a world class experience. 'We take customer service very seriously,' said Conforti. 'Department heads are usually responsible for training but we also bring in an H.R. advisor to provide customer service training.' The club has 280 staff – about 100 full-time and 180 part-time. Aside from management, there are approximately 35 in maintenance, 30 outside, 10 golf professionals, 30 kitchen staff, 12 club house managers, 30 banquet staff and 50 servers or bussers. Managers will meet once a week to discuss weekly events and activities.

According to Conforti, banquets and events are vital to the business. 'We have about 25 large banquets and 100 weddings per year. Saturday weddings are sold out from March to November. Most people find us through the Internet and once we get them here and show them around, 80–90 per cent of them will sign up on the spot.' The club will customize anything from menus to cakes in order to provide a unique experience for guests. The ballroom has seating for 300, and is adorned with a stately, hand-carved fireplace, impressive French doors to the covered balcony, and elaborate crystal chandeliers. The club also hosts a number of events, such as celebrity poker charity events, monthly jazz expression sessions, an annual car show and wine and beer festivals. 'All these events are a great way to keep the community involved,' said Conforti.

The club has two dining options. The Golfer's Lounge is the more casual of the two restaurants, and Cafe Pacific is more upscale, with gold leaf-painted ceilings. Both have an excellent wine list and creative menus. 'We take great pride in our catering and the restaurant here has an excellent reputation. From Monday to Friday most of the diners are locals which I think is really important. We are after all a member of the community. The food is a little more expensive than anywhere else, but it is topnotch food.'

Asked why the club's pro shop has received accolades, Conforti pointed to the range of clothing and equipment as well as attention to detail. 'We are very specific about what we want and we keep a tight control on inventory,' he said. Jennifer Martinez is Merchandise Manager for the shop and is responsible for purchasing. 'All of the vendors come to me, so I don't have to go out buying,' she said. 'We sell a lot of Nike (the Tiger Woods range in particular) and Adidas, and the Tehema brand has done well recently. Many people – even those just coming in for Sunday Brunch – love to take away something with the Trump brand on it – the caps for example, sell very well. We don't get many women coming through so most of our merchandise is for men.' To offload excess inventory, Martinez has a sale every January and also has a permanent sale rack.

To play golf, green fees range from \$150 to \$300 and include GPS-equipped golf cart, practice balls, valet parking and locker room services. For those wishing to use the immaculate practice facility, the cost is \$23 for unlimited use. Locals have the opportunity to purchase a V.I.P. Card for \$700 annually and this gives them 25 per cent off weekday prices and 50 per cent off the weekend green fee. Although it is not a private club, Trump National doesn't like to discount on fees or merchandise to generate sales. 'We think discounting would cheapen the Trump brand and would maybe attract a different demographic', said Conforti.

Asked what his key challenges were, Conforti alluded to having to exceed expectations constantly. 'We have two types of visitors. There are those who are pretty wealthy and expect the best, and there are those who have saved up for a long time for a special event and, again, expect the best. So we are constantly looking to exceed the expectations of both groups. Ensuring people receive value for money is especially important today. Fortunately, we have an amazing staff with very low turnover. In fact, if there is turnover it is induced by us. All of our staff wants to work here – they want the Trump name on their resumes and they love the contact with celebrities. The tips here are excellent, and they can also play cheap golf!'

As for the future, Trump National is partnering up with a new golf resort opening four miles down the road. Terranea Golf Resort, a \$450 million resort owned by Lowes, opened in the summer of 2009, and has a 9-hole executive golf course. 'But they will be sending up the serious golfer to us to play here. The partnership should work well – we have a good relationship with them as there are lots of synergies. Having high-end accommodations nearby will certainly help attract more golf tourists,' said Conforti.

Sources

Personal interviews with David Conforti and Jennifer Martinez, 15 April 2009.

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Introduction

The opening Spotlight highlights some of the key management issues involved in running a successful golf operation. Management issues at golf courses were often neglected in the 1970s and 1980s, because for years, the benefits of a golf course to a real estate project far outweighed its costs (Phillips, 1986). If a golf club ran up large losses it was relatively easy for developers to write the losses off to real estate marketing or other departments. But, as both capital and operating costs have risen, course and club management has taken on additional importance. Developers often now turn their attention to management issues as a means to recover the profitability of a golf course operation. This has led to a wide range of organizational arrangements for management as well as new techniques for operations and maintenance practices designed to control costs and increase rounds played. This chapter discusses such management structures, as well as important operational considerations for golf club managers, such as staffing, pro shops, golf cart fleets, maintenance and course management, customer service, and risk management.

Management structure

One typical organizational structure for a real estate/golf course project is for the developer or owner to retain full operational control, such as at Trump National Los Angeles. The course is structured for accounting purposes as a separate profit centre, and operational responsibility will rest with the club manager, a staff of golf professionals responsible for the pro shop and lessons, and a course superintendent. The advantage for the developer is that they can be assured of ongoing control over operations and it reassures other stakeholders of the project's viability. The disadvantage is that developers may not always have access to skilled managers or golf professionals.

Another popular organizational structure is for the developer to contract with a full-service management company (see the Snapshot on Troon Golf). This may be suitable for less experienced developers or for those clubs that have been transferred to members or resident ownership. Most of the larger management companies operate nationwide, and even internationally. ClubCorp Inc. for example, operates courses in Australia, China and Mexico as well as the USA; American Golf Corporation has courses in New Zealand and the UK; and Troon Golf has courses in 22 other countries outside the USA including Mexico, the UK, Italy, Japan, Fiji, Australia, Kuwait, South America and the Caribbean. This trend is likely to continue as firms look to increase market share and attempt to achieve economies of scale by minimizing average administration and maintenance costs per golf course.

Some of these management companies specialize in order to differentiate themselves. For example, Florida-based Elite Club Associates specializes in high quality private clubs and upscale residential communities; Honours Golf Company in Alabama concentrates on boutique-style golf course development