

THE GREENING OF DEAL MAKING

Section:

MANAGING

A few hours of golf with business associates can pave the way for doing business later on and reveal a lot about the players.

Nowhere is the first time recorded that an ambitious corporate tyro used a game of golf as a business tool. Maybe it was a deal-making 18th-century Scotsman schmoozing a client with an afternoon of smacking feather-filled balls at storied St. Andrews.

Whether it began at Scotland's mecca for golfers or at some other course in some other time, golf and business have become as inseparable as many an executive's long-iron shot and the nearest bunker. It was 70 years ago that legendary sportswriter (and frustrated duffer) Grantland Rice offered this advice: "Eighteen holes of golf will teach you more about your foe or partner than will 18 years of dealing with him across a desk."

The marriage between two of this nation's favorite activities has solidified over the years. Last year, 25 million Americans played 490 million rounds of golf, and while no statistics are kept on how many rounds were business-inspired, it's more than likely that the day of bonding and sizing up included discussion of deals bigger than who would pay for refreshments at the Nineteenth Hole.

Consider the findings of "Golf and the Business Executive," a recent attitudinal study by Hyatt Hotels & Resorts. More than 400 links-loving managers and high-earning salespeople were surveyed. The study found that:

- Ninety-three percent agreed with the proposition that golfing with a business associate "is a good way to establish a closer relationship."
- Eighty percent said they find golfing "a good way to make new business contacts."
- Thirty-five percent agreed with the statement that "some of my biggest business deals were made on the golf course."

None of that should be surprising. An afternoon on the links presents a rare opportunity for uninterrupted (and presumably relaxed) conversation. The milieu stands in sharp contrast to other business-friendly sports, such as tennis and squash, in which opponents spend most of their time moving around frantically.

With so little time actually spent swinging the clubs, golf is, as Rice suggested, a terrific way to ascertain the character of a potential partner. And it is a great equalizer.

"Golf brings the mail-room clerk and the executive vice president to the same level whether while teeing off or looking for a ball in the grass," write Jane Blalock and Dawn-Marie Driscoll in the book *Gimmes, Bogeys and Business* (MasterMedia Limited, \$9.95). "The ball doesn't know or care a bout your rifle, bank account, or salary and doesn't even know your handicap."

With that in mind, golf resorts are finding new ways to help business people grease the wheels of commerce. One example is a golf-instruction school geared toward business entertaining. Now, you no longer have to suffer the indignity of revealing a feeble backswing to a class full of strangers. Instead, you get to share it with partners, clients, and suppliers, who are more likely to commiserate.

That's the theory, at least, at the Byron Nelson Golf School at the Four Seasons Resort and Club at Las Colinas, near Dallas. The school, which opened last year, is designed to help you spur business by having a group of 10 to 16 people take classes together, analyze each other's swings, and then hit the course. The shared experience presumably leads to bonding and, hence, partnerships.

"It's another, newer form of corporate entertainment, a new way for the businessman to capture the attention of the person he's trying to impress," says Mike Abbott, golf director at Byron Nelson.

"We've used golf instruction as a vehicle to help companies introduce products, maintain existing customers, go after new ones, or reward their best. It's unlike sending a customer on a trip to Disney World. This is an activity where you're with the other people from start to finish. People remember the relationships they build here ."

Typically, a company will reserve the resort's golf-school facilities for a three-night, two-day program. There are two fairly lengthy instruction sessions (in both large and smaller groups) and two rounds of golf--the second one serving as a tournament. Wrapped around the play are meals, an awards banquet, and, if the company wants them, more-formalized work sessions.

Abbott meets with the sponsoring business executive before his or her stay. Is there a particular client whom the company is trying to impress? If so, arrangements are made to ensure that the sponsor and that client end up in the same foursome all weekend. Are there some weak golfers in the group? If so, the resort makes sure they get special attention--without embarrassment.

The full package at the Byron Nelson Golf School costs \$2,500 per guest, including everything from lobster dinners to complimentary golf clothes to daily pastries frosted with the sponsoring company's logo. For smaller or less-affluent companies, there are less-costly options.

Roy Evans, chairman of Dallas-based FirstBank, took advantage of one such option. He entertained eight customers at an overnight, one-day stay at the resort. Several of his executives dropped by but did not stay at the resort. Total cost for the program: about \$7,500.

"Everyone who participated thought it was among the most unique experiences they've ever had," says Evans, whose own big thrill came when he met Nelson, the 84-year-old golf legend. "In previous years, we've taken our clients to dinners, the symphony, musicals, things like that. This surpassed all of those because golf somehow brings people together. It was expensive, but it was worth it. You learn a lot about a man when you spend a day golfing with him."

That statement appears to apply to women as well. A 1996 survey of senior management women conducted by Catalyst, a New York City-based nonprofit research group, found that respondents were convinced that they had climbed the corporate ladder not only by working incredibly hard--harder than their male peers--but also by doing their best to fit into an overwhelmingly male office culture. And golf, they said, helped them fit in.

Golf was the most common outside activity among the women surveyed. Many said they were spurred not so much by a love for the links as by the chance to network with the "right people."

"How many business conversations and business decisions are made in the men's room or on golf day?" asks Edwina Woodbury, senior vice president and chief financial officer for Avon Products, Inc. To survive in the business world, she says, many women have taken up golf or "learned to talk sports with the best of them."

This year, women make up more than one-third of the golf-school students at the PGA National Resort and Spa, in Palm Beach Gardens, Fla. The resort, with 339 guest rooms and 80 cottages, is geared toward group meetings. Increasingly, the emphasis is turning to smaller businesses.

"Downsizing in corporate America means smaller meetings for us," says resort spokeswoman Jody Cross. "A lot of smaller companies are emerging, entrepreneurs starting their own businesses. and they're finding that golf entertaining works."

One such growing company is Daniels & Associates, a Denver-based investment banking firm that specializes in the mobile-paging business. In past years, the company celebrated the completion of successful deals by taking all parties to dinner.

But when a substantial and long-sought transaction was finally signed in 1995, company executives decided to celebrate it on a grander scale. They flew their managers who had been involved with the deal, along with a dozen or so people from the company with which they had reached the agreement, to Palm Beach Gardens for a few days of golf.

"We had worked very closely with specific people, and I was looking for an effective way to say thank you for their confidence," says Brad Busse, chief operating officer of Daniels & Associates. "Golf is a very social way to strengthen relationships in a nonmeeting fashion. You may not even talk any business during the round of golf, before, or after. But it helps open up the lines of communications."

But what if you don't like what you learn? There is an axiom that goes, "If there is any larceny in a man, golf will bring it out." The Hyatt study bore that out, with 55 percent of the executives admitting that they had cheated in golf at least once.

The commonest sins? Moving the ball to a better spot (41 percent), not counting a missed tap-in (19 percent), taking an extra tee shot (13 percent), and intentionally miscounting strokes (8 percent). Half of those who took part in the study agreed that "the way a person plays golf is very similar to how he or she conducts business affairs."

Mistrust has never been an issue in the case of two particular firms--long-standing business partners--that have built a golf outing into their annual negotiations. The Iowa Veterinary Supply Co. of Iowa Falls and the Fermenta Animal Health Co. of Kansas City, Kan., have been dealing with each other for 25 years. The former distributes animal pharmaceuticals and biologicals, and it grosses \$80 million a year; the latter is one of its top suppliers.

The long relationship has brought about a certain comfort level. The leading executives of each company are now friends. They assume the relationship will continue year to year. So every March for the past six years, they have moved their annual contract talks away from the Midwest and domain to the PGA National Resort and Spa.

The meetings run from Thursday to Sunday. There are formal negotiating sessions, but the 11 invited negotiators still manage to work in a round of golf each day. Wives are invited (all the top managers of both companies are men), and they, too, have become friends over the years. That element, everyone agrees, further enhances business.

The bottom-line cost for the three-day event approached \$25,000 this year. Pricey, but worth it, says Tom Kruse Jr., vice president of sales and marketing for Iowa Veterinary Supply.

"Golf is the most popular sport in our business, which makes it conducive to conducting our annual deal," says Kruse. "The golf negotiating sessions are formalized. No one has a problem separating the two, but the bottom line is that we get more work done when we're all relaxed."

Once, the two companies tried a down-hill-skiing trip instead, Kruse says, but the varying levels of competence on the slopes put participants on four different hills (or kept some safely in the lodge).

"With golf," he says, "things stay more cohesive. Even if you're not very good, you can still play in a foursome with the other guys. It's more of a group activity than skiing."

And, recalls Kruse, "I had one of the greatest rounds I ever played down at the PGA National. It was great. Almost as great as signing the contract."

PHOTO (COLOR): "Golf somehow brings people together," says Roy Evans, chairman of Dallas-based FirstBank, shown working on his swing with Mike Abbott, far left, golf director for the Byron Nelson Golf School, at the Las Colinas Four Seasons Resort and Club; at right is club instructor Roy Holmes.

PHOTO (COLOR): "Golf entertaining works," says Jody Cross, center, of the PGA National Resort and Spa, in Palm Beach Gardens, Fla. With her are consultant Valerie Scott, left, and Nancy Oliver, president of the Executive Women's Golf Association, in West Palm Beach.

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By Glen Macnow