

From mailing list to multi-course owner

How Warrior Golf, a previously unknown company, is now one of golf's biggest buyers. **BY BRUCE BUCKLEY**

Brendan Flaherty once had a dream to turn 300 hilly acres in Riverside County, Calif., into a golf adventure. The course would feature multiple elevated tee boxes on terrain that required players to use ATVs rather than golf carts.

"I figured, what golfer doesn't enjoy hitting a golf ball off a cliff?" he recalls with a chuckle. "What a unique experience that would be."

Flaherty isn't one to take a traditional approach to the golf business, which may explain why he's found success in

such turbulent financial times. Although permitting issues, and perhaps some better judgment, prevented the Riverside course from being built, that didn't stop Flaherty from conceiving other unconventional ways to get into golf course ownership. Armed with a mailing list of more than 400,000 people, Flaherty and his company, Warrior Golf, devised a strategy to amass investors and roll up properties. At a time when few people have been able to close a sale, Flaherty purchased six courses in a two-year span and is suddenly one of the industry's newest national multi-course owners.

"It's a buyer's market, but there's not a lot of people out there buying courses right now," he says. "We're in a pretty amiable position."

The concept behind Flaherty's acquisition strategy is nothing new: Gather a group of local investors to buy a golf course. However, Warrior Golf has managed to take what is typically considered a mom-and-pop model and roll it out nationwide, acquiring courses in North Carolina, Texas and Florida.

The secret to Flaherty's success stems from his primary business — Irvine, Calif.-based golf club manufacturer Warrior Custom Golf. Over the years, thousands of online orders and inquiries about Warrior's enticing promotional offers helped Flaherty collect a massive database of golfers across the United States. Years ago, Warrior Golf began providing marketing services to golf course owners, sending email blasts to its database about golf course deals. The program was a



PHOTO BY NICK KOON

Brendan Flaherty of Warrior Golf says the company is able to run its back office operations from the Irvine, Calif., headquarters while keeping day-to-day management at the course level.

success for many course owners, so much so that Flaherty decided he should start reaping the rewards himself.

“Eventually I realized, why am I doing this for someone else?” he says. “Why don’t I do it for my own golf courses?”

Combing through his database and studying the demographics, Flaherty identified markets where he had strong concentrations of customers, which would help him target both potential business investors and future course users. Within two years, Warrior Golf was able to bring together investors to buy six properties, including Reems Creek Golf Club in Weaverville, N.C.; Broadmoor Golf Links in Fletcher, N.C.; Nocona Hills Country Club in Nocona, Texas; The Club at Runaway Bay in Runaway Bay, Texas; Marion Oaks Country Club in Ocala, Fla. and Huntington Golf Club in Ocala.

In each case, the company has gathered “a few dozen” investors per course — structured under individual limited liability companies. Each investor shares in revenue derived from golf operations and, of course, gains playing privileges.

The key to closing these deals has been Warrior Golf’s ability to avoid the lending markets, says Walter Bolen, director of golf course properties at Warrior Golf. The company is targeting properties in the \$1 million to \$4 million range, which keeps the barrier to entry low for an investor, he says. In Asheville, for example, the company purchased Reems Creek in August 2009 for \$1.9 million, then bought Broadmoor in March 2010 for \$3.8 million.

“It doesn’t take extensive capital from each investor,” he said. “We don’t have to go to banks and worry about financing. It makes things easier and more profitable.”

And arguably that could be the only way to get such deals done today. Lending continues to be extremely scarce for golf course acquisitions. Although some multi-course owners and large investment groups have pursued acquisitions, many have been stuck on the sidelines as access to debt remains limited. More often than

not these days, it is mom-and-pop buyers who have managed to close transactions, often bringing in capital and debt through business ventures outside golf.

Although Warrior Golf is taking a mom-and-pop approach to its purchases, the company is quickly gaining regional and national presence. The company has acquired pairs of courses in three markets: two near Asheville, N.C.; two north of Dallas, Texas and two in Ocala, Fla. Bolen says the company is looking at pairs of courses in other markets and hopes to close the purchase of two more properties this year. In particular, western markets like Arizona and California are on the company’s radar.

The profile of Warrior Golf’s portfolio

properties where it can offer stay-and-play deals. At Runaway Bay, the purchase included a small hotel. Other properties in its portfolio were purchased with additional land that could be developed for hotel or condominiums.

“We could do an affordable mini-resort concept,” he says. “Someplace where people can actually afford to bring their families.”

Although Flaherty doesn’t pursue properties like a typical multi-course owner, he also doesn’t act like a one-off prestige buyer. Rather than sink money into big-dollar blue-chip properties, Flaherty is going after courses that he believes “the working man will continue to play,” even when the economy is

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fits well with its existing golf club customer base. Just as the company’s equipment business aims to attract “value-driven” buyers, the company’s courses fit well with cost-conscious players. Green fees at its courses generally range from \$25 to \$50. Plus, the company can throw in incredible promotional perks. At some properties, the company has offered free sets of Warrior Golf clubs to anyone who purchases a membership. Free golf balls and hybrid clubs have also been offered to players who bring a foursome for daily fee play.

“When was the last time you saw something like that?” asks Flaherty. “You don’t see TaylorMade or Callaway Golf buying courses and making those kinds of offers. We have a major advantage over any other golf course owner in our market.”

The company is also looking at

suffering.

“Too many people have a love for golf that doesn’t allow them to step back and take an honest look at the business,” he says. “You see otherwise intelligent business people who are so passionate about the game that it blinds them. The types of courses we’re buying are the ones that people are still playing. High-end courses are suffering, but people are still playing affordable golf.”

Bolen says the company doesn’t have a long-term growth strategy, preferring to follow opportunities as they become available.

“We’ve got a lot of courses to look after, and we don’t want to grow so fast that we lose track of what we’re doing,” he says. “At the same time, we know we can buy when others can’t. It’s hard to say where we’ll be in five years. We’ll probably keep going until something tells us it’s time to stop.”