

*America's love
of golf is paying
big dividends.*

Teeing Off



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Tiger Woods hits a putt on the 18th green during the final round of the 89th PGA Championship in Tulsa.



When the winning putt drops this month at the 90th PGA Championship at the famed Oakland Hills Country Club, the victor will not only walk off the final green hoisting the venerable Wanamaker Trophy and a tremendous paycheck, he will also enjoy the bragging rights that come with bagging the season's final major. For the rest of his life, he'll have the word "winner" attached to his name.

In fact, there are a wide range of winners when a major championship comes to town. The people of Bloomfield Township, Mich., and all their Detroit neighbors heartily enjoy the experience of hosting a major at Oakland Hills, just as much as folks in Louisville, Ky. rejoice at the prospect of hosting the Ryder Cup next month at Valhalla Golf Club. A wide swath of businesses and charities in these host cities are exultant because, quite simply, the effect on the local economy is huge.

How big? Businesses in the Detroit area have a good idea. Oakland Hills has been the scene of a number of major golf tournaments, including the 2004 Ryder Cup, which churned up a Super Bowl-level of excitement—not to mention a \$77 million infusion into the local economy.

So it's not just the prestige, it's a boost to the local exchequer. Any major sports event is going to provide a significant impact on local businesses, but independent studies are now

showing that golf really spreads the wealth. Next month, when the 12-man American squad tees it up against the Europeans at Valhalla Golf Club, the folks of Louisville know that cash will be moving around. When the PGA Championship was staged last year at Southern Hills Country Club in Tulsa, the Tulsa Metro Chamber anticipated a total economic impact on the city of slightly more than \$69 million.

"Golf is a major economic driver for the U.S. economy and one that employs more than two million people," says Joe Steranka, chief executive officer of The PGA of America, which conducts both the PGA Championship and the Ryder Cup. "We work closely with local civic and business leaders to convey what golf means to the economy and how local groups can benefit from their exposure to our industry."

Last year, more than 225,000 fans showed up for the Monday-to-Sunday activities in Tulsa. To greet them, a small city was erected on the club's grounds, where attendees consumed 52,000 hamburgers and a half-million drinks. An army of technicians created a communications empire on the site. PGA guests alone occupied ten hotels in the Tulsa area, taking up a total of 4,888 room nights and enjoying an uncounted number of big nights on the town. This adds up to serious money.

"Anytime you have national exposure, it pays off," adds Dennis Toffolo, deputy county executive for Oakland County,

where Oakland Hills is located. "The kind of people who attend the PGA Championship are the kind of people we need to bring to this county. In the last few years we've had more than 80 companies move into Oakland County, bringing in 12,000 new jobs, which is kind of unheard of in these economic times. Was that because of the Ryder Cup or PGA Championship? That's part of it—it's part of the environment."

An international golf event, seen by millions worldwide, is also good for local charities. While Ryder Cup participants are famously playing for pride—there are no prize monies—there's almost always a big dollar fallout for worthwhile causes. "More than \$3.5 billion a year is raised at the nation's golf courses for a variety of charities representing health and wellness organizations," says Steranka. "This, far and away, exceeds the charitable dollars raised by almost any other sport in America." The PGA also contributes substantial dollars to the personal charities of the U.S. Ryder Cup Team players and Captain Paul Azinger.

While the size of golf's contributions to charity seems an eye-opening amount, it's part of a golf industry that, in its entirety, reaches \$76 billion per year. So reports SRI International, an independent, nonprofit research institute, that runs surveys for Golf 20/20, a consortium of the major golf organizations. Here's another impressive finding: In terms of total goods and services, the economic impact of golf surpasses the movie industry.

When the PGA Championship hits town, private jets start landing and restaurants start hopping. Local civic leaders also put out the welcome mat and show off their wares. Oakland Hills Country Club is located in one of the wealthiest counties in the nation, and the county has the infrastructure to provide for more.

"The PGA will draw a first-class cadre of businesses that we will definitely be courting in the coming weeks," says L. Brooks Patterson, the Oakland County Executive. "It's a weeklong party."

If the PGA Championship makes for a relaxed place for social hobnobbing and entertaining, it's in no small part due to the work of The PGA of America, an organization comprised of 28,000 men and women professionals who teach the game and significantly help grow

the golf-business juggernaut. The Ryder Cup and PGA Championship are its lodestar events, but equally important are the broad, comprehensive grassroots efforts it makes each year. Business networking is The PGA's middle name.

"Most of the people in the township are very proud of the prestige and international attention," says Leslie Helwig, director of community relations in Bloomfield Township, which heartily supports the Oakland Hills invasion. "Our police know that 43,000 people are coming to this event every day. And when those people come to town, they bring their dollars with them. The parties hosted in private homes are incredible. A lot of the nonprofits also use the tournament as an opportunity to hold fundraising events, which means a lot of people are benefiting." ●

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Golf's Long Ball Hitter

How a culture of innovation at TaylorMade fueled one of the greatest turnarounds in sports business history.

As chief technical officer of TaylorMade-adidas Golf, Benoit Vincent has seen his share of technological breakthroughs. In the two decades he's been at the company, nearly every aspect of golf equipment—from drivers to putters to balls—has changed dramatically, thanks to the relentless pace of technical advancement, much of it engineered at TaylorMade. But when asked to name a product that exemplifies the spirit of innovation, Vincent waxes rhapsodic about one *not* made by his company. "It's a perfect mixture of technology, design, and marketing," says the French-born Vincent. "Many companies had the ability to make it, but didn't. Only one had the intensity and drive to develop a meaningful product that everyone wanted to buy."

Vincent's example? The iPod. And if it seems odd that the top engineer of a sports equipment manufacturer looks to a high-tech firm for inspiration, it's important to know that TaylorMade, like Apple, has aggressively fostered a culture of innovation and out-of-the-box thinking. Observers credit that attitude for transforming a sleepy, midlevel sports brand—that at the turn of the decade recorded annual sales of \$300 million—into an industry-leading powerhouse that sold a whopping \$1.1 billion of golf equipment last year.

Crazy Idea Guy

The turnaround began in 1999, when current CEO Mark King took the reins and refocused the company's priorities. He challenged his team to think creatively and without boundaries, which included looking to other industries for ideas. "We had to create a culture of defying the status quo to move forward," he recalls. To get his message across, King hired Sean Toulon, a former TaylorMade sales rep who had moved on to a series of marketing positions at other golf firms, and installed him as his main product-innovation person. "My role was to



TaylorMade's Benoit Vincent (L) and Sean Toulon

be the crazy idea guy," says Toulon. "It really was about pushing people to dream. It's as simple as that."

Working with Vincent, Toulon quickly brought TaylorMade's 300 Series drivers—which feature three different clubs geared for different types of swings—to market. "That was the first time we said, 'We have to look at drivers in a different way,'" recalls Vincent, who heads a 100-person research and development team, the largest in the industry. "One driver can't do everything."

That simple insight contradicted decades of conventional wisdom regarding club design, and set the company on a path of what King calls "relentless innovation." The gambit paid off: The 300 Series became not only the top-selling drivers in the marketplace but also the most-played drivers on the PGA Tour. Just as important, their success provided the company with an important psychological boost. Says Toulon: "It gave us the belief that we *can* win."

More successes followed, including the r7 Series of drivers, featuring movable weight technology, and, most recently, the Rossa Monza Spider putter, which—since its introduction in January—has picked up scores of PGA Tour player converts. On the strength of the Spider, TaylorMade's annual putter business will go from under \$25 million to an estimated \$40 million this year.

Toulon points out that the concept for the Spider came from another one of the company's singular industry initiatives: the Innovation Team, a four-person internal think tank with a broadly defined mandate to dream big. The team's membership is drawn from different corners of the company. "Its mission is to not only change the company but to change the game of golf," says Toulon, "and to really shape the future of the game."

It's a typical TaylorMade goal: bold, ambitious, and a bit implausible. Steve Jobs would be impressed. —Albert Kim



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