



## MEET AMERICA'S MOST BULLISH BUSINESSMAN IN THE PRIVATE GOLF CLUB INDUSTRY

*John McConnell has quickly become a power player in the Carolinas. In the last eight years, he has purchased eight well known private clubs.*

By Mark Pazdur, Publisher

RALEIGH, NORTH CAROLINA: My two-hour interview with John McConnell was inspiring. With all the dour economic news in golf, it was exciting to meet with someone with a such a positive viewpoint on our industry.

McConnell entered the golf business in 2003 with the purchase of the venerable Raleigh Country Club in downtown Raleigh, North Carolina. The private club had gone through a \$6 million renovation and inevitably couldn't cover its debt payment and filed bankruptcy. McConnell purchased the entire club for \$6.5 million.

His portfolio of private clubs has expanded rapidly. The afternoon of our meeting, he was in the process of finalizing the purchase of his eighth club, The TPC Wakefield Plantation, in Raleigh, North Carolina.

Today, McConnell Golf owns and manages six private clubs in North Carolina: Raleigh Country Club, Cardinal Golf Club, Treyburn Country Club, Sedgfield Country Club, TPC Wakefield Plantation, and Old North State Club. And, two private clubs in South Carolina: Musgrove Mill Golf Club and The Reserve at Pawleys Island.

### LICKS AT SCHOOL

Born in Abington, Virginia, McConnell was raised on the family farm with his three siblings. "My dad was a farmer and part-time accountant," reminisced McConnell. "I was a country boy. We never locked our doors and I have fond memories of my childhood. We were comfortable, middle income, but rarely had money for extras. Mom and Dad

spent everything they had on our clothes and education. I don't know how they did it, but they put the four of us through college and had no debt.

"My parents were easy going until we made a mistake, then there was a quick learning curve. Discipline was a switch on the rear. I have to admit, I had more licks in school with the paddle than at home," winced McConnell.

In school, McConnell played football and baseball. "Since there wasn't a JV baseball team at my high school, I played three years on the golf team and was afforded the privilege to play at our local, nine-hole private course, Glenrochie Country Club," said McConnell.



**RALEIGH COUNTRY CLUB** in Raleigh, North Carolina: Established in 1948, the club is located one mile from downtown Raleigh. The club features a modern pool complex and boasts the last course to be designed by the legendary Donald Ross. For more information: [www.raleighcc.com](http://www.raleighcc.com).

“Every one of our golf clubs in North Carolina is a ‘Top 100’ course in the Carolinas.” — JOHN P. McCONNELL, CEO, McCONNELL GOLF



**SEDGEFIELD COUNTRY CLUB** in Greensboro, North Carolina: Host of the annual PGA TOUR's Wyndham Championship, the club boasts a Donald Ross design, Tudor-style clubhouse, and modern fitness, swim, and tennis facilities. For more information: [www.sedgefieldcc.org](http://www.sedgefieldcc.org).

#### ESCAPING THE WRATH OF THE PRESIDENT

McConnell was a solid “A” and “B” student and attended Virginia Tech. “My brother graduated Virginia Tech. It was an affordable state school and I liked being only two hours from home.

“In high school, I dated the daughter of a vice president at our local bank and it opened the door to a job as a bank teller. Any down time at school, I was working. I never got to sow my oats during spring break,” remembered McConnell.

McConnell majored in finance and, to his parents chagrin, bought a motorcycle.

“My brother George took my motorcycle out for a spin one day, and before I knew it, we were racing around the president of the University’s front lawn and tearing up all the grass. I yelled to him, ‘get out and scam!’ Luckily, we never got caught,” grinned McConnell.

#### HARD WORK AND A BIG BREAK

In 1974, McConnell accepted a job at Burroughs Machine Corporation (now a part of Unisys). It was his introduc-



tion to computers. “A light bulb went off and I realized this is what I wanted to do in life,” explained McConnell.

“Vertical software companies were blossoming. Big blue chip companies such as IBM and NCR would supply the hardware and the market was wide open to supply the software. I think I was ahead of the curve on realizing software was the reason companies would buy a certain computer. Just look at Apple today. Their hardware is superb, but could be quickly copied. Their real value is the software and programs they offer.

“The age of the PC was not yet upon us. Companies were lining up to buy minicomputers which were a step in-between a mainframe and the first PCs entering the market.

“I held various sales positions at Burroughs for five years and slowly became disenfranchised with the large corporate structure. I had moved five times in five years and I was tired of being a corporate soldier.

“One Friday afternoon, three of us decided to quit Burroughs and start our own company. Come Monday morning, I quit. One of the other guys was married, had a mortgage, and got cold feet. The other interviewed for my vacated job,” said a stunned McConnell. “Our grand plan we hatched on Friday fell apart and I was unemployed.”

#### YOUNG AND NAIVE

McConnell moved to Raleigh, North Carolina, and became the first sales rep for Business Application Systems (BAS), a small, struggling software company.

“At first, it was Utopia. We had a deep engineering team, but no sales team. I was able to pick the ‘low hanging fruit’ off the tree. I started acquiring founders stock and over time became the largest shareholder,” remembered McConnell.

“I voiced my disenchantment with BAS’s management. The Board agreed and brought in a new management team and fired me as well. Although I owned 25 percent of the outstanding shares, I walked in one day and the lock on my office door had been changed. *(continued)*



“Musgrove Mill is one the best golf courses in the South. It’s fun to play, very challenging, and it gets better all the time.” — ARNOLD PALMER

“Two thoughts raced through my mind. First, I screwed up and shouldn’t have been so vocal. Second, I decided to *never* put the control of my career in another’s hands.”

#### FROM START UP TO WALL STREET

It was a tense time. McConnell was a newlywed of 14 months and had a new baby. With his wife’s full support, he started to put together plans to launch Medic Computer Systems in 1982.

“The time was right to develop accounting software for the medical industry, particularly for physicians,” said McConnell. “I started the company with two other partners, investing \$25,000 and working from home for two months before renting a small office suite. We were profitable in 90 days! Looking back, our software was so simplistic compared to today’s programs. It would take at least \$10 million to launch a similar company today.”



**MUSGROVE MILL GOLF CLUB** in Clinton, South Carolina: Changing elevations add interest to the Arnold Palmer Signature designed course. Within an easy two-hour drive from Charlotte, North Carolina, the club offers well appointed cottages accommodating up to 20. For more information: [www.musgrovemill.com](http://www.musgrovemill.com).

“Cardinal Golf Club is one of the best I ever put together.” — PETE DYE



**CARDINAL GOLF CLUB** in Greensboro, North Carolina: The golf course rambles through 140 acres of wooded countryside over lakes and streams. Amenities include a Pete Dye golf course, a tennis pavilion, and an aquatic center. For more information: [www.cardinalcc.com](http://www.cardinalcc.com).



In 1985, McConnell and his partners sold Medic Computer Systems for \$9.5 million. “We were inexperienced,” said McConnell. “We didn’t realize the market we had tapped into and its growth potential. The thought of being a millionaire was too enticing.”

Then, in 1990, McConnell and a group of partners bought Medic back for \$29.5 million, took the company public in 1992 and raised \$25 million. A secondary offering in 1995 raised an additional \$75 million in capital.

“The early 1990s was a roller coaster of a ride,” said McConnell. “Our first road show to Wall Street was unsuccessful. Market conditions to go public were unfavorable. We waited four months, and got the deal done.”

In the middle of McConnell’s business deals, his personal life was upended. In 1994, his wife, Susiegray passed away from cancer, leaving him to raise their three sons, aged 6, 10, and 12.

“Running a public company and bringing up three boys was challenging, yet fulfilling. It made me a better parent and brought out skills I didn’t know I had. I refused

“At The Reserve, we were able to enhance and preserve the property that nature provided us and created a fantastic golf course.” — GREG NORMAN



**THE RESERVE GOLF CLUB** at Pawleys Island, South Carolina: A private sanctuary, 20 miles south of Myrtle Beach, offers a Greg Norman course set in the pristine landscape of two of the wealthiest old plantations in the state. For more information: [www.thereservegolf.com](http://www.thereservegolf.com).

**McCONNELL'S INTRODUCTION TO GOLF**

*Shell's Wonderful World of Golf* television series hooked McConnell on the game. “My brothers and I would put tuna cans in the ground and make up our own courses. At 12, I was excited when my uncle gave me a hand-me-down set of clubs,” recalled McConnell.

“When I purchased Raleigh Country Club, I was still working at A4 Health Systems. Helping turn around the club was a positive distraction from my other businesses. It allowed me to get away, decompress, and have fun,” said McConnell. “At the time, Raleigh Country Club was broken. The club didn’t even have golf balls for sale in the golf shop because their credit line was cut off. I always thought it was the best course in the region and today it is a preeminent club on the East Coast.”

McConnell believes the only way to make money in the golf club business is “growing scale” and leveraging purchasing power. In 2006, McConnell Golf was formed to manage his burgeoning empire of golf facilities. He only purchases the club assets, and readily relays he has no



“The lay of the land at TPC Wakefield Plantation gave us the opportunity to give each hole a separate identity, creating an interesting course.” — HALE IRWIN

to give up, and frankly, you have no choice, you can't.”

Business continued to boom and, in 1997, Misys Corporation purchased Medic Computer Systems for \$923 million. McConnell’s payout from the transaction was \$62 million. “I wish my dad could have been there that day,” said an emotional McConnell. “He made \$400 a week and, in his best year, earned \$10,000. I really wish he could have seen how his sacrifices for me paid off.”

In 2001, McConnell remarried. He now has a fourth son and two step children to complete the family.

**THE NEXT BIG THING**

McConnell turned his attention to automating medical charts for the industry. “I invested in A4 Health Systems and became its CEO in 1998. Our revenue grew from \$12 million to \$75 million in 2005,” recalled McConnell.

In 2006, A4 Health Systems was purchased by All Scripts for \$305 million. Although McConnell’s take is not public knowledge, he will admit it was ‘significant.’



**TPC WAKEFIELD PLANTATION** in Raleigh, North Carolina: The latest addition to the McConnell Golf portfolio. The club features a Hale Irwin golf course, family friendly amenities, an expansive sports center, and a nine-hole, 2,700 yard, walking only, short course. For more information: [www.tpcwakefieldplantation.com](http://www.tpcwakefieldplantation.com).



“I am excited with John’s enthusiasm for the game. My design at Treyburn plays through rolling terrain with tree cover, making for a distinctive golf experience. My other design, Old North State Club, is as good as any course in the state... there is lots of competition in the area. Pinehurst isn’t too far way.” — TOM FAZIO

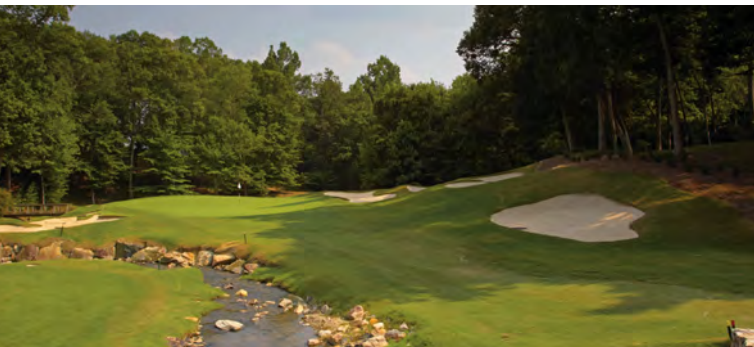
interest in the real estate surrounding his clubs.

As a statement of his bullishness on the golf industry, McConnell has invested millions of improvements. Upgrades include \$6.5 million at Cardinal Golf Club, \$5.0 million at Treyburn, and \$1.5 million at The Reserve.

McConnell is proud to point out that every one of his course architects are in the Golf Hall of Fame except one. “Greg Norman, Pete Dye, Arnold Palmer, Donald Ross, and Hale Irwin have the prestigious award. Surprisingly, Mr. Fazio, the guy you would expect to be in the Hall of Fame, has not been inducted yet,” said McConnell.

#### THE STATE OF THE GAME

According to McConnell, club financials are improving and golf course pricing is reasonable to generate cash flow. Business is up this year and the “average spend” is up.



**TREYBURN COUNTRY CLUB** in Durham, North Carolina: Named “Best New Course by *Golf Digest*” in 1990, the club includes a Tom Fazio golf course, tennis club chiseled into a hillside, a croquet court, an Olympic-sized pool and fitness center. For more information: [www.treyburncc.com](http://www.treyburncc.com).

“Our membership rosters are increasing modestly, with one exception. Musgrove Mill Golf Club in South Carolina, which is in the country away from a city center, is struggling,” revealed McConnell. “I think clubs far from a metropolitan area will continue to struggle for a while.

“I am getting two opportunities a week coming across my desk,” continued McConnell. “It takes me all of 60 seconds to dismiss the proposals. It is surprising how low club valuations are today versus replacement costs. It goes to show how weak the economy has been.

“I think large initiation fees are a thing of the past. Yes, there needs to be an initiation fee so members have a feel-

ing of ownership and commitment. But, an initiation fee of \$1,000 to \$10,000 is going to be more of the norm versus the \$75,000 plus fees of years past.”

#### THE MCCONNELL ADVANTAGE

Most private clubs rotate their Boards every one to three years. McConnell believes this gives him a competitive advantage. “When Boards rotate, priorities change. With one company like McConnell Golf, we are able to provide consistency. We treat you like a customer, not a member. We know you could become an ex-member if we don’t do our job,” said McConnell.

“Our eight courses offer some of the best golf in America and our National Membership Program presents an opportunity for you to enjoy our facilities at a reasonable cost. Our non-refundable initiation fee is \$10,000, dues are \$3,000 per year and you have unlimited access to all our Palmer, Fazio, Irwin, Norman, and Ross designs,” concluded McConnell. ■

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*For more information about McConnell Golf’s National Membership Plan, please visit [McConnellGolf.com](http://McConnellGolf.com), or call (919) 354-3500.*



**OLD NORTH STATE CLUB** in New London, North Carolina: Located along a two and one-half mile peninsula in Badin Lake, the club features a Tom Fazio designed golf course, a cozy lakefront lodge, a full service marina, and swim, tennis, and fitness facilities. For more information: [www.oldnorthstateclub.com](http://www.oldnorthstateclub.com).