

# Grund: from the bathroom to golf green



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The name Grund became known in the nascent Czech entrepreneur community at the beginning of the nineties. Jiří Grund Senior built on the otherwise decrepit tradition of textile production in the Podkrkonoše region. He was successful in the local as well foreign markets with his seemingly uninteresting product - textile bath mats. He still has it, the company has 150 employees, they increased their turnover to CZK 220 mill. last year. And they expect even better results this year. “The crisis has been beneficial to us, it especially eliminated the Chinese competition for various causes,” says Jiří Grund Jr., who today in the position of business director, manages the company together with his brother. The founder of the company handed over company everyday activities at the turn of the millenium to his sons and continued to search for new interesting opportunities.

He chose golf, which was not a novelty in the Czech lands at the time. The Czech Republic has been a golf prima donna of the Central and Eastern Europe for some time. Communist leaders were not fans of the aristocratic sport, only several golf courses operated in the world of realistic socialism before 1989, destined primarily to foreign tourist clients. After the fall of the realistic socialist regime, everything changed. Today there are nearly ninety golf courses in the Czech Republic, around 40 000 active players and and we belong among the golf “developing“ countries, we are in the category with 100 000 - 300 000 inhabitants per golf course. Compared to the European golf elite, however, we are far behind. For example in Austria, which has the same population, there are twice as many greens and there are countries where fewer than 25 000 people fall on one person. On the other hand, for example in Serbia, Latvia and Romania, greens can still be counted on the fingers of one hand. Grund Resort was not the first in our country, it had a premiere last year after ten years of preparations but its entrée was successful. Golf demand is still strong in the Czech Republic.

## Golf economy

“One third are own resources, one third funding from the EU development programme, one third is a loan,” Jiří Grund enumerates the financial resources for the resort construction. On the income side, the allocation is different: 60 % hotel operation, 10 % restaurant and “only“ 30 % game fees. They amount to CZK 800 on weekdays, CZK 1 200 during the weekend, yearly membership is CZK 14 000. Grund Resort currently has 350 members. However, the resort has another attraction - the ski slope. “Combination of golf and skiing is ideal, the resort will be running all year round,” says J. Grund. This is a little bit of a prognosis, the complex has not gone through the entire season yet.

The structure of income of golf complexes includes an important column “others“, especially in countries

where golf is not as popular yet and the number of organized players is lower. These include catering, accommodation, conference, business, transport and other services. "Quite a significant income comes from company clients which use our hotel for smaller conferences, trainings etc. In this regard, we have been harmed by the crisis, the companies are generally cutting down expenses. Two sales representatives strive to attract them, this sector is starting to work very well," J. Grund points out that - as always - a significant component of the golf business is marketing. They rely mainly on the Internet, apart from their own webpage, they use paid links, the course is promoted by several billboards, also not so visible navigation system is being built. "Of course, we use classic procedures of public relations. In our case, it is a mix of promotion articles and advertising in sports magazines," adds business manager of the company Grund. And he adds: "In order to blunt, already not so sharp, edges of the resort's contact with its surroundings, we sponsor teaching golf in one Trutnov primary school. The parents also often come to see the children." The resort directly educates their future clients this way. They more or less have no competition in the region. The nearest comparable green, in terms of quality and background is Kunětická hora (Kunětická mountain), according to J. Grund. According to the official statistics, Grund Resort also has the highest visitor rate in the region.

### **Future: Residence Hrádeček**

The alphabet of property development says that even the best golf course itself cannot generate profits, it is necessary to strengthen "other" income. The green can and should become the basis, the core of a buildings complex providing services of all kinds which can have economic logic. Especially when the item "sale of residences" occurs in the income of the operator. Jiří Grund explains: "Investments in hotel construction can return within ten years thanks to the EU funding, the course can more or less earn for its operation, however, it cannot return the high investments. That is another reason for resort development." The next step will be construction of residences: 15 "second residence" category suites and further 6 residences for permanent living. They vary in terms of dimensions (110 vs. 250 square metres), they are linked in terms of architectural concept. "I came across projects by the architect Antonín Novák from the studio DRNH in the magazine Projekt. I like his pursuit to minimize interventions in the landscape visually. From there it was only a step to creating our mutual project whose distinctive sign is a house shaped as a terrain wave," says J. Grund. This is sufficient for the project description: apart from the minimalist design, it is characteristic mainly by embedding the house into the slope. Thanks to grass on the roofs, they are hardly visible when looking from the hilltop where the resort is located. Prices? Today's calculations are at 65 - 70 000 per square metre. In the current circumstances and given the location, it is without doubt a residential luxury, however, the Grund's have no worries about sales. "The project is small, also we can build in stages, we should start next year and finish within five years. We see the first candidates in the large residences among the local inhabitants," says J. Grund surely. Residence Hrádek will not miss sales arguments: large-scale ecological luxury apartments, view of Sněžka from the living room, sport and quality dining at one's fingertips. Those who need celebrities in their life will be glad. The legendary Havel's Hrádeček is over the hill, the Grund's residences are named after it. Lovers of exotic will find their too, camel rides are available a couple of kilometres nearby."

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