HOW MUCH IS a member worth to a club? Here is a question any club official should be in position to answer almost off-hand, yet it is safe to say that not one in a hundred can reply without taking the time to delve into the club books—and even then he may get the wrong answer.

Knowing to the dollar what a member is worth to a club is of considerable value. Between now and next spring, more than 5,000 golf clubs in the U.S. will hold budget meetings. At a great majority of these gatherings, the procedure will be to examine the results for 1934 and perhaps refer to the showing the club made in prior years. The next step will be to estimate how much more or less income the club is likely to have available for spending in 1935. This total will then be apportioned among the various committees of the organization in whatever amicable proportions can be settled upon.

The system just outlined does very well for clubs with full rosters. The amount of money the club will receive in the ensuing fiscal year can be estimated very closely. But what about the club that has 30 or 40 vacancies to be filled? Will the membership committee be successful in selling these 30 or 40 memberships or will the club have to get along with an unfilled roster? If the roster fills up, everything will be easy sailing for 1935, but provision should be made to eliminate all possibility of a deficit, should the roster not be filled and the total club income not come up to par as a result. In other words, the controlling factor in determining how much money the club is going to have to spend is—how many members will the club have? This cannot be forecast with accuracy, but a club can determine what each member is worth to the club in dollars and cents of income, and set up an intelligent sliding scale budget to be adjusted from time to time as the membership list grows.

Of all the money coming into a club in the course of a year, a certain part of it is direct income, consisting of dues and assessments, for which no service is rendered by the club to the paying member.

All other revenue is indirect, since it results from profits on departmental operations. The three major items of indirect income are green-fees, charges for use of other facilities (such as tennis courts, swimming pools, etc.), and gross profits on house activities, including dining room, locker room and tap-room.

It is a good idea to determine this annual contribution to income, from all sources other than dues, for a period extending back at least five years. Take each total and divide by the number of members the club had at mid-season of each year. The result, added to the dues for that year, will tell how much a member has been worth to the club in the past and the average of these five years will represent a very close estimate of what revenue the club has a right to expect at any given membership level.

Establishing these figures can perhaps best be made clear by an example. Let us assume we are dealing with a club having $120 annual dues. Other than regular dues, the income per member for the past 5 years has been as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Income per Member</th>
</tr>
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<tbody>
<tr>
<td>1930</td>
<td>$85.50</td>
</tr>
<tr>
<td>1931</td>
<td>92.75</td>
</tr>
<tr>
<td>1932</td>
<td>79.50</td>
</tr>
<tr>
<td>1933</td>
<td>86.50</td>
</tr>
<tr>
<td>1934</td>
<td>97.00</td>
</tr>
</tbody>
</table>

The average for the five years is $88.25 per member. Adding this result to the annual dues, we arrive at $208.25 as the value of an active member in the club.

Best to Be Conservative

With this information, it is very easy to determine income at any membership
level, because it is reasonable to assume that other things being equal, each member will spend in 1935 at least as much as he spent on the average in the past five years, and that the club can make the same margin of profit as in the past.

But before final accurate figures can be secured, one more examination of the records must be made. On the basis of past performance, how many of the club's present active members will likely resign over the winter, and how many new members will the membership committee probably be able to sell next spring? Don't be unduly optimistic about this; admittedly times are better and membership selling should be easier in 1935 than it has been for several seasons. But for budget-making purposes, be conservative—if the activities of next spring's membership drive turn out better than anticipated, so much the better for the financial results of the year's operations.

The club we are using for an example has a roster of 300 equity members. At the present time it has 57 membership certificates in the treasury, leaving an active membership list of 243. Since each member is worth $208.25, a conservative estimate of the coming year's business, assuming the roster does not grow, is $50,604.75, and with this $50,604.75 all the non-revenue activities of the club must be paid for. Principal non-revenue activities are: Maintenance of golf course, repairs and improvements to the club property, interest on indebtedness, sinking funds, administration, taxes and insurance, tournament expense, entertainment expense and bad debts.

Raise Limits as Roster Fills

Hence, if the club is conservative, it will so arrange its budget that not more than $50,000 will be spent in the ensuing fiscal year, unless—and here is where the value of knowing what a member is worth comes in—unless the membership committee is able to show marked gains in the roster early in the season, in which case the club can increase its budget an additional $208.25 plus the total initiation (or transfer fee) for every member added and still be certain to operate for the year in the black. This is a conservative statement, because a new member can generally be counted on to spend more money than the resigned member he replaces, and hence more profit can be made on his patronage.

Knowing what a member is worth to a club is valuable in other ways than in making up the budget. For example, if a member is worth $208.25 and the club collects $100.00 initiation fee, a new member is worth $308.25. Obviously, then, the membership committee can spend considerable money entertaining prospects in order to "sell" them into the organization and the club will not be any worse off than it would be had those memberships not been sold.

Spending to Get Members.

Likewise, if a member is worth $208, a club can afford not only to give away its membership certificates to acceptable prospects (because the club is going to be $208 better off at the end of the year than without him) but it actually can afford to give away the certificate and also remit the first year's dues, since even under so extreme a "deal," which is admittedly unfair to the dues-paying members already in the club, there would still be a direct profit on the new member's spending of $88.25.

During recent seasons, wise clubs maintained their rosters at capacity at any cost, because their Boards of Governors were smart enough to see that a member is worth more than his dues. Few of these clubs had serious deficits. Today many of them have waiting lists.

There were also, during recent seasons, many clubs that insisted on valuing membership certificates well above the market. These clubs were unable to keep rosters at normal levels and most of them were forced either to curtail sharply on the attractions the club could offer, a policy which resulted in still further resignations, or else took large losses on their yearly operations. Many of these clubs are still asking a high price for the privilege of joining the club.

To these clubs, a suggestion: Determine what a member is worth to your club and immediately begin the task of filling the roster, even though to do this it becomes necessary to spend or give away 90 per cent of the money each new member will bring in during his first year.

Michigan Short Course Starts
January 2nd

MICHIGAN STATE COLLEGE at Lansing, Michigan, will hold its usual greenkeeping short course beginning January 2, 1935. Full details of the course may be obtained by writing the college.