“Support your pro” is more than a slogan at Mill River CC. Under a unique price plan devised by professional Ray Montgomery, sales are booming and members are saving.

By Vincent J. Pastena

Everyone likes a bargain—that is, everyone but the merchant. To him it means a smaller profit margin. But what about a merchant who gives his customers bargains on exactly the merchandise they want or need at any time? Probably you would think he were a new brand of masochist who enjoys the agonies of bankruptcy.

Ray Montgomery, head professional at Mill River Club in Upper Brookville, New York, is doing exactly this, and he hardly is a candidate for the “couch” or anywhere near bankruptcy. The fact is Montgomery is an enterprising professional who, through his unorthodox sales plan, has more than doubled his dollar volume from April through June over the same period last year. This hefty increase came about by selling merchandise to members at only 10 per cent above wholesale price, plus freight/handling charges and 5 per cent sales tax. Since freight costs vary, Montgomery suggests a flat 5 per cent be added to cover freight/handling charges. Although it sounds incredible, the plan itself is part of an earnest effort at the club to change “Support Your Golf Professional” from a mere slogan to an active program.

Unhappy with the state of his business, Montgomery decided to do something about the situation before he was faced with the choice of operating a deficit business or finding himself a new position.

“Twenty per cent of the members were buying 80 per cent of the merchandise. I discovered that many members were doing a lot of their buying at various discount places.

“This created inventory and buying problems. I could never estimate my sales in advance.”

The pro shop plan, which is mandatory for all full members and voluntary for special classifications, came out of his “playing” with figures on paper. First Montgomery decided that he wanted to make a personal income of at least $20,000. Secondly, he had to devise a way of bringing his income to this level and at the same time compete with the discount operations in order to get his members back into the pro shop.

He found that if he received from each male, full regular class “A”
member a fee of $50 per year outright, he would augment his income by approximately $13,000. This would be a new policy, since previously the pro depended mainly on the pro shop operation for his income. In return, he would sell his merchandise to these members and their immediate families who belonged to the club at a 10 per cent markup, plus 5 per cent for freight/handling costs and 5 per cent sales tax. On the basis of $100,000 in annual gross sales he would derive $15,000 profit before deducting freight/handling expenses. In addition, Montgomery grosses about $4,500 from the club’s driving range operation and another $17,500 from the bag storage operation. He also is reimbursed $14,500 for a starter and caddie master who are on his staff. Montgomery receives no income from the golf car rental operation, and at best, makes about $600 on lessons. A head assistant handles most of the lessons, and Montgomery guarantees him $6,000 for six months’ work. Therefore, excluding the negligible amount for lessons, Montgomery’s total gross income would come to $64,500.

Montgomery estimates his total operating costs, excluding merchandise, to be $42,000. This includes salaries for his staff of eight during peak season, plus $7,000 for his wife, Trudi, who works in the shop. Therefore, deducting this amount from the gross, Montgomery would derive a personal income before taxes of about $22,500 under the plan. A brief breakdown works this way:

\[
\begin{align*}
&\text{$14,500$ salary reimbursements} \\
&\text{$13,000$ plan payments} \\
&\text{$15,000$ gross profit} \\
&\text{$17,500$ bag storage} \\
&\text{$4,500$ driving range} \\
&\text{Total gross income: $64,500} \\
&\text{Total operating costs: $42,000} \\
&\text{Before income taxes: $22,500}
\end{align*}
\]

Finally, the plan was voted upon, passed, made part of the club rules and put into effect April 1st this year. From April 1st to the end of June some $45,000 worth of merchandise was sold at the new markup, compared to about $19,000 for the same period last year at the typical 40 per cent markup. The plan, therefore, is surpassing all expectations, and Montgomery is certain he’ll far exceed the $100,000 gross volume upon which he based the plan. The distaff side of the membership, which

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A Sale Day

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had been a "tough sell," is now buying twice as much as before. And the men, who always bought more than the women, have become even better customers. Montgomery, whose shop closes only in February, also expects a strong holiday season business this year of $15,000 to $20,000 in sales, as well as success with winter vacation apparel, which goes on display in October.

Montgomery says he believes that most of his suppliers know about the pro shop plan and none expressed any objections. Actually, the member and his immediate family do not really begin to reap any savings until they have spent about $250 in the pro shop. As for problems of price reductions going beyond the membership to outsiders, the rules guiding the plan (see sidebar) are specific about such violations. The rules have extra "punch" because violations would be subject to action by the club's rules committee in accordance with the by-laws. In addition, no display is made of the plan prices. All items are tagged with a price, reflecting the usual 40 per cent markup. However, an item that is tagged at $100, plus $5 tax, would be billed to a member at $72.45—$60 wholesale price, plus $6 for the 10 per cent markup, $3 for the 5 per cent freight/handling charge and $3.45 sales tax on the $69 price. This constitutes a difference of $32.55.

Club manager Bob Stanley says that if the club had not instituted Montgomery's plan, they would probably have had to establish a salary for the pro. "This way everyone is benefiting."

Montgomery points out a less tangible, but important, result of the plan. There is an improved harmony between the membership and the pro since the plan went into effect. Previously, those members who did not go out of their way to support the pro shop appeared to be embarrassed when confronted by the pro or by those members who actively supported him. Montgomery says the whole climate of the club has improved.