



CHUCK CUMMING

THE PROFIT PRO SHOP

CREDIT RATING MORE IMPORTANT THAN EVER

To those golf professionals who are old enough to remember, this year might be reminiscent of conditions during World War II. Shortages will continue of all products made with a petroleum base. This includes golf balls, golf bags, shoes, clubs, soft goods; in fact, most items in the shop.

When material shortages occur, prices rise. If a golf bag manufacturer, using vinyl of any weight, encounters a shortage, he can expect an increase in the price, which he will in turn pass on to his customers.

It would be my guess that most golf manufacturers have ample raw mate-

rials on hand or on order to supply the golf industry's demands through 1974. The big problem is how will gasoline rationing affect deliveries to the pro shop and how will the membership respond to the shortages.

All transportation companies have said that there will be delays. Let's assume that you have placed your order with your normal supplier. The order is shipped on the date you request. The trucking company picks up and holds your merchandise until it has a full load going into your area. This delay could be days, weeks, or in some cases, even months. If the trucking company has experienced a 25 per cent cut in fuel, it must take mea-

asures to ensure that every truck is jammed with merchandise before the trucks move out on the highways. After arriving in your city, you will be required to pick up your merchandise at the trucking terminal, rather than having it delivered to your pro shop.

Most manufacturers have told you to order early, which allows them to purchase the raw materials and manufacture their product as far in advance as possible. Ordering is important, because, if you wait too long, you may not get your merchandise or it won't be shipped complete or there will be late delivery because of transportation delays. You must keep your ordering or "open to buy" so flexible that you will be able to take advantage of special purchases that may be offered to you. One company, for example, may offer a shirt in good quantities and "at once" delivery. You must take advantage of these specials.

Probably, one of the most important problems of being a golf professional this year will be to maintain your credit rating with your suppliers. Small companies with little or no market leverage on their suppliers will have a difficult time purchasing goods. A golf professional with a low credit rating will be in the same position. How can you exert pressure or ask for favors from the credit manager if you don't keep your credit rating on a discount basis. Because of the high interest rate on borrowed money, the companies are only going to do business with the golf professional who pays and discounts his bills. A company's cash flow must remain constant with its sales, as yours must.

A golf professional must keep his inventory in condition and he must know what he has. This means a weekly or bi-weekly inventory of all merchandise. You then can operate on a small inventory and at the same time be getting a faster turnover. This could mean you would be doing more gross sales on less inventory, using less money, paying less interest on your money and receiving your inventory at a pre-selected time. Credit could be your key problem this year.

There is a growing belief among some economists that, barring a steep recession, supply problems and rising costs are not going to disappear in the near future.

Prepare your shop to be a successful one in 1974. □

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