CHAPTER VIII—UNDERSTANDING AND INTERPRETATION OF COSTS

HEADLINES: "In a Canadian Lumber Camp 1% of the men marry 50% of the women." "Scandalous!" says the Miss Jones, age 49 years. "Immoral!" says the Rev. I. M. Pious. "Let's go!" says brother Bill. "What's the matter with the men?" asks sister Kate.

What is your understanding and interpretation of the statement? The degree of your morals is directly in proportion to your understanding. The truth is that there were one hundred men and two women in the camp. One man married one woman. What's wrong in that? Nothing, but your wild interpretation. When the facts are understood, there is nothing scandalous or irregular.

Let us consider facts from the cost records of an 18-hole golf course financially worried by the business depression, and governed by a board of directors having a majority in favor of "improving the social facilities."

The item under discussion is the cost of maintenance of the putting greens. Secretary reads from the greenkeeper's report, "Greens maintenance—labor $2,405—37% of total labor." "Too much!" shouts A. Cook. "Can't spend that much!" "Graft!" roars the professor (ancient history). The majority of the board agree that the greens' labor should be cut.

The matter nearly goes to vote when H. E. Thinkwell has courage enough to express his interpretation and understanding of the item. He explains as follows: "Two thousand four hundred and five dollars is the entire labor bill (excluding supervision) for greens maintenance for the entire year. Thirty-seven percent of the total is the average labor apportionment to greens." Here is where many committees and even greenkeepers stop in their analysis. The committee still think the item is large and the greenkeeper is unable to explain why it appears large.

ANALYZING GREENS LABOR COST

"There are 18 greens. $2,405 ÷ 18 = $133.61, equals labor expenditure on one green for one season." It is still large to the committee for they won't be convinced, yet they begin to feel uncertain of their ground.

"The active playing season is from April 15 to October 15 inclusive, or 184 days. During that period there are 26 Sundays on which the men do not work. The total number of working days is therefore 158. $133.61 ÷ 158 = 84.5c, equals labor expenditure per green, per working day." The committee has become serious, and the "Social Billies" have nothing to say.

Thinkwell goes on, "The average size of the greens is 7000 square feet, 84.5c ÷ 7 = 12.1c equals daily labor cost to maintain 1000 square feet of our beautiful putting greens. The laborers receive 50c per hour. Therefore 12.1c represents practically 15 minutes of time. All of that 15 minutes is not spent on the green. A part of the time is consumed in travel from green to green and elsewhere on work directly chargeable to greens maintenance. But suppose all the time was spent on the green (1 hour and 45 minutes per day). After completing the routine of work of polling and mowing there is not much time left for other work. The green has to
be top-dressed occasionally, also fertilized; these operations require a total of several hours' time."

Thinkwell concludes by saying, "In my opinion the labor item for greens, $2,405 or 84.5c per green per day, or 1 hour and 45 minutes time per green per day is not excessive, in fact it is quite remarkable that the greens are in such fine condition." Thinkwell interpreted the item with understanding.

Just think what could have happened without the full understanding of the item. The committee would have probably cut the item to $2,000 (round figures) or about 20%.

WAGE CUTS DO NOT LOWER COSTS

Many courses have reduced the laborers' wage from fifty cents to forty-five cents per hour, a 10% cut. The actual expenditure for any one labor item may be less; but unless the laborers work as fast as before the cut, and no operations are omitted, the efficiency of the work will be found to have been lowered. It will require as much time as before the cut to do any given job. There would undoubtedly be a loss in efficiency.

A 10% cut in the labor appropriation could be effected by a reduction of the force from ten men to nine men. The payroll would be reduced, but let's see how it would work out using the figures cited in the first part of this article.

$2,405 = 37% of a $6,500 labor payroll. 10% reduction = $650.00 or a payroll of $5,850. "The greens must be kept as well as before the reduction," says the committee. To be normal 37% of $5,850 or $2,164.50 should be spent on the greens. By the same process of figuring as before, the item can be reduced to 1½ hours per green per day. (Wages remaining the same). If 1½ hours per green per day was considered a minimum in the first case, it certainly should be in this, as the men will not work any faster.

To make the required 1½ hours per green per day, ½ hour for each green must be stolen from other operations about the course. 18 times ½ = 9 or nine hours is stolen each day from other parts of the course to satisfy the green requirements. Many courses have made the mistake of reducing the force 10% rather than reducing the wages 10%.

GREENKEEPER FREQUENTLY UNJUSTLY CRITICIZED

A greenkeeper is frequently unjustly criticized because of variations in costs, for example. In 1930 a course spent for labor in mowing fairways, $302.40 (60 acres). The greenkeeper's report for month ending August 31, 1931, happened to show a labor expenditure for fairway mowing of $298.50. Same areas with the month of September and possibly a part of October to go.

The finance committee interpreted the reason for the high expenditure to poor management. The chairman interpreted it as excellent management for he understood and realized that 1930 was a dry year and the fairways were mowed only 28 times at a labor cost of 16c per acre per mowing. This year because of excessive rains the fairways have been cut 33 times at a labor cost of 13.1c per acre per mowing, or a total saving of $2.00 per mowing. Understanding and interpretation does make a difference. Good management was the sole reason for this saving.

Golf course costs, as other costs, are dependent upon two general types of cost. One, transitory

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$1.00 per bushel, freight charges allowed. 15 bushels for the price of 10, f. o. b. Carey, Ohio.

"Windrift Hardwood" Humus
Sterilized against weed seed, etc., at $6.75 per ton, f. o. b., Carey, Ohio.

The Ohio Humus Products Co.
London, Ohio
Costs; those that are variable and uncontrollable. For example, current wage rate, market price of fertilizers, seeds and equipment. The only control the greenkeeper has over such costs is to shop around and watch for bargains. Obviously the fluctuation in the price of materials increases or decreases the cost to the club.

The other cost can be termed stationary. This cost is controlled by the greenkeeper because it refers to the method of carrying on the work. If a greenkeeper reduces the cost of any operation by changing the method, or obtains equally as good results from a change in the fertilizer program, he has reduced the stationary cost for such operations. Such reduction of course reduces the total cost.

Frequently, in studying cost reports the writer has been able to detect lower stationary costs, and at the same time find an increase in the total because the transitory costs had gone up. Such understanding and interpretation gives full value, or blame if necessary, to the greenkeeper or person responsible for the lower or higher stationary cost.

COSTS MUST BE INTERPRETED IN UNITS

Costs must be interpreted and understood in terms of recognizable units such as, per operation per acre, for fairways and operation per 1000 square feet for greens. The bookkeeping, receiving money and paying bills, belongs to the "office" of the club, but the cost-keeping of the golf course belongs to the greenkeeper who should be in absolute authority over the distribution of the various items, and no bills should be paid (and I mean not sneaked over) from his budget without his approval. I heard recently that one of the courses in Ohio where the books are kept in the club office and the cost of the golf shop and caddy service is charged against the greenkeeper's budget.

Personally, I think the greenkeeper should keep the cost records so that he can keep constantly in touch with them. If he did, much misunderstanding and many wrong interpretations would be avoided, and unjust criticism of the management of the golf course proper would be eliminated.

Next month—Chapter IX—Efficiency Studies.

**Rhode Island Greenkeepers Feast**

First annual clam bake held at Duby's Grove, August 17

Photo by Carroll-Raymond