

# Controlling finances

**Duncan McGilvray, Course Manager at Letchworth GC, continues his series on effective golf course management.**

**M**anaging money – why are we so apprehensive about this subject?

There is certainly no need to be. Perhaps it is because we are handling our employer's money and there is a certain fear of making mistakes.

Perhaps it is because of the extra work involved in setting a budget system in place and having to monitor it.

It may be a mixture of both, coupled with a lack of confidence in our own abilities. Whatever the reason, we must overcome these fears, because I do not believe that a Course Manager can effectively manage a golf course unless he is responsible for the finances involved. I would like to convince every Head Greenkeeper (Course Managers know this already) that it is worth taking on this responsibility and explain how to carry it out successfully.

The following statements should help con-

vince those greenkeepers who are sceptical:

(a) You will be perceived as a much more important member of staff, an honest and more responsible individual.

(b) You will save the golf club money because you are the only one who is least likely to make a purchasing mistake because of your training, expertise, experience and knowledge of golf courses.

(c) You will find that all other tasks on the golf course will have much more relevance, and you will therefore become more self-motivated, contented and confident in your position.

(d) You will be paid more because of the obvious benefits to the golf course, and ultimately the golf club as a whole. Assuming everyone is now convinced let us now move on to what is involved:

## **1. FORMULATING, PRESENTING AND AGREEING BUDGETS**

### **(a) FORMULATING BUDGETS**

Separate into three sections.

- Capital (annual expenditure on new machinery)

- Maintenance (annual expenditure on machinery maintenance)

- Materials (annual expenditure on course materials)

All itemised using today's costs and updated, presented and agreed annually.

### **Some tips on formulation**

Capital must be spread as equally as possible. The Club cannot afford to buy all new machinery in one year. Even if they could it is not cost effective!

Always name training as an item – it is just as important (if not more so) than any other item.

When calculating machinery maintenance 5 – 10% of purchase price per annum is a fair rule of thumb. However, every golf course is different and therefore wear and tear will be different. Because of this only use this as a starting point. Once you have formulated and controlled several years' budgets, forecasting will become much more accurate.

### **(b) PRESENTING BUDGETS**

Following various experiences over the years I

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# Making sure figures

now firmly believe in direct contact with the person who will be making, or the person most likely to be influencing, the decisions (usually the Treasurer).

In this way that person can question you face to face on any item, and request clarification/reasoning/justification before final approval by a Finance/General Committee. I believe this to be a very important point. If the information comes through a third party (eg. a Green Committee Chairman or even a Green Committee) so much can be lost in translation, and the probability is that the golf course will not get the finance which is required, and everyone suffers because of this.

If you have formulated and presented your budget properly and the finance is available, you will get agreement.

If you have formulated and presented your budget properly and the finance is not available, then the financing of the course as a whole needs further investigation, i.e. annual subscription levels and/or allocation of finances. In summing up this part – if you do the job properly you will get the appropriate

finance for the golf course in every instance.

There is, quite frankly, no considered alternative.

## **2. OBSERVING TIGHT COST CONTROL AND ENSURING COST EFFECTIVENESS**

Watching every penny – that is all that title means. The best advice I can pass on is: "Imagine the money you are controlling is your own."

The pressures today in getting purchasing decisions right are greater than they have ever been, but if you follow that simple principle you will not make many (if any) mistakes.

Running an accounts ledger is vital in keeping track of costs, as well as being an accurate record for consultation as and when required.

The invoice for any purchase you have made will arrive at the Club – this must be passed to you for approval. You would then sign it, date it, code it, and record it in your accounts ledger, before passing it on for payment.

If when monitoring your expenditure you

realise you will over/underspend inform your employer/treasurer immediately. Informing them at the end of the financial year is too late!

## **3. REACHING A REASONED FINAL DECISION REGARDING TEE BUYING OF MATERIALS AND EQUIPMENT**

On the selection and buying of materials it always seemed to me that there was too much time wasted in looking through catalogues, seeing visiting representatives, as well as calling on stands at appropriate exhibitions. I found that the allocation of a week in the depth of winter was the answer.

During this week the following would be carried out.

(a) Full stock take.

(b) Greenstaff meeting on the annual course programme (a good time to discuss/review golf course policy). To determine what materials will be required over the next 12 months.

(c) Invite three/four company representatives to call – give them two hours each (if necessary). This gives you the time to give



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# add up...

them your list of requirements, and give them the time to discuss alternatives, new products and any change in company policy. (d) Require them to submit quotations, including discounts, by a stated date (usually within four weeks). You will then receive three or four quotations on all your annual requirements and can make the necessary decisions on purchase, recording your decisions and reasoning behind them, taking note of the differing specifications involved, before ordering.

If you need anything extra during the course of the year because of changing circumstances, or there is news of a new product, contact can be made by telephone.

Buying machinery is a little different, however, and the following advice may be of some help. All staff must be involved in the decision of what particular machinery to buy – they will after all be using it. If they have been involved, you are more likely to make the right decision, and the machinery will be better maintained.

The decision on what particular machine to buy will be based on many factors, but the

main one from your employer's point of view will be cost. That is why it is necessary to put down in written table form a system which will justify your decision whenever questioned which it surely will be. Never accept any incentive to buy in any way, shape or form. Your professional judgment is based on many factors and bribery, which it is effectively, is not one of them.

In conclusion I must state that I am not an accountant – I do not believe I need to be. I rely heavily on my treasurer for financial advice. He is after all the expert in financial matters.

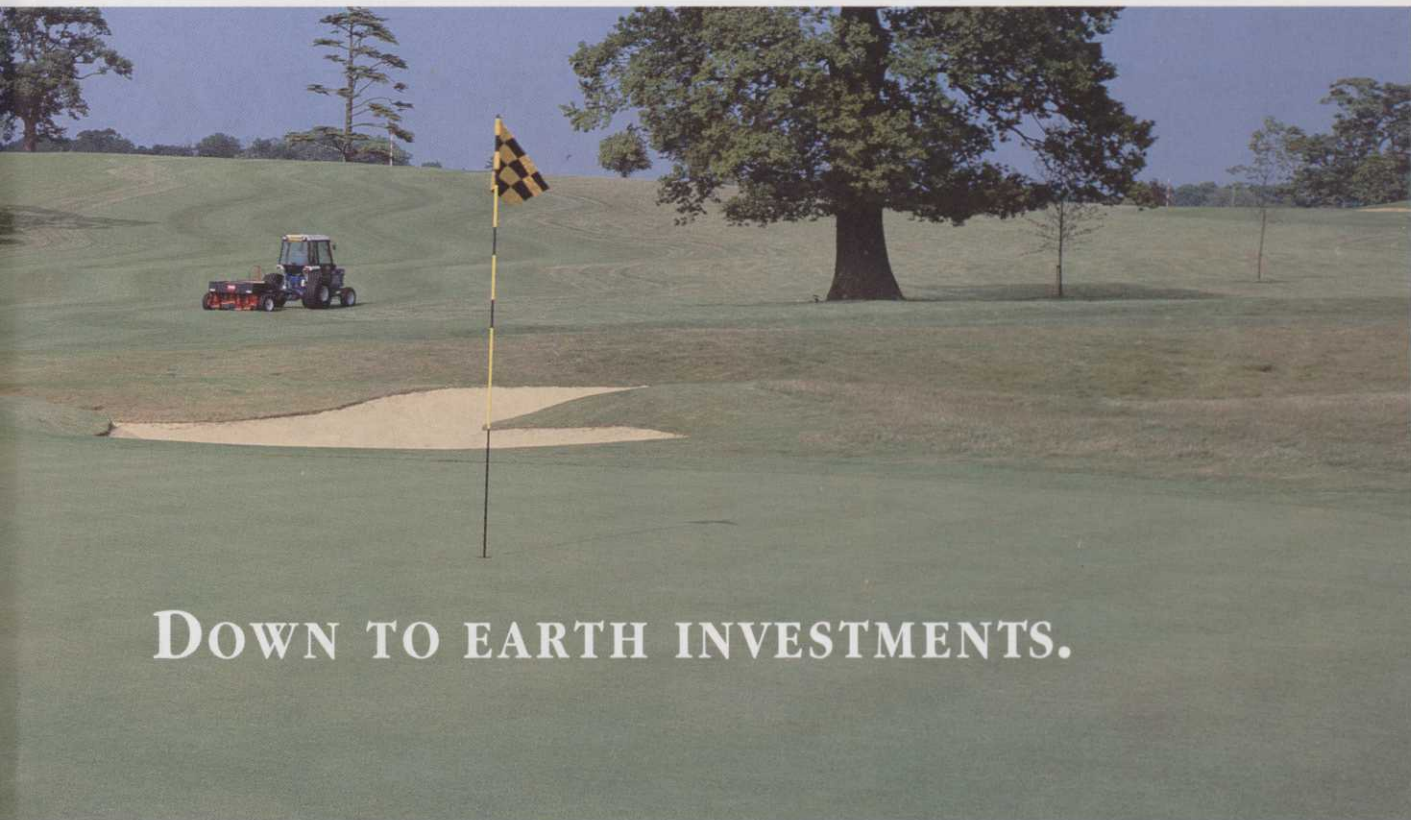
I do feel however that because of my knowledge of golf courses and the costs involved, I am more likely to make the right decision than anyone else in the golf club. That is why I believe that a golf course budget should be the responsibility of the Course Manager.

	RED MACHINERY	BLUE MACHINERY	YELLOW MACHINERY	GREEN MACHINERY
MACHINE RELIABILITY	2	7	9	10
POWER UNIT	2	8	9	10
		7	9	10

ITEM	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
FAIRWAY CUTTER	1983	158	-	-	-	-	-	-	-	-	-
MOWER CUTTER	1981	116	116	-	-	-	-	-	-	-	-
GREEN TRAPLE	1991	172	-	-	-	-	-	-	-	-	-
TRACTOR 1	1991	146	-	-	-	-	-	-	-	-	-
TRACTOR 2	1994	168	-	-	-	-	-	-	-	-	-
TRACTOR 3	1995	168	-	-	-	-	-	-	-	-	-
TRACTOR 4	1995	116	-	-	-	-	-	-	-	-	-
RUBBER WARE	1995	88	88	-	-	-	-	-	-	-	-
ABRATOR 1	1992	64	64	-	-	-	-	-	-	-	-
ABRATOR 2	1994	38	-	-	-	-	-	-	-	-	-
TOP DRESSER	1993	38	-	-	-	-	-	-	-	-	-
TRAILER 1	1994	26	-	-	-	-	-	-	-	-	-
TRAILER 2	1991	26	26	-	-	-	-	-	-	-	-
ETC.	1991	24	24	-	-	-	-	-	-	-	-
ETC.											
TOTALS											
AMOUNT BUDGETED		516	271	418	234	236	176	176	26		
ACTUAL EXPENDITURE											

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