

# Please Sir, Can I have a Mower?

Ian Henderson gives some valuable advice aimed at convincing Committees to fund your machinery needs.

Time was when the thought of asking for a new mower or tractor invoked fear into the hearts of Course Managers and Head Greenkeepers throughout the land. Hours on bended knee trying to convince the Treasurer or the Chairman of Green that "You really do need a new greens machine," and that there was no point in spending another £3,000 this winter to repair the 17 year-old model which was affectionately known as the 'Torrey Canyon'.

## TIMES ARE CHANGING

Thankfully things are changing for the better. The days of golf clubs only buying machines when it was no longer economically viable to repair them are diminishing as clubs become more professional and business like. With most 18 hole golf clubs turning over anything between £500k and £2 million, it is vital that nothing is left to chance and that proper manageable budgets are put in place.

It is important that Course Superintendents and Course Managers become better and more professional at presenting a package to the Board or Management Committee, which is structured with good rationale and is affordable. There is no point in turning up with a request for £175,000 worth of machinery without having looked at the pros and cons of each machine.

A structured replacement program which is tied into the reasonable life expectancy of the machinery (normally five years) can give lease rentals, which are less than the maintenance cost of keeping old machines running. There is little or no down time and moral is generally much higher.

## BUILDING THE JIGSAW

The first thing we need to do is establish an accurate inventory of all the machines currently in the fleet. Again, professionalism is the key. There is no point in writing a list of machines and leaving it with the Chairman of Green.

The list needs to be complete, with serial numbers and the number of hours where relevant. It is important to know when the machine was purchased and the year of manufacture. It is also vital to know if that machine is relevant to the cutting policy which is currently in place. There are many golf clubs where the back of the workshop is full of redundant machines, which are taking up space and could be converted into cash as a trade-in against new machines.

You will need to know what your repairs and renewals have cost in the past as well. If your local machinery dealer finds out you may be in the market for £100,000 worth of mowers, you would be surprised how hard they will try to help you dispose of such equipment.

Once this list is complete, we need to check if there are any leasing payments outstanding on any of the machines. This needs to be considered as any outstanding monies will need to be deducted from the trade in value of that machine. When this exercise is complete it is time to look at the 'wish list'.

## THE WISH LIST

Imagine you have just taken over as Course Manager at your golf club and there are no mowers, tractors or aeration equipment of any sort. You are starting with a clean sheet of paper and have the choice of any machine on the market. You as Course Manager need to decide which machines are best suited to your course and start to compile your wish list.

Many of the major manufacturers will offer you additional discounts to go 'wall to wall' with one make. It is vital at this stage to make the correct decisions and for the right reasons when it comes to choosing your fleet.

Your local Groundcare Dealers will normally have a comprehensive demonstration fleet that will allow you to assess each machine properly on your own course so we can then start to finalise exactly what your needs are. There are no rules cast in stone with regards machinery and some smaller courses may consider second-hand machines. These too can be included in this type of agreement.



**To contact Golf Finance to discuss your requirements for Finance Lease and Operating Lease options**



## A Faraway Golf Club

### Groundscre Fleet Schedule

#### Lease & Contract Hire - 5 Year

2005

Machinery Description (see spec sheet for details)	RRP (Excl Vat)	Discount Total	Discounted Price	True Trade-in Value	Balance to Finance
1 x Fairway Mower	£31,869.00	£3,186.90	£28,682.10	£0.00	£28,682.10
1 x Greens Mower	£22,594.00	£2,259.40	£20,334.60	£1,500.00	£18,834.60
1 x Utility Vehicle & Sprayer	£24,991.00	£2,499.10	£22,491.90	£1,000.00	£21,491.90
1 x Tractor	£32,140.00	£3,214.00	£28,926.00	£0.00	£28,926.00
1 x Hand Mower	£4,374.00	£437.40	£3,936.60	£0.00	£3,936.60
<b>Totals</b>	<b>£115,968.00</b>	<b>£11,596.80</b>	<b>£104,371.20</b>	<b>£2,500.00</b>	<b>£101,871.20</b>

60 Month Lease		
Lease 1+59 (Excl Maint)	Monthly Maintenance*	Total Monthly Cost (Excl VAT)
£574.79	£208.33	£783.12
£377.45	£166.67	£544.11
£430.70	£166.67	£597.36
£579.68	£125.00	£704.68
£78.89	£100.00	£178.89
<b>£2,041.50</b>	<b>£866.67</b>	<b>£2,908.17</b>

60 Month Contract Hire		
C/Hire 1+59 (Excl Maint)	Monthly Maintenance*	Total Monthly Cost (Excl VAT)
£518.86	£208.33	£727.19
£340.72	£166.67	£507.38
£388.79	£166.67	£555.46
£523.27	£125.00	£648.27
£71.21	£100.00	£171.21
<b>£1,842.85</b>	<b>£866.67</b>	<b>£2,709.52</b>

#### Monthly Payments

£2,041.50	£866.67	£2,908.17
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£1,842.85	£866.67	£2,709.52
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Notes:

Example Matrix

#### Annual Total

£24,497.99	£10,400.00	£34,897.99
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£22,114.20	£10,400.00	£32,514.20
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An example of a Fleet Schedule spreadsheet

#### MAKING SENSE OF TWO LISTS

At this point we need to start marrying the two lists together: What we have and what we would like. We need to do this by transferring all the information onto a set of matrices.

In this way we can assess the cost of the new machines and we will also know by then the net value of the existing inventory.

#### HOW DO WE FUND THE NEW MACHINES?

Most golf clubs prefer to lease machinery. It is convenient, cost effective and very flexible.

With the VAT spread over the life of the agreement, rather than being paid up front it can also help with partial reclaim.

There are two main types of lease: Finance lease or Operating lease:

- Finance lease is where the equipment is paid for in full and the club effectively own the asset value at the end of the period.
- Operating lease, or contract hire as it is sometimes known, is where the club would hire the machine over a set period and at the end the machine is returned to the supplier.

#### HIRE PURCHASE

The VAT on a hire purchase agreement is paid up front and the club effectively own the asset at the end of the agreed hire period. As with many proposals, it may be necessary to omit or change some items and to mix and match between manufactures to make sure your machinery fleet is the best you can possibly get for your particular course and situation.



This is the point at which you can start speaking with your Treasurer and the Board. With a structured presentation and a reasoned argument you will have a much greater chance of getting your 'wish list' than simply asking for a large chunk of club funds.

Prepare properly and get professional help with the number crunching and you may be pleasantly surprised by the reaction from the management team.

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