

Kid Auditor Makes Goss Admit Keeping Books Pays Pro

By DAN GOSS

REMEMBER the stuff I gave you at the beginning of this accounting series about a pro being able to remember his score for his last 36 holes, stroke for stroke, and then couldn't remember his bank balance? That was some of the stuff handed me by my mentor in pro shop book-keeping when I squawked that I "didn't have a head for figures."

And if you'll remember, I told you about pros going out under a blazing sun and performing amazing feats of precision such as driving a golf ball a couple of hundred yards to within three feet of where they wanted it to go. That's what I got from my accounting instructor when I said, "I'll never learn because I haven't the patience to control myself long enough to do this stuff."

Here's just a little more of his chatter: "Stop telling me you can't remember figures. You just got through telling me in minute detail your score at Woodward against Hagen SIX YEARS AGO," and "So you haven't the patience? What do you think you are using when you spend hour after hour on the green trying to make a golf ball roll into the cup?" **HOW COULD YOU ARGUE WITH A GUY LIKE THAT? I couldn't and didn't.**

Don't think this chap was a genius; he wasn't. He just had made a study of figures and could see more in them than I could. He was like a ringmaster at a circus. When I take my son I sit in the middle and have one hell of a time trying to watch TWO acts and get a headache trying to watch three or four. Yet the ringmaster, over in a corner, after seeing the performance will go back in the dressing room and bawl out **NINE OF THE ACTS FOR MISSING SOME LITTLE SOMETHING THAT I WOULDN'T HAVE SEEN HAD I BEEN LOOKING.**

Well, after a month's work consisting of my contacting my bookkeeping teacher over the 'phone and him coming over for an hour or two every week, I began to see everything unfold. In 60 days I stopped

guessing at anything and really began to get hold of things.

Tackle Subject with Open Mind

The reason I took so much punishment was because I was hard-headed. Like the fellow that spent \$200 on advertising his business and gave up all kinds of advertising because "I tried it once and it didn't pay." You can have it exactly four thousand times easier if you'll go about it with an open mind.

Now that I've been trying to convince you of the value of bookkeeping and the fact that you don't have to have a gross of diplomas to be able to do it—my best proof is my "confession"—I'll tell you how to get started.

You can use either of three methods: (1) There is some business man who is a member of your club that you like and likes you; if he's a real friend ask him if he'll help you by allowing his bookkeeper to come over and get you started; (2) run a want ad in your local paper saying you would like the services of a part-time bookkeeper; (3) 'phone a business college for a student.

No. 1 is the best bet. No. 2 is next best. No. 3 is the cheapest. But remember, in considering No. 3, that you can expect only what you pay for. If you can't get No. 1, my advice is get No. 2.

If you can't afford it—as you may be now thinking—just imagine the Mrs. has just 'phoned you that Junior must have his tonsils out or that his bicycle merged with a one-ton truck at an intersection, or that the four-wheel brakes on his skates failed him. That would take jack plus a lot of grief. Yet you'd dig up the money. I'm asking you to go into the sock for something that will save you a lot of grief and pay you a hundredfold for every dollar you invest.

Don't Hold Out on Helper

When your bookkeeper arrives tell him the truth. Lying to him is like lying to your attorney. You'll pay dearly when the

jury comes in. Place the utmost confidence in him; he won't betray you. Information any bookkeeper gets is as sacred as that which a doctor obtains in the practice of his profession.

If you've been keeping your records in some of the 10c store's best grade of notebooks, let him open a real set for you. Nothing complicated. Just something that will let you know every month how much you've spent and for what, and how much, if any, you have left, money and stock. Just a simple set that you can use to take a statement every month. Did you read that? Every month—NOT EVERY YEAR!

At the end of every month you should be able to tell your gross profit on sales and from revenue—and your total expense, which, deducted, will give you your net profit.

Stops Pro Faults

If you get your statement every month you'll automatically stop doing two things that I know every pro in the world is doing, some more than others.

The first is taking money out of their register and failing to make a record of it. The second is being governed by personal likes and dislikes in buying merchandise rather than by business needs. You'll find yourself buying less and less from "good guys" that you are trying to help out or because "he knows the latest gags," or because he always brings something "right off the boat"—generally scraped off the sides of the hull.

Make your bookkeeper open up a personal account for you. That means those 75c caddie fees, or the nickels and dimes you use for drinks for the boys, or for balls brought in by caddies being charged to where they belong, merchandise purchases, personal account or general expense so that at the end of the month you'll know that you made some jack but sluffed it away in dribbles and drabbles that mount up plenty quick.

Most important you'll stop bleeding your business unconsciously as you may now be doing. You'll know whether your drawings are in keeping with your earnings, and if that's why you are always hard up or if it is really because of bad business, downtown competition, chain stores, and anything else you may have put the blame on because you couldn't take that trip or buy that car, etc.

Helps Get Right Inventory

Keeping a record of your stock will tell you if you are carrying too much for your

sales. If you are taking in \$1,500 a month and carrying \$5,000 in stock you are in for a beating when the season ends. On the other hand, if you carry a thousand-dollar stock and your sales are over a thousand a month you are asking too much of the cards.

Take last year's total sales. Divide your inventory at the end of last year into it. That will give you a fair ratio of the stock you should carry. But remember this, do your dividing every month. Sales against total stock on hand. If you do, you'll have less to sacrifice at the end of the season—less to carry over until the next season if you have a six months' job.

The above is for the beginner. It doesn't seem much, but if you do those two things, watch your stock closely and find out how much you are spending and what for; you'll make far more than you imagined possible—from the same amount of sales you have always made. You'll be less cramped for money when bills come due. Your stock will be cleaner. You'll lose less sales. Man alive, you'll live in a new business world!

Now for you fellows (I almost said guys) who have kept a set of books that has enabled you to do what I've outlined. You think that's all you should do—oh yeah!

Interest "Et" Him Up

That kind of thinking tapped me for \$4,000. For years I thought that it made little difference if I held merchandise for six months or a year, provided I eventually sold it at my usual one-third markup. I forgot a little thing—interest on tied-up capital. Here's how and what it cost me:

Ten of us bought a piece of property for \$200,000; cash payment, \$25,000, \$2,500 apiece. BEFORE I GOT THROUGH IT COST ME MORE THAN \$4,000, AND I WAS GLAD TO GIVE IT AWAY!

I forgot—and so did the other nine "keen" business men—the 7% annually we had to pay on the remaining \$175,000. It was only a mere \$12,250 a year, my share being better than \$100 a month. On top of this, if I had invested my original \$2,500 in 6% stuff, I would have been getting \$150 a year—as it was I was paying what I would be getting as interest plus over \$100 a month, so my carrying charges were a mere \$112.50 a month in round numbers. What pro could take that kind of beating month in and month out? We took it on the button for 14 months on promises from real estate salesmen that "we will clean up if you hold it just ANOTHER month,"

which turned into 14 "others" until I was glad to sign away my claim to get out. Yes, I know all about the depression, but the point I'm bringing up is, would I have been dumb enough to have gone into that deal if I had had sense enough to properly figure the carrying charges?

It scares me even now to think of it. We had to sell that piece of property for \$250,000 in less than a year for me to make \$1,000 net by the time all charges and commissions were deducted. Even in boom times that's asking a little too much of fate.

Another case: I fell for a lot of names as board of directors in a building and loan outfit that tapped me for more than I care to remember. Had I been able to read properly a balance sheet showing the company's standing, which was presented to me and painted as beautifully as Rembrandt could paint, I'd be driving a much later model car than I'm driving now.

What's that got to do with bookkeeping? Plenty! If you keep a set of books you know what you are doing in your business—but can you tell from your books if you are doing the best thing possible for your net profit's sake?

Jack-Rabbit Breeding of Profit

Say you sell \$10,000 a year and carry \$2,500 in stock. That's four turnovers a year. If you make 40% gross on your sales your gross profit is \$4,000. That means you made \$4,000 gross on \$2,500 invested at 160%. Now if you keep a \$10 item in your stock for a year you can't hope to make more than ONE 40% instead of FOUR 40's. Is that clear?

Do you see why I implored you to DATE YOUR STOCK IN ADDITION TO showing the retail price so the customer can see what it costs when you are busy and showing your cost, in code, so you can take inventory without touching an invoice?

Go through your stock NOW. You'll find more than you'd like to find that is one, even two and three years old. Do you believe that it would have been cheaper, yes cheaper, for you to have taken the money you put in that item and thrown it in the sewer if you compare it with the money you turn over in ball sales or items that you turn four times a year?

Ten dollars tied up for two years costs you 320% profit on invested capital or 160% a year or 13½% a month. Now you see what it costs you to tie up operating capital.

Don't make me laugh by saying you have plenty of money to operate your business. You remind me of a Greek that came over to this country and thought our dollar was equivalent to his lire. He told a friend he needed about \$5,000 to go into the fruit-stand business.

Watch the Turnover

Can you call yourself a real business man if you take five times the capital necessary to run your business? Has it ever occurred to you that you could use less and let the savings lay in a good bond that would be paying YOU interest?

Date your stock, turn it, turn, turn, turn!

If this series does nothing in the world but keeps you stock-turning crazy, mail me your check for a couple of hundred—I'll have earned it. Don't carry it to extremes. Don't punish yourself, but be merciless. If you see something in your stock six months old, hang a lighted red lantern on it, or something like that. Get it out. If it's a year old, hang crepe on it. It's killed all your profit—all your net.

Study your books. See what you are using your bank loans for. Was it for an investment or to make up for drawing too much? Draw what you want to. That's your affair. But don't draw twice as much as you feel you are honestly worth and then begin wishing you were in "another business" when the going gets rough and a couple of nasty letters from manufacturers have you stymied.

You are in the best business in the world. Who else gets as much fun out of his field of endeavor as a golf pro? Fun, sport and amusement combined with earnings that plenty of chaps with gangs of initials after their names don't touch. Get the most out of it while you are in it and your books will help you.

Think of your books as a game, a game of trying to make as much as you can, operating on a legitimate basis, which means giving your club and your members full value, with as little investment as you can.

If you think of it as a task, as something that your life depends on, you'll always dread the few minutes a day they require.

My parting shot is start NOW. Damn tomorrow or next week. NOW. If you are not keeping a proper set of books, begin NOW, TODAY. If you are, GET THE MOST OUT OF WHAT YOU ARE DOING OR PAYING TO HAVE DONE FOR YOU.