

# BE TOUGH ON COLLECTIONS

***It's the Only Way to  
Keep Clubs Healthy***

**H**AND me the financial statements of a dozen or so golf clubs, and without a great deal of inspection I'll pick out the clubs that are "tough" on delinquent members, and the clubs that follow a wishy-washy collection policy. It isn't necessary to search each statement for the size of the bad debts account, or to compare the quick assets with the quick liabilities. All I have to do is to glance at the results of the year—if the club made money or even if it almost broke even, you can bet it operated under a firm commonsense policy with respect to delinquent members and did not deviate from it because the occasional over-due member was "temporarily hard up" or "a good fellow and valuable member."

The more I dip into club collection methods, the more firmly I become convinced that credit should never be extended to a member beyond the limits prescribed in the by-laws of the club. If these laws say "pay up in 60 days or get out," and if the club in all cases lives up to this regulation, the member will expect no special dispensation to be granted in his particular case and will manage somehow to dig up the money needed to keep him in good standing. Many an organization can testify to the truth of this statement.

Perhaps this sounds too tough, but consider a few facts. A golf club is presumably organized "not for profit" to give its members the most it can in the way of club life and facilities for the least money. Its expenses are carefully budgeted to use every penny of expected income. Whenever a considerable surplus develops, prices are expected to be cut or club facilities expanded to use up the excess. This is the basic theory of club operation.

## **"Going Along" Rarely Pays**

It necessarily follows that a club skirts too close to the margin between profit and no profit to be expected to swallow a loss on a member. Nor should it "go along" with a delinquent fellow to hold him in the club; nine times out of ten such men never

catch up and never become good pay. And if they don't, it's the money of the other members that is paying the club bills, which means that golf and the other club attractions are costing each other member just a little more than should be necessary. All of which is contrary to the theory that a club should give its members the maximum facilities at the minimum cost.

Another reason it pays to be tough on collections is that prompt payment means no pyramiding of bills. Few clubs exist where at least some of the members do not have trouble meeting their bills, club and otherwise. The total a member of this type owes his club in any one month is not so serious; he can find the money somehow. But let this same member slip by without paying and it's a different story when the next month's bill arrives to swell the total of the month before to a figure that cannot possibly be paid in full promptly. Such a member, if he is allowed to use the club, will stay delinquent until after the end of the season, when he may catch up.

From Major R. A. Jones, manager of Baltusrol (Short Hills, N. J.) come some comments on this subject. He says:

"There is no excuse for a club permitting a number of members to build up large house accounts and have the time of its officers occupied in writing letters and acting as debt collectors. Those members who have difficulty in paying one month's bill will have still more difficulty in paying two or three months' and there is nothing to be gained except grief and loss from a generous or sloppy system of bill collecting.

"Baltusrol has incurred no losses and has no outstanding accounts which is proof enough that the members will support a sound system."

Similar observations are made by R. T. Strachan, secretary-treasurer of the Shoshone CC, Wallace, Idaho, who writes:

"The longer I handle the collection of dues for the Club, the more I realize that the answer to the problem of delinquent dues is to start pounding away as soon as

B Y J A C K F U L T O N , J R .

delinquency starts. A past due quarter is comparatively easy to collect; a half year or a full year's dues is many times harder."

### Personal Appeal Works Best

Many clubs find the work of collecting accounts not overly difficult during the active season, when the members are most interested in golf and the club, but a labor of Hercules once the season is over. For example, Mr. Strachan writes:

"The problem of delinquent accounts in the winter gives us serious concern. We have tried posting through the summer months but it is not applicable to the last quarter, as our clubhouse is closed during the winter months. I have not found that it does much good in any event. We have also tried solicitation by mail but with very disappointing results in most cases.

"The only method we have found so far that will bring any results is personal solicitation. Towards the end of November and again about the middle of December the President and myself take a list of delinquent members and make personal calls on them, explaining our financial troubles and making a plea for their support. This of course does not get all of the money but it does get a lot that would otherwise be outstanding until spring or longer."

### All Sign Notes for Dues

At the end of the 1933 playing season, the Country Club of Beloit (Wisc.) was in "a hell of a mess" regarding past dues, according to David Humphrey Foster, treasurer of the club for the past ten years. "Members," he says, "were owing us a total of \$2,600 and our accounts payable were well over \$2,000. We had given members the privilege of paying on the installment plan, threatening to post where they failed to pay promptly. We did post a number. Made some enemies, too.

"Before the 1934 season opened we made a personal canvass of old accounts and through compromises succeeded in collecting in about \$1600 in cash and notes. The note idea worked so well on the old accounts, helping to retain our members, that we put it into effect on dues. One-fourth in cash and three equal notes for the balance, payable a month apart, bearing interest after maturity. We ended the season with less than \$100 unpaid on the club due notes and will collect the major portion of this before spring.

"The notice we sent out to all who gave us notes for their dues reads like this:

*Office of the Treasurer—The Country Club of Beloit*

*Payment on your note amounting to \$..... is due in this office.*

*This should be attended to without fail in order to avoid the application of Section 6 of Article VI, which reads as follows:*

*In default of payment of dues or any other indebtedness . . . by a member of the Country Club for a period of ten days after proper notice is sent out, the Board of Directors, may, without further notice, terminate the privileges of the member so in default.*

***THIS IS THE ONLY NOTICE YOU WILL RECEIVE!***

"At the end of 1933 we had in sight only 65 potential members—ones we were sure would stick with us. In addition we had some 35 who were owing back dues and we felt would withdraw. Early in the spring of 1934 we were on the fence—just a stone's throw from giving up the club and letting the bond-holders take it over. But the idea of the notes saved us. We went out and sold all old members on the idea and in addition took in enough new members to bring us up to 172. Out of this number 168 paid us in full. The last note was due the 15th of July and these 168 had settled for their indebtedness by the middle of August. In a few cases where payments on notes got behind we posted names. Two of the names posted still owe us but we are going to give these notes over to a lawyer for collection.

"By getting our members to pay on the installment plan and having them sign individual notes for each installment, we feel that we solved our annual dues problem almost 100%.

"We have gone all through the problem in past years of trying to collect dues DURING the playing season, but always ending up with a lot owing us after the golf clubs were put away for the winter. Collection letters by the score have been used with very poor results. These letters approached the member from every possible angle but little attention was paid to them.

"I can heartily recommend the note idea to any club anywhere. These notes were not banked. We carried them in the office but the payments came in early when we needed the most money and while the golf season was at its best."

When a club has a waiting list, the threat of forfeiture for non-payment works wonders in getting in the money. The Westmoreland CC of Wilmette, Ill., is in this enviable position. Here's how delinquents are handled there, according to Henri C. Tubach, the club's auditor:

"Our collections are not a very serious problem here at Westmoreland. We are fortunate this winter in having a full membership and a waiting list of around 25 applicants.

#### Full Roster Eases Problem

"As there always has been a membership equity, which at the present time is \$313.64, we have a little safeguard for our collections and when a member's account runs over \$100 at any time during the season, the treasurer sends out a friendly letter and he follows it up with another friendly letter. If there is no response, a third letter quotes the By-laws and tells them what are their rights and leaves it up to them. Of course, there are some cases that were worthy of a longer extension which proved out all right and during the last four lean years we have only forfeited five memberships which were hopeless.

"We do not post delinquents although our By-laws make a provision for it. At the present time, we have 16 members on the delinquent list or a little under 5% of the membership."

The "friendly letter" that Westmoreland sends reads like this:

Dear Mr.——

*The Board of Directors of Westmoreland Country Club have requested me to call your attention to the condition of your account with the Club. According to the list furnished me your accounts shows \$94.07 past due. Of this amount, \$38.98 is over 90 days past due.*

*So that I may report to the Board on the list of delinquent accounts furnished me, would you be good enough to communicate with me and advise what you can do about clearing up the above indebtedness.*

*The Board of Directors wish to extend to you every courtesy and consideration and, while the present financial condition of the Club is satisfactory, it is felt that we must have the co-operation of all members to keep it in that condition.*

*Yours very sincerely,*

#### One Yardstick for All

One club that can be held up as a shining example of the benefits of uniform treatment of all members and close adher-

ence to delinquent regulations is the Broadmoor GC of Seattle. Its health can be judged by its November financial statement showing that the club had \$32,792 in quick assets, of which \$23,617 was *in cash*, against quick liabilities of only \$15,868. Naturally Broadmoor discounts all bills.

In the handling of collections, Broadmoor's manager, C. P. Fletcher, makes some interesting comments. He writes:

"Seattle is in year around golf country, so we have no trouble with our membership dropping out or letting their bill run during the winter months. We do not post our delinquent members but we do send them a follow-up notice about the 20th of each month if they have not paid. This notice does not always do the trick but it helps.

"When a member owes the club over \$50 and is delinquent, his credit is stopped and he has to pay cash for everything that he would ordinarily sign for. Then if it gets to \$200 the club takes over the membership and it is offered for sale. A little profit enters into the deal here, as there is a ready market for these memberships from \$200 to \$400, at present.

"The fine condition of the club is perhaps due to the fact that the Board is small (9) and it elects its own officers from this 9. I have been a club manager for the last 11 years. Other clubs have had very large boards and it is my belief that the smaller the board the more and better work is done. A board meeting is held once a month and there are always 8 or 9 of them in attendance. They can get the work done in a hurry.

"They have had one and only one policy since the club started. They treat all members alike and do not stand for any interference from groups of members that are usually coming before most boards and telling how 'this case is different from the others' and that 'an exception should be made.' You perhaps have heard this many times before. The Broadmoor board always listens very carefully and then says that the same yardstick is used to measure all members and cases."

GOLFDOM invites club officials to submit details of collection methods that have proved particularly effective at their clubs. We'd like to pass the information on to other officials with whom the problem of delinquent members may be more acute.—Ed.