

Appreciation of Depreciation

By Gordon Haberkorn,*

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WHICH is more economical, mowing fairways by the use of horses or by the use of tractors? Ridiculous, of course, but it proves a point. On the face of it, there is no doubt that mowing by tractors is more economical, but we must prove that we are correct in our deductions. This is not brought out by cost-keeping alone, but by the depreciation of each method of mowing, which in this case would be the original cost of each, operating expenses (including repairs and feeding), housing, insurance and interest on the money invested.

Unfortunately the value of one method compared to another is not always so noticeable; therefore, accurate records of past costs and a thorough understanding of depreciation is necessary.

An equipment salesman can point out how you can save time and money with a certain machine and in a majority of cases his arguments are perfectly sound, but it is up to you to compare your actual costs of doing the job, to the costs and depreciation of the machine that will do the same job. Often you will find that the costs are about equal and then it is for you to decide which does the neater job. You will find in some cases that a machine can do more than one kind of work, so costs on *both* jobs must be taken into consideration.

Cost Records Are Valuable

Take for instance, a sprayer for a few apple trees; this, no doubt, would be a waste of money, but if that sprayer is used for fungicides and insecticides, its value could not be disputed. Cost records can be of great value when two different machines are needed and the club can only afford to buy one. A check on your records will decide for you which machine to buy, because one will prove more valuable than the other. It may also prove more economical to rent a piece of equipment for special purposes, than to buy one and perhaps use it only once a year.

It is impossible to set any hard and fast rule for depreciation; every course and every section has its own particular re-

quirements, and where a machine will last 10 years on one course, it will only hold up for 5 years on another. For instance, a club in Massachusetts may cut its greens 3 times a week for 6 months, while a club in California may cut its greens six times a week for 12 months. It is useless to compare costs because of this, but clubs insist on doing so, and then blaming excess depreciation onto poor management by the greenkeeper.

Records on farm implements have shown that the life of the same machine varies from 3 to 15 years, according to the amount of use that is given it, but records also show the same machine will vary in life from 3 to 15 years, according to the care that has been given to it. It proves that time spent in the care of machinery is well worth while.

Delay Is Costly

I believe it is safe to say that many clubs calculate depreciation on equipment, but comparatively few set up a sinking fund for equipment. Many times when a club needs a new piece of equipment, it will take two or three years to decide whether or not it can be afforded, and in this period, the club is losing money and the good will of the members because of high upkeep and the inferior work of the old machine. After the needed equipment is purchased, the club leads itself to believe that worries are over, when in reality, it has only postponed them to a later date. Creating a sinking fund would assure real satisfaction as it is a painless method of paying for equipment year by year.

It is hard to understand why business men jeopardize a golf course investment of \$100,000 or \$200,000 in this way, but through slipshod methods of business, they often do so.

A greenkeeper can be of great help to his club by pointing out the existing conditions, and by proving that the establishment of a sinking fund would be a great benefit in that it would stabilize golf course expenditures and at the same time stabilize playing conditions. Even if his suggestions were not put into practice, club officials would have greater

*Massachusetts Short Course Paper.

Conducting kid classes is no easy job for any pro, but according to a picture in the Salt Lake (Utah) Tribune, Alex McCafferty of the Salt Lake CC won't find his eyes going bad at his job of girls' class instruction.

We hate to take the risk of beauty contest judging but those maids in the McCafferty class are the most beautiful bunch of youngsters our old lamps ever have looked upon. They pale the Hollywood glamour girls. Now if Alex can get a national champion out of his squad, he'll be doing for golf what Sonja Henie's teacher did for skating.

respect for the greenkeeper's sound business ideas.

One benefit of the Depression was to prove the advisability of a sinking fund. Needless to say, very few clubs had reserve funds. With enough money for equipment, clubs could have kept up the appearances of their courses to such an extent that there would have been an inducement for new members to join. It is of utmost importance that the sinking fund be kept in a separate account in the bank and provisions be made that its funds be used only with the approval of the green committee. Reserve funds at a golf club are too easily turned over to another department to cover up a deficit.

There is another angle on depreciation that is of great importance, but it is always overlooked until a great amount of damage has been done. When a golf course is bought, it has a certain value in soil texture, soil fertility, grass, trees, contours, etc. Naturally these things depreciate from year to year, and fertilizers, water, costs of changing soil texture, and care of trees are really depreciation costs. If these conditions improve with good care from year to year, the assets of the course are more valuable. Sadly enough, this is never shown in dollars and cents and therefore is never fully appreciated.

Putting-Off Is Costly

Grass will continue to grow and people will play golf even if depreciation costs are not paid each year, but eventually, cultural conditions will become so bad that the club will have to expend in one lump sum, money that was thought to be saved, but which really belonged in course maintenance. This is a sore spot to the greenkeeper, because clubs compare costs, but never think of comparing value received. Over a period of years, a fairly accurate estimate can be made on how much money must be spent to keep a golf course in good physical condition.

If this money were placed in a revolving fund, to be used from year to year as conditions demand it, clubs would be spared the necessity of making large appropriations when adverse conditions prevail. This fund would take the hit and miss out of budget-making and assure the greenkeeper of funds for any serious emergency that might arise. Clubs too often fool themselves into believing that money is actually saved in a favorable year, never realizing that the money is bound to be spent in some future year.

IT'S ON THE HOUSE

By TOM REAM
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Perseverance is rated as a prime requirement on application forms drawn up by some of today's biggest business firms.

Does your china, glass and silverware blend with the new modern color scheme? Women notice such things.

For most jobs, it's best to avoid both slow-pokes and world beaters, and stick only to the happy medium.

It's no longer necessary to use white to prove sanitation.

Cheap brushes result in a cheap paint job.

Smart decoration is the key to successful remodeling.

Watch curling mats so as to avoid trips, resulting in falls.

Initiative is something you can't put your finger on.

For your modernizing plans, the best is what you want.

"Sneaking a fag" too many times a day wastes time. It also has a bad moral effect on the sneaker because he learns to do things on the sly.