

Postwar Planning is Task for Today's Officials

By HERB GRAFFIS

FOR THE FIRST time in years, if not for the first time in their lives, a goodly number of country clubs find themselves with surpluses. During the past winter and spring more club mortgages have been burned than during any year GOLFDOM has been published—and that goes back to 1927.

The financial improvement, which prevails in sections of the country not hit hard by travel restrictions to golf clubs, accounted for unexpected increase in income brought by realization of the necessity of recreation for people deeply engaged in wartime tasks and strains, and by inability of clubs to spend customary amounts for operating labor. Such labor couldn't be secured.

Greater national income outweighed the expected effect of increased taxes on country club members and prospective members.

Now the situation at these financially stronger clubs is such that foresighted officials are figuring on how the improvement can be projected into the future and rehabilitate club properties that have depreciated because of wartime shortages of labor and materials. The material shortages don't apply to course needs, but labor shortages certainly do.

One factor prominent in the planning of many of these clubs that are in the black is that of having the property in good condition for the return of members from war services. Officials and members know that most of those fellows will have ample problems in reestablishing their personal financial positions without having to help put their golf clubs back into good condition. Furthermore, astute officials vision a decided expansion of golf that may put older and rundown clubs in a poor competitive situation against the new enterprises.

One reflection of the prevailing condition is letters GOLFDOM gets asking how clubs are handling this matter of forward-looking management of improved finances. Inquiry among officials of representative clubs has elicited interesting expressions of policy that mainly are in the formative stage.

★ C. A. Sterling, pres., Topeka (Kan.) CC tells of the condition at his club:

"We do not happen to be in the class

with those clubs which are making so much money they are building up big surpluses but we are working our way out of debt and, perhaps, by the time the war ends and the prosperous years that follow the war have passed, we shall be in a position to make improvements. The greatest need in our club is a new building—our plant is very old and will have to be replaced in a few years.

"We have spent a lot of money on our golf course and it is in excellent condition.

"I have been talking to some of our Board members about selecting a committee which might be called a 'Control' or 'Planning' Committee. This committee would be appointed to serve for a period of at least five years and would have the responsibility of studying the over-all conditions of the club and making such recommendations to the membership as they saw fit at each annual meeting or to the Board of Directors at any of their regular meetings on matters which must have immediate attention.

"It is my idea that this committee would develop a definite program for getting the club out of debt and building surpluses. As our plant is old, they would have to make suggestions as to improvements which could be made, having in mind the probable number of years that these repairs must last before a new plant could be built. They would also develop investment policies for surplus cash and, at the same time, be working on definite plans for a new clubhouse which would be appropriate for the club and could be supported by the community in poor years as well as good.

"The selection of such a committee is not easy for, in my opinion, it must include members who are fairly conservative in their thinking and, as a balance, some members who are more or less idealistic in their reasoning."

That element of conservatism in the planning is mentioned by numerous other clubs that reported attention being given to postwar planning. Apparently clubs are intent on keeping out of hock as well as on restoring the property to completely first class condition.

★ D. P. Brannin, pres., Park Ridge (Ill.) CC, remarks that golf club policy today

must have a long range view as well as being set up to make quick operating adjustments as wartime conditions dictate. He says that Park Ridge must have building work done as soon as materials and labor are available, and close watch is kept on condition of the plant so that jobs that should be done are being provided in a "deferred maintenance" account.

★ At Orlando, Fla., the Country Club, for the first time since the clubhouse was built (in 1923,) has quick assets exceeding liabilities by a substantial margin. The mortgage was reduced by \$7,100 to \$3,500 during 1943. Military members' dues of \$3,602.59 were among the increased revenue items in 1943.

Orlando's president, H. R. Cloud, says that the club's experience in firmly earmarking funds for mortgage payments worked out so well in preventing spending of operating net revenue by committees putting up the strongest selling talk that the earmarking of funds for planned long-term maintenance and improvement of the club will be extended.

What Orlando, like many other clubs, has been up against in the labor situation was disclosed in its annual report. The club had a labor turnover of 15 times during 1943.

One of the uses of the increased income was suggested by the club's auditor who suggested that the small balance of the first mortgage be liquidated so the holding corporation from which the club leases its property could be merged with the club, thus eliminating the existence of a corporation for profit, with its attendant tax hazards. Other advantages of the merger, such as simplification of operation, reduction of book work, putting ownership of basic assets directly in the club, and making more flexible numerical limitation and other controls of membership, were mentioned.

★ E. Bentley Hamilton, pres., Mount Hawley CC, Peoria, Ill., reminds that an important part of the country club's planning of its future is in attending to its present so the club won't run down hopelessly. His club was in somewhat gloomy status when his administration came in. Consequently the Mount Hawley postwar planning had to start with putting the club in condition to last through the war. The club had to get and spend more money quickly in showing present and prospective members that it would continue.

Mr. Hamilton tells what was done:

"When I assumed the presidency in January, 1943, the club was confronted with a substantial loss of active members due to enlistments in the armed forces and resignations. The latter were blowing

in like leaves in September. There were those who insisted it was unpatriotic to play golf or maintain a course and those who suggested that the club should sharply curtail all activities and cut expenses to the bare bone. Fortunately the Board of Directors supported me in my refusal to accord to these views.

"We obtained one of the best professionals in the country, Jim Noonan; established a new golf shop; installed a high dive at the swimming pool and re-finished the road to the club, which was in bad repair.

"Our theory that people could not take long trips in automobiles or go on vacations and that they would resort to the club for their recreation proved correct. When members and non-members saw that we were not going to fold up new members began to come in and during the last twelve months we have had approximately 55 new members join the club. We have, of course, carried those in the armed forces.

"In addition to that we have maintained payments of interest upon our mortgage and substantial payments on the principal. This spring we have made some substantial but necessary improvements inside the clubhouse. We have avoided any special assessments and none are in sight. Our golf course is in excellent condition and whatever surplus we have this year will be spent largely in new furniture and equipment for the club when the same are available at reasonable prices.

"Only a loyal membership and a wise Board of Directors brought us safely through the crisis and to a degree of the success which I do not believe is excelled or even equalled by many country clubs."

★ Curtailment of vacation travel has been a factor in improving club positions. This is among the points that the Grinnell (Iowa) CC counts on to keep its wartime membership up. The club's president, G. H. Hatcher, reports that the club's main effort is to do all possible for the war effort so its old members and the boys who have wanted to join the club can come back soon and find the club ready for them.

A membership campaign is in progress to finance rebuilding of greens. Some clubhouse remodeling and repair work has been done. The club's present accent on postwar plans is that of reminding membership prospects that they can play a part in putting the club in fine shape for welcoming the boys back and providing them with a place where they can forget the terrors and tribulations of war and quickly regain their capacity for enjoying life at home.

★ T. D. Griffin, pres., Ridgemoor CC

(Chicago district) points out that club postwar planning will bear in mind the "possibility of deflation as well as inflation." He says:

"Ridgemoor may be numbered among those clubs that have found themselves in strong financial position, with the qualification that we have not found the material and help shortages to be too burdensome. As to our financial position, the first of May we paid off a balance of \$13,500 due on our mortgage, so that the club is now free of debt other than for current expenses. After paying the mortgage we are fortunate in having a strong cash position and it will be the policy of our Board to move along conservatively with an eye to the postwar period.

"Our Board members recognize the possibility of deflation as well as of inflation. Due to the versatility of our management we were well stocked on material and last year our course attained its peak in the matter of conditioning. We are fortunate, too, in having such a splendid location. Ridgemoor can be reached by a combination of street car, 'L' and bus as it is within one hour from the Loop district.

"Of course, wide improvements are out for the duration but so far we have succeeded in keeping our clubhouse up to its usual standards.

"We haven't any definite postwar plans other than accumulating a surplus to meet whatever eventualities may develop, keeping in mind that the postwar curve may be downward. After we get further along into the season we are going to give consideration to removing a \$3.00 per month assessment that was levied against the membership several years ago. We have a full membership of 250 and a waiting list."

★ Samuel Heifetz, pres., Idlewild CC, Flossmoor, Ill., mentions that club officials must exercise vigilance to guard against forgetting the smaller details of club maintenance to which management may become reconciled during wartime until the plant will need a major overhauling after the war. Idlewild is in excellent financial condition and has kept its property in as good a shape as wartime conditions will permit.

Notwithstanding its current satisfactory condition Mr. Heifetz says that all, or at least a considerable part of whatever surplus the club may have after the war will be spent on rehabilitation of the club property, and that a part of the wartime administrations' duties consists of recording details of restoration to pre-war standards so the postwar officers will have par to work toward.

★ In the opinion of a number of club officials the soundest postwar planning that can be done now is reducing the mortgage. The golf club's handicap of heavy fixed expenses for a generally short season can be partially solved by reducing interest charges and putting the club in good condition for refinancing major improvements if, as and when needed after the war. And where, outside of War bonds, is a more logical investment of club funds than that of paying off the plaster, ask many successful business executives who have golf club official duties among their jobs.

This attitude is shown in the statement of Raymond M. Jones, pres. Country Club of Birmingham, Ala., who says:

"Our club is among those that are fortunate enough to find themselves in a good financial position. We are further able, so far, to secure enough labor and materials, despite shortages in both, to keep our property in a good state of repair and our two 18-hole golf courses in good playing condition. However, while we expect to continue to maintain everything in good condition if possible, we do not plan to make any developments or improvements in the nature of capital investments for the duration.

"While we have a number of plans for developments in the postwar period, the principal of which is the re-modeling of our club building to provide a handsome and more spacious ballroom, we are not making any definite plans until the time actually comes and we see what conditions prevail.

"Further, with the exception of a substantial cash back-log which we already have and expect to maintain at all times for any emergency that might arise, we do not expect to enter the postwar period with any substantial surplus because we are applying each year as much of our earnings as possible to the retirement of our mortgage indebtedness. Although this mortgage has some years to run, we have already paid approximately two-thirds of the principal plus all interest to date in the nine years that it has been in force. It was a 20 year mortgage to begin with. We plan to continue reducing this mortgage as rapidly as possible, using all surpluses to that end, and if we can maintain the present rate, we will be free of debt in a few years and this is our present and principal ambition.

"Most country clubs, certainly those in this section, have mortgage indebtedness, some very large and burdensome ones, and it is the opinion of our Board that where such conditions do exist, any surpluses that can be acquired during these times can be best applied to the reduction of these debts."