GOLFDOM
THE BUSINESS JOURNAL OF GOLF
JUNE • 1947

Chart Tells 25-Year Story of Club Business

By CYRUS LUND

The accompanying graph shows the history of the past 25 years in the life of a typical American country club with an average membership of 330 during the period scrutinized.

All such clubs are alike in having 18 hole golf courses and reasonably elaborate club houses; so many players could comfortably use the course and in a great many instances a house to correspond was constructed simultaneously. After those basic requirements were met the clubs differed in the details of geographical location, operation, clientele and in the added play opportunities afforded.

The membership and other lines in the chart almost duplicate the industrial curve of the U.S. 85% of the time and it is to that line the destiny of the average country club always seems tied. Some clubs have achieved stability of income and operation —softened the brunt of business depressions—by watering their golf courses, putting in swimming pools, or hiring overall managers to correlate their fixed expenses and increase their sources of income; but not this one. It is just an average club 10 miles from town, that has rolled along with the business tide of the country, good years and bad years alike, and always under the management of 2 to 3 active or passive committee chairmen, motivated by pride, importance, economy, vision, or other virtue or fault; and intimately understanding, or not understanding, that which they directed.

Proving that this old American custom of operating a country club does not always turn out badly the club in the chart today owes less money, has more members, and made more net profit in the year just passed, than it did in any other of the quarter century. Curiously enough, however, just 3 years ago this spring the club was at its all time low with the bondholders looming closer every week.

The club rolled uphill with prosperity and downhill with depression. The loose liaison of committee chairmen, with short tenure of office, involved little long range planning. In the 25 years the club never had a membership secretary charged with maintaining that fountain-head of club income; but there was considerable debate from time to time as to the amount of annual dues to be charged. The answer always seemed to be higher dues because more members, or popular membership, would have tended to take the edge off the distinction of belonging; and it was privately held no light badge of importance to have joined. Nor was it! However, the number of those willing to pay to play dwindled steadily during the 2 main dips of the chart lines; there were not enough of them, or there was too much outside competition for their spare time in the highly developed American scene; or they were not getting enough for their money. For 1946 lines in the graph hit new all time peaks and should go higher in 1947.

In the Roaring Twenties

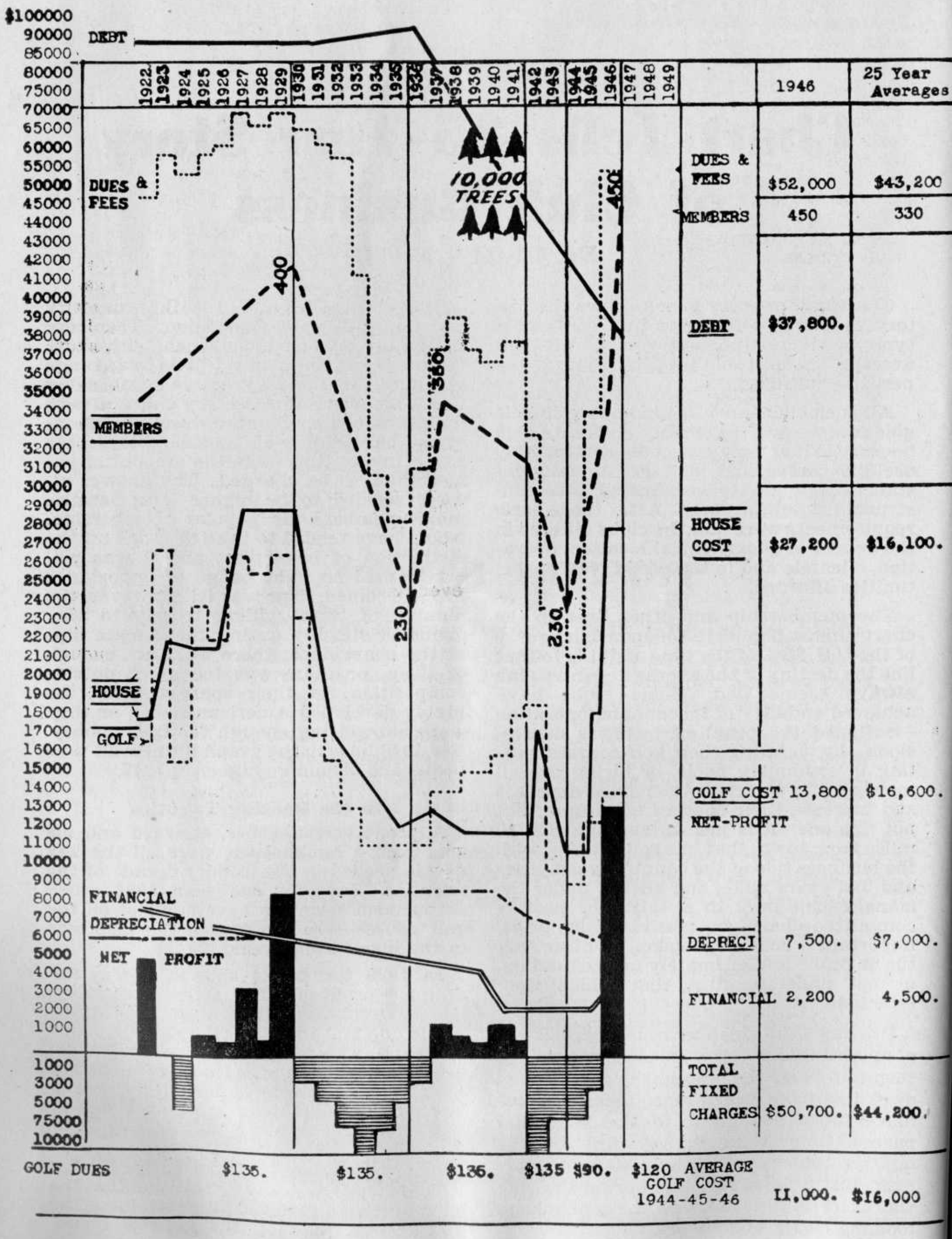
A pro, a greenkeeper, steward and his wife, and a bookkeeper, were all the key people needed in the wonder decade of the twenties. Save for one year, 1923, when enthusiasm seems to have run riot on the golf course—see the chart—the club was in the black every year.

In 1929 the books showed the extraordinary profit of $8500. after depreciation and $100. token payment was made on the bonds due and the $90,000. debt postponed 10 years. The club had a quarter million original investment and there was no particular worry about the debt. Golf was a new and wonderful force in the U.S. and still in the flush of its youth.

Then the Dirty Thirties

There was never any recognition that the fixed overhead involved in maintaining the golf course, meeting the general house

25 Years of American Golf



overhead, and servicing the debt, constituted the 3 items of fixed, daily calendar charges that could be reasonably estimated and budgeted from year to year. Their total could even be divided by the number of members, and then, with proper gradations for the various classifications, the exact assessment each year could be ascertained in advance. Nor did anyone acknowledge that was a method of ascertaining the annual dues subsidy which membership paid because it did not expect management to recover those items from the seasonal operation of bar and dining room. To do so would have forced measurement on bar and dining room, singly or jointly, but by mingling the whole, scrutiny of efficiency in either just never came to pass.

Average charges during the 25 years for the 3 departments, house, grounds and financial costs, were like this:

	25 years	1946
Grounds	$16,600	$13,800
House	16,100	27,200
Financial	4,500	2,200
	$37,200	$43,200
Depreciation	7,000	7,500
	$44,200	$50,700
Dues and Fees	43,200	52,000

It will be observed dues and fees came within $1000. of equalling the depreciation and fixed charges each year of the 25, on the average.

In the 1930 decade it was not easy to bring down these fixed charges; but they had to come down to meet income and the surviving members suffered in loss of service on course or in house. Nature took its course and finally by 1935 there was a big note at the bank in addition to the bonds. The Board had always been loaded with members owning some social distinction, but regardless of that no one seemed to know how to stop the sagging lines of the chart, which itself had never been organized. In late 1935 three successful business men golfers were elected. One went after the debt, another after the house and general costs, and the third served as president and got another golfer to look after membership. They did not control golf course costs except as board members.

By waiving the initiation fee and the stock purchase requirement 120 new members were drummed into line. The new associates had no voice, nor were they required to buy one, which some old timers thought just as well. By 1937 the industrial curve was up and so were dues and receipts; the club was in the black again. In the 25 years there were 13 black years and 12 red ones, after depreciation, but the red ones were heavier by the amount of depreciation not earned for the entire period.

Bonds Refinanced

The member who went after the debt cleared up the bank note and then, by a complicated maneuver involving, in part, collection of dues 5 years in advance, he refinanced the bonds which were due again. When the smoke cleared away the annual interest charge was below $1500. The financial charge rose to $2200. in 1946 when bold waiters helped themselves to the contents of an open safe.

Hard and fast arrangements to pay off the debt were entered into and the graph shows it is rapidly passing out of the picture. It is down to $37,800. in ten years from the $57,000. point at which it was rearranged in the late 1930 decade. Debt payments, of course, meant little new equipment purchased during that time. This debt reduction, in a way, was the most permanent thing evolved by the 3 business golfers. Like other short term directors in other clubs, they made their mark and then either lost interest or were superceded by the roll back in control of the old conservative element which will probably always feel, until it dies out, that the club after all belongs to it.

There wasn't much organized information available in the 1930s on the successful conduct of a country club; nor up to this time has much survey information with details on policy, dues and operational costs for any group of successful country clubs ever reached the hinterlands, save perhaps for the recommendations of George May in the early 1940s.

The golfer called in to restore membership in 1937 watched new and old members continue to slip away and analyzed the situation as one which did not give good value for dues on the course itself, because modern, competitive courses evolved by the passage of time in the area, had made the original club course somewhat inferior for the rate charged. Five years before May's landscaping recommendations were made, and starting in 1938, this person engaged in a 4 year landscaping operation on the course, involving the planting of 10,000 evergreens. The war would have shut down this job anyway but it was completed in the spring of 1942. It has been estimated the trees have already added $100,000. to the value of the club property and will probably be worth twice as much in another 10 years. Already there is some testimony the course will be known widely for a particular kind of scenic beauty seldom met. Thus, while one golfer fixed the $100,000. debt to disappear another added an asset to be worth in a similar period of time perhaps $200,000. Two golf members gave the club two jobs to be worth $300,000.

(Continued on page 89)

"1. Of unusual money value.

"2. Of a nature making it readily convertible into cash.

"3. An order on a mercantile establishment which fails to limit the purpose to which the order may be put.

"**Exemption:** Prizes of only symbolic value or prizes with intrinsic value less than $100.00; this applies to total prizes received for any one event or series of events in any one tournament."

War Bonds or other Government securities may not be accepted as prizes.

Except as noted above, there have been no substantial changes. The old prohibitions apply in all other matters, including recognized professionalism, acceptance of free golf equipment from manufacturers or dealers, receiving expenses (except in four specific instances), "ghost writing," accepting free club memberships which are not purely and deservedly honorary and in recognition of an outstanding performance or contribution to golf, and exploiting one's golf skill or reputation in general.

The rules governing reinstatement to amateur status now provide that every application is to be decided on its own merits. However, reinstatement will still be denied to one who has been a recognized professional for 5 years or more. Among those considered to be recognized professionals are those who give instruction for pay or who play for money prizes.

A 2 year probationary period, starting from the last violation, will still be necessary before any applicant can be granted reinstatement.

The new rules, which are part of the USGA By-Laws, were formulated by the Amateur Status and Conduct Committee, of which the Chairman is Isaac B. Grainger, of New York, and were approved by the USGA Executive Committee.

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25 Years of Golf

(Continued from page 25)

U. S. Curve Lost

By late 1941 the conservative group seized control again, but came a cropper, and for two years in 1942 and 1943 contact with the U. S. curve was lost. The bookkeeper last in charge went to war and the judgment used in picking his successor failed to pass the test of time. Poor house management cost 41 resignations. Because the financial charge was down more money was available and both house and golf course costs went to town. (See the chart.) Because no overall manager had control the club went $10,000. in the red in 1942. That staggered the Board, plus the blur of the war, and in 1943 the roughs were allowed to go to hay and the house was open for weekends only. The partial shutdown proved country club members won't all pay dues for the Old Alma Mater and 40 more resigned, sending dues and fees down to $24,000. compared to the 25 year average of $43,200. With 50 years of old-fashioned rolling along on the industrial curve, and then losing it, the club was down to 83 golf members and 147 social members; and it looked as though the next move might be up to the bond holders.

Golden Forties Attained

The fifth period in the 25 year history was ushered in at the annual meeting late in 1943 when the golfer who had rebuilt membership in 1937 and planted the 10,000 trees subsequently, to hold the members, was elected to the Board. He was made Green Chairman. This time he didn't stop at 200 golf members. He thought the old $135. rate too high for the community and cut it to $75. for golfers in the year 1944; got 92 new golf members. Dues then went to $90. in 1945 and 1946 and membership was taken to the all time high of 450 and closed. It was on this $90. rate the club made its all time high profit of $13,000. after depreciation in 1946. Lest he be wrong on the rate cut percentage machines were introduced. The club had a net gain of 220 members in the three years and the golfer wrote 110 of them personally. It was done by promising the new members one of the finest golf courses of the world; they believed and the trees had entered the pay-off area. Only golf members were added; social members remained stationary; there were 320 entitled to play golf when 1946 closed.

When the professional-greenkeeper died in 1937 a local farmer had been hired in his stead. It was cheaper and the golf course cost too much anyway. The graph shows the money was spent subsequently but old time golfers didn't think the course comparable to nearby metropolitan ones. In 1946 a professional-greenkeeper was hired and 20 old time members certified in the club bulletin 1946 gave them the finest golf course of their membership. There were other angles. Many a move was made during the 3 year period to create the publicity among area golfers that finally paid off with dues and fees back to the level enjoyed in the 1920 decade, and the club itself fully tied in with the Golden Forties and the U. S. curve. Membership was right, dues were right for the community, trained people were in the three key jobs of greenkeeper, professional and house manager. No need for a membership employee for the time being and the loose co-ordination of committee chairmen was once again sufficient.

Financially the golf course was rebuilt during the 3 year period for an average operating charge of only $11,000. a year against the 25 year average cost of $16,600. Only thousands of hours of personal effort could have done that. In 1946 grounds costs were $13,800; and the house line speaks for itself at $27,200. There was still no overall manager to correlate and more money was available because the golf course didn't spend it. Course and house did spend $8,000. for new equipment derived from entrance fees. For 1947 dues have been advanced to $120.; the board feels more money is needed to clean up the debt.

During all these up and down periods respects should be paid to the professional on the job for 25 years. No other key man survived for more than 10 years. Caddymaster from the beginning through 1929, golf course worker until 1936, and then pro, he burned thought, time and effort, ate, slept and dreamed this particular golf course. Intensely loyal to each temporary and passing Green Chairman he gave unstintedly because he believed in golf as a force and was convinced the days of the 1920 decade would yet live again at this particular club. Ceaselessly untiring he poured himself into course maintenance, tree planting, kept the house grounds in 1944 personally, took care of the clubhouse in the winters of 1943-44 and 1944-45, kept the spark of golf alive at the bottom of the two big dips.

Can Stability Be Found?

The graph shows this particular club has operated chiefly on the principle of spending money when it was to be had and curtailing when it wasn't. Of course, each curtailment brought dissatisfaction and loss of use to the members; brought into being the very factors that accelerate downspin. But everything considered the 25 years has turned out pretty well.

Is there any way by which this and other clubs similarly situated can free themselves of dependency on this U. S. curve? Can its downward effects be alleviated. Is it possible for the average country club to enjoy stability of operation and income? The accident of a particular geographical location, the adherence of a really wealthy metropolitan group, or just plain good management by an interested individual have created such stability.

The primary lessons taught by this graph seem to be these:

Trained people must always be in the 3 key posts.

Then, a comptroller, managing director, financial or executive secretary, either voluntary or paid, one who understands local membership problems, and who can correlate and keep fixed charges within the bounds of income, is just a plain necessity. The loose liaison of committee chairmen is wrong in the country club setup, just as it would be wrong in any other business of importance in the U. S.

Had these 2 principles been recognized as musts for overall policy, the club in the graph would likely have been out of debt many years ago; the severity of the downtrends would have been mitigated, and the graph lines moved along a more even track for the 25 years. Instead of riding the ravine flyer the membership would have enjoyed the even pace of a Cape Charles ferry, would have stayed happy and paying dues all the time.