

Credit Rating Surest Sign of Pro's Business Standing

By DON MUDD

In these times of changing conditions it's of particular importance that the pro keep close watch on his credit. The boom of the postwar years can't be expected to continue forever notwithstanding the wise and strenuous work that is being done to enlarge the golf market by getting more players, more courses and increasing the amount of play at existing courses.

Credit standing is the true indication of ability as a businessman. There's no other scoreboard that tells the story of business capacity and success as accurately as the credit figures. Credit is founded on confidence. The credit manager of a manufacturer loans his company's money in the form of merchandise.

There's a correct understanding of credit when the pro realizes stock in his shop that isn't paid for is actually the manufacturers' money. The manufacturer too often has to make use of credit in getting raw materials and financing payrolls for making merchandise well in advance of delivery.

An essential in business is keeping your money working. You can't have slow-moving stock that ties up your investment. Your accounting methods in pro golf have to be so simple and clear that you know at all times just where you stand. If you haven't a bookkeeping system that is easy to operate and which is kept accurately day by day you are bound to run into some costly trouble.

Pros generally are good credit risks. They have to be or they don't hold jobs. I can count on the fingers of one hand the pros who have deliberately tried to defraud manufacturers during the 24 years I have been watching and helping in pro credit. Those who do get into credit difficulties have that unhappy experience because of carelessness more than because of ignorance of the simple principles of accounting which are the foundation of retailing.

Pro as a Collector

The pro has his own problem in extending credit if he bills direct. There are good and bad points about the two systems of handling accounts, through the club or direct from pro to eventual purchasers. If the club handles the billing it doesn't often have much to do with handling the pro's expenses of operation, thus the club may

get an erroneous picture of pro net profit, always figuring it much higher than it actually is.

If the pro handles his own collections he may be reluctant to collect or may be pressured against collecting for the slow pay buyer sometimes is inclined to get sore and use club politics in beating out a pro who wants the money that is due him and which is needed to pay his own bills. The longer the bill runs, the smaller the chance of collecting. If the pro handles his own collections, and especially if he's at a municipal or daily fee course where his customers are intermittent patrons, he'd better join the local credit bureau which cares for collection of accounts of other local retailers.

In many cases the pro's wife handles his books and does an excellent job of it. Despite the popular opinion that women are quick and careless about charging beyond the capacity to pay I've noticed that pros' wives are exceptionally vigilant and competent in watching the financial part of the shop business. If the pro's wife doesn't handle the books the pro had better be sure that a competent and trustworthy assistant keeps the books as a very important part of his job, which is frequently checked by the pro himself.

There has been a decided improvement in pro bookkeeping since the pro business began to expand a dozen or so years ago. There is very little haphazard bookkeeping in pro golf now, but still room for improvement for the pro's own profit and security.

When I previously mentioned that the manufacturers' credit problem is tied up with that of the pros, I am sure that pros were reminded that when a manufacturer goes to a bank to borrow money for buying balata a year in advance, or financing other material and labor expenses in the manufacturing cycle, the bank is bound to look into the status of pro accounts on the manufacturers' books. If the pro and other retail outlet accounts are in good shape then the manufacturer can get the money he needs. Otherwise, no. The pro will understand that banks don't do business on vague promises. They've got to be sure of getting their money. They extend big unit credit to the manufacturers' who in turn extend credit in small units.



HOST TO RYDER CUP MATCHES

This clubhouse at Ganton GC will be center of hospitality for American Ryder Cup team and its partisans when the international pro matches are played, Sept. 16-17. The city of Scarborough has issued an illustrated booklet on scenic and historic spots in the vicinity; the club has a booklet on the course; and the welcome sign is being hung out in fine shape for Yank guests.

Banks now make quite a point of assisting the small as well as the large borrower. It's a fine thing for a pro to have a line of local bank credit. The pro never knows when he is going to need money for investing in his own business or credit to use with his own surplus in making a sound investment in his city. When he has a line of credit at a local bank the pro is establishing himself as a solid citizen of the community and providing himself with an element of job security that always exists when a man's business character can be attested to by his bank.

In protecting his credit the pro must investigate the character of people he employs. The ready saleability of pro shop merchandise makes it just like cash and a temptation to light-fingered parties who want more cash than they earn.

And even after such a check-up the pro must frequently go over his books to see that they balance and to see that the inventory is as the books record. The rush hours at the first tee on Saturdays, Sundays and holidays may mean that merchandise which isn't signed for, or paid for, gets out of the shop and the customer honestly and completely forgets that he hasn't paid.

Books As Merchandising Help

The books to pro shop business are just like the scorecard in playing golf. They tell you exactly where you stand every time you look into them. Your books should show plain signals to govern your buying. You have to guard against over-stocking while at the same time you must have a

volume and variety of merchandise to make sure that you are not going to lose profitable sales because of lack of stock.

Right after the war and up to this year the idea was to get all the pro shop stock you could. Now, you have to be more discriminating. You are bound to buy some cats and dogs in your merchandise. Every merchant does. But the very important thing is to get them cleared out when it becomes obvious that you bought something that doesn't sell at a normal rate. Your books have to be set up so they'll constantly remind you to move merchandise before you're stuck with it.

The pro has to do everything possible to clear up his accounts before the end of his busiest season and to get rid of his stock, unless he's in a section where golf is played steadily the year around. When the player is not actively playing he is not as keen to pay as when the season is in full swing.

Unless the pro cleans out his stock pretty well at the end of the season he's not going to have working capital enough to get manufacturers to ship him all he should have to start the next season. The old days of taking back unsold merchandise in lieu of cash in payment of the order have passed. That practice not only weakened the pro credit rating but in instances it gave a manufacturer merchandise that he couldn't throw into the river but had to convert into cash. Hence there were "distress" sales of merchandise originally ordered by pros and which in necessarily being converted into cash, accounted for

a competitive situation that was hard on pros.

When there is a problem of ordering or credit the pro ought to go into the situation frankly and promptly with the salesman involved, or with the nearest branch office of the manufacturer concerned, before it becomes too late to get the correct and painless answer.

I want to say that the pros who went away to war service have turned in a highly commendable performance on credit rating. They were owing a large amount when they went into uniform — many of them on sudden notice — but since they've got back they've all got it cut down until the total is under \$3000.

About 64 per cent of the pros now discount their bills. The entire annual amount pros earn by taking advantage of the discount is very substantial and in individual instances it's equal to the profits on the sale of considerable shop stock. Some first class credit pros prefer to be shipped COD for reasons best known to themselves and others are shipped COD because credit rating hasn't been established, or sometimes to protect pros from getting in over their heads.

Practically all men legitimately entitled to pro buying terms, and other sports goods retailers are listed on the records of the Sporting Goods Industries Clearing House, 5 S. Wabash, Chicago. These records are held strictly confidential and supply credit ratings on the order of those Dun and Bradstreet provide in other business.

No manufacturer gets individual detailed information on the pro whose credit data is on file at the Sporting Goods Industries Clearing House. The inquiring manufacturer who buys the service gets a general but quite accurate rating on the pro. This service eliminated rotating credit which allowed pros and dealers to play one manufacturer's credit grant against that of another. That was a deluding procedure which eventually exhausted all credit and permitted pros and dealers to get so far into financial trouble there was no practical way of getting them out.

The pro can't kid himself about money involved in his business. It is decidedly to his advantage to have his accurate credit rating on record. If it isn't what it should be the pro probably can improve it with the willing help of the manufacturing suppliers and with his own brains and industry. If he can't get his credit reflecting a profitable operation in the pro business, probably the business isn't the right one for him and he would be fortunate to learn that and switch to some other business to which his ability and temperament are better suited for making a living.

More and more credit rating is becoming one of the most carefully considered factors when a club engages a professional. The businessmen who are club officials know from their own observation and experience that credit rating reflects merit or deficiency in almost every other qualification a pro must have to handle a job satisfactorily.

Much of the growth of pros in business standing has been due to the sage counsel and help successful older professionals have given to younger men who don't clearly realize they have to use money and credit in scoring profits and getting ahead. There are too many good credit pros looking to improve their job situations and markets to allow any other pro to take the attitude that credit is just another "one of those things" in the golf business.

DDT Ends Mosquito Curse On Golf Courses

DDT is living up to its promise in permitting comfortable play and revenue on courses where mosquitoes and other flying plagues formerly kept play at a minimum.

Typical testimony on DDT performance comes from Iowa Greenkeepers' Newsletter referring to an address at the Iowa short course. The Newsletter's digest:

Mosquitoes and flies are in for a rough time from now on if golf courses, parks, etc. are treated with DDT. Dr. H. H. Knight gave a most interesting account of how the city of Ames got rid of these pests in its park and in the city. The mosquito population was measured by the use of human targets. When around 200 mosquitoes visited the victim in a 15 minute period, it was taken that a peak population had been reached. Airplane application, using a 5% DDT dust, at a rate of .2 pounds actual DDT per acre cleaned up the mosquitoes in the city park. The fly control program — 2 years of it — has been unusually successful. Garbage pails were sprayed, dumps were sprayed, and screen doors were painted with 5% oil solutions. Dr. Knight's suggestion was that a small crank driven duster could be used to good advantage on many of the smaller golf courses. The dust application should be made in early morning or late in the day to avoid breezy periods. If a power sprayer is available, it is a simple matter to spray the mosquito infested areas of the golf course. At the club house, all that is necessary to control flies is to coat the screens with a 5% oil solution of DDT. Garbage pails and dumps should also be sprayed.