

Study Shows Management Big Factor in Club Success*

A Study of 17 Clubs in Six Eastern and Midwestern States*

In an attempt to provide country club managers with bases for comparison, we present on the next page data showing the 1949 operations as taken from audited reports of 17 country clubs. Four of the clubs are in New York, four are in Pennsylvania, three in Illinois, three in Ohio, and one each in Connecticut, New Jersey and Delaware. In addition to the figures for each club, we show the medians. A median is the middle figure in a series which is arranged in regular sequence from low to high or vice versa; that is, half the individual figures are below the median and half the figures are above the median. It should be emphasized that the medians are not presented as standards, but merely typical of this particular group of clubs.

Clubs Ranked by Size

The 17 clubs are listed in the order of the size of their annual membership dues which range from \$26,000 for Club A to \$240,000 for Club Q. The median was \$90,000, for Club I.

Most of the operating figures are expressed as percentages of membership dues received from all classes of members. These percentages are used because of the balance which exists between costs and dues income.

Net Income

The median net income, before depreciation, was 7.11% of the membership dues—a small margin for depreciation and surplus. This net income or expense item, before depreciation, varied radically among the 17 clubs; for Clubs A and Q the net expense amounted to about 80% of the membership dues and for Club C the net income was more than 48% of the membership dues. These figures illustrate the wide divergence among the clubs in the modus operandi, such as rates of dues, sources of income other than dues and operating efficiency.

From our study it is evident that the success of a club does not depend necessarily upon the number of members nor upon the total amount of dues. For example, Club C showed the highest ratio of net income to dues although it had the third lowest dues income. The major factor in this operation was an unusually high profit in the food and beverage department, reflecting high food and beverage sales

coupled with low payroll and low merchandise costs. We see, too, that Club Q had the highest membership dues but showed the next to the lowest result, before depreciation. This club had departmental operating costs 31.20% higher than the membership dues before providing for occupation costs and depreciation. In this case, large food and beverage sales with good merchandise costs were more than offset by high total payroll ratios and by high maintenance costs of the golf course and grounds.

Food and Beverage Department

Food and beverage sales of most clubs were larger than the membership dues totals, the 1949 median ratio for these sales being 151.15% of the dues. In three clubs the food and beverage sales were well over three times the membership dues, while in one club these sales came to less than 47% of the dues. The food and beverage department median ratio of profit to sales was 12.64%, with a range from a loss of 11.96% to a profit of 42.57% for Club C.

The median food cost per dollar sale, before allowing for employees' meals, was 63.54 cents. These costs also reflected wide differences; in some clubs the cost per dollar sale was between 70c and 80c whereas in Club C it was as low as 46c.

The median beverage cost per dollar sale was 37.63 cents, with a range from 30.80 cents to 51.81 cents. Factors entering into this wide cost variance are the sale price per ounce and the relative amount of bulk sales of beverages.

The median ratio of food and beverage payroll to the combined sales was 27.74%, with the individual ratios ranging from 13.07% to 43.16%. Club K had a payroll ratio of 54.26% to food sales alone as no beverages are served there. The lowest payroll ratios may be accounted for in part by charging extra banquet wages directly to the member holding the party rather than to salaries and wages.

Golf Course and Grounds Maintenance

Of the 17 clubs, 13 have 18-hole courses, one has two 18-hole courses, two have 9-hole courses and one has a 27-hole course.

The gross cost of the golf course and grounds maintenance last year ranged from \$12,000 (rounded) to \$58,000, the median being \$37,000. The size of the grounds,

*Courtesy The Horwath Hotel Accountant, Nov., 1950.

COMPARATIVE SUMMARY OF COUNTRY CLUB OPERATIONS FOR YEAR 1949

All ratios are to total membership dues, except food and beverage costs and payroll.

CLUBS	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
MEDIAN \$ 90M	\$ 26M	\$ 37M	\$ 52M	\$ 56M	\$ 66M	\$ 66M	\$ 74M	\$ 83M	\$ 90M	\$ 100M	\$ 108M	\$ 115M	\$ 118M	\$ 126M	\$ 130M	\$ 177M	\$ 240M
Membership dues—amounts																	
SUMMARY																	
Income from membership dues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Deduct cost of operations																	
Clubhouse (detail below)	41.51	114.92	52.64	63.17	30.73	34.52	64.55	23.55	28.51	39.25	55.50	49.10	48.94	41.51	34.29	45.08	103.24
Golf and grounds—net	36.54	52.29	44.88	76.08	33.70	36.60	38.77	50.16	37.09	36.54	42.97	32.23	25.37	33.08	28.31	20.96	21.38
Swimming pool—net	1.30	.93			3.03		.34		.59	.74	1.68	3.53	7.87	5.50	.25	.43	2.69
Tennis—net	2.42	2.33			2.02	.96	2.50		3.45	1.27	.10	5.39	2.70	2.02	.35	3.31	2.65
Other outside activities—net	.55								6.35						.51	.60	1.24
Total	76.32	170.47	97.52	12.91	69.48	72.08	106.16	*73.71	63.29	76.32	100.25	90.25	84.83	82.11	62.70	70.29	131.20
Gross operating income or cost	23.68	70.47	2.48	87.09	30.52	27.92	6.16	26.29	36.71	23.68	.25	9.75	15.12	17.89	37.30	29.71	33.69
Occupation cost																	
Rent	7.65			.19					28.93			11.92					3.39
Taxes and insurance	10.17	9.53	10.17	18.97	7.83	5.37	19.53	14.73	5.66	7.35	29.42	19.57	8.02	6.68	13.97	6.36	44.34
Interest	3.48		.14	19.56	1.45	5.93	19.88	2.44	2.42	5.20	4.15	3.46	.86	3.05	8.63	3.48	3.58
Total	13.23	9.53	10.31	38.72	9.28	11.30	39.41	17.17	37.01	11.55	12.55	45.49	23.03	8.88	9.73	22.60	47.92
Net income or expense before depreciation	7.11	80.00	7.83	48.37	21.24	16.62	45.57	9.12	.30	12.13	12.80	35.74	7.91	9.01	27.57	7.11	20.46
CLUBHOUSE OPERATION																	
Departmental profit or loss																	
Food and beverages	26.93%	30.26%	33.12%	136.82%	28.73%	17.18%	3.02%	14.58%	39.44%	33.95%	16.16%	.67%	2.28%	46.73%	28.46%	20.92%	10.62%
Cigars and cigarettes	.73	.59		.55	.28		.95	.12	1.39	1.30	.83	1.65	.36	2.07	.73	.51	.43
Rooms	10.89						15.48		10.16			7.81		2.75		11.62	30.17
Other income	1.72	4.05	.46	13.66	.80	18.73	.07	.13	3.36	5.08	2.18	11.34	.12	1.05	1.26	3.46	.38
Gross income or loss	33.58	34.90	33.58	151.03	29.53	36.19	13.48	14.83	54.35	40.33	13.15	20.13	1.80	52.60	29.19	34.31	58.66
Deductions from gross income																	
Clubhouse expenses	12.54	37.48	22.92	16.66	11.83	18.74	17.52	12.33	9.75	30.99	12.54	7.17	9.56	10.52	12.35	17.12	67.39
Administrative and general	28.06	61.39	36.07	33.78	24.86	33.27	31.93	14.10	45.17	22.62	26.97	32.76	24.37	42.11	27.51	28.06	17.64
Entertainment—net	3.50	25.82	5.17	.08	7.19	2.70	2.13	2.16	4.85	4.29	15.14	6.54	1.34	2.03	2.34	4.35	17.40
Locker rooms—net	2.51		2.51	3.92			1.71	1.51	1.27	1.98	2.06	1.59	.12	4.49	4.51	4.58	2.83
Heat, light and power	9.59	13.20	9.77	12.13	11.52	9.09	12.70	6.08	13.43	9.59	7.65	8.47	5.77	8.20	6.52	10.78	5.10
Repair and maintenance	10.11	11.93	9.78	21.29	4.86	6.91	13.04	5.02	10.93	10.11	8.27	8.71	6.22	26.76	10.25	14.50	35.21
Total	78.03	149.82	86.22	87.36	60.26	70.71	78.03	38.38	82.86	79.58	42.35	47.14	94.11	63.48	79.39	47.11	161.90
Net clubhouse cost or income	41.51	114.92	52.64	63.17	30.73	34.52	64.55	23.55	28.51	39.25	55.50	49.10	48.94	41.51	34.29	45.08	103.24
FOOD AND BEVERAGE STATISTICS																	
Food sales	92.62%	207.95%	94.93%	169.30%	64.90%	96.80%	65.84%	78.26%	141.36%	156.24%	81.96%	63.34%	29.52%	157.11%	92.62%	79.60%	207.80%
Beverage sales	71.25	175.60	101.23	152.13	52.25	84.72	20.47	37.08	100.20	77.89	53.15	None	17.31	105.19	57.80	44.84	98.85
Total	151.15	383.55	196.16	321.43	117.15	181.52	86.31	115.34	241.56	234.13	135.11	63.34	46.83	262.30	150.42	124.44	306.65
Food cost* per dollar sale	63.54%	74.46%	69.18%	45.94%	65.11%	67.34%	66.52%	54.98%	63.78%	63.54%	72.95%	53.59%	79.97%	62.61%	57.65%	58.66%	59.12%
Beverage cost per dollar sale	37.63	37.92	40.24	34.13	36.13	40.70	32.49	49.55	35.26	37.33	45.49	None	30.80	42.45	33.54	38.53	33.29
Food and beverage payroll—																	
Ratio to food and beverage sales	27.74%	25.45%	27.21%	13.07%	19.84%	30.21%	43.16%	27.74%	24.47%	26.20%	40.91%	54.26%	40.98%	24.40%	27.08%	28.07%	32.51%
GROSS MAINTENANCE COST OF GOLF COURSE AND GROUNDS (x)—																	
Amount	\$17M	\$12M	\$20M	\$45M	\$19M	\$27M	\$26M	\$37M	\$40M	\$40M	\$49M	\$30M	\$27M	\$38M	\$40M	\$28M	\$58M
Ratio to membership dues	39%	45%	54%	88%	34%	40%	39%	50%	48%	44%	49%	28%	24%	32%	32%	21%	33%
LOCKER FEES																	
Ratio to membership dues	4.78%	.62%	7.23%	13.24%	3.07%	3.97%	11.29%	8.55%	3.56%	4.61%	5.97%	4.78%	6.99%	4.34%	5.87%	3.68%	4.36%

Notes: M—thousands

* Before deduction of cost of employees' meals.

(x) Excluding golf shop, caddy costs, etc. and greens fees income; all clubs have 18-hole golf courses except A (9 holes), N (27 holes), P (36 holes) and Q (9 holes).

† Included in clubhouse expenses.

the nature and extent of the landscaping and the local labor markets are the principal reasons for these cost variations.

In this study of clubs we obtained data from some of the clubs which are not shown. These additional facts are summarized in the following four paragraphs.

Entrance Fees and Dues

Entrance fees received in 1949 ranged from \$100 per new member to \$1,750 for the clubs reporting this item. Entrance fee ratios to annual membership dues varied from 2.40% to 23.50%.

The median rate of annual dues per regular member, according to information supplied by 11 clubs, was \$250, the rates ranging from \$160 to \$420.

Of the seven clubs reporting special classes of members, the median ratio of the amount of regular dues to total membership dues was 77% with two clubs showing roughly 95% of total dues received from regular members and the other five ranging between 71% and 80%.

Number of Members

Of the 11 clubs reporting the number of members, the median for total members was 496. Club G had 275 members, the smallest number, and Club Q had 2,442, the largest number. The median for regular members was 336, the range being from 168 to 2,000.

How Figures Can Be Used

The figures of the individual clubs provide comparative data for club managers and committees. By selecting the clubs which most nearly parallel his own club, each manager will be able to analyze his club's figures in relation to those of several other clubs.

Municipal Golf Featured in Recreation Conference

Municipal golf business and promotion was featured in the Third Annual State Recreation conference held at San Diego, Feb. 13-16. Recreation managers got a close-up on municipal course business operations from Paul Scott, LA Griffith Park pro and Pat Markovich, Richmond (Calif.) GC pro.

Much frank discussion brought forth the pro and director angles of the problems. No recommendations were made but as the first extensive session on the subject considerable material was developed for all concerned, and it should result in doing the golfing public a lot of good. A wide range in public course pro contracts on duties, concessions and terms was brought to light. It was discovered that pro cost of doing business was considerably higher than recreation departments (and many pros) realize. The promotion activities of the pros were discussed at length. The conference slated

the golf session for 1½ hours but it lasted 4 hours and was going good when time ran out.

The agenda gives an idea of the ramifications of municipal golf business problems. Dudley Shumway, Director of municipal sports for Los Angeles, was especially active among the public officials in seeing that pros got to tell their observations and suggestions.

The agenda of the session:

1. Golf as an activity (over-all)
2. Policy regarding
 - a. Usage
 - b. Green fees
 - c. Hours of operation
 - d. Club house (over-all usage)
 - e. Club organization and operation
 - f. Locker room policies and fees
 - g. Caddies
3. Organization and conduct of public or semi-public clubs, sanctioned or sponsored — cooperation and value
4. Promotion of program
 - a. Youngsters — junior tournaments — age levels — instruction — organization of clubs
 - b. Men — group instruction — father and son events — men's club program
 - c. Women — group instruction — mother and daughter events — women's club program
 - d. Tournaments — industrial or house — city-wide — pro-amateur — club tournaments — championships
5. Public recreation agencies' part in golf course management
 - a. Development of policy
 - b. Responsibility for promotion
 - c. Maintenance
 - d. Acquisition of new courses
 - e. Finances
6. Golf professionals' relationship with management
 - a. Salary or commission, or concession (rent, percentage)
 - b. Handling caddies
 - c. Instruction
7. What facilities should the professional have?
 - a. Course management
 - b. Golf shop
 - c. Driving range
 - d. Caddies
 - e. Handling tournaments
 - f. Carts
8. What relationships should be established between:
 - a. Club members and officers
 - b. Greenskeeping and maintenance
 - c. Golf management
 - d. The professional
 - e. Other concessionaires