

MAY • 1951

# Pro Shop Inventory Now Requires Close Study

By HERB GRAFFIS

A very successful pro businessman told me recently "A lot of the boys are going to learn the hard way this year how pro department finances should be handled."

We'd been talking about the heavy inventories being carried by many pros and how these inventories were reflected in slower payments of accounts. Slower payments cost a rather substantial total of discounts missed and although manufacturers with extensive experience in the pro field believe that in most cases the pro's credit is good they are positive the lag in paying is a danger signal for the pro.

This pro with whom we were discussing the inventory situation said, "The ball buying rush that started after firing began in Korea swept a lot of pros into unsound financial practice. They actually got to speculating in balls, instead of merchandising balls, but they didn't realize it. And the peculiar part of the development was that the speculation tied up a great deal of the pro's operating capital to protect his members and his club rather than being something done to make a long profit for the pro.

"The balls were sold to the pro on allocation and he had to pay cash quick or he didn't get balls. The manufacturers were making more balls than ever before and still were unable to keep up with the demand. The peril of this situation would be evident to any pro who sold three boxes of a dozen balls apiece to a member who didn't play two dozen games a year. But we all went at it as though we wouldn't be able to get any balls for years.

"Very few of us figured what would be a logical inventory of balls to carry against possible emergencies. So, in addition to what members bought and laid away we'd better check up on our own inventories. If we don't, the situation may back up on the ball manufacturers.

## Ball Makers Vigilant

"There is another angle to the ball situation that I think may help us get away from panic buying. We recall during World War II that, although the ball situation was tight and we had to get busy collecting

balls for manufacturers to recondition, nobody had to quit playing golf because of not being able to get balls. The synthetic balls that were manufactured weren't as good as the natural rubber product but they weren't bad. Considering the advance in synthetic rubber products since World War II and the ball manufacturers' own advances it would seem that we could expect, if the situation really gets acute there'll be synthetic balls much better than those of World War II make.

"The pros and the players can be sure that the leading golf ball makers are thinking and working ahead for them. Does anybody think that as smart as the leading ball makers are they would neglect doing some expert and secret investigation of synthetic ball possibilities at this time? The USGA limitations on golf ball length undoubtedly has ruled out research on synthetics for adding distance to golf balls but a rubber shortage so serious it would affect the comparatively small quantity used for golf balls might lead into the use of a rather new synthetic material quite desirable for golf balls.

"Balls used to account for about half the pro sales income. Now the pro ball volume is larger but due to the increase in apparel, shoe and accessory sales the ball gross is a third of the gross sales revenue at the majority of shops. In turnover and as the item that brings customers into the shop most frequently golf balls are the pros' most important sales item.

## Balls Bring Customers In

"I'm wondering if so many players having bought balls by the dozen last year won't reduce their visits to pro shops this year. Every pro knows that the customer who comes into his shop to buy three balls — or even one — is the man or woman who sees hats, shirts, shoes, golf gloves, bags, clubs and everything else in the shop that's well displayed and by the sight of such merchandise gets a buying impulse that wouldn't have occurred except for the ball-buying visit. That's something every pro has to bear in mind in conducting his selling operations this year.

"Right now possibly the most important sidelight to the pro's ball sales is the reminder that having a good percentage of his money tied up in ball stocks, he'd better give thoughtful study to:

"1—His shop inventory being in balance;

"2—Pushing every possible program for encouraging more play, thus getting players to use more balls."

It's a situation to call for pro merchandising brains and effort. Tougher covers, better paint jobs and far less rough keep balls in play longer than was the case 12 years or more ago. The price increase on golf balls is far less than the general increase in commodity prices but not much of a point has been made of that.

#### **Prices Call for Sales Effort**

The club situation also is one that requires careful attention to inventory and more sales push. Now, despite the manufacturers' operations on a conservative net profit basis the top pro grade of clubs are retailing at about \$100 for a set of irons and around \$75 for a set of woods. When you get into that amount of money the market diminishes among people of fixed incomes and increasing taxes and those who are getting war salaries and profits have to make up the difference in the sales volume.

When pros talk with members who are bankers, or otherwise engaged in big business so they have a pretty fair idea of what the trend is, they will learn that in some significant respects the trend of inflation has slowed up almost to a stop. There are signs that there may be, before long, a reversal of the trend and deflation will set in. Somebody's going to be hurt and will scream against this deflation even though it won't hurt them as much as continued inflation. You hear now of warehouses being loaded with whisky and television sets that didn't sell as expected. You also read that automobile orders have slumped. Apparently many people have bought as far as they can go with the money they have available and in sight.

#### **General Business Controls Golf**

The older businessmen pros know how quickly and closely golf echoes general business conditions. A national boom shows itself quickly at golf clubs. On the other hand there's a delay in deflation of the boom becoming evident at the clubs. Nevertheless, there isn't much of a gap either way between general business conditions and business at most all golf courses.

The pro has to be in solid condition to move either way. In the larger part of the country the pro department merchandising operations are concentrated in about six months of a year and that makes it imperative that the pro work twice as fast as the man running a year-around business.

A general rule of successful pros is to open the season with an inventory of about one-quarter of the year's expected gross business. This year many of the pros will have to do a record business if they're going to sell four times the volume of their opening inventory.

Normally, too, many of the pros in metropolitan districts figure on their club storage and cleaning income taking care of most if not all, of their pay-roll. The pay-rolls and opening expenses of the pro department generally have increased much more than the club storage and cleaning income.

One point quite a few pros don't think about enough is the necessity of operating capital. Statistics reveal that more small businesses fail because of lack of operating capital than from any other cause. So, the pros' failure to consider the capital factor isn't unique. The pro who is on a job at a fairly good club can no longer depend on getting his shop stocked on other people's money. It now takes money to make money in pro golf business. Credit isn't as easy as it used to be.

#### **Keep Operating Capital Safe**

It's especially dangerous for a pro to have too much of his operating capital tied up in shop stock because of the employment uncertainty caused by club politics. A change of administration at a club and a good pro may find himself out of a job on short notice with \$2000 to \$5000 frozen in shop stock. The new officials are not concerned about the spot the pro got into because of his buying to care for the members' needs and there's nothing in his contract to get him off the hook.

In view of the prevailing conditions making inventory control a more important element in pro business operations than ever before, it is urgent that the pro work out his own system and put a simple system into operation quickly before he gets into a tough credit spot.

His records should be in such shape that he should be able to know exactly where he stands at the close of each day's business, but practically that's seldom the case.

About the best that most pros can do is to have a monthly inventory record that will plainly show them where they stand. Some of the better business men in pro golf see to it that they get the score on inventories July 15 and August 15 as well as the end of every month of the selling season, so if inventories are too heavy nearing the end of the season at their clubs they'll still have some time for converting excess inventories into cash by whatever advertising and selling means they can devise.

A suggestion for a simple box score on shop inventory control is presented in the accompanying chart.

# PRO SHOP INVENTORY CONTROL SHEET

## STOCK AS OF APRIL 1

## APRIL SUMMARY

## MAY SUMMARY

BALLS	
DOZEN	
Cost	\$
Cost	\$
Cost	\$
Cost	\$
TOTAL COST	\$

CLUBS	
(Quantity)	(Cost)
Irons	\$
Woods	\$
Putters	\$
Misc.	\$
TOTAL COST	\$

GOLF BAGS	
(Quantity)	(Cost)
Below \$10	\$
\$10 to \$20	\$
Over \$20	\$
TOTAL COST	\$

APPAREL	
(Quantity)	(Cost)
Shirts	\$
Sweaters	\$
Rain Jackets	\$
Jackets	\$
Caps, Hats, Visors	\$
Hosiery	\$
Slacks	\$
Women's Apparel	\$
Belts	\$
TOTAL COST	\$

SHOES	
pair Men's	\$
pair Women's	\$
TOTAL COST	\$

LUGGAGE	
(Types)	(Cost)
	\$
	\$
	\$
	\$
TOTAL COST	\$

ACCESSORIES	
(Quantity)	(Cost)
Head-covers	\$
Gloves	\$
Carts	\$
Tees	\$
Grips	\$
Misc.	\$
TOTAL COST	\$

OVERALL TOTAL \$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

\$

● A full-size Inventory Control Work Sheet, on ledger bond, for the months April thru October, will be mailed without charge to golf professionals who mail their request to: Pro Service Dept., GOLFDOM, 407 S. Dearborn St., Chicago 5, Ill.

# PRO SHOP INVENTORY CONTROL SHEET

## STOCK AS OF APRIL 1

## APRIL SUMMARY

## MAY SUMMARY

### DOZEN BALLS

Cost	\$
Cost	\$
Cost	\$
Cost	\$
TOTAL COST	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

### CLUBS

(Quantity)	(Cost)
Irons	\$
Woods	\$
Putters	\$
Misc.	\$
TOTAL COST	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

### GOLF BAGS

(Quantity)	(Cost)
Below \$10	\$
\$10 to \$20	\$
Over \$20	\$
TOTAL COST	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

### APPAREL

(Quantity)	(Cost)
Shirts	\$
Sweaters	\$
Rain jackets	\$
Jackets	\$
Caps, Hats, Viscors	\$
Hosiery	\$
Slacks	\$
Women's Apparel	\$
Belts	\$
TOTAL COST	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

### SHOES

pair Men's	\$
pair Women's	\$
TOTAL COST	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

### LUGGAGE

(Types)	(Cost)
	\$
	\$
	\$
TOTAL COST	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

### ACCESSORIES

(Quantity)	(Cost)
Head-covers	\$
Gloves	\$
Carts	\$
Tees	\$
Grips	\$
Misc.	\$
TOTAL COST	\$
OVERALL TOTAL	\$

April 1	\$
Received in April	\$
Total	\$
Sold in April	\$
On hand April 30	\$

May 1	\$
Received in May	\$
Total	\$
Sold in May	\$
On hand May 31	\$

● A full-size Inventory Control Work Sheet, on ledger bond, for the months April thru October, will be mailed without charge to ● golf professionals who mail their request to: Pro Service Dept., GOLFDOM, 407 S. Dearborn St., Chicago 5, Ill.