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New Club Looks At Itself; Eases Diseases of Infancy

This Midwestern club, off to an uncertain start, has re-examined its program and is getting straightened out

Many new golf clubs find that the honeymoon is over within the first few months after course construction is started.

There are unexpected difficulties and expenses in course construction. That's the way it often is with building a new house. With a golf course and clubhouse, the situation is worse because there are so many more people in the act. The experienced person expects the unexpected in new club building, but how many qualify as "experienced?" One new club generally is enough for anybody.

In recent years, just as during the big building period of the late '20s, golf operations promoted by promoters who hope to find a substitute for money that they lack, disclosed that there simply isn't any substitute.

And, as in the '20s, new club building that has been rushed into without carefully considered, clearly foresighted and expertly checked budgeting is doomed to run into considerable unnecessary trouble. Why, for instance, anybody with the business brains of a child running a lemonade stand wouldn't look at some of the fancy club promotions and see plainly the ruination in "life" memberships that has no continuing revenue for the club's operation, is hard to understand.

What Is Wrong

Examination of the cases of a number of clubs that have had serious diseases of infancy shows that they have not suffered primarily because of any slight and temporary slump in business conditions in their areas but because of:

(1) Inadequate planning of the revenue, expense and building programs.

(2) Lack of ordinary foresight.

(3) Failure to keep all members frequently informed of the programs in course, clubhouse, membership, etc.

(4) Influential members not taking active interest in the growing club's progress due to not being told how the operation stands.

(5) Neglecting to budget money for equipment, supplies and labor to get the club developing between time construction is finished and the enterprise can be considered soundly established.

(6) Letdown in membership campaigning after first flush of enthusiasm vanishes and the "hard sell" is needed.

The fact that golf clubs survive these mistakes shows the innate strength of golf clubs as a business. Flagrant errors, made deliberately or accidentally by hit-and-run

You have to know your assets and liabilities in order to start making intelligent plans

promoters who want to get rich quick from golf, have accounted for the very few flops made in new club promotion in the past three years. The golf club business picture has been infinitely better during the current big building stretch than it was in the late '20s and the early '30s.

However, there are cases in which appraisals of new club situations, revisions of programs and energetic action are urgently required to make the club healthy.

One of these cases was that of a Midwest club which has one of the finest courses in its section of the country, an attractive and practical new clubhouse, and a fairly well balanced membership, although like many top class clubs, the average age of members probably was high.

The older club of the community is a pleasant one with low costs as might be expected in the operations of a club that was established more than a half century ago. The community is solid financially and steadily developing. It needs two good golf clubs, especially with the new one being far across the growing city from the first one.

Social Differences

As almost always can be expected when a new club is born in a moderate-sized city, there will be social differences — not downright animosities or jealousies but something less than ardent brotherly and sisterly love.

We have noticed this regrettable factor in numerous cases of newer clubs. The attitude of older members of the older clubs sometimes seems to be based on immutable conservatism rather than fear of competition. The younger people think of the new club as a sign the community is growing. If they are eager to join the new club but can't afford it they see to it that the older club modernizes. Then everybody wins.

In this particular case the new club, having as its founding fathers prominent business elements of the community, was not growing as fast as other interests in which the executives were interested. So they and some of their bright younger staff men appraised the club situation after consulting men experienced in golf club business and came up with the following report.

For diplomatic reasons identifying names have been deleted but that doesn't reduce value of the report to a great many new — and older — golf clubs.

Club Looks At Itself

The report begins:

In just four years of operations, ——— has acquired and built:

1. A Golf Course Worth $526,955.

$510,000 was subscribed on a no-interest basis by 21 members who will eventually be reimbursed from the sale of real estate.

2. A Clubhouse and Furnishings Worth $257,696.

Seventeen sponsors loaned $191,500 for construction of the clubhouse. This sum, repayable from the sale of memberships, has been reduced by $44,755. Fifty-six persons subscribed to $56,500 of 5% debentures to provide the furnishings, a parking lot, and clubhouse landscaping.

3. A Pro Shop Costing $24,612.

4. A Residential Area of 97 Lots, 25 of Which Have Been Sold to Date.

In total, we have $827,762 worth of superb facilities — equal to $5,490 per member and toward which the average member has paid in membership fees and assessments, $1,675.

We plan to add . . .

1. A Swimming Pool.

A committee has undertaken to raise the funds required for construction. The project is scheduled for completion in the spring of 1962 and operating costs will be added to yearly dues.

2. Tennis Courts, Rifle Range or Other Facilities.

None of these will be constructed unless and until sufficient capital is raised and the board of directors has determined that operating costs can be absorbed.

How Well Do We Manage What We Have?

1. We Pay Lower Dues than most of the clubs reporting their statistics. The average is $466 compared to our $360 (excluding tax).

2. But We Have Fewer Regular Members . . .

What exactly has to be done to put the club on a paying basis and insure long range success?

The average number is 275. We have 130.

3. And We Spend Less Per Member.

In the bar we spend $240 compared with an Association club average of $263.

In the dining room we spend $418 compared with an average of $425.

4. We Maintain Our Course Almost As Cheaply . . .

In 1960, actual costs at our club were $56,136, which for a new club compares favorably with the average of $55,318.

5. We Are Not Alone in Making Assessments . . .

Of 58 clubs reporting, more than half, 34, had assessments in 1960.

6. And Our Total Annual Expense Per Member Is Less Than The Average.

The District average in 1960 was $1,134.00. The 1960 average per our club member was $1,265.00 — but, since two-thirds of the dining room and bar revenue come from members' parties, the real average per member was $824.00.

$432.00 in dues.
80.00 in the bar.
137.00 in the dining room.
175.00 in assessments.

$824.00 (or $69 per month)

7. But Our Operating Costs Exceed Our Income.

Since we have fewer members, the operating costs per member are higher than at most other clubs.

The 1959 net operating cost per regular member of 50 club clients of Harris, Kerr Forster, golf club accountants, was $288. Our 1961 cost was $648.

Those 50 clubs had an average balance available for capital uses of $37 per member. We will have a deficit of $288.

In total, our net operating loss in 1961 was approximately $9,926. This compares with a 1960 net gain of $24,087 and is caused, among other factors, by an increase in the costs of electricity, taxes, and interest, by the deficit incurred in dining room operations, and by a decline in supplemental income for which the 1961 assessment did not entirely compensate.

Four Out of Five Majot Problems Are Now Being Solved . ..

1. We Have Clearly Defined the Duties and Responsibilities of the Clubhouse Manager.

These will be mailed to each member and posted in the clubhouse.

While the clubhouse manager, the pro, and the course supt. will continue to operate separately under the direction of the board, their activities will be coordinated on a planned basis.

A plan of operation, including a financial forecast, a budget and a listing of definite goals, will guide the clubhouse manager and he will be held accountable for obtaining the results so detailed.

2. We Have Reaffirmed the Policy That This Is A Private Club.

The "rule of three" (that no local nonmember resident of the area may be a guest on the golf course more than three times in any one year) will be more strictly enforced. This enforcement is the responsibility of the club manager, pro and every member.

Each member with a local guest must play with that guest.

3. We have made certain that outside events will not conflict with members' enjoyment and use of the club and course.

4. We have taken steps to improve the direction of operating departments of the club.

The Fifth Problem Is The Big One

1. We Don't Have Enough Members . . .

Right now we have 175 — including 121 resident members, six less than we had in August, 1960.

2. And, While We Are Doing Something about it . . .

New regular members will be exempt from all assessments for three years from date of acceptance.

No assessments will be levied on Junior or non-resident members.

The age limit for Junior Members has been raised to 35 years from the previous limit of 31. This should encourage joining by more young people.

Time payment plans without interest

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New Club Eases Diseases of Infancy

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are still available for the payment of initiation fees. The regular member initiation fee of $1,200 may be paid:

All at once;

In 4 annual installments of $300 each;

In 10 annual installments of $120 each.

3. We Need To Do Still More If We Are To Put Our Operations On A Sound and Economical Basis . . .

Despite our problems, our payrolls and obligations for foods, liquor and supplies are being met on a current basis.

With the present membership we can get by for the present if all members pay their assessments and if we can get member help on prepayment of 1962 dues.

It is possible, even probable, that we will have a balanced budget in 1962 with no or only a nominal assessment if planned promotional activities achieve the expected results and if we are successful in raising some sponsorship income.

However, our long-range success depends upon the addition of more members.

We know that the imposition of a monthly minimum on the current membership won't achieve the desired result. Even with a minimum of $60, the gain after taxes over present income would amount to only $6,300 and we would undoubtedly lose some present members and discourage potential new ones.

With our present membership (equal to 148 regular members when counting two non-resident and special members as one regular member) it will cost us $718 per member in 1962 to operate the club.

In order for our present dues of $432 to cover our costs, we must get the equivalent of 102 more regular members (which could be a variety of combinations of regular, non-resident and special, such

With this growth in our membership we could meet the estimated 1962 operating expenses of $88,500 without the imposition of any assessments or the need of any further supplemental income.

The responsibility for obtaining new members is not "theirs." It is not "yours." It is ours.

The appendix sheets referred to in the report went into great detail.

The report did a job in making members aware of the basically sound condition of their club and the excellent quality of the "product" the members had to offer to others desirable as club members.

Keenly interested reaction of members' wives was one favorable result of the report. Another one was that simply the publication of the report showed management character with which a good businessman likes to be associated.

Recommendations, in general, following the study of the club's conditions as reported were:

1. Make an effort to attract younger members. (They use the club more!)
2. Accomplish this, in part, by setting a budget and living within it so as to allocate costs in a manner that will eliminate assessments.
3. Make it financially possible for younger people to join. (The club has a ten-year, no-interest arrangement for paying the $1,200 initiation fee.)
4. Ask potential new members to join. A lot of people would if they were asked.
5. Spread the glories of the club through word-of-mouth advertising by such things as inviting important small golfing groups to hold one of their outings here and inviting the officers of clubs in this part of the country to play the course.
6. Consider such devices as cancelling part of initiation fees or dues of members who get other members to join. (The "stock dividend" idea.)
7. Explore the nature and amount of savings that might be effected by shutting down the clubhouse in winter months.
8. Limit number of new members who can join in one year to get the psychological effect of "do it now" on likely prospective members.
9. Get local manufacturers to persuade their suppliers to take out non-resident memberships.

Dest Is A Thinking Man

William M. Dest, supt. of Wethersfield (Conn.) CC, has devised an inexpensive cleaner for keeping rollers free of clippings. It consists of a discarded bedknife attached to the roller bracket with angle iron and bolts. Held against the drum with a minimum of clearance, it constantly cleans the roller. Dest points out that accumulated clippings either change the height of cut or cause it be uneven.