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Competition Forcing Pros to Learn More About Golf Business Economics

By AL BONK

It has been frequently observed that club officials seek and value the advice of pros whose operations and judgment have demonstrated sound knowledge of the economics of the golf business.

Economics, the science which treats of the production, distribution and use of wealth, is played by ear as an art rather than as a science in the golf business. There are some good, practical economists in pro golf. Graham Ross of the Dallas Athletic Club CC and Bill Wotherspoon of Southern Hills CC are among those whose business views have impressed me that these men are especially well informed. These pros are at clubs whose memberships consist of conspicuously successful businessmen. The benefits to both members and pros in such associations are reflected as one looks at the clubs as business enterprises that are conducted to pay dividends in the satisfaction of members.

Clubs need all the good business advice and management they can get these days. High construction and operating costs, taxes, conservative spending in the

clubhouse and other conditions have officials of private and semi-private clubs looking for solutions to some serious problems. Any professional who attended one or more of the spring business meetings the USGA conducted in Washington, Chicago and San Francisco must have been impressed by the extent and character of golf club officials' participation in these conferences. Club officials are studying golf economics.

Big and Serious Business

The development of valuable business research and reports, and the providing of other services by regional golf associations in Massachusetts, the New York Metropolitan area, Cleveland, Detroit, Chicago and Northern and Southern California and elsewhere are emphatic evidence that golf is a big and serious business. It no longer is an operation in which big money can be handled as a sideline by men who are amateurs in the field.

From PGA sections' spring business meetings there is additional evidence of the necessity for the professional being

educated in an economic sense even in phases of business beyond his own shop.

The future of the pro business has begun to take form in the PGA winter business schools. These are the soundest kind of educational programs that the pro organization can give to members. Experts in sales training and marketing, who have some acquaintance with these schools, say that they are the best thing the PGA has done for itself and for golf.

Look At How Pro Rates

In looking at the pro business picture, club officials subject the professional individually and collectively to more scrutiny than generally is realized. How the professional runs his own business indicates how the professional may be able to run the club's business. Rapidly changing conditions have shown that full time,

profits from increased play resulting from the availability of golf cars, might realize revenue exceeding that of the net of car operation.

Don't Know Economic Score

Professionals have suffered unnecessary and discouraging reductions in their incomes because of inability to weigh unrealistic figures on golf car operation on a scale that balances the club's overall interest and the pros' need of increased income to offset higher operating costs. More information is needed by officials and pros to arrive at the sound economics of this comparatively new service. In other operations, as well, it may be that lack of information is handicapping professionals in attaining recognition as business authorities.

The pro shop with its important re-

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In future articles, Bonk will

deal with sales and merchandising problems with which pros have to contend. He also will suggest ideas for enlarging shop services.

If you have any questions about merchandising, etc., which you would like to submit to Mr. Bonk, they can be sent to him through *Golfdom*. —Ed.

expert management is urgently required for the sensible operation of golf clubs. Direction by partially informed elected or appointed officials is inadequate and sometimes excessively wasteful in a business where a comparatively short season magnifies the costs of errors. And, since the season is short, there isn't always time to discover what these errors are and how they can be corrected.

Shop, golf cars and other "concessions" generally mean that the club is allowing a professional to make his own salary. In golf, as in every business in which golf club members are engaged, the man who is able to earn more money at his work because of the superiority of his ability and service to his customers is a desirable employee and one to be encouraged.

The economics of the golf car in the complete picture of golf club operations have yet to be adequately studied, as far as I have been able to learn. There is the possibility that the club, through

sponsibilities is a key department in a golf club's success. In directing its operations the professional should try to adopt sound business procedures as a means of convincing club officials and members that they have come to the right person in looking for help from trained golf businessmen.

Taxes — local, state and federal — have been hard teachers for many professionals. Taxes mean that you must keep acceptably accurate accounts or somebody loses. You may be almost certain that if anyone loses it will not be the tax collector.

With the figures required for tax returns the professional and his accountant can prepare a budget for pro department operations. That budgeting job will give him profitable schooling in the sort of business management his club possibly needs.

The well operated club has its bud-

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Golf Economics

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gets — particularly for clubhouse and course — compiled on the basis of past experience and the year's proposed operations. They are primary controls and may give warnings as to how operations are going. Not many professionals have learned budgeting as economic fundamentals. That is one reason why so many professionals do not have the net earnings and job security which is due them because of their strategic position in the golf market. The professional doing business without a budget is playing a blind hole without the aid of a scorecard.

Competitive conditions as well as vast opportunities for growth are forcing the professional to make use of every possible idea and tool of business. He is going to have to budget for advertising expenses. The professional has learned through such effective and profitable advertising operations as Goldom's "Christmas Shopping At Your Pro Shop" that he can protect, strengthen and enlarge his market position and pick up profits that previously went to other retailers.

The professional who studies the econ-

omics of golf business will see that the present is a critical time. Professionals now have about 45 per cent of the golf equipment retailing by dollar volume. When any one element in a widely competitive market has that high a position, other retailers are going to apply intense merchandising energy and buying and selling pressure to knock him down. That is a law of competition.

So, the leader has to demonstrate that he is the smartest, toughest and best businessman. Nobody can do that for him.

The professional may know how to hook and slice at will, and to show an awkward member how to score 85 consistently, but if he doesn't know and apply fundamental rules or laws of economics he will be out of luck and a lot of money in the future.

Western Seniors Close List

Western Seniors Golf Assn. has halted the submitting of applications to the membership committee. Those received after April 15 will be held until Oct. 1. Entries for the 14th annual Western Seniors championship, June 19-21, Black River G&CC, Port Huron, Mich., will close May 15.