

Fortune Not Assured for Those Who Get Into Golf

Pros, Real Estate Developers and even Manufacturers find success isn't guaranteed in spite of the boom

By **HERB GRAFFIS**

Golf is enjoying the biggest boom it's ever had. All anybody has to do to get rich is to get in some part of golf business. At least that's what a lot of people must think because many are getting into the act.

Of course, when you get down to actual figures, some aren't really getting rich. I don't see any of the established manufacturers in the business getting too fat. Some of the people who've come into golf as real estate developers and who have expected a course spotted in the boondocks to immediately attract thousands of good spenders and boost property values skyward, haven't got rich. In fact, some of them are going broke.

Pros Are Included

Among others who are not, as a class, getting rich in the present boom are the fellows who created it — the typical pros who do business at private clubs and fee courses.

Some pros have even lost financial ground because their employers, caught in inflationary phases of the boom, have taken from them the profit incentive.

Over the years I have carefully examined financial facts and figures of every phase of the golf business. In trying to get the human stories behind all these figures I have run into an outstanding fact that few pros seem to know and apparently even fewer club officials realize. It is: The better business is for the professional at a club, the better the club shows itself as an all-around sound business operation.

Experience Not Used

Maybe it's the other way around — the better the club is run, the better the job is for a pro. Either way, the good club and the good pro are a team. Show me a club that is operated unsatisfactor-

ily and going into the red without reason and I will show you a club where the value of an experienced professional's observation and judgment isn't being used.

There is far more to a pro job than being able to teach acceptably, run a pretty fair pro shop, conduct tournaments and supervise caddies and cars.

The pro, is a specialist in the golf business. He ought to be able to take the financial statement of a club and grasp fully the business picture and needs of the operation.

Communication between the professional and club officials too often is poor. That's one reason for the astonishingly bad business at country clubs that have highly successful businessmen as their officials and directors. They don't know where to look to learn the significant picture in the club operation.

Need Direction Here

The other illogical thing about the situation is that there aren't too many pros who can look at a golf club financial statement and know what it means. Pros have been educated a great deal in reading and understanding financial reports by having to do — or have done for them — considerable tax accounting. However, there is a vast amount of education in reading and understanding club financial reports that is still needed by professionals for the good of their clubs.

Many times I bump into the problem of evaluating a pro job. Too often an appraisal is required because a club is losing money. Some of its officials, having heard that all you have to do to get rich is get into the golf business, think the club should take over the pro department.

Depends on Profits

I explain some facts of life in this business to them by saying that a lot of times a pro's salary and his club storage and

You can't jump into a munny pro operation and expect to quickly start making money . . . It takes two years to size up the thing

cleaning income are about what his payroll is, so, actually, the club doesn't give him a cent in net salary. Thus, that means that the pro's income depends entirely on what profit he can make at a club where the town's smartest businessmen are officials and are losing money. So tell me, what is the great "break" the pro gets with that sort of a job? He makes a good living only if he can do better than the club itself is doing.

In trying to determine what pro jobs really are worth I have made any number of compilations of pro department volume and net profit per member or player. I wouldn't dare guess an average. The range is wide.

Two-Year Trial

I have seen more pros come nearer to breaking even than to making a really good living in paying concession rentals at public courses. I wouldn't know what would be a reasonable rental considering their sales volume and other revenue that may accrue to them. Guy Bellitt, who has had considerable experience in appraising public course pro department operations, told me that the wise way of getting the answer is by trial and error over a couple of years. If the deal isn't good for both the pro and municipality, it isn't good for either of them. The public golfers are becoming so knowing and exacting that the munny pro arrangement had better be good to attract a good man. The old days when a smart, larcenous starter at a public golf course could make more than the mayor are gone.

An advantage a private club pro supposedly has is his "captive market." You hear he has a great thing because his shop is rent free. But there is no such a thing as a "captive market." The pro captures it by being smarter and harder working than his competition. He has almost unlimited competition coming right into the spot where he is supposed to enjoy the advantage of "free rent". "Free rent" actually means a pro shop, that if

it is especially attractive, is better financially for the club than it is for the pro.

Familiar With Captive Market

I happen to be in a good position to look at what's called the "captive market". Each year GOLFING magazine refuses a great deal of advertising because it is directed at taking the market away from professionals. We don't always want what we could capture. But we see much anti-pro advertising eagerly accepted by other magazines that then beg for pro approval, apparently in the contemptuous belief that the pro loves to be trimmed.

So, when it is a case of choosing up sides, we take the pros as we have done for about 40 years.

There is a large percentage of the nation's courses that do not have professionals. These, of course, are the smaller clubs. At almost one-fifth of the standard size courses the professional is a combination man, handling in addition to his teaching, merchandising, and other pro department duties, course and clubhouse management. It takes a genius of a sort to exercise this versatility. But in a number of locations the man of all trades can make a good income for himself and give his employers valuable service they could not get or afford with separate pros, superintendents and house managers.

To emphasize the professionals' importance to equipment manufacturers as well as to the players, market figures show that about 65 per cent of the entire annual dollar volume of club, ball and bag sales are in the quality of goods sold almost altogether through pro shops. The 35 per cent dollar volume of the cheaper goods is sold through sports goods stores, department stores, mail order houses, drug stores, discount houses, premium houses and other outlets that buy almost entirely with an eye on cheap merchandise.

This article is condensed from a speech made by Herb Graffis at the spring business meeting of the Metropolitan PGA section.