

Ledger Analysis Shows Pro Where the Sales Are

Jim Milward of North Hills has improved his purchasing control, found new customers by studying account cards

If you have 250 playing members at your club, it may be comforting to think that this number constitutes your pro shop market. But don't be deceived by numbers alone.

The important thing is to analyze your sale records and determine just what percentage of players is spending enough money to keep you in business. It may give you a jolt to find that no more than 40 or 50 per cent of your playing members actually are patronizing your shop, but from this knowledge you can derive several benefits. For one thing, it can improve your purchasing program. For another, it tells you exactly who are the buying leaders at your club. It guides you in giving service priorities (even though



Assistant pro, Bob Stevens, and Jim Milward discuss merchandising picture at the Milwaukee club.

you may contend that you're not guilty of doing such things). And, finally, it shows what segment of the membership needs to be courted if you are to get its patronage.

If you have been around the same club for several years, there isn't much doubt that you may have a good general idea of whom the patrons and non-patrons of your shop are. Yet, when it comes to a showdown, do you really know who is spending money — and who isn't? Some of your supposedly best customers may be so regarded because they are personable, because they are good players, or because they hang around the shop and talk golf with you when the course is closed. But are their ledger cards marked with enough entries to make them paying customers?

Studies The Figures

Jim Milward, pro at North Hills in Milwaukee since 1955 and a 25-year veteran in the golf business, carried impressions of his accounts around in the back of his head until about five years ago when he decided to sit down and analyze the actual figures. That isn't to say that Jim didn't always maintain a bookkeeping system that included all the pertinent details of his members' charges. But until 1960 he didn't make what he considers intelligent use of the system.



Exterior view of North Hills shop.



Two views of the interior of the North Hills shop. Milward tries to display as much merchandise as possible at approximate eye level. He'd like to have the ceiling raised or the floor sunken so more of this could be done.



In checking the accounts, Milward classified them as "exceptional", "good" and "fair". "Poor" and "non-existent", incidentally, were included in the last category. When Milward originally worked out his grading system he was surprised to find that he had to depend on slightly less than 50 per cent of the members for more than 90 per cent of his volume. Today, almost five years later, about 65 per cent of his players are listed as exceptional or good customers. By carefully and continually analyzing the ledger accounts, the Milwaukee professional has improved his business.

Two Reasons for Improvement

He attributes the improvement to two things: Better control of purchases than he had before he started to classify accounts; and strengthening of the sales effort among members who formerly didn't patronize the North Hills shop.

Here is how Milward explains it:

"The merchandise you buy is dictated by what you can sell. If, at the beginning of the season, you buy a dozen of this, a dozen of that and a dozen of something else without giving thought as to whom is going to buy these items, you'll end up by doing nothing better than a

good closeout business. But if you make your purchases on the basis of what you *know is demand*, you'll make money.

"A check of our customer accounts," Milward goes on, "shows that we have one out of five members who prefers only professional brand merchandise. Another 40 or 45 per cent will buy sportswear and accessories that are a grade below the pro brands; and the remainder hardly patronize the shop at all. So, when it comes to purchasing merchandise, we buy in almost 100 per cent conformity with what we know the market will be."

Minimizes The Risk

"By breaking down your market this way," Milward points out, "you don't go very far wrong in the selection of styles and sizes, and therefore don't run much of a risk of getting stuck with stock that can't be sold. With our 20 per cent group, the ones that buy only pro-brand merchandise, we know almost exactly in what size range to order. So there isn't any loss to speak of there. We can guess

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Ledger Analysis

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wrong on style, as we sometimes do, but we've been dealing with the same members long enough to know pretty well what they will buy."

The same reasoning, according to the North Hills pro, generally applies to members who buy merchandise that is a grade below the so-called pro brand. The result is that the inventory problem is minimized simply because the purchasing routine at North Hills is tied in so closely with the analysis of members' accounts. Milward feels that he is using at least a semi-scientific approach to buying and selling.

Cards Are Reminders

As for improving sales among what are listed as "fair" or "non-existent" accounts, Milward observes that those blank or nearly blank ledger cards are a nagging reminder that some of the North Hills members aren't patronizing their pro shop. So, a low pressure attempt is made to bring them around. It consists of mailing leaflets or flyers that advertise playing equipment and sportswear and, of course, trying to win them over by personal contact when they come in the shop. As Milward concludes, "It's kind of a long, hard battle." But he agrees that it isn't a losing one. Over the years it has produced slow but improved rewards, considering that in 1960 only one of two Milwaukee members was patronizing the shop where today two out of three of them are doing it.

As to the overall sales situation at a country club, Jim Milward feels that there is something of an unseen struggle that exists between the 20 per cent who are exceptionally good customers and the 35, 25, or 15 per cent, whatever it may be, who buy almost nothing in the pro shop. In a great many cases, the members of a club aren't conscious of this struggle — but it does go on.

Pro Is In The Middle

Those who buy heavy influence the membership to varying degrees, just as



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those who "won't touch the stuff in the pro shop" also wield a good deal of influence. That, of course, leaves the pro somewhere in the middle — to use his ingenuity, if he is a good businessman, in trying to enlist more members in the 20 per cent class and to encourage desertions among those who won't patronize his shop.

About as good a way as any to convert the slow buyers, according to Milward, is to hold up some of the heavy spenders as examples. "You do this tactfully, of course," Jim remarks, "by occasionally dropping the names of your good customers into a conversation, mentioning casually perhaps that they bought a set of clubs or a golf bag last week. But," the Milwaukee pro cautions, "don't overdo it. Don't ram the names of any good customers down anyone's throat."

Closeouts Moved Forward

Speaking of good customers, Milward observes that there is more need of them today than at any time in the last ten

years or so. It's because outside competition is becoming more intensified, and because some revenue sources within the club have or are becoming dried up. The North Hills professional points out that the continual expansion of shopping centers brings more and more retail stores that handle quality sportswear and accessories into the merchandising scene each year. Competition among these stores is so intense that closeout dates are being pushed farther forward each summer. Golf shops have to go along with the new closeout trend or they end up with wall to wall stock that eventually has to be sold at distress prices. "It used to be," says Milward, "that a pro had to make it in May, June and July. Now, July is being removed from the picture."

Internal club factors that have added to the pro's financial woes are the Internal Revenue Department's rulings on the income tax exemption status, and the passing of the old Calcutta. In the last year or two, many clubs that once partly financed their way by making facilities available for

"outside" parties and golf days, have had to abandon the practice because it jeopardizes their "non-profit" status with the IRS. The pro, as well as the club, has suffered because of this, as Milward points out. "Golf days are a good revenue source for a professional," he says. "People coming in from the outside often spend quite a bit of money in the pro shop. They buy merchandise that the shop otherwise wouldn't sell.

Golf Days Helped

"There is no denying," Milward continues, "that parties and golf days were overdone at some clubs and that the membership had to step aside while they were in progress. That took away some of the benefits or advantages of belonging to a country club. Probably it is better that the outsiders now are being kept out and the clubs are being returned 100 per cent to the members. But there is no getting around the fact that the pro is suffering because of the IRS's stand on the tax situation. He has to do some digging to recoup his revenue losses because of it."

As for the Calcuttas, Jim Milward concedes that it is better that they are practically extinct because they got completely out of hand, and he further admits that he is playing far into the rough in even bringing them up. "But," Milward observes, "most pros hated to see them go because they were good for business. Our Spring Open, midsummer Steeplechase and Fall Windup are big club tournaments that are quite enthusiastically received, but they don't get people geared up like the old Calcuttas did. Actually, there wasn't much money riding in those events, but the fact that there was a little got everyone excited. They gave people the real tournament feel. There were more practice lessons and a good deal more play preceding the Calcuttas and, of course, the pros benefitted. It's no wonder that most pros hated to see them ruled out."

So, with competition closing in and some of the money making events passing out, fellows like Jim Milward have to put more dependence in their free-spending members, and they have to use

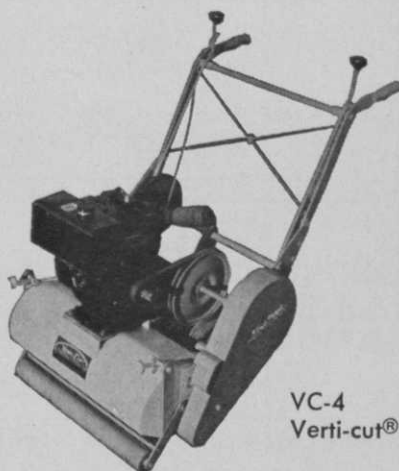
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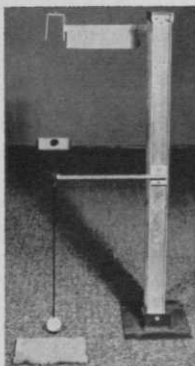
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A hole-in-one contest has been in progress all summer at the Poland Springs (Me.) Hotel course, with golfers getting a chance to win \$1,000 in weekend trials. The player pays \$1 for three shots at a concealed green 135 yards away. Proceeds of the contest are to be turned over to the March of Dimes. Here, Maine's governor, John H. Reed, is shown entering the contest. With him (l to r) are Chick Lahey, Bates College coach and Poland Springs caddie camp director, Charles Connor of Auburn, and Saul Feldman, the Hotel's executive director.

every ingenious method they can think of to dredge more dollars out of their businesses. That is why the North Hills professional has delved so deeply into analyzing his customer ledgers. If the money isn't there, where is it?

Operational Note — Milward handles his own billing. To avoid the detail normally involved in doing this, he copies the ledger cards through a photocopy machine and uses the duplicates as bills. Time saved: Ten hours a month.

PGA, Sponsors Make Pact on TV Receipts Division

Complete agreement on the division of tournament television receipts has been reached by the PGA and International Golf Sponsors Association.

Proceeds from tournaments that are televised will be divided between the tournament sponsor and the players, who will add their share to the tournament purse.

Warren Cantrell, PGA president, and James L. Hyde, Jr., president of the IGSA, announced that the agreement had been reached early in August. Twenty four tournaments on the PGA tour are sponsored by persons and organizations connected with IGSA.