

TIPS ON BUDGETING: OVERALL CLUB OPERATION

Control by the men who matter

Baltusrol, a club which has remained in the black since 1895, confines budget preparation to top club officials.

By CARL J. JEHLLEN

General Manager, Baltusrol Golf Club, Springfield, N. J.

Preparation of the operating budget for the fiscal period is meticulously defined in the Club's by-laws as a responsibility of the Executive Committee. To adequately emphasize the importance placed upon the need for decisive action, I have listed two pertinent sections of our by-laws relating to the budget:

Executive Committee

"Operation and management of the business affairs and property of the Club, subject however at all times to the direction and control of the Board of Governors, shall be vested in an Executive Committee consisting of the President, Vice-President, Secretary, Treasurer and four other members of the Board appointed by the President, subject to the approval of the Board. Such Committee shall have power to summarily suspend the privileges of any member and to employ and discharge any and all employees and to supervise all purchases required in connection with the maintenance, management and operation of the Club and its properties. Such Committee shall also prepare, as soon as possible after the beginning of each fiscal year, a budget of the estimated receipts and disbursements of the Club for such fiscal year, which budget shall be submitted to the Finance Committee before being presented to the Board for approval."

Finance Committee

"The Finance Committee shall consist

of four members: One shall be the Treasurer of the Club. The other three shall be appointed by the President from the membership of the Board of Governors, subject to the approval of the Board. Such Committee, under the direction of the Board, shall have the supervision of the financial affairs of the Club. Upon receiving from the Executive Committee the annual budget it shall be the duty of the Finance Committee to examine such budget and report same to the Board with its recommendations. All extraordinary expenditures shall be submitted to the Finance Committee for consideration and report before being undertaken."

Here you can see how adroitly the framers of the Club's by-laws made a policy determination, that left little to chance. The appointment of the four other members from the Board of Governors, in addition to the club officers, to serve on the Executive Committee has been sagaciously confined to the chairmen of each of the major operating committees—House, Golf, Greens and Admissions. These men are all vitally involved in the control of expenditures for material, personnel and services, as well as revenue, in the operation of their respective departments. It should also be apparent that by this procedure, ample opportunity is afforded each member of the Executive Committee to compare the weight and effect of his anticipated

operational needs to those of other departments. The final result can only be a mutually acceptable budget, contrived with advanced recognition of the overall well-being of the club.

As shown above in the by-laws excerpts, the budget is sent to the Finance Committee for comment and recommendation; either for approval by the Board or for a review of some specific item. Following final approval by the Board the budget then becomes the guide and measuring stick of the Club's operation during the ensuing year.

There are several facets that enter into the deliberations for estimating potential income and expenses. Initially, the basis for any projection is a revised estimate of the results of the immediate past fiscal period, adjusted to reflect current prevailing conditions, and anticipated future changes that may take place. To expect income to remain static, or to increase in

proportion to the accelerating cost of operation, is a fallacy that cannot be tolerated. One must face the facts and be practical, permitting neither optimism nor pessimism to dominate the atmosphere during budget preparation.

Most essential to the preparation are the known factors of past experience and performance, but also having a great bearing on the subject, and of utmost importance, are such intangibles as policy determination, demands for increased services, inflation, governmental regulations, taxes, increased cost to maintain previously expanded facilities, drought conditions and the increased cost of capital expenditures for replacements that are reflected in a higher depreciation write off.

Most insidious is the inevitable change in the structure of the membership—an effect which is not always obvious. With each succeeding year pressures are apt

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View shows Baltusrol's venerable clubhouse at head of fairway. The club will be host to 1967 U. S. Open in June, and management is now busy making preparations for the big event.

MEN WHO MATTER

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to build up for the expansion of facilities and services, which, while costly in themselves, in an inflationary economy they become a great luxury that a vanishing labor market and accelerating cost of materials and equipment do not always justify.

I recently made a comparative analysis of operating expenses for the current fiscal period as against that of ten years ago, and found it forceably points up the escalation that has taken place in the cost of operating the Club. A 57% increase in operating expense has occurred; however, in making an intensive study of the various departments it was surprising to note the marked differences in percentage of increase. In the restaurant and bar the increase amounted to 28% and 40% respectively, while house expense had increased 47%, general expense 107%, golf 14%, greens 57%, depreciation 68%, and real estate taxes were 80% up over that of ten years ago.

In checking further into individual items making up the expenses in each department, it was discovered that pay-

roll and employee benefits, including payroll taxes, accounted for 62% of the total increase in operating expenses. Of the remaining 38%, depreciation and real estate taxes accounted for 20%, thus leaving only 18% for all other additional materials and equipment or services needed to operate the Club. All of this only serves to point up most emphatically the need for astute Club Officials who will plan ahead for the Club's well-being.

Fortunately, at Baltusrol with a long history of solvency going back to its founding in 1895, there is a great advantage to be had in projecting future club operation. But for all the advantage this affords, any failure to recognize the potential pitfalls that await the unwary committee that does not take every significant factor into consideration, will result in a year-end operating assessment. In addition to being highly unpalatable, it is an acknowledgement of an inadequacy in the preparation of the annual budget. If the proof were in the pudding, then let me say with pardonable pride, that this has not come to pass at Baltusrol.

As the television commercial goes, we must be doing something right. •

Club facilities vary greatly

Clubhouse facilities for the nation's golf courses vary greatly according to the type of operation, according to a survey by the National Golf Foundation. Survey figures are based on replies from 6,772 or 90% of the 7,443 regulation-length golf courses at the end of 1965.

As would be expected, more than

three times as many private country clubs have dining rooms as municipal golf courses, and the ratio of bars is even higher. However, in one category—pro shops—private, semi-private and municipal operations run almost neck and neck.

Answers to nine questions about facilities are in the accompanying chart:

QUESTION	Private Country Clubs % saying yes	Semi-Private Operations % saying yes	Municipal Golf Courses % saying yes
Do you have a dining room	77%	41%	22%
Do you have a snack bar	63%	27%	70%
Do you have a bar	75%	45%	13%
Do you serve liquor	62%	36%	9%
Do you serve beer (only)	22%	28%	30%
Do you provide setups (only)	16%	11%	5%
Do you have a pro shop	85%	85%	84%
Do you provide showers	86%	60%	62%
Do you provide locker rooms	86%	60%	64%
Total Courses Replying	3161	2610	1001

Note: Par-3 type golf facilities are not included in this study.