

Four ways to boost shop sales

Successful budget depends on knowing what to buy and how you can earn enough to pay for it.

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How do you use budgeting in the golf shop? You just have to know 1) total merchandise you will buy; 2) total expenses you will incur; 3) when you will spend these amounts; 4) how much income you will take in—and when. With these figures you are well on your way to working out a budget.

Step One: merchandise you will buy. Examine last year's records and find the total amounts purchased and sold in each department. Establish definite quotas for buying in these departments. Find the time of year these sales were made—spring, summer, fall—and plan

your orders to fill this need.

If a certain item, for instance, sold heavily in the summer but very lightly in the spring and fall, budget your buying to have this item delivered lightly in spring with the bulk of the order arriving for the summer trade. This will save dollars in the spring to be used on an item that will sell in the spring. For example, instead of buying \$3,000 worth of lightweight shirts in April, buy \$300 in April and \$2,700 for delivery June 1 for your summer trade.

Here's an example of poor budgeting: If you did \$1,000 in ladies' cash-

FIGURE 1
DETAILED BUYING BUDGET BY DEPARTMENTS
GOLF SHOP

		Order for April-May Pay—June 1	Order for June Pay—July 1	Order for July-Aug. Pay—Sept. 1
EQUIPMENT				
Golf Balls	\$10,000	\$ 2,500	\$ 5,500	
Clubs	8,000	4,000	4,000	
Bags	3,000	1,500	1,500	
Gloves	2,000	1,000	1,000	
Other	1,000	400	350	250
MENS WEAR				
Shirts	7,500	1,000	5,000	1,500
Sweaters	5,000	1,500		3,500
Slacks & Bermudas	2,000	1,500		500
Jackets	500	300		200
Hats & Caps	2,000	750	1,000	250
Shoes	2,000	1,500	500	
Rainwear	500	250		250
Misc.	500	200	200	100
LADIES WEAR				
Blouses	3,500	1,000	2,000	500
Sweaters	3,500	1,000		2,500
Bermudas—Skirts	4,000	1,000	2,500	500
Jackets	300	200		100
Hats	2,500	1,250	1,000	250
Shoes	1,500	1,000	500	
Rainwear	200	100		100
Misc.	500	150	200	150
TOTALS	\$60,000	\$22,100	\$25,250	\$12,650

mere sweaters for the year and \$900 of this was in the fall, it would be foolish to spend \$1,000 for ladies' cashmeres on April 1. Buying your merchandise *the way you sell it* will mean more active dollars working for you, less potential profit sitting on the shelf for long periods.

Another example of bad budgeting would be to spend \$10,000 on golf clubs when your last year's total golf club sales were only \$5,000. It's easy to get carried away when the salesman shows you something new that looks great. But remember, without a budget, this oftentimes results in over-buying, and over-buying results in mark-downs at the end of the season in an effort to liquidate inventory.

You must stay within definite guidelines established for each department so as not to have your inventory out of balance. The old saying, that even cashmere sweaters won't taste good if you have to eat them at the end of the season, is still true. *Nothing is a good buy if you can't sell it.* Figure 1 shows a typical buying budget.

Step Two: list your total expenses--how much it will cost for equipment and supplies to operate your business; how much in salaries, taxes, auditing fees, etc., (Figure 2). Remember that administrative expenses of \$1,500 per month will take merchandise sales of \$3,750 (at an average markup of 40%) just to stay even. Always estimate your expenses slightly higher to allow for the unexpected.

You also must project an anticipated income based on last year's figures plus

FIGURE 2	
INCOME:	
Merchandise	\$95,000
Teaching	6,000
Rentals	5,500
Other	7,500
TOTAL INCOME	\$114,000
EXPENSE:	
Cost of Merchandise	
Sold	\$60,000
Salaries	21,000
Taxes and Insurance	1,500
Supplies and Equipment	2,500
Telephone	700
Travel and Entertainment	2,500
Advertising and Promotion	1,500
Tournament Expenses	1,500
Miscellaneous	2,900
TOTAL EXPENSES	\$94,100
PROFIT FOR SEASON	\$19,900

a realistic appraisal of possible income from all sources (Figure 2).

Step Three: break down items in Figures 1 and 2 to determine when you must spend this money, and how much each month. You should know how much money will be coming back in the form of sales each month, which--along with your original investment--will help pay these monthly totals. Figure 3 is a monthly breakdown of general budget.

Note that expenses are much higher in June, July and September, due to the large amounts paid for merchandise to suppliers. You will also see that these merchandise payments do not start until June. Most golf suppliers will give you this extended credit time as they realize that your business is slow during the early part of the season. If you must

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FIGURE 3								
	Apr.	May	June	July	Aug.	Sept.	Oct.	Total
INCOME:								
Merchandise	\$5,000	\$10,000	\$16,000	\$22,000	\$22,000	\$15,000	\$5,000	\$ 95,000
Teaching	200	500	1,000	2,000	2,000	300	—	6,000
Rental	200	500	1,000	2,000	1,500	200	100	5,500
Other	300	500	1,500	2,000	2,000	1,000	200	7,500
	\$5,700	\$11,500	\$19,500	\$28,000	\$27,500	\$16,500	\$5,300	\$114,000
EXPENSE:								
Cost of Merchandise			\$22,100	\$25,250		\$12,650		\$60,000
Salaries	\$3,000	\$3,000	3,000	3,000	\$3,000	3,000	\$3,000	21,000
Tax & Insurance		500		500		500		1,500
Supplies & Equip.		1,000	1,000	500				2,500
Telephone	100	100	100	100	100	100	100	700
Travel & Entertainment	300	300	400	400	400	400	300	2,500
Advertising & Promotion	300	300	200	200	200	200	100	1,500
Tournament Expenses	—	400	500	—	—	500	100	1,500
Miscellaneous	200	400	500	500	500	500	300	2,900
Payable Amount	Apr.	May	June	July	Aug.	Sept.	Oct.	Total
	\$3,900	\$6,000	\$27,800	\$30,450	\$4,200	\$17,850	\$3,900	\$94,100

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pay some of these suppliers before June, you would have in net profit \$1,800 by the end of April and another \$5,500 by May 31 to do so. If you need additional capital, a short-term loan from your local bank could be arranged.

Let's see how an original investment of only \$3,500 would enable you to operate this business. With a total gross income of \$114,000 and total expenses of \$94,100, you would realize a year-end profit of nearly \$20,000.

Step Four: study it month by month to see how. Figure 4 shows how the monthly income and expense totals from Figure 3 stack up.

By the end of April you show an \$1,800 profit, and by May 31 it's up to \$7,300. But hold on—don't let money burn a hole in your pocket—the big expenses are about to come! In June you take in \$19,500 but you must pay out \$27,800 for a deficit of \$8,300. This wipes out the \$7,300 you had accumulated, and along with it \$1,000 of your original investment of \$3,500. During July your income is \$28,000—the best month of the season—but you must pay for the merchandise you bought and the expenses of \$30,450 leave you with another deficit.

This time it's a minus \$2,450, leaving your original investment of \$3,500 down to a precarious \$50. Cheer up! The tide has turned, and the profit will soon start to flow in. In August you take in \$27,500, your expenses are only \$4,200, and you have a whopping profit of \$23,300. Now you're on your way. September expenses of \$17,850 against income of only \$16,500 leave you with only a \$1,350 loss for the month.

You're still in good shape as no more large expenses are forecast. October

Etonic Offers Pros Course in Selling

The Charles A. Eaton Co., Brockton, Mass., has announced a new "Golf Professional Course in Soft Goods Merchandising," a correspondence course in six lessons now open for enrollment to all pros, shop managers and assistants.

The course covers all phases of soft goods merchandising: publicity, promotion, advertising, selling techniques, information on textiles and leathers, apparel and shoe construction, shop management principles, and public relations.

A tuition fee of \$25 per student will be refunded as a credit toward purchase of Etonic merchandise, upon successful completion of the course. Graduates will also receive a diploma suitable for wall mounting. Registration forms are available from Etonic salesmen, or from Charles A. Eaton Co., Brockton, Mass.

The student may send a check for the tuition with his registration form, or ask Eaton to bill his account. By return mail he will receive a leatherette binder containing Lesson One and a Test Page consisting of 25 true-or-false and multiple choice questions.

profit of \$1,400 wipes out the small September loss and you are home free with \$19,900 in the bank for the season, along with your original \$3,500 investment.

You did not have to touch your original investment of \$3,500 until the end of June when you had to spend \$1,000 of it. The next and final draw from this nest egg came on July 31 and was \$2,450. After using this money for only two months your entire original investment of \$3,500 is recovered and you are in the black to stay.

These figures should prove that it makes sense to budget for bigger profits. •

FIGURE 4

	Apr.	May	June	July	Aug.	Sept.	Oct.
Income	\$5,700	\$11,500	\$19,500	\$28,000	\$27,500	\$16,500	\$5,300
Expense	3,900	6,000	27,800	30,450	4,200	17,850	3,900
Monthly—Profit-Loss	+1,800	+5,500	-8,300	-2,450	+23,300	-1,350	+1,400
Accumulated Total	+1,800	+7,300	-1,000	-3,450	+19,850	+18,500	+19,900