

BANK BACKUP

GOLFDOM interviews two officers of Chemical Bank about banking aids to the professional and the introduction of bank credit cards in the pro shop

Wrestling with financial matters in the operation of a shop has by now become a traditional burden for the professional. Keeping a good credit rating, paying bills within the stipulated time for a discount, keeping track of accounts receivable—these are just a few of the headaches that many pros feel they must live with as long as they are in business. But for many pros there may be some relief. Banks in recent years have broadened the scope of their services, and it is worth the professional's time to consult with his bank on aids which may be suited to his needs.

Realizing the possibilities of banking aids for the pro, GOLFDOM interviewed Thomas McCullough, vice president, Chemical Bank, and A. V. Canino, assistant vice president, Chemical Bank. Both were well received at a recent educational forum of the Professional Golfers' Assn. Metropolitan Section.

GOLFDOM: In general, what are some of the banking services available to the professional to aid him in keeping his finances in order?

McCullough: One thing that comes most immediately to mind, outside of normal checking accounts, is the overdraft banking plan offered by a number of banks. Ours is called Privilege Checking. Basically, it is an arrangement whereby the checking account becomes a loan account if you write a check that overdraws your account. The bank sets a limit on the account, which might be \$5,000, \$10,000 or perhaps \$15,000. I think this would be useful to the professional if he wanted to buy some merchandise and didn't have enough money in his account to cover it. He would write the check to pay for the merchandise, and the check would be good. Also the professional would not lose out on the supplier's discount for payment

within a stipulated time period.

The professional then would have the merchandise in his shop, and with part of the proceeds from his sales, repay the loan.

GOLFDOM: What would this service cost the professional?

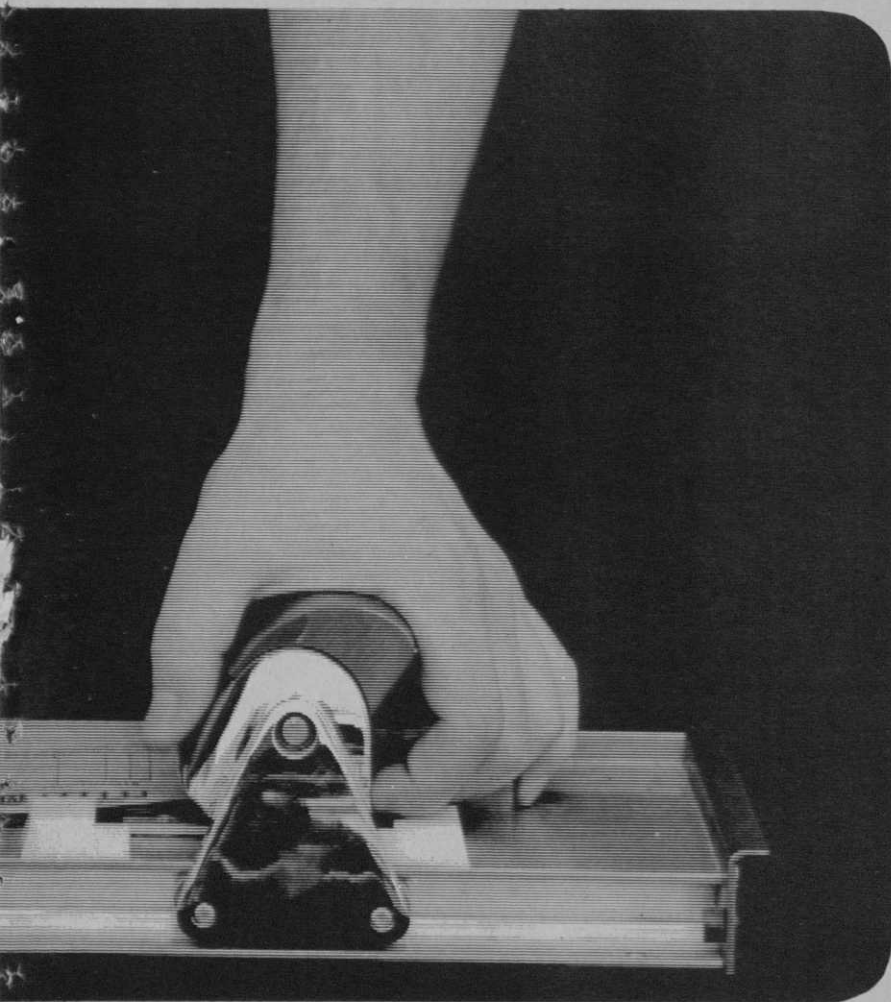
McCullough: I believe the cost is usually 1 per cent a month on the balance outstanding. This isn't much more than any other type of financing—it would have the same rate on it. However, with a regular loan, he has the inconvenience of going to the bank and arranging for the loan. For instance, the traditional loan is a 90-day note whereby the pro goes to his bank and explains that he needs a certain amount of money for a period of time. The bank approves and they agree on what collateral he leaves with the bank—either stock exchange collateral or perhaps a savings passbook. The loan could

be unsecured too, of course. The pro executes the note, leaves it with the bank and they pay the money into his checking account. After the lapse of 90 days, the bank expects him to repay the full loan. Now if the merchant had occasion to repay the loan before the 90 days, he would pay the money to his bank and go in and explain that he was repaying the loan before the 90 days had expired, and they would probably re-compute the interest and charge him, let's say, for 40 days instead of 90.

The Privilege Checking type of loan is all automatic. He's arranged it beforehand and he has the freedom to purchase merchandise on the spot.

Canino: With a bank credit card relationship, such as Master Charge, I think the probability of the professional's having to borrow would be cut down considerably. When he makes a credit card sale,





and he deposits the sales slip in his bank, he has the cash immediately. He would have fewer headaches about receiving payment from those whom he now bills.

GOLFDOM: What is the charge to the professional as a participant in a bank credit card program?

Canino: He pays a discount on each sale he makes to someone carrying a Master Charge, Bank Americard, Unicard or some other bank credit card. He pays the discount to his bank when he deposits the sales slip.

GOLFDOM: Some people in the industry think that by accepting various credit cards the pro could very well become bogged down with more paper work.

McCullough: Perhaps, they are thinking about paper work involved in computing the discount on each sale in order to deposit on

a net basis. It is possible that a professional then could be making more paper work for himself. Because when he makes a sale on a credit card, say for \$100, he makes out a sales slip for that amount, then writes on it "less \$2 commission." He deposits the slip with the bank, and the bank credits his account \$98. He then must remember or note, "I made a \$100 sale but I had an expense of \$2 so the bank only credits me \$98."

Now if he chooses to do it that way, the paper work is increased, but that isn't the way it is ordinarily done with Master Charge. Usually it's very simple. He deposits the \$100 sales slip, he gets credit for \$100 and at the end of the month the bank sends him a statement that says you made this many deposits for this much money. The discount was "X" amount of dollars and that's what was charged to your account.

GOLFDOM: Is this system of crediting the full amount of the sale and charging the discount at the end of the month the norm among various bank credit card plans?

Canino: Chemical Bank uses it. However, many of the plans, I would say, require the merchant to deduct the discount when he makes the deposit. This might be considered by some to be additional paper work. But that phrase is a frightening one and I think it's often the subject of unnecessary concern. Yes, there is additional paper work with such a bank credit card plan, but you have to weigh this disadvantage against the advantages of fewer collection problems, no risk in collection, fewer records as far as accounts receivable are concerned, and the assurance of having a cash sale right then and there. These are the important things to consider.

GOLFDOM: Do you think the pro shop clientele will welcome the introduction of bank credit card programs?

McCullough: You find that a lot of golfers are older people and they probably have the idea that the bank charge card is something new and bad, and that "I've always paid cash and I always will pay cash."

Times have changed, however, and no longer is everything bought with cash. There is nothing wrong with a credit card. It's a valuable asset and a great convenience. And the people who tend to think it is a bad thing that causes debt should remember that nobody goes unwillingly into debt with a credit card.

GOLFDOM: Members at private clubs often have accounts with their professionals. They'll walk in, take a dozen balls and merely tell the pro to charge their accounts. No money changes hands, and even if they have credit cards in their pockets, they would not be likely to use them because they are accus-

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MAPLES

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Healthy trees can be protected by trenching between diseased and healthy trees using a small trenching machine of the kind used in laying irrigation and telephone lines. It is desirable to trench about half way between a diseased oak and all contiguous healthy trees. Such trenching should be done as soon as the disease is discovered. The trench should be from two to three feet deep in most soils. By severing the roots, the natural pathway for the fungus to pass through is destroyed. Once the roots are severed the trench can be immediately filled.

After the trenching has been accomplished, the diseased tree should be removed to prevent insects from transmitting the fungus to healthy trees. The entire trunk and branches should be removed and burned. The wood should not be stored for firewood unless all bark has been removed.

The oak wilt fungus forms a

fungus mat between the bark and wood. Cracks in the bark form over these aromatic fungus mats, and insects, often referred to as picnic beetles, are attracted to the fungus. This type of insect is also attracted to fresh wounds made on healthy trees. When the insects have eaten the fungus growth, they leave and carry microscopic spores to other tree wounds they may visit. For this reason, immediately paint all natural or man-made wounds with a tree-wound dressing to prevent infection. Oaks in areas where the disease may be prevalent should be pruned when the trees are dormant and there is no insect activity. □

Dr. Himlick has been a research pathologist at the Illinois Natural History Survey in Urbana for the past 18 years. Much of his research has been on vascular wilt diseases, leaf diseases and various physiological problems of forest and shade trees.

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tomed to this "account" arrangement. Periodically, he must bill them for the merchandise. This, of course, is not good for the professional, because it doesn't provide him with the ready cash when he needs it. What might the professional do to break down this traditional system at country clubs without offending the members whose good will is necessary to the success of his business?

McCullough: I think there is a prestige problem. If it's a private club, there is little likelihood that the pro can break traditional custom down. He can introduce a banking credit card plan and tactfully publicize it, but he cannot in any way imply that he prefers not to extend credit to his member cus-

tomers. But I think the charge card is particularly suited to public, semi-private and resort courses. It also could work well at private clubs where there might be many guests.

GOLFDOM: Actually, the bank credit card may be new to the pro shop, but to their customers, it probably is common.

McCullough: That's right. Some 50 million people carry one or the other, or both, of the major bank credit cards—among them many golfers. They already are accustomed to using them. In pro shops that accepted the cards, these people might be more inclined toward impulse buying or purchasing more expensive items than they would if they had to pay cash. □