

GOLFDOM SPEAKS OUT

The Mill River Formula

The article on golf professional Ray Montgomery and his unique Mill River Club operation is, in our opinion, one of the most important and significant GOLFDOM has ever published. This is so, not only because of the potential effect upon the professional of the Mill River plan, but also because of its effect upon the membership and club finances.

Ray Montgomery points out things we already know, but which bear continual repetition because of their importance.

- Twenty to 25 per cent of a club's membership accounts for 75 to 80 per cent of the pro shop's total sales.

- The remainder of the membership usually buys the bulk of their requirements at discount houses, department stores or specialty shops, depending upon the item.

As a result a pro today is hard pressed, even at the more exclusive (expensive) clubs, to run a profitable shop. Frequently, it may only be his participation in golf car revenues that bails him out.

Because of the buying patterns at most clubs—20 per cent of the membership buying 80 per cent of the merchandise—the pro finds himself in a bind. Because he can't sell enough he can't buy enough, and because he can't buy enough he can't attain a maximum sale. He cannot stock his shop in depth because he lacks the quick turnover which would give him the cash flow necessary to do this.

Ray Montgomery seems to have come up with an answer, and we urge you to read the article, starting on page 52, very carefully. Boiled down, Montgomery's proposal calls for a club to write into its rules a plan which would have every Class "A" member pay the

pro a fixed amount per year—enough, when combined with his other income from club cleaning and storage and range fees, to insure him a fair annual wage. In return for this fee, the pro would establish what is in effect a co-op. He would sell his merchandise to his members and their families at his cost, plus a 10 per cent markup and a 5 per cent freight/handling charge. Thus, under the arrangement, a \$100 item, if bought by the pro for \$60, would cost the member \$69.

This simple plan should be welcomed not only by pros, but also by clubs and their memberships alike. Everyone loves a bargain. Everyone loves to "buy wholesale." Well, here is a way to do it and still get the finest merchandise, plus the personalized service of the pro. Here at last is a way to combat the discount store. Manufacturers should welcome such a development because it means selling their merchandise at regular prices to the pro, and selling more than ever before. *Montgomery points out that his gross income is up over 100 per cent since he instituted the plan.*

The members should welcome the plan because it means that they no longer have to buy "downtown," no longer have to sneak around the pro shop, no longer have to avoid the pro because they don't patronize him. The pro, of course, should be the plan's biggest booster. Not only would he have a greater measure of security, but he would still retain his initiative and incentive, because the more money he grosses the more he earns. With greater traffic and quicker turnover, he can stock his pro shop in greater depth, making it possible to give better service to

his members. And the club stands to gain because of a better served membership, and also because the plan assures the pro of a better income from his shop operation. This makes for a happier pro and, therefore, a better pro. And with the pro's income set upon a sound basis, the club can more readily take over a larger share of the responsibility for golf cars. We are all aware that this is already a strong trend largely due to the ever-increasing needs of clubs for additional revenues. But up until now the pro has needed this income in order to make a decent living.

There are, of course, many roads to Rome and what may be good for the strictly private club may, or may not, be applicable to a professional operating out of a municipal or daily fee setup. Still, it seems reasonable to suppose that such pros might be able to develop a plan comparable or parallel to the Mill River scheme. Certainly, such pros should have no fear that their customers will flock to private clubs offering low markup merchandise. The Mill River formula is perfectly clear on one point: the specially priced merchandise is available to bona fide members only; guests, friends and outsiders cannot purchase merchandise at plan prices.

We at GOLFDOM feel that the Mill River plan has great promise. We urge the Professional Golfers' Assn., club officials and in fact the entire industry to study it carefully; and, if no fatal flaws develop, to support it enthusiastically. It isn't very often that a program can be developed which is good for all and bad for none.

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