

SELL YOUR BUDGET

by JERRY CLAUSSEN

GOLF SERVICES MANAGER, PHELPS, BRAUER & ASSOCIATES
LAKEWOOD, COLORADO

Preparing the budget is only half the battle. The other half is selling it to club officials

Okay, so it's budget making time again. You and your accountant have records of where the money came from and where it went, this year and last year. You know that your costs of doing business keep going up.

There's higher operating costs to contend with and probably some capital improvements to be made. Maybe it's about time to paint the clubhouse, modernize the kitchen, buy 10 more golf cars, replace a tractor and add a triplex greensmower for the golf course and rebuild the green that always dies in the August heat.

Will the ownership buy those things and dare to increase dues or green fees to pay for them? Maybe, maybe not. Not all clubs and boards are alike. They may need convincing. You have to sell them.

Of course, selling yourself and your management policies and new ideas for a better club goes on all the time. It's a continual exercise in human relations. But budget time is the showdown for measuring what you've been doing with the money. Your budget presentation must show where the club is and where it's going.

Again, no two clubs and their budgets are alike. You have to know your own operation. Don't compare it with someone else's club; defend what you're doing on its own merits.

Remember the philosophy of the club makes a difference in the budget and priorities. Just consider the variety of golf facilities in this country: member-owned private clubs; corporation-owned private clubs; privately-owned daily fee; resort; municipal; military; university and industrial. Each operates under a different philosophy with different administrative structures and goals. The private club spectrum alone includes old

and new, large and small memberships, golf-only or family recreation, high and low dues and golf courses ranging from nine to 54 holes.

Differences among golf courses may often account for big differences in budgets. For example, the size of the labor force depends on climate, location, local wage rates, standards desired, type of watering system, equipment, strains of grass, whether the course is tree-covered or open, size of greens and tees and number of traps. For 18 holes these factors may produce a maintenance budget ranging from \$40,000 to \$200,000.

Many of the decisions within this range are shaped by policy or club philosophy. That's the way it should be. The budget is merely a means to an end; it does not decide policy by itself.

Putting together a detailed budget proposal is work, but the document can be important to the club as a management guide. In that sense, the process can be at least as

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important as the product, because it makes management plan. Some other advantages of producing a formal budget are:

1. To help fix authority and responsibility among key staff members, club officers and committee chairmen or owners;
2. To provide an organized means of communication between key management people and owners;
3. To measure the club's operation and management, thus making possible consideration of new ideas and improvements;
4. To help educate new board members and committeemen in the operation, policies and finances of the club;
5. To help define long-range objectives;
6. To create a shield against naive or irresponsible fiscal policies.

If you know your board or ownership at all, you can anticipate what they will want to know and what they ought to know. As you start putting together the budget, ask yourself and other department heads:

- ☐ Will last year's standards of operation and physical plant be good enough next year?
- ☐ What will be needed to correct the major problems left from last season?
- ☐ What improvements should you recommend?
- ☐ What improvements might the ownership, board and membership want most?
- ☐ What is the current financial status of the club and the outlook for the coming year?
- ☐ What major expense items are going to increase significantly?
- ☐ Is any new Federal, state or local law or regulation going to affect the cost picture?
- ☐ What methods can be used to manage the operations more efficiently next year?

Putting together the figures, estimates and new ideas for the upcoming year should be a team effort. Every key person in the club—from owner to accountant to chef—can contribute. If they have to live with the budget later, then they should participate now. If you plan with people, selling the plan later on is much easier.

The actual budget document you present to the board or ownership ought to answer all the above questions and more.

It should include actual expenses from the previous year and the current year. It ought to estimate every category for the coming year, with good reasons for any major increase. It should include projected income and sources to balance expenses and include what you intend to do about any big profit or loss.

A separate section for capital improvements should indicate priorities, what has been spent previously on that category and what it will probably cost to finish the job.

Repeating: Every major line item should be accompanied by a written explanation of where the money goes, why and whether the trend is up, down or static. Emphasize the positive. Tell what the money has done and will do for the club and members or golfers.

Give yourself plenty of time to meet with department heads, check past records, get demonstrations of new equipment and just think. Then, when the budget proposal is ready on paper, schedule a formal presentation meeting. Here are tips on being prepared for that:

1. Select a meeting place and time convenient to the group. The room should be large enough to be comfortable, well-lighted and ventilated, have proper furniture for a group meeting and be free from any distractions;
2. Duplicate the proposed budget or at least a summary, then send it out with a written notice of the meeting 10 to 14 days ahead of the meeting. The notice should list date, time and place and agenda and be personally signed by you or the meeting chairman. Urge the board or committee members to study the budget in advance and call you ahead of time with their questions;
3. If the decision-making group is more than just one owner, follow up the mailing about three to five days ahead of the meeting by calling each participant. Make sure he got the copy of the budget and gently remind him to study it or ask you questions right then;
4. Spend some personal time in the final few days with the meeting

chairman—owner, club president or director—to make sure he understands the budget document, the process, the philosophy and answers to the tough questions;

6. Don't hesitate to use visual aids: charts or graphs showing cost trends, blackboard sketches to introduce a new process or capital plant, a guest expert to testify on why a new idea will pay off.

After the meeting, don't forget to send a copy of the final approved/amended budget to those who participated in the process, plus any other officials who should be informed.

Finally here are some very important don'ts to remember:

- ☐ Don't just put figures together by adding 10 per cent to last year's budget or actual expenses. Maybe some agencies work that way, but most hard-headed businessmen won't buy that approach;
- ☐ Don't just toss in contingency factors because you're afraid to predict how well you can manage. A contingency or emergency fund as a separate item may be all right, if you're figuring to get hit with a fire, flood or excessive vandalism next year;
- ☐ Don't try to con anybody with a flashy sales talk not backed by lots of homework and facts. You will be judged on what you are, what you do and the results, not by what you promise;
- ☐ Don't play off one person or group against another. A club is too small a battlefield and budget planning is much too serious to play politics. You need everybody's help and trust in equal amounts, if that's possible;
- ☐ Don't assume that any board member knows or cares about the details of club operation. Members and golfers always take a fragmented view of things, depending on their interests and time involved. But a conscientious board member always has the right to ask why, and you better be able to answer.

Budget requests usually fail because the management team either doesn't put together a salable product or does a poor selling job. If you do your homework and make it easy for your bosses to say yes, you will find that selling a budget is easy. ☐