GOLFDOM canvasses the industry to find the real story on pro credit. "Forty percent of our accounts are over 90 days," one pro-only supplier says. "It's the worst I've seen things in 19 years," adds another.

PRO CREDIT: ARE YOU A BAD RISK?

Twenty percent, or 2,236 pro shop accounts, are currently more than 90 days past due, according to the industry's chief credit rating source. Of the 10,700 pro accounts this agency handles, 4,392 are more than 30 days past their due dates. Four percent, or 533 accounts, are placed in collection.

Hugh Procuniar, Jr., vice-president of the Sporting

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Goods Industries Clearing House, provided these statistics on request from GOLFDOM. His agency accumulates credit ratings from manufacturers in golf business, who pay for the overall rating service.

Tight money has forced credit ratings for some pros substantially lower this year. And a number of credit managers feel the situation will get worse as the selling season continues.

GOLFDOM recently interviewed executives and credit managers with manufacturers who sell to the pros and country clubs, asking their appraisal of the credit situation and prospects for the remainder of 1975.

Credit and cash flow it seems are not predicated on just the ability of the pro to pay, but on the ability to pay promptly. There never has been a doubt that the majority of the pros mean to pay their bills, but most credit officials in golf business would agree that there is a world of difference between a discount account and one that is four months overdue.

At the Dorset Corporation, Vice-President of Sales and Marketing Al Wiswell says between 30 and 40 percent of all of Dorset's receivables are now over 90 days.

"I think that many of the companies in this industry are becoming victims of our own dating policies," he told GOLFDOM. "There might have to be a reevaluation of credit theories across the industry. I just hope the day never comes when the pro is expected to pay C.O.D."

Indications from most of Dorset's accounts is that the credit problem might be cleared away by summer, but Wiswell thinks that, in general, receivables are taking longer to collect. "We feel everyone in the industry deserves to get paid in a reasonable amount of time," he added.

Many credit people in golf business feel that there are still communication stumbling blocks between them and their accounts. One credit manager said that all the pro has to do is pick up the phone and tell the companies that they are having a hard time selling merchandise and may be late on payment.

In essence, all most manufacturers want from their late accounts is just to know what's happening. Most people in the business have noted that no one gains from having a collection agency step in and try to pry money out of an account.

Credit personnel say most pros don't realize how much it costs to collect late accounts. The monitoring process of delinquent accounts can often cost a supplier from 3 to 12 percent in additional charges. Writing letters, sending additional statements and possibly making long distance calls are all included in this.

As far as the credit climate for 1975 is concerned, there are as many views on the subject, as there are manufacturers.

Allan Solheim of the Karsten Manufacturing Corporation, makers of Ping clubs, said his company's credit terms are getting tighter for the pro, but orders are coming in smoothly and payments are being made without too much worry in the credit department. To reinforce those beliefs, Karsten plans to double its production capabilities by building another plant at its Phoenix base.

Lynx Precision Golf Equipment also points to its success on paper. The California firm is currently enjoying substantial business and according to credit manager Bob McNeese, the bills are being paid on time.

"Our new business is just excellent," he said, "Right now, I think we're in a very enviable position. There aren't too many people in the industry that can say that."

"We're in a boon situation. We're 60 to 90 days back-ordered on every model. Pros want our merchandise and if people want your merchandise, they'll pay you before someone else," McNeese observed, looking over his balance sheets.

Handling more than 7,000 accounts, McNeese maintains that the delinquency rate is low in his operation, as Lynx has made a dramatic increase in profit over the last year.

It is much the same story at the Wilson Sporting Goods Company. As one of the largest equipment manufacturers in the industry, Wilson is having another good year, although credit officials are watching over their accounts more closely than usual.

Pro Golf Division Manager Ken Coleman told GOLFDOM things look great for '75, but the volume of orders from many pros is the same or lower than a year ago. "We're looking at all aspects of our business much closer this year and that includes credit," Coleman said.

In general, there is a prevailing attitude among manufacturers that things are slowing down, delinquent accounts are getting more attention and field salesmen are being pressured to sell to their better accounts.

Pro-Dyn Inc. doesn't anticipate a credit problem either this year. Company president Frank Koegle thinks things will be fine for the selling season. "There are a lot of variables that influence economics. Believe it or not, one of them is the weather.

"More than anything else, the problem with pro credit today is there isn't enough communication. When I don't hear anything from out there, I get nervous," he said.

Koegle says that dating practices for payment are the root of pro credit's evil.

"There isn't enough discounting made to get pros to pay their bills faster. For instance, we give a five percent discount for 10 days, E.O.M. (End of Month). We think that type of system works best to get people to pay us, as soon as possible."

For years, some pros have failed to pay their bills on time and Koegle attributes this to an attitude that many pros are golfers first, and businessmen second. "A big part of their business is to sell merchandise. Too many wait until their customers come in to buy clubs, to sell them. Pros need to promote their own business better."

At Acushnet Sales Company, credit manager Ray Atwood is a 19-year veteran of the pro credit wars and says flatly, "things are the worst I've seen them here."

"Pros tell me that it's going to be a great year, but right now, the boys are short on cash and I'm stuck with a lot of post-dated checks." One thing Atwood always had in his favor in dealing with accounts, interestingly enough, is one of his company's own products, the best selling ball on the market.

"It's great to have something like that going for you, but things are still tough and now we have a club and bag line that is right in there competing with everybody else," he said. Of the 12,000 accounts that Acushnet handles, Atwood reported 20 percent of that number are 60 to 90 day accounts and receivables over 90 days are at a minimal stage.

Smaller orders are a problem at Ram Golf Corporation, according to credit manager Don Normandt. Times are good for the Elk Grove Village, Ill., company, but like his colleagues, Normandt is keeping his fingers crossed that the current situation won't change.

"Our accounts are pretty well paid up, but the pros are ordering a little more cautiously this year.

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Delinquency for receivables from 60 to 90 days is around 17 percent of our total," he said. On his own philosophy of credit, Normandt feels that a pro who can buy in volume, pay promptly within 60 days and purchase high lines of merchandise is a good risk.

Credit manager Dick Peterson at MacGregor Golf says: "I've heard some pros say they are having trouble getting payment from their members already this year and that concerns me."

As far as delinquent accounts over 90 days are concerned, MacGregor has between 1½ to 2 percent of its some 7,000 pro accounts in that range.

Owned by the parent Brunswick Corporation, MacGregor can readily compare its credit standings in golf business to that of its ski division and its bowling line. Peterson said that the ski equipment industry is now experiencing credit headaches, while the bowling section was one of the more stable in the corporation. Interestingly enough, the entire ski equipment industry is involved in a severe credit crunch.

Not too long ago, one company in that industry experienced 90-day receivables that amounted to $25-million. This alarming figure forced one firm to demand C.O.D. payments from shops that had a history of poor credit.

Miller Golf, Randolph, Mass., a manufacturer of bag tags, tournament awards, tee prizes and other accessories, was asked to comment on the golf business credit situation.

Madge Dwight, in charge of credit accounts for Miller, says receivables have slowed down so far this year. "Many accounts are dropping a step in our ratings. For example, from discount to prompt," she said. Miller believes deeply in the industry ratings it receives. If a pro is too new for a rating, Dwight usually assigns a credit line of $200.

In charge of credit management for Cushman golf cars and Ryan turf equipment, OMC-Lincoln's Leroy Christianson looks at a stable situation in his part of the market. "Right now, '75 looks like a good year. Our return from receivables is up."

Cushman and Ryan deal through distributors and dealers to get their products on the market and Christianson said there isn't a problem in collecting through this system. There are indications, though, he said, that distributors and dealers are beginning to have trouble collecting from their accounts.

If any one group has its hand on the pulse of credit in the industry, it's the Sporting Goods Industries Clearing House in Chicago. This nationwide credit service rates more than 10,700 pros and country clubs by accumulating a consensus of ratings from the specific manufacturers' credit departments.

Each year in February, every account is published and sent to Clearing House's "subscribers", who pay $245 for the rating book. There is little doubt that just about every manufacturer is a subscriber.

"All we do is take in the ratings that the manufacturers give us and average them out," said SGICH's Procuniar. Besides the averages, SGICH offers its customers a lot more, including complete current credit reports, mailing lists, shopping guides for the pro, free demand service toward collecting delinquent accounts and a collection service that offers, "the greatest possible speed and efficiency, at the lowest possible cost."

In addition to the annual rating book, four quarterly supplements go out to the subscribers. In this way, credit offices can keep abreast of the changes that might occur on accounts.

Procuniar and his staff deal only in the golf industry, despite the title of the 48-year-old Clearing House. The concern is a division of Credit Exchange, Inc., a New York based operation that deals in credit ratings for retailers in the consumer apparel business. Even though, there is a difference between the two industries, there are some comparisons which can be made.

"This is a critical year for credit," commented Bernard Fridelson, a spokesman for Credit Exchange, "One of the biggest problems that the pros face is that they are having a hard time collecting from their own memberships."

Fridelson noted that pros have historically had trouble paying their bills over the long run, because so many of them are under-capitalized.

With this in mind, Fridelson feels that the overall credit picture of the pro shop is improving. "It's taken a lot of hard work, but we are finally getting pros to realize what credit means to them. Through an educational program that the Clearing House set up, the professionals tell us more about their credit problems and we have tried to help them understand ours."

Based on the '74 ratings established by SGICH, it would seem that there are fewer good ratings than the year before and fewer discount accounts. In the SGICH's rating scale of six different categories with the best "discount", some pros conceivably could drop a notch this season.

Combining the ratings with a solicited business questionnaire from the pro, SGICH can compile a credit profile. Each year, the organization attempts to find out the pro's assets, liabilities, notes payable and personal loans. By this method, the Clearing House can gauge a pro's working capital.

Whether the problem is a lack of capital, inadequate discount encouragement, or a delinquent membership, some pros have jeopardized their credit standing. Manufacturers, fearing smaller orders and collection expenses, appear hesitant to make changes in credit policy.

One pro supplier explains it this way: "When cash flow is adequate and credit is not a problem, this whole subject (promptness) has far less significance than when problems force companies to change and adjust policies in order to meet changing times. The industry is going through just such a reappraisal now, and old policies seem to be going through a fine tuning which tries to balance the competitive factors of business against the objectives of sound fiscal management."

Changes in credit policy, if made singularly, have sizable affects on a company's competitive position. Any credit changes need to be made industry-wide in order to assure equitable results. Such cooperation on the part of manufacturers may approach coercion in the eyes of government.

The pro credit situation warrants extensive discussion by the industry at conferences. It has become an industry problem. □