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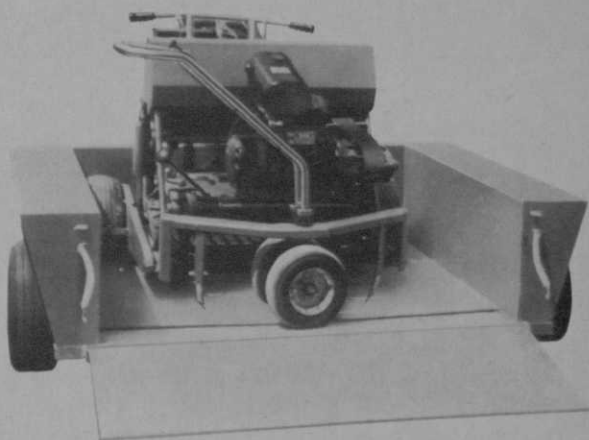
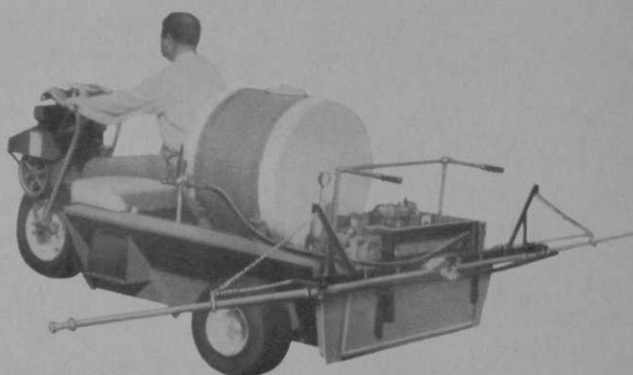
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# When, What Wage Laws Apply to You

By WILLIAM LOOMIS

Unfair labor practices can cost a club thousands of dollars in back wages. Ignorance of the changes in the labor law is no excuse, according to the Labor Department



**T**HERE have been some important changes in recent years in the Federal laws governing the way employees of establishments such as golf and country clubs must be paid whether they are salaried or on hourly schedules. But recent hassles between the Labor Department and certain clubs indicate that management may not be fully aware of what has taken place. However, Federal officials point out that ignorance of the changes will be no defense if a disgruntled employee hauls a club before the Labor Department and possibly into court.

Most importantly, the amount of sales a club must have annually to come under the Federal minimum wage laws has been dropping. Before February, 1967, the total was \$1 million. On that date it dropped to \$500,000. But on February 1, 1969, the total was lowered to only \$250,000.

In addition, it is now almost painfully simple for the Government to include a club under these standards. To qualify, a club has to have only two employees handling goods that have moved in interstate commerce at some time

before arriving at the club. If any two employees handle these goods, all employees are covered by Federal wage standards.

If the club is covered by these laws, the Federal minimum wage applies. For most workers, the hourly Federal minimum is \$1.60. Kitchen workers and some other groups get \$1.45. In most cases, the standard work week is 40 hours, although there are some exceptions where 48 hours or some such figure applies. Beyond that point time and a half must be paid.

**I**N addition, the law is very strict about putting workers on salary to get around paying minimum wages and overtime. On occasion, the Labor Department has turned up cases where a club has put all maintenance workers on straight salary and had them work seven days a week—at pay far below the minimum wage plus overtime. Under the law, this is illegal.

Labor Department officials point out that any salary paid a worker covered by Federal minimum wage laws—using the gross sales minimum and interstate handling provisions—must be paid as much as he would have received if he were paid the hourly Federal minimum wage.

For example, if a worker is due overtime after 40 hours, he must be paid \$1.60 hourly up to 40 hours and \$2.40 above that. If the same worker is being paid a straight salary it would have to equal the \$1.60 per hour and the additional overtime amount if he works more than the standard work week. This includes workers who may be away from the club. Says one manager, "If anyone is away from the building for a day, you must show payment for it. If the pro goes on a trip for a pro-member tournament and he isn't getting paid from any other source, that whole time is *our* time and we have to pay him straight time and overtime."

**T**HERE have not been many of these cases brought to court. Officials say that most establishments change their methods of compensation once they have been investigated. But one important exception is Deane Hill CC, Knoxville, Tenn. The club fought the Labor Department on several grounds in the U.S. District Court for Eastern Tennessee.



The case involved compensation of more than a dozen employees by methods not approved under the Federal Fair Labor Standards Act. But the club said it was not covered by the act for the year 1967 when the sales minimum was still \$500,000.

Club lawyers argued that the club was exempt from the law because its revenues for the year were \$497,762. The club did not include in its revenues sales of the pro shop, golf car rentals and the like, listing them as private contractors. But the Court held that these goods and services were actually sold and financed by the club or its members and should be included in total revenues. This pushed the club

above the \$500,000 cut-off point.

The Court also ruled against the club on the matter of handling interstate merchandise. Even though most of Deane Hill's goods were bought from local distributors, the Court found that a large part of the goods had moved in interstate commerce before reaching the distributors. This was sufficient to satisfy the test, the Court said.

Having determined that the club was covered by Federal wage laws, it ruled that the club had failed to pay the applicable minimum wage or overtime to many employees. There were no records of hours worked for 10 employees, although payroll records showed the amount they were paid. Other workers were simply not being paid enough, according to the ruling handed down on September 26, 1969.

The case resulted from a complaint to the Labor Department about the way the club was paying its workers. The challenge was filed by Labor Department secretary George Shultz.

#### **What Federal fair employment laws cover:**

- Any golf club involved in interstate commerce with an annual gross sales of at least \$250,000
- Interstate commerce means having at least two employees that handle goods that have moved from one state to another
- Under Federal law, interstate commerce means goods of any sort that at some point in their manufacture or distribution through wholesalers and the like have gone across a state line
- Clubs covered by the law must pay Federal minimum wages of \$1.60 for most workers and \$1.45 for occupations such as kitchen workers
- Workers must be paid time and a half if they work more than the officially allowed Federal work week for their type of job. Most work weeks are 40 hours but some are 48
- Clubs cannot get around the Federal laws by paying workers straight salaries for the time they work. If a worker is on salary he must make as much as he would if he were paid the Federal hourly minimum. If a worker works overtime on salary he must make as much money as he would using the Federal scale for overtime
- A club in computing its gross sales must include the pro shop, golf car rentals and the like unless they are operated strictly independently of the club
- If a club does business with any of its members as suppliers, a close check must be made to assure that the results of the business transactions will not directly benefit the club—if they do this is apt to be ruled as part of the club's gross sales

**T**HERE are several ways a club might suddenly find itself being investigated by the Labor Department.

An employee or his representative may complain to the Labor Department's Wage & Hour Division. Another club with higher labor costs may complain. Or the Labor Department might start looking into an industry if officials feel, as one says, "we have sufficient general knowledge of the industry to believe a substantial portion of the members of that industry are not in compliance."

One midwestern manager puts it this way: "What it gets down to is that you need an hourly rate for anybody working for the club for over 40 hours. Then you must make sure you're paying them at a rate one and one-half times that for anything over 40 hours a week."

Dean Hill subsequently took its case to the 6th Circuit Court, which voted two to one against the club. Now the case has been appealed to the U.S. Supreme Court. However, no decision has been made as yet to hear the case or not.

A check of Labor Department officials in Washington and around the country shows no indication at this time that the Government is planning any specific crackdown on clubs.

But that does not rule out unannounced investigations of a specific club from time to time as well as investigations of workers' complaints. "I know it sounds corny," says one Washington official, "but the best way for a club to stay out of trouble is to check its operations against the laws. If the basic criteria covers club operations, the wisest thing to do is pay the proper minimums and avoid possible embarrassment." □

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No longer the exclusive domain of large retail outlets, the computer is available to the pro shop at a cost the pro can afford

By WILLIAM DAY

# COMPUTERS COME TO THE PRO SHOP

**I**N the modern space age, where computers are used for everything from sending men to the moon to feeding chickens, many people are asking: When can the computer help me in my business? For the pro shop manager the time is now.

For many years large retail outlets such as Sears Roebuck and Company have used the computer to sophisticate their marketing techniques and record keeping. Because they could afford to hire a computer technologist and buy computers costing in the millions, they had a large advantage over the small competing operator. As computers became more widespread and the demand for the speed and economy they provide increased, computer service companies were formed to cater to the needs of the specialized small business as well. And at a cost they could afford!

There are three firms now providing computer services tailored to the pro shop. One is D.C.S. Computer Services, Inc. Its new system, called Sportmate, is a fully computerized accounts receivable program for the pro shop.

The Sportmate system gives the pro shop manager a self-addressed statement ready for mailing for each month, plus a customer ledger card showing sales and credits for each customer. It also provides a 12-month sales and credit analysis.

The system utilizes two IBM 360 computers which are worth over three-quarters of a million dollars each and are housed at the company's headquarters in New York City. Jim Mongno, vice president, notes that the sophistication of the 360s will be able to give the pro shop manager a listing of outstanding accounts receivable for 30, 60 and 90 days, plus credit limitations and comparative sales analyses. "With this type of record keeping," Mongno comments, "the pro shop will be able to tell who's giving you the business and who's giving you the 'business!'"

Also available from Sportmate is a list of sales commissions, management analyses and perpetual inventory reports. According to Mongno, the system improves the shop's cash flow as it enables statements to be processed and paid at a much faster rate. It also





gives the shop accurate accounts billing without taking up valuable time. Information that is needed can be filled out on a special sales card by the salesman and mailed to the Sportmate office each day.

The Sportmate system now covers the New York metropolitan area. Mongno told GOLFDOM that he expects the system to expand to other parts of the country by next year.

Service charge is based on exact needs and volume. According to Mongno, the usual fee for the service works out to be a few pennies per statement processed. D.C.S. Computer Service is located at 19 Rector St., New York, N. Y. 10006.

SMART, Inc., New Canaan, Conn., will soon begin to cater to the pro shop business needs as well.

The SMART system is based on a computerized tabulation of sales slips, designed to be read by an optical character reader, a machine which collects and stores sales information. The slips are filled out by sales clerks at the point of purchase. Sales data includes the number of sales for the clerk, the purchased item, the quantity and price plus other pertinent information such as whether the transaction was by cash, charge, return, balance due or trade in.

The system assigns a special number to each piece of merchandise carried by the shop. When the merchandise is sold the number is recorded on the SMART sales slip. Then the information is tabulated and returned to the pro shop together with the additional information regarding sales, inventory and salesmen production.

Every two weeks SMART sends the pro shop a summary of the past 14 days' sales activities and a breakdown of merchandise according to brand and category. With this infor-

mation the manager can tell at a glance what has sold in the last two weeks and who has sold it. The summary also indicates the number of merchandise units and dollar volume sold for each category in that two-week period as well as the total number of units sold and dollar volume to date.

The system is currently working in 24 ski shops. Jim Spring, president of SMART, told GOLFDOM that he hopes to have a system going for the pro shop this fall.

One retailer, who is sold on the SMART system, is Jimmy Brown of Stevens-Brown Sporting Goods Company, Salt Lake City. He states, "We put the system in our ski section this winter and found, to our amazement, that we had previously been stocking items that did not sell and not stocking items that would sell. We were letting our own prejudices get in the way of good business sense and we were suffering. We have saved money because of the SMART system."

Another fast-growing firm, National Computer Services Corp., offers two different accounts receivable packages to clubs. Comput-A-Club service is a central system whereby all billing for various club concessions, including the pro shop, flows through the main club office and then is turned over to N.C.S. The other package permits the golf professional to get into computerized billing on an individual basis. N.C.S. will handle the pro's complete accounts receivable operation. Under the plan, he uses special triplicate sales slips—one copy for his customer, one for his records and one for the computer service firm. Each month statements for his accounts are sent to him, along with the sales slips. If he chooses, however, N.C.S. will mail the statements to his customers.

Beside the basic service, the company can provide the pro with mailing lists and labels, account indexes and pro shop charge plates, tax and sales analyses and several types of reports on the status of his accounts and his over-all business. Although not part of the program, N.C.S. also can handle his inventory operations. Charge for the service depends on the number of accounts handled, number of reports requested and the general scope of the individual plan. Along with its headquarters at 440 Park Ave. South, New York, N.Y. 10016, N.C.S. now is branching out nationally through franchised operations.

With these three companies and more to come the golf pro shops can now use computers for more efficient customer service and increased sales. Now the small shop can begin to compete with larger retailers in marketing volume and sophistication. □







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# TRY PROMOTION

By JERRY CLAUSSEN

Jim Bailey, Hyland Hills' professional-manager, believes in promoting himself and his services, and he does so with gusto



A public course golf shop and clubhouse need not be cramped and austere. Proof is at Hyland Hills GC, Westminster, Colo., where Jim Bailey is the professional-manager.

In February, 1969, grand opening was held for an ultramodern new clubhouse which climaxed five years of dreaming. Its popularity since has justified the theory of thinking big.

Westminster is a growing suburban town adjoining Denver. The area's recreation district, which owns the course, has a population of about 50,000. The six-year-old, 27-hole golf course, was already jammed with 80,000 rounds a season when clubhouse planning began.

"The budget was about \$70,000 when the bond issue passed in March, 1967. But when the citizens advisory committee did their research, they discovered advantages in a complete facility that could serve as a community meeting place. Their report pushed the budget up to \$164,000," reports Bailey.

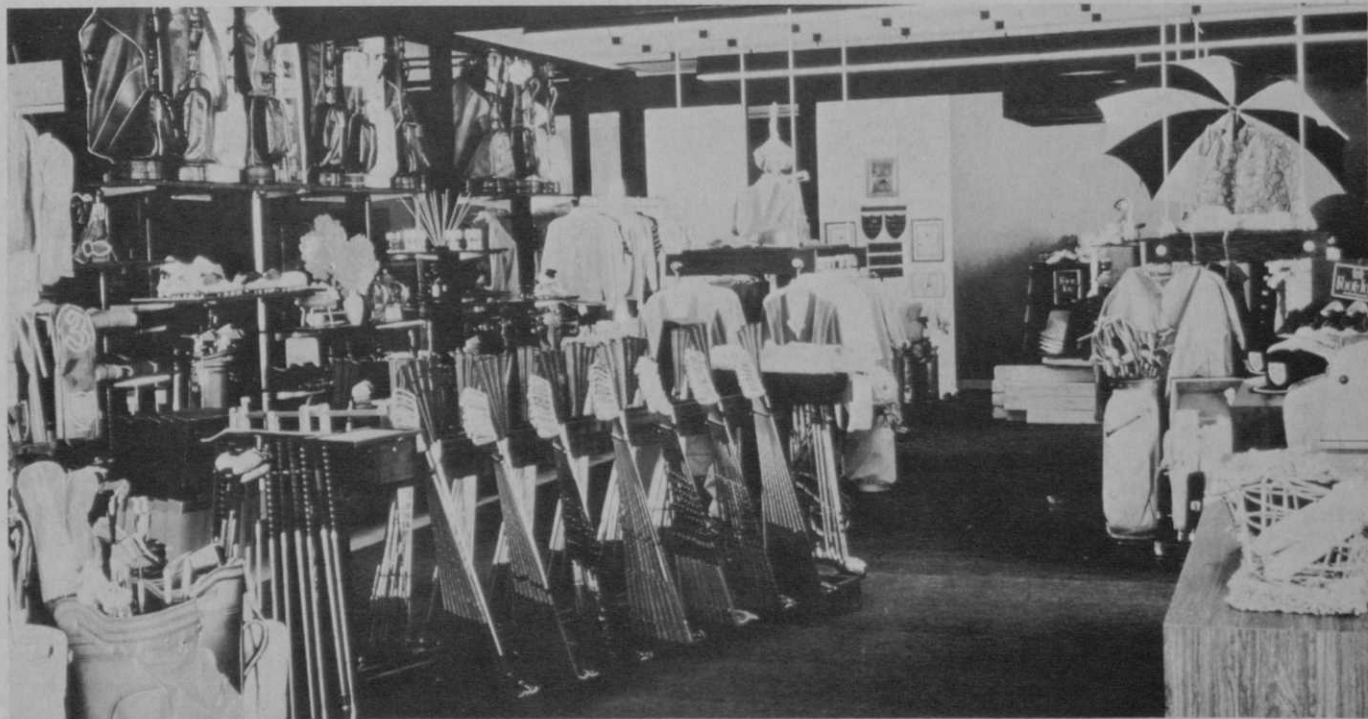
The advisory committee was composed of profession-

als in law, insurance, food service, liquor dispensing, sanitation and recreation. After a nine month study, they reported to the district board. The board agreed with the overall "big" concept, then chose an architect, with experience in restaurant and store design. Bailey and three board members met often with him over five months until plans were finished.

Construction was begun in mid-1968 and Bailey and staff moved in from their tiny temporary shop in January, 1969.

Many of the design concepts that went into the golf shop are geared to insure maximum customer traffic. From the golf shop, one door leads outside near the practice green. Two doors at each end channel traffic to and from a central hall, through the full length of the shop and past the cashier's counter. Most of the interior shop wall is glass for easy visual access to merchandise displays.

All display fixtures are portable and flexible. Some are original. A wooden floor rack holding 24 full sets of clubs plus putters at the ends was built by Bailey's then-assistant, Gary Wuster, for \$125. The commercially-made quote was \$700. An old refinished sea chest makes an eye catching, sales building "sock box."



(Continued)

(Continued)

Bailey is assisted in display, women's merchandising and teaching by wife Marcia. During the summer the shop staff also includes one assistant, at least two starter-rangers and a woman cashier. The restaurant-bar personnel include a woman manager, at least three waitresses, cook and bartender.

The expected increase in clubhouse and pro shop business has materialized. About 90 non-golf meetings and dinners were staged in 1969. Bad weather hurt golf traffic in late spring and fall, but the clubhouse grossed \$93,000, netting \$6,000.

(Golf course income was only slightly down from 1968. Gross income was \$132,000, netting \$32,000. Almost 25 per cent came from special group tournaments.)

"Opening our clubhouse and shop in February was hard," Bailey suggests as a tip to others. "The expense of stocking and staffing would have been easier to meet nearer the peak of the golf season."

But aggressive promotion and public relations work rapidly to build traffic. Those ingredients have been big factors in building volume traffic at Hyland Hills.

The campaign to make the public aware of the new clubhouse started while it was being built, carried through grand opening and continues. Here are some techniques Bailey used:

- During construction, Bailey frequently contacted editors of two local weekly newspapers about its progress. They were supplied with facts for stories on plans, construction, unusual features. A club member took pictures to supply to the papers.

- Bailey talked up the clubhouse to community clubs, about 25 times over six months. He invited all to visit the building and encouraged use of it for meetings.

- For grand opening, the Baileys sent out about 500 engraved invitations to a special mailing list of business leaders, press, government officials and golfers. About 800 people showed up for free food, drinks and a look at the building. Cost: over \$1,000. Then a breakfast was held for dignitaries, and the state's lieutenant governor cut the dedication ribbon.

- Since the men's golf club was already established, Bailey reached many other organizations by word of mouth through his golfers.

- The week after grand opening, large advertisements were run in the two large Denver daily newspapers, announcing "We're Open," and listing the shop's services.

- Radio spot ads were also used. One especially effective series was broadcast during five-minute radio reports on the Colorado Open in June.

- With the course as part of a recreation district with many sports programs, award dinners and meetings can often be held at the clubhouse.

- Finally, this past winter Bailey made followup calls to chairmen from groups using the clubhouse last year. By early March twice as many functions had been scheduled for 1970 as were held in 1969.

"In the end, our best advertising is satisfied customers," says Bailey. "If a group holds a tournament and dinner here, we will provide all help and materials they need, right down to score sheets and pencils. If we do a good job, they want to return."

That same philosophy extends to Bailey's pro shop merchandising program. He feels personal service and advertising are musts.

"About 60 per cent of my business is in golf clubs," reports Bailey. "As a public course, my market is unlimited. But I'm competing in price range with stores. So I have to do a good job in professional service."

"What I'm trying to do is build and keep a good long-range reputation—as a person, a professional, a teacher. I stock only top line clubs. I can stand behind them. I make sure a customer is satisfied when he buys a set. I watch him hit balls, give him some swing help."

"If a man buys from me, is happy he did, has confidence in the clubs, he'll tell his friends and they come, too," says Bailey.

Here are some other promotional tips from Bailey's merchandising program that helped increase sales 20 per cent in 1969:

- Advertising on sports pages of newspapers, especially for major sales in spring and fall. Bailey says he first tried this in spring, 1968, with a few modest ads in the morning metropolitan daily paper. He had a big stock of close-outs on pro-line clubs. It was strictly a test then. It snowed the first morning an ad appeared, but he had 13 phone sales in two hours. He sold enough the first four days to pay for the ads.

- Concentrating on big sales in spring and fall, and planning merchandise orders for those peaks. For example, in early March, Bailey got in 145 sets of pro-line close-out irons. By buying in volume he can sell 25 per cent off regular and expect to move them with 30 days.

- Keeping the shop neat, clean, and well-lighted—adding special display lights if necessary.

- Using plenty of signs, on the displays, on bulletin boards, in other traffic areas, to remind golfers of new merchandise and sales. Both signs and displays are changed often.

- Having a smart, attractive sales girl in the shop. Women are more likely to buy from her and the men like to see her, too.

- Wearing his newest and best lines of golfwear, Bailey tests and models for the regular golfers who like to be in fashion.

- Working with the men's club, in planning tournaments, social events, lining up programs and speakers, Bailey is always helpful, always a friend to his golfers. Meanwhile he is trying to educate them. For example, one men's club program this year will have merchandise representatives describing the manufacture of balls and clubs. Of course, the quality of pro-lines will be stressed.

"But most important is to be available to the golfers. It's a personal business above all," declares Bailey. □