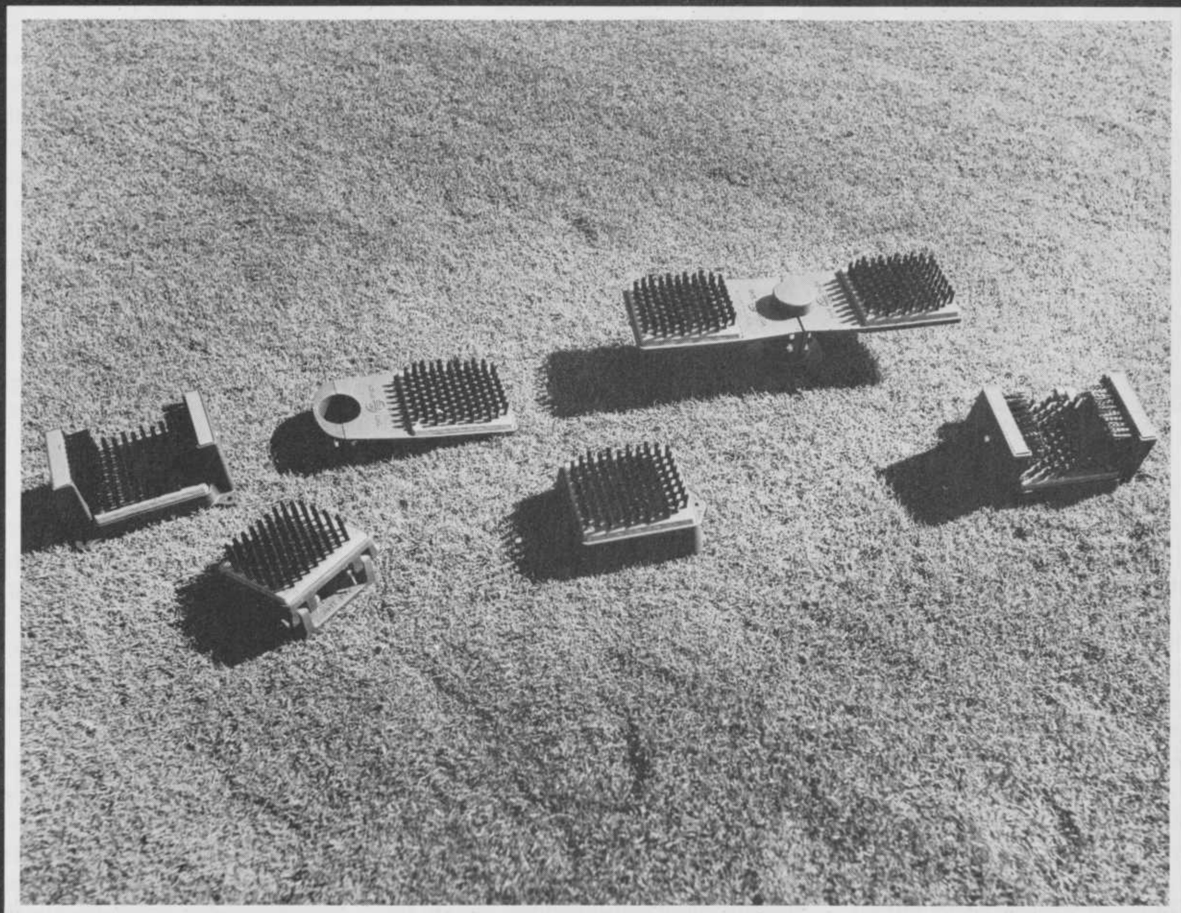

PART II

OUR 50th YEAR

by HERB GRAFFIS

Promoting golf business has always been part of what GOLFDOM is all about. Through the years, the magazine instituted programs, which today are taken for granted by many in the industry.

Probably the most notable example of this was a plan called PROmotions. This operation lead to the construction of hundreds of courses all over the nation and as an outgrowth of this project, the National Golf Foundation got its start in 1936.

PROmotion enlisted the aid of club professionals and superintendents in getting courses built in small communities. It was also important in helping pros in shop merchandising and to get golf classes established in high schools.

In this way, as part of his winter schedule, the club professional would be able to establish potential golfers for the future by these indoor classes. Location was never a problem. The indoor sessions were held in factories or the high school gyms and even as part of YMCA adult evening programs. The pros would go wherever there were prospective golfers.

Club professionals found the high school promotion quite popular. Students and their parents liked the professional teaching. Private clubs were cooperative and the program gained the support of the PGA. However, school officials, including some physical education instructors, criticized the program due to the volunteer, unpaid golf professional not having teaching credentials.

Results of many projects by GOLFDOM plainly revealed the urgent need for a marketing development and service organization similar to the collective work done in many industries, other than golf.

Telling its story about market promotion to a few top men in the equipment sector, GOLFDOM convinced these manufacturers the work of enlarging their market was an attractive and essential investment. The task was something the whole industry would have to assign itself to. The manufacturers had seen what the primary effort by GOLFDOM had achieved and needed little convincing.

L. B. Icely of Wilson, Charles Robbins of Spalding, E. C. Conlin of U.S. Rubber and Phil Goldsmith of the interests that owned MacGregor were quick to get the bigger and planned promotion of the National Golf Foundation organized, financed and off the ground.

Course equipment and suppliers, although not primary beneficiaries of the golf market, were not hasty about participating in the financing of the NGF. They were not fiscally fat or daring, as those in the club making end of the business, but later they engaged in the development work that pushed for an immense and immediate market for course machinery and supplies. This effort presented them with a most valuable show window for grass growing and maintenance material.

Early financing of the Foundation was extemporaneous with Spalding and Wilson tossing most into the passing hat, since they were doing the largest golf business. The PGA's young tournament bureau needed money. PGA members who were not playing on the new and thin circuit were complaining about how PGA dues income was building business for tournament players to get rich. The club and ball makers were caught in the middle as the club pros' sales were the largest dollar volume in the market.

Foundation financing, so the operation could grow, eventually was worked out by Ted Woolley of Golfcraft, heading a committee which devised a revenue schedule based on steel shaft and ball rubber thread use. A budget program worked out by Fred Bowman, former Wilson president, with a committee of executives from other companies set the pattern for financing that has enabled the National Golf Foundation to become one of the most productive and helpful of any industry's market development organizations.

Glenn Morris was the first executive director of the NGF. He had been advertising manager at Wilson, then general manager at L. A. Young Golf Co., which made Hagen equipment. He was succeeded by Rex Morris, then came William Pack, Harry Eckhoff and the present director Don Rossi. These men have accounted for the steady growth of a sports market promotion which definitely is an immense public service.

Always with a strong "pro-only" frame, GOLFDOM frequently conducted surveys to learn the marketing score with the pro, superintendent and club manager and continues to do this today.

In 1932, a survey found facts to justify the statement that a pro shop with its immediate private or public course customers, the annual turnover in membership and the spreading influence of the word of the pro as a golf playing authority made the pro the market equivalent of 675 buying golfers. Examination by industry executives indicated these figures were perhaps a conservative appraisal of the marketing value of the golf professional-retailer.

A review of GOLFDOM's pages over the years shows how the golf business has developed. It was evident from the beginning there had to be a close relationship between the three different areas of management — club professional, course superintendent and clubhouse manager. Over the decades, these people have become the golf businessmen. Their identity and distinction has become clear to their employers.

A pro might be a pretty good player and an acceptable teacher at a club or fee course, but if he didn't show he knew enough about course and clubhouse operations to function as a golf businessman, he generally was regarded by employers as an overgrown caddie.

The superintendent might be a good man with good results most of the time in growing grass, but if he didn't fit his course management in with the pro and the manager, coordinating all departments as a complete club, the grass man might as well be taking care of a graveyard, by the appraisal of the golfers.

If the club manager didn't know and feel enough about the whole business and play of golf to give the clubhouse a pleasant, golf atmosphere, the man might as well be running a restaurant or a saloon. He wasn't showing the people who paid him that he knew golf business.

To the balance of business in the three departments, GOLFDOM added coverage of the executive viewpoint and responsibilities of club or public course officials or owners.

When editorial material has to be useful to the men in charge of courses in Maine, as well as California, in Washington, as well as Florida and the country in between, an editor has worries. His judgment and luck are continuously tested. He needs good advice from experienced men in the industry. GOLFDOM got this.

In operating stories, basic elements such as wise buying, utilization and extending the family appeal of clubs never change in price and style. A case was the story of J. P. McCann, club manager at Cascade Hills Country Club, Grand Rapids, Mich. McCann wrote in the September, 1927, issue how he brought members back to his club during the "Dog Days" of July and August in southern Michigan. Still today, GOLFDOM continues to tell the story of the golf businessman and passes it along to his colleagues in other parts of the nation.

Budgeting course and grounds work was uncommon in GOLFDOM's early days, hence there were numerous articles from superintendents and green chairmen who were having satisfactory experience with programming the maintenance work and buying.

Some delicacy was required in GOLFDOM's campaign to make pro shop buying more businesslike and tougher. Usually pros bought from any salesman they liked after making primary purchases from the major ball and club companies, who frequently had pros "subsidized" with bonus balls, clubs and a moderate amount of cash. The pro salesmen and GOLFDOM were good friends and salesmen wrote many articles and news tips. Consequently, the experience stories telling of pros who related how they'd improved profits by being careful to buy brands that would move quicker did not delight some salesmen who were selling mainly on personality.

Buying education stories didn't appeal to some manufacturers either. GOLFDOM's reply to critics of its "tighter buying" theme was that when a pro bought unwisely he couldn't pay his bills. Those who were overloading the pros actually were the ones who lost.

Over the years many of the problems that beset the industry 50 years ago, are still with us today. For example, the lead article in the January, 1928, issue was on the task of selecting committee chairmen. That same subject was a prime topic of discussion at a USGA Green Section meeting last year when the president of the famed Winged Foot Club noted that picking chairmen was still the most important task for club officials. This was echoed in part in the March, 1976, issue of this magazine in a cover article.

In that same January, 1928, issue, GOLFDOM marked one of the most effective and valuable campaigns it ever embarked on — the importance of good course drainage. This was a critical aspect of the golf course, which affected the entire operation and its traffic flow.

Moody S. Allen, superintendent of parks at Asheville, N.C., told how improved drainage had greatly benefitted his city's municipal course, which drew many tourists. Course drainage then was generally an accidental matter. Drainage either was on the site or it wasn't. After the architect and builder had finished, it was usually the head-

50th YEAR

CONTINUED

ache of the superintendent to install something after the fact.

Wendell Miller, who had been a professor at Ohio State University got into drainage engineering. GOLFDOM got him involved with golf course projects. He wrote numerous articles. Then the Green Section campaigned for proper drainage. With adequate drainage, more acreage would be available for better golf courses and the playing season would be lengthened by play and mowing being earlier in wet springs. The Augusta National course, where Roe's Creek flooded the bottom lands, is an exhibit of the success of the Miller work and the drainage accent GOLFDOM brought into golf business.

Another feature of GOLFDOM in the '30s were the clubhouse plans. Revolutionary changes were ruling out the baronial, castle type of clubhouses with summer residence quarters for members and guests and cramped, hot quarters for clubhouse employees. Air conditioning, frozen food storage and sharp reduction in clubhouse staffs weren't due for years, but it was obvious most clubhouses were too costly in construction and operation for a business that didn't operate at a good rate at least six days a week and almost the year round.

GOLFDOM was busy in editorial surveys those years. Every month, hundreds of letters went to pros, superintendents, managers, club officials, owners and manufacturers with queries that brought in useful article material.

What was needed in new clubhouses, according to those surveys and articles, were light, well ventilated locker and shower rooms, lockerrooms that didn't look as monotonous as jail cells, attractive and adequate locker and dressing rooms for women, better arrangements for food storage, cooking and serving and for clubhouse cleanliness.

GOLFDOM certainly made pro shop design, construction and location an important part of clubhouse architecture. Considerable study was devoted to why or why not the pro shop should be in the clubhouse or in a separate building near the first tee when pros, club officials and architects began giving the pro shop long overdue attention.

In the early 1930's, the magazine kept hammering on modernizing pro shops, which had outgrown their place in a corner where a clubmaking bench got most of the little light available. A first grade shop was an indication of the club's class. During that period, the Walter Hagen Golf Company ran monthly four-page inserts in the magazine showing illustrations and plans of attractive pro shops. Hagen salesmen had little trouble in getting pros to make prominent displays of their clubs in shops which were pictured in the campaign.

Chemicals were becoming increasingly important in course conditioning. The articles by B. R. Leach on arsenate of lead as Japanese beetle control and for earthworms began in 1927 and ran in four following issues. The Department of Agriculture, the state agricultural colleges and experiment stations, the Green Section and manufacturers had been working on insecticides and pesticides for golf course superintendents, until GOLFDOM got across the news these new chemicals were effective tools, urgently needed by the progressive, practical man in charge of a big investment, a golf course. Men who had come up with on-the-job education, rather than with collegiate preparation and had become superintendents, soon adopted the chemicals.

There was an interesting balance between the men with writing experience and superintendents, pros and managers who were making their debuts in print with direct, concise, common sense stories that gave each issue a liveliness and reach to where the work was being done.

Dr. Burton Musser was one example. He told of Penn State's work in developing new grasses, which are among the top grasses now. The lead story in the September, 1927, issue was entitled, "Fertilizer's Share of Budget Is Important," by C. A. Tregillus, who had been head of the Royal Canadian Golf Association's Green Section. He came to the U.S. to take charge of A. D. Lasker's magnificent private course at his Mill Road farm near Lake Forest, Ill.

Experimental turf plots were maintained there under the supervision of Tregillus in collaboration with John Monteith, Jr., head of the USGA Green Section.

War years were heavy with work and thin on money for GOLFDOM. Its articles even pushed golf at military installations. Golf was especially valuable recreation in areas remote from cities. Thousands who were active golfers after World War II learned golf as men in uniform. Providing facilities at military hospitals was a work in which the PGA and the national and regional superintendent associations were engaged. These programs had GOLFDOM and its staff participating energetically. There were campaigns for collecting used clubs and balls for use by military personnel in the United States and overseas and for collecting balls to be reconditioned and used for civilian play when rubber was not available for new balls.

Problems with keeping courses operating were numerous, complex and pressing. The magazine functioned in valuable ways to pass around resourceful solutions to the difficulties.

Almost 400 U.S. clubs were war casualties. Fewer than 100 were clubs having 18 or more holes. The war years clearly showed golf business was something distinctive and coordinated and not simply a casual combination of golf teaching, course maintenance, pro shop attention and clubhouse food, drink and locker service.

In years immediately after the war, financial affairs, rebuilding memberships and rehabilitation of courses were featured editorially. Organized education from caddies up provided many stories. The short courses in course management that were conducted by state agricultural schools led the golf schooling movement. The hotel schools at Cornell and Michigan State, particularly, began supplying competent young men to club management.

PGA sections had many spring business schools of a day or two, which eventually developed the association's excellent week of schooling during the winter. GOLFDOM saw great promise in these classes, originally intended for assistants, publicizing them so strongly, they began to attract Class A professionals for refresher and updating study.

Officials at private clubs were having their own problems with their businesses. They tried to delegate club executive responsibilities as much as possible. The house manager was handy when the monthly board meetings were held. That's how the general manager idea got its starting impetus. In the '30s,GOLFDOM carried stories about what club department heads ought to learn from the club monthly statements. A story by John Brennan, recently retired general manager at Oakland Hills CC, Birmingham, Mich., told of the revival of the club after the war. He was made general manager and related how the job would have been merely a title without the eager cooperation of superintendent Herb Shade and pro Al Watrous. Oakland Hills continues to be a first class exhibit of efficient management today by a closely knit trio of department heads.

Of considerable interest were articles showing the development of fairway watering systems from the hose installations of the '20s and '30s, then after the wartime halt, the progress of the hoseless systems until today's sophisticated installations, substituting for rain and helping to raise golf turf standards beyond the imagination of early golfers. The steady progress of landscaping of courses and clubhouse grounds was also featured in the editorial program. It has paid off richly. The men responsible for the looks of the golf course can take credit for having contributed to the beauty of this nation more than any other sports.

These stories were informative, necessary and resourceful. They worked because they focused on the business. It was fun, getting GOLFDOM to work for golf business and all the great people in it.

We look over the shoulder into a mirror and can see plainly a future for golf business, busier and brighter than the years growing into this publication's 50th birthday. Those running GOLFDOM in the time ahead appear to us to be smarter than we were. The young people who are new in golf business now seem to have a lot more basic training than their predecessors, who generally learned, and learned well, the hard and slow way.

The country and the populace with all the worries and strains of a concrete and steel world of too much malice and greed needs golf as a life-saver. □

Herb and Joe Graffis, right, founded GOLFDOM in February, 1927. Now both in their 80s, the Graffis brothers have been a constant spirit in making this publication a viable and necessary partner to the industry. Although, many in the business are unaware of it, the Graffis brothers and GOLFDOM had a lot to do in founding the CMAA, GCSAA and the National Golf Foundation along with helping to make the PGA into a business organization, rather than the social group it set out to be in 1916.

Risk Management: Alternative to Insurance

by Richard Baker

In today's world of consumer advocacy, multi-million dollar lawsuits and governmental restrictions, the need for adequate insurance coverage is clear. Golf course operations are particularly vulnerable because of the large numbers of non-employees that use the facilities. Because of this exposure to risk, and the high cost of insuring against *all* losses, the concept of *Risk Management* can be very important to a golf facility.

Risk management may be defined as the identification, analysis and evaluation of risk and the selection of the best method of treating it. Very few golf course operators take the time to identify all the risks facing their operations. Many owners, operators or managers treat risk by simply buying an insurance policy. As a result, many operations buy more insurance than they really need. They should be aware *buying insurance is not the only method of treating risk.*

The operator needs a systematic approach to evaluate and protect his property. Each golf course operation should be evaluated from the standpoint of risk and the management of these risks.

Total risk avoidance can be economically impractical, just as too high a risk retention can be economically and psychologically costly.

Management of the golf facility must concern itself with the prevention and control of loss. They must constantly reevaluate the financial capability of their facility to assume risk. Finally, they must select the best media for funding risk.

The first step in risk management is the development of an inventory of all possible losses. Management should be familiar with all assets, tangible and intangible, the sources of income, and have an awareness of the potential liabilities which can be imposed by law.

Once an inventory of exposures is completed, management must analyze with respect to the financial risk presented by each exposure. He must ask himself the following questions:

1. How frequently will the loss occur?
2. How severe will the loss be?
3. What are the total loss possibilities from a single occurrence?

For example, an explosion of a gasoline container in a maintenance area might do more than damage the structure. It could affect the maintenance of the golf course if equipment was destroyed; it could damage surrounding structures; it could injure or kill employees; or it might damage property of others or injure or kill third parties.

Once exposures have been identified and their financial risks measured, management can evaluate each risk in light of his ability to absorb it. There will be some risks whose loss potentials are too small to affect the financial stability of the operation. These can be safely ignored. If other certain losses can be predicted, they should be budgeted for, since other means of funding may be more costly. (For example, pilferage in the pro shop and bar, or loss of small tools in the maintenance area.)

Finally, there are risks too large, or occurring too often, to be ignored or treated as an operating expense. These are the risks which must be dealt with in one of the following ways:

1. Risk Elimination
2. Risk Reduction
3. Risk Retention
4. Risk Transfer

Elimination. This is the best way of handling any risk. If a course can completely eliminate a risk, then it does not have to worry about insuring against it. For example, the deep fat fryer in the kitchen is a major source of fire in this area. By eliminating deep fried foods from the menu, it is possible to eliminate the risk of fire from this source.

Reduction. Managers often find risk elimination is not possible. Their next consideration is reduction of loss potential. Proper housekeeping and the use of protective devices (such as sprinkler and extinguisher systems, firewall and fire doors, etc.) are often used to reduce loss. In the area of liability, techniques such as proper supervision, frequent inspection, proper training and good maintenance of equipment are used.

Retention. Many courses could safely retain more risk than they do, but the idea of buying insurance policies for all loss exposures is so popular many managers do not consider alternatives. As a result, unnecessary insurance is purchased and many premium dollars are wasted in first dollar coverage when deductible coverage or retention of risk would be less expensive. Management must consider the financial condition of his operation, cash flow position, availability of short and long term financing, and plans for capital improvements in order to make recommendations for risk retention.

Risk Transfer. For risks that remain on the inventory, the manager has little choice but to transfer them to someone else. This does not necessarily mean buying insurance. The first attempts at risk transfer usually involve non-insurance transfer, often in the form of hold-harmless agreements. It may be possible to force the supplier, customer or contractor to assume liability. The party assuming the liability may actually be in a weaker position than the one transferring, but may be forced to accept the agreement because of their relative position. For example, the golf car rental agreement that transfers risk from the operator to the customer.

The inventory should be complete, which will result in a clear understanding of the nature and value of the assets. The assets do not have to be owned to be included in the inventory. If rented or used facilities produce income or contribute to the well-being of the course in any way, they should be included. Later evaluation of risk may determine that some of the assets are too small to worry about, or reveal a low probability of loss. However, all assets should be included in the original inventory. It takes patience and persistence to develop an asset inventory. It is surprising how many operations do not have any record of their total assets.

The next area of concern should be *Liability Exposure* information. Liability may be divided into two broad areas: liabilities to the general public; and liabilities to employees.

Liability to employees is usually defined in the workmen's compensation statutes. There may be additional considerations outlined in union contracts for hospitalization, accident and sickness or disability.

Liability to the public may be divided into three different categories: Premisis; operations: and vehicle.

1. Premisis liability refers to the physical assets of the course: land, buildings, machinery, fixtures and equipment.

Some considerations management must examine are the construction, physical condition, and use to which the assets are put. If assets are rented, they must know what obligations have been assumed in the lease or rental agreement. They must be aware of the means of ingress and egress to the property, and any problems or impediments connected with them. They should know if fire or smoke detection equipment is available, what kinds of alarm or supervisory service is connected to the equipment, and what kinds of automatic extinguishing equipment exist. This kind of information is important because the owner of the property could be liable for bodily injury resulting from negligently failing to install proper safeguards.

2. Operations are of obvious importance, because what goes on or even away from the golf course can create liability exposures.
3. Vehicle liability is an exposure that must be considered by most golf course operations.

Vehicular exposure may be further divided into two categories: owned or leased vehicles and non-owned vehicles. A full list of all owned or leased vehicles is necessary, along with a description of their use and garage locations. Maintenance programs should be audited to determine the regularity and quality of inspections and service.

While gathering the information on vehicles, it is important not to overlook the drivers. Recently a young man was hired as a maintenance worker on a California course. The superintendent spent an hour discussing equipment checks, operations, procedures and general safety rules. However, he failed to check the man for a valid driver's license. It turned out that he did not have one. He was involved in a traffic accident, but fortunately for the golf course owner, was driving his own vehicle and was not on company business.

Risk Evaluation and Analysis. The next step in protecting the property. Once the data on risk exposure is compiled, it must be analyzed to determine the extent of its financial implications. Exposures must be evaluated to see which are significant and which are of no consequence. This process of evaluation is often a subjective process rather than an objective one. Certain people, by nature, are more willing to take risks than others. The golf course owner should attempt to analyze his own unconscious attitude toward risk. If he is generally a high risk taker, he should temper his evaluation of company risks. If he finds himself to be a low risk taker, he could be more bold in his evaluations. The important thing is to be aware of these subconscious factors which may have a bearing on decision making, and try to eliminate them as much as possible.

With these factors in mind, the manager proceeds with the analysis of his risks. This process turns the exposure information into an inventory of risks. Financial loss can arise from destruction of buildings, machinery, equipment, or inventory; from theft or embezzlement; from a lawsuit; from injuries to an employee; or from any one of a large number of other causes. All such possibilities should be included in the original inventory of exposures whether they seem significant or not, and whether they are insurable or not.

The objective at this point is to completely list everything "that could happen." The manager is now ready to evaluate which risks are significant and which can be safely ignored.

Risk evaluation, like exposure identification, is a continuing process. Risk cannot be evaluated once and filed away. Risk must be constantly appraised and reappraised in light of changes in the economy and the financial position of the operation. The manager should attempt to keep abreast of changing conditions and the changing relativity of risk.

Risk Control. One of the most important aspects of risk management. It begins after an inventory of risks has been identified, analyzed and evaluated. The most efficient method of treating these risks is to eliminate them completely. Obviously this is not always practical. Therefore, whatever risks remain must be *reduced.*

Risk managers for large organizations often say one of their main objectives is to avoid using insurance. They want to control risks so closely insurance will be needed only for a catastrophic situation.

Two categories of risk accounting for almost all non-business risks to which a course operation is exposed are property risks and liability risks. A list of property risks would include: damage to real and personal property, (including fire, wind, collapse, water and smoke damage, and vandalism); loss of money or securities (which would include robbery, burglary and employee fidelity); and any business interruption due to any of the preceding.

Liability risks may be divided into losses which affect employees, such as workmen's compensation and non-occupational disabilities, and losses affecting the general public.

For fixed property, risk control

Risk CONTINUED

begins with the basic construction of the structures. If the buildings are in existence, little can be done to alter their basic construction. However, the fire insurance rate schedule, which may be obtained from a local rating bureau, may indicate charges for certain deficiencies and unsafe conditions which could possibly be corrected.

The best method of risk control begins in the planning phase. The manager should consider risk controls when planning any new construction, additions or alterations. For example, a site chosen for a new clubhouse or maintenance building may be inappropriate because of natural risks such as earthquake, landslide or flooding possibilities.

There are several other methods of controlling risk:

1. Safety precautions: explosion proof light fixtures or unbreakable glass in high vandalism areas.
2. Fire protection systems: automatic extinguishers over stoves and grease ducts. Sprinkler systems in larger buildings.
3. External security in the form of fences or night watchmen to discourage vandalism and burglary.
4. Good housekeeping procedures: can prevent fires and personal injuries.
5. Maintenance: preventive maintenance should be scheduled and followed, and repairs should be made promptly. The use of equipment in damaged condition exposes employees to unnecessary risks. Building and other structural damages exposes employees and the public to unnecessary risks.

Personal property risks such as the theft of pro-shop merchandise, money, fixtures or food and beverage items may be controlled in the following ways:

1. Burglar alarm systems properly installed, maintained and serviced can greatly reduce the risk of burglary. There are numerous types of systems available. A competent alarm company should survey each location and recommend the proper system.

2. One of the best methods of controlling the loss of money due to robbery is to control the amount of cash in the registers and on the premisis. The manager should insist that no more than several hundred dollars is kept in any one location at any one time. As receipts accumulate during the day, money should be deposited in the manager's safe. Nightly deposits to the local bank are a necessity, and it may be necessary to make a midday deposit on busy weekends.

3. Good inventory control procedures are an excellent method of controlling losses in the pro shop, restaurant and bar. Weekly inventories of major food items and liquor, along with daily liquor breakage counts will help control losses. A semi-monthly inventory of sensitive golf shop items will help reduce the loss of merchandise.

4. In many golf course operations there is a danger of embezzlement. One of the fundamental controls is the separation of duties. Employees who handle money should not be responsible for the records which keep track of it. Bank reconciliations should be made by persons other than those who write checks or make deposits. If possible, different people should handle merchandise and the records that keep track of the merchandise.

That takes care of the property risks. The next area of concern is *liability risks.* As mentioned earlier, liability risks are divided into two categories: injuries to employees and injuries to the public.

The major work safety standards are defined in the 1970 Federal Occupational Safety and Health Act. Rather than discuss the OSHA requirements, suffice it to say all jobs on the golf course should be examined from the risk point of view.

A final step toward controlling risks is that of employee attitude. All employees, from pro shop and restaurant to golf course maintenance personnel should be schooled in proper customer contact behavior, proper safety procedures and proper operation of all equipment.

Now that the risks connected with the inventory of potential loss exposures has been evaluated and attempts have been made to reduce risk through the techniques of avoidance, elimination and control, it becomes necessary to consider financing. The first consideration is called *Risk Retention.* Retention may have been used during the evaluation stage when some risks were removed from the original inventory because they were considered inconsequential. The operator must now concern himself with the conscious retention or larger known risks.

Many course operators have always purchased insurance for particular risk situations and are therefore reluctant to think in any other terms. Attempts are being made to change this traditional type of thinking. For one thing, many operations are practicing risk retention through numerous exclusions in existing policies. Many practice a form of "unconscious" risk retention in areas where exposures to losses have not been carefully studied. For example, under a "named peril" insurance policy, there may be no coverage for flood, earthquake, collapse or other incidents which could cause a loss. Even so-called "all risk" property insurance policies will usually exclude war, mysterious disappearance, inventory shortage and other perils.

There are several different reasons for retaining risk. The first and foremost is financial. It is a fact it costs money to operate the insurance companies. Files must be set up, claims adjusted, overhead paid and a profit generated. Therefore, it is clear that for losses the golf course can absorb, they may be able to operate the system for themselves less expensively than the insurance company. For example, all maintenance type losses should be borne by the golf course operation. The major function of the insurance company should be protection from catastrophe. It is a fact that for certain types of losses it is simply less expensive to retain them than it is to transfer them to a company.

There *are* alternatives to buying insurance. Purchasing an insurance policy should be the last resort when dealing with the many risks associated with operating a golf facility.□

PRO SHOP PROBLEMS

Getting a grip on gripes

Every pro shop has its share of customers, rightly or wrongly, who complain. In some circles they're dubbed as the "headache" customers.

These individuals bombard the golf businessman with petty complaints. Their complaints range and run the gamut from inferior merchandise to surly personnel to too-slow service. Frequently their complaints lack any merit whatsoever, or stem from flimsy or imaginary reasons.

Often the dissatisfaction of the complaint costs the club professional profitable sales in the ill-will they spread to relatives, friends or business associates.

More than ever, today's pro regards each customer as a precious commodity — an asset he can ill-afford to lose. No sure cure is available for these cantankerous customers. But common sense and logic, blended with diplomacy and tact, are usually successful in converting chronic grouches to satisfied customers.

The following are suggested remedies which if followed, can prove beneficial when dealing with customers who have gained unenviable reputations as "headache customers."

Keep your cool. There are some individuals who actually derive pleasure from harassing a pro. Despite this, they should not be verbally abused. Even if the customer's remarks cause you to become emotionally bothered.

If you're overworked and plagued by anxiety or outrage you'll find yourself a poor match for a displeased customer. Handled with "cool," you'll find most likely he'll fumble his way through responses and perhaps even bypass an opportunity for a reasonable rebuttal. In fact, he is likely to err in his analysis of a complaint.

Urge the miffed customer to air his full complaint. Many customers will reveal only portions of their grievances. They may feel you'll be inattentive to a lengthy complaint, or you'll be too pressed for time to really listen to them. Try to dispel these thoughts for unless you can accurately determine the dimensions of the complaint, you're not going to be able to really come up with a solution. Showing your concern with a complaint will impress a customer favorably and the full information you've gathered will aid you in understanding and resolving the complaint.

Don't abruptly terminate your customer's complaint. A customer may become abusive and unreasonable, but this is because he honestly believes he is right and has a need to display his feelings. He is likely to resent any interruption from you, even though you offer a valid reason for ending the discussion. To your loss, he may voice that resentment at a later date. Should you be obliged to leave unexpectedly, tender your apologies for the break and assure the customer you'll get back to him as promptly as possible.

Never make light of a complaint. Customers with complaints are rarely receptive to humor. They're often convinced you intend to "rip them off." A jest or carefree manner, no matter how bland, could ignite an outburst of anger. The only appropriate time for jollity on such occasions is after the complaint has been fully resolved to the customer's satisfaction.

Ask the customer for suggestions to upgrade your service. Such strategy places the customer on the defensive and gives him a feeling of importance. Plain and simple you'll be seeking an answer to the problems which he has raised. In fact, you're indicating you respect his judgment and may adopt his plans. More important, the customer is receiving assurance you are genuinely interested in his complaint and you're not just going to listen and then ignore it.

Avoid assuming the defensive. Frequently the customer will relish such a reaction. Be tactful, be polite so you don't have to assume a defensive attitude which might be taken for indifference. Thus you won't forfeit command of the situation. Yet, you're offering the complainant an opportunity to renew his criticism of your business.

Assume all complaints have some validity. Complaints aren't always voiced by "soreheads" or unreasonable individuals. Perhaps the customer has registered a "crank" complaint in the past. This is no reason to assume there is no basis for his latest complaint.

For instance, a customer may have detected an obscure flaw in one of your more popular items. Sales of other items in the identical lot could produce additional complaints and possible loss of valued patronage. Taking note of his complaint can avoid problems in the future and your listening might very well yield dividends.

Don't be evasive and try a cover up. The customer will most likely be impressed by your forthrightness and this will lessen his indignation. He'll at least depart with a more favorable opinion of your establishment.

Keeping complaints under control can often be the key to a more successful business. Proper relations with a protesting customer stands hand in hand with the priority of sound merchandising practices, good employee relations and astute sales promotion. Adequate attention to this phase of your shop business can yield dividends through improved sales, keeping present customers and gaining new ones.

The dissatisfied customer, inevitable, sometimes unnerving, yet necessary for providing quality goods and services for your club. GOLFDOM recently asked club pros around the country how they handle merchandise complaints in their pro shops and turn these into