the vast majority of superintendents came up the hard way to the top of their profession and have learned by doing, not by studying chemistry, or physics, or plant morphology, or business management. The most logical way to close the gap between that theoretical figure of 85% and our goal of perfection is to subscribe to the USGA Green Service, and this is the best way to have a technically trained agronomist interpret the latest scientific developments in terms that will be understood by the practical mind of the working superintendent.

Increase Efficiency

Labor management might properly be grouped with work planning and business management and Dr. Nutter has assigned a 45% efficiency rating to these items. It seems to be an elementary conclusion that the most logical place to start to control golf course costs is by increasing the efficiency of labor utilization and this is the best direction for the Green Committee Chairman and members of his Committee to emphasize in helping the superintendent. Here we are involved in something other than technical problems, and normal business principles can be applied to good advantage with plenty of room for improvement.

Golf course costs are constantly rising and this is confirmed by every available survey.* Labor costs are by far the largest cost item, amounting to more than all other items of course maintenance put together, and are the most logical approach to stabilizing a situation which may be getting out of hand. It would be easy to maintain a golf course with a man assigned to every hole plus supplementary help to do odd jobs, but this is obviously out of the question and the mark of a top superintendent is to accomplish maximum results with a minimum work force. The Chairman of each Green Committee must help his superintendent trim his work force to make the dollars fit the aims and objectives in his budget.

Dr. Nutter gave a rating of only 1% to the job done by superintendents on public relations and our principles of organization would be incomplete if our "business" did not sell itself and its products. The chairman should utilize every possible means to sell the membership on what is being done to and for the golf course. At the same time, it never hurts for the superintendent to expose himself to members to do his own selling job.

*Copies of a report covering costs of golf course maintenance of 29 clubs in Southern California during 1960 may be obtained by writing Southern California Golf Association, 1709 West Eighth Street, Los Angeles 17, California.

COMING EVENTS

May 28-30
Florida Turf-Grass Trade Show
Florida Turf-Grass Association
Deauville Hotel, Miami Beach, and Plantation Field Laboratory of the Florida Experimental Station System, Fort Lauderdale

June 4
Central Plains Turf Foundation Field Day
(For further information write to Dr. Ray A. Keen, Dept. of Horticulture, Kansas State University, Manhattan, Kansas)

June 4-5
Mississippi Section
American Society of Agronomy Turf Conference
State College, Miss.

Where Does the Club Dollar Go?

By CARL JEHLEN
General Manager, Baltusrol Golf Club, Springfield, N. J.

I will attempt to tell you "Where the Club Dollar Goes." To be a bit more specific, I might say that we will direct ourselves to "Where the Country Club Dollar Goes," as opposed to the cash distribution requirements of city clubs, luncheon clubs, and athletic clubs.. Country clubs are our specific interest, and vary from other types of clubs generally through the greater amount of real property which they provide, maintain and service. This real property, or golf course, aspect of the country club gives it its basic reason for existence, but it also places on the club a unique dollar requirement and dollar distribution.

As club officers, club managers and golf course superintendents, we surely feel the heavy pressure of responsibility to get a full dollar of value for every club dollar that we spend. There are undoubtedly times when we feel that having accomplished this, there are still not enough club dollars available for all our particular areas of operation, and oft-times wonder, why can't a larger portion of the budget be provided for our operation.

It is obvious that being charged with this responsibility of maintaining a top rate club, and spending club dollars judiciously to this end, we have a very profound interest in the distribution of the monies received. There is nothing mysterious about this distribution. In every organization the information on annual distribution is readily available to you through the annual report of your club treasurer. Your annual report inevitably gives the result of the last year's operation through a balance sheet and a profit and loss statement. The profit and loss statement should be of more immediate interest to you since it reports the net operating result of the club departments, and the net amount of club dollars that each department contributed to the operation or required from the operation. For example, every club anticipates that its bar operation will result in a profit, and thus net club dollars will be contributed from this department. By the same token, every private club realizes that the greens and grounds or golf course operation will have a greater expense requirement than the amount of direct income received, and that this department will require club dollars for satisfactory performance. Through examination of the profit and loss statement, you can determine generally the areas that required club dollars, to what extent they required club dollars, and how this requirement was met. The club balance sheet is not as pertinent to today's discussion. The balance sheet basically represents the state of the club's health, whether its assets and liabilities are in proper balance, and how it stands financially after the club dollar has been distributed and all current expenses have been paid. Of course, the most pertinent analysis of the distribution of expense within your own operating department is the monthly departmental operating report. In my estimation it is essential that all department heads receive the monthly report. The minimum essential information that this report should carry, is a complete breakdown of income and expenses for the month under consideration, a comparison with the same month last year, a cumulative report for the year to-date, a comparison with the previous year to-date, and the current annual budget. However, I believe that bringing this information into proper focus for today's discussion can best be initiated by using the data contained in studies and surveys that compile the combined expenditures of a large number of clubs, such as are published annually by two of the leading firms specializing in club accounting. I suggest we examine one of these recent annual studies to provide us with the average ratio of club dollars spent.

The one I have selected states that the distribution of the revenue dollar of fifty clubs for the 1960-1961 annual fiscal period was as follows: Out of each dollar, 40¢ was spent for payroll, and 6¢ for fringe benefits, or a total of 46¢ for wages and benefits; 23¢ was spent for the cost of goods sold in the various service departments such as restaurant, bar and tobacco, of that 13¢ was for food, 8¢ was for beverages and 2¢ was for other items; 22¢ was expended for all other operating expenses; and 6¢ for rent, taxes and insurance. This left a balance of 3¢ out of each club dollar to take care of debt service and capital improvements. Let me recap this for you once more. The statistics in this instance indicated that each dollar, on the average was spent as follows:

Wages and Benefits	**46¢**
Cost of Goods Sold	**23¢**
Other Unapportioned Expense	**22¢**
Rent, Taxes & Insurance	**6¢**
Debt Reduction & Capital Improvements	**3¢**

I am sure that we find these figures very interesting. It is significant to realize that of every available club dollar, 40¢ is directed toward cash payroll and an amount equal to 15% of that payroll is required to meet the cost of direct fringe benefits. When increased wages or additional personnel are required the cost is the cash payroll involved, plus 15%. This 15% is inevitably carried under the administrative and general area of expenses, but nevertheless, club dollars must be found to pay for the fringe as well as for any increased payroll. In this connection let me digress momentarily, to reassess what I have said, which was intended to acquaint you with an item that may well be termed a hidden cost, and at the same time, emphasize the need for increased increments, so management will be on a comparable level with industry whenever we enter the highly competitive labor market seeking employees of reasonable intelligence and proven ability.

When we compare this 46¢ cost of payroll with a cost of 22¢ for all other operating expense, and a cost of 23¢ for the cost of all goods sold, it is not difficult to visualize the extent to which the successful operation of our club depends upon our competent and economical usage of personnel, and the extent to which available club dollars depend upon remaining funds after payrolls have been met.

In the area of all other operating expenses, we find our department items of heat, light & power, materials for maintenance, replacement supplies, and outside contractor expenses. Still we do not spend even half as much for these operating expenses as we do for payroll.

The cost of goods sold is not of primary importance to us here today, except as it plays a part in the club dollar expense. Let it suffice to say that all the requirements of purchasing and issuing that apply to departmental supplies apply at least as strongly to saleable goods, particularly since these goods are so critically susceptible to conversion to unauthorized use. Poor control or security in this area can lead to the loss of many vitally needed club dollars, out "the back door."

We find that 6¢ of every club dollar goes for rent, taxes and insurance. Although this is an area where we are able to exert the least influence for control, it is desirable that we briefly consider these items, to understand what influence they exert on overall operation. This seems also to be a good time to clarify a point concerning all of our figures in general. The percentages that we are examining are the average figures of a group of fifty clubs. Chances are that you would not find one particular club among the fifty whose actual percentages would exactly duplicate those of the average. The reason for this is many fold. The exact cash need of each area of your club operation is dictated by the type of physical plant you operate, whether it is newly constructed or has been in existence for many years, whether it is large and sprawling in its area or is compact and built for minimum usage: Your distribution depends on the amount of facilities that are provided, whether it is just food, beverage and golf, or it is expanded to include many other areas such as swimming, bowling, squash, tennis, riding and rooms. Your distribution depends upon the club policies set by your board of governors and members, as to whether you shall operate an economical low budget plant directed toward low expenditures and simple service, or whether your policy is to provide everything for the member, such as elaborate service and top quality appointments, and your cash requirements are also determined by your club capitalization i.e. "Rent". If you own your land and buildings free and clear most certainly you will have more available cash for distribution than if you must pay interest and principal on a million dollar mortgage. If you own a great number of acres in an area where real estate is expensive and taxes are high, the demands on your club dollars will be greater than if you own only small acreage, or are out of the area of high real estate taxation. To this extent, you can see that although we average 6¢ for each club dollar for this area of rent, taxes and insurance, it is potentially the most volatile, and can under unfavorable circumstances demand much more than 6¢ of each club dollar.

The remaining 3¢ for debt reduction and capital improvements represents the amount that the club is able to retain from its total income to pay off outstanding bank loans, re-purchase outstanding certificates from its membership, retire mortgage principal, and expend on major items of a capital improvement nature. Hypothetically then, if your club's total revenue were to amount to $500,000 for the year, this would mean that there would be approximately $15,000 left at year end to take care of debt reduction and capital improvements.

The study recently published by the Metropolitan Golf Association, indicates that the ratio of dues and initiation fees income to total income was 62%. This would imply that income from dues and initiation fees does not cover club operating expense, and that approximately 38% of the club dollar must come from departmental operation net income.

In either of these comparisons, it is to be noted that very little remains at year end, and an unanticipated outlay of cash would probably have to be met by either an increase in membership dues or fees, or by levying an assessment to provide the additional funds.

To give greater emphasis to where the club dollar goes, I did a bit of research on club dollars expended, exclusive of restaurant and bar operation, over the past 30 years at Baltusrol, and found that for the past ten years, operating expenditures have averaged $357,000 a year, for the previous ten year period from 1942 to 1951, the average expenditures amounted to $171,000 a year or just about half as much, and for the ten years from 1932 to 1941, the average operating expenditures amounted to $118,000 a year. For the 1960 to 1961 fiscal period, operating expenditures, exclusive of food and beverage operation, total $427,000 or approximately 300% greater than in 1933 when total cost was $107,000.

Likewise, in an analysis of unapportioned expenses, I found that in the three major divisions of clubhouse, golf and administration, expenses are all up an average of 300%. Surprisingly, the only expense of operation that had not increased proportionately was real estate taxes, which are up "only" 150%. Simply stated, it costs $4.00 today to do the same job that could have been done for $1.00 thirty years ago.

But, have membership dues kept abreast of the times? Indications are that they have not, in comparison to what they were three decades ago. During the early thirties, dues were adequate to pay for the full cost of operation, and departmental operations need only have been operated on a little more than a break-even basis. Today, as was reported in the M.G.A. report, dues only comprise 62% of total income, the other 38% is presently being provided by departmental income, which of necessity must be substantial. It is questionable, not only if this supporting net income can be increased to meet increasing costs of operations, but whether it can be maintained, especially so in view of the recent publicity given the Internal Revenue Service's ruling on unrelated income from non-member functions. This ruling will have the effect of restraining the accommodation of non-member tournaments and social activities at our clubs, and reducing our operating departments gross income. Therefore, if the inflationary trend continues, and all indications are that it will, it will become mandatory that additional revenue be provided from membership dues, fees and assessments. Here, however, we will eventually meet resistance from our membership.

At this point, I would like to read you some excerpts from several articles about country clubs that I read while preparing the text for my talk. The trend of each one was not very optimistic. On December 28, you may have seen in the Wall Street Journal headlines that read "Ailing Country Clubs—Many Hit by Rising Costs, Mismanagement, Overzealous Promotion." In the USGA Journal and Turf Management magazine last year, there appeared two articles during the year from which I quote:

> "Country clubs came a little closer to making ends meet in 1960 than in 1959 as a result of rather substantial increases in dues income."

The other starts out:

> "If you're wondering why your club dues have been increased recently, consider the fact that over the past eight years the cost of maintaining golf courses in the U. S. has risen a whopping 50%."

It goes on to say:

> "Eight years ago it cost an average of $1,878 per hole for the year to keep a course in shape. Year by year this cost has steadily advanced to a current average of $2,823 per hole."

All of this points to increasing cost of operation and a diminishing income to pay for it. If there is a solution to this problem I, for one, believe it will not be found in any one phase of operation, but in the overall picture, and may well resolve itself in higher annual dues and fees, economies in operation, and finally in a curtailment of services, the last, the most distasteful to everyone, but nevertheless a factor to be reckoned with.