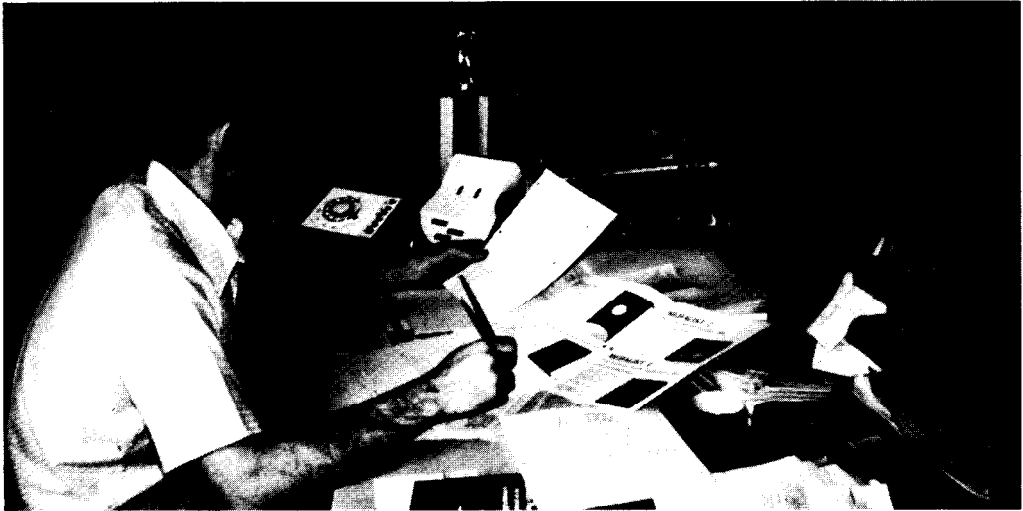


Golf Course Economy— A Time to Review



Budgeting- Carefully planning one's actions.

by **BOB ADAMS, Rochelle Country Club, Rochelle, Ill.**

One of the most exciting challenges that face all of us who are members of this turf industry is the ability to produce a defined output within a framework of economic constraints. This **indeed** is a challenge and not a nightmare, as many contend it is. The economics of the situation is singularly the most important measure that any of us must confront. Whether one is in the "business" as a superintendent, consultant, product sales representative, or university specialist, we all must realize that we are under the scrutiny of financial analysis.

A retrospective view of the growth of our industry shows remarkable advancements in both scientific and technological fronts. These changes really began shortly after World War II with the introduction of new chemicals, turf varieties, equipment and cultural practices. The 1950s and 1960s initiated the momentum. However, the major advancements have occurred in just the last five years and will continue in the foreseeable future. It is of interest to note that over 90 colleges and universities presently support programs in turfgrass management. This number multiplies many-fold when we add to the list both manufacturers and turf associations. The dissemination of knowledge in turfgrass science and culture is impressive, to say the least.

It is important to add that growth, by itself, is not a doctrine that is to be interpreted as the ideal state. What we must examine are the various components of our growth; this is where one develops a full

respect for the industry. The knowledge of the factors that influence the performance of our end product, turf, has been, and will be, the continued foundation for our future success.

Those factors that have been most productive to our profession have been in the area of research and development. Here, universities, golf foundations and manufacturers have performed extremely well. The availability of information that has come forth from these various groups greatly aids the performance of this industry's participants.

One factor which constitutes a major component of the success formula is in the area of financial management. Unfortunately, this area has only been briefly acknowledged in our own literature. Here, like in many other cases, financial management must fall into the realm of a superintendent's responsibility. Finance is an integral part of the greater system. If a superintendent does not have a basic understanding of its usefulness and purpose, he loses much control over the direction of his efforts. It must be pointed out that financial management is not to be viewed as a restrictive force; rather, quite the opposite. Financial planning should be used to guide and direct maintenance objectives.

RECESSION OR RE-EXAMINATION?

There has been much discussion in the last year about our economic problems. Nationally, we see a

frightening unemployment picture coupled with unprecedented inflation. In many areas the panic button is on and moods are gloomy. Many of these national problems have made their way into the golf course operation. We have seen shortages and several increased prices in equipment and supplies. This uncertainty of the future diminishes confidence levels. It becomes increasingly easy to complain about the problems; and we tend to offer quick solutions to an extremely complex situation. Very little can be accomplished by placing all the blame on the economy, for it is a nebulous entity and often defies explanation.

Rather than striking out at the larger economy of our nation, let's re-examine our golf course operation and see if we can begin intelligent economy in our own immediate environment. Hopefully, there is no better time than now to begin to initiate a tightening of the belt in one's golf course program. A short-term defensive attitude that uses the economy as the major stumbling block is very much in opposition to the prevalent belief that a superintendent is an agent over his own destiny.

A tightening of the belt is not to be construed as a reduction in one's dollar budget. Rather, it advocates studying the various accounts that constitute one's budget and deciding whether expenses can be reduced or added to in procuring the defined output. If we can realize that expenses are incurred to produce a desired outcome, and not the reverse, we can begin to approach financial planning and budgeting from the right direction. It is incorrect to take last year's budget, add in a percentage increase, and assume that will work for the year. It obviously can be done, but in so doing an individual does not plan his actions. He develops a system of restrictions, rather than directions.

THE GOLF COURSE IS A BUSINESS

A business enterprise parallels the golf course operation very similarly. A company puts together a series of related costs in an attempt to produce a desired output-long run profitable sales. The different costs might include a salesman, an automo-

bile, advertising, telephone, etc. These all represent costs (inputs) that will be matched against resulting revenues (output). The business manager, in analyzing performance, may decide to shift emphasis in one or more of these inputs in an attempt to maximize the company's profitability. He has used his costs, hopefully in the right mix, to plan for the following year's performance. The similarity between the golf course superintendent and the business manager is striking.

Recommendations, and subsequent action, can occur only after we submit our course to a thorough cost/benefit examination. This approach simply analyzes various expenses in relation to the benefit that results from incurring-these costs. The benefit may either take the form of an actual cost savings (i.e., in the long run an investment in a triplex greensmower will reduce labor costs and equipment maintenance), or the benefit might be measured in greater utility to the golf course's appearance (i.e., the use of chemicals to control dollar spot). Any investment decision, or cultural program, can be formulated utilizing this approach.

INDUSTRY EFFORT— WE'RE ALL INVOLVED

It must be clear that understanding the relevant cost factors is not the total responsibility of the superintendent. It is truly a responsibility that falls upon our entire industry. All of us must have an appreciation for the financial implications that a product, service, or cultural recommendation has on the golf course operation.

The superintendent is immersed within a dynamic environment that is continuously changing. It requires immediate decisions as well as long range planning. To such a great extent we have the technology available from within our industry. The free exchange of practical scientific finds has always prevailed. What we must come to learn is the importance of understanding the complete system. This involves the efficient and effective utilization of all available resources to produce a desired level of turf culture; and the productivity of these efforts has never been so important.

Biographical Sketch on Bob Adams:

Bob Adams is a member of Rochelle Country Club, Rochelle, Illinois. He received his Master's Degree in Business Administration from Michigan State University, majoring in Finance. While at MSU, he worked part time in turf research and attended classes in Turfgrass Management.

During high school and college, Bob spent his summers working on the maintenance crew of two Detroit area golf courses. Currently, he is with the Northrup, King Seed Company.

