

by **TOM MARQUOIT**

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The budgets of courses that have a reputation of being great courses differ from the so-called average course. When given this assignment, I regarded it as very challenging since, really, the only budget that I had great knowledge of was my own. How was I to determine how other golf courses managed financially? How was I to determine what type of budgets they used and under what conditions?

It happened that at this time our club was greatly interested in installing an automatic irrigation system and in doing so, our golf course superintendent and I were instructed to visit nine other great golf courses in California to examine their irrigation systems. In the course of these visits, I spoke with many golf course superintendents not just in connection with their irrigation system, but also relative to their budgets. How are they handled? How are they prepared and how do the Boards of Directors at their clubs deal with them?

I also sent many letters to superintendents throughout America, especially those rated in the top 50 by Golf Digest. They were very helpful to me in gathering statistics for this presentation. I will relate to you my experience and my correlation of this data.

One of my first discoveries was that great golf courses do have higher budgets than those that aren't quite so great. The prime area of difference was in labor. In visiting two 18-hole golf courses in Southern California, I found a total of 37 workmen for wintertime work and 47 for summertime work. I found the better courses generally spend more on sand, seed and fertilizers, and they spend a great deal of money on irrigation maintenance and repairs. In many cases they have at least one mechanic and sometimes two to work on their equipment. I also found that great courses had improvements in progress or improvements planned to a greater degree than those courses not having a reputation of being great.

Another thing found at the finer courses was their capital outlay for equipment replacement. This is very interesting in that not every golf course superintendent or Board of Directors seems to recognize the importance of capital improvement for equipment. Not all the great golf courses visited or examined were wealthy golf courses. But it was for sure they were determined to be managed by a competent Board of Directors. The membership of the club wanted to retain or achieve greatness with their golf course and they did it with a great sense of pride.

During my trip through California and in analyzing

reports from throughout the country, I noticed that many budgets are padded with a safety margin. Generally speaking, this seemed due to poor planning or, in some cases, laziness on the part of the superintendent, the Green Committee or even the Board of Directors of the club. In many cases, it was simply a lack of knowledge and understanding of how to prepare a budget that appropriately predicted what costs would be in the coming year. Padding the budget was common and occurred mainly out of fear of criticism for being over rather than on or under budget expectations. More on this later in the report.

More Than Money

Another part of my assignment was to ascertain if there is more to a great golf course than just money. My observations tell me yes and that's for sure! The great golf courses have fine architecture and character and some get along quite nicely with less money than others. These are maintained with competency, enthusiasm and pride on the part of the superintendent. The game and the golfer come first with the employees, the manager of the golf club and the ideals of the membership. The members are interested and totally involved. Their desires are communicated to the Board of Directors, the Green Committee and the golf course superintendent. There

Completely redone in the past year, the first hole, as though the glaciers



enance Budgets

was just plain hard work involved for everyone concerned with those courses not having a lot of money. Their attitude was one of a willingness to sacrifice elsewhere to invest in the future of their golf course. The golf course is the very reason that the club itself existed!

How rigid should a budget be? That depends on the economic judgement and direction of the Board of Directors. I firmly believe the budget should be prepared by a superintendent based on historical data perhaps as far back as five years. That necessitates recordkeeping and accurate recordkeeping. Budgets should be prepared for the coming year based on all the known things that will happen; i.e., with regard to past experiences and the extent of the Board's planning objectives. Many unknown things happen in a year and they require some good guessing at allocating emergency budget provisions. But in any event, when the budget is prepared and approved, every attempt must be made to live within it. And that is not for the superintendent, but for the Green Committee and the Board as well.

The superintendent and the green chairman must take the time to explain to the Board their original budget as well as any revisions that may be needed during the year. Not everyone on the Board of Directors or Green Committee is an expert in

financial analysis. The superintendent and green chairman should show what is happening on the golf course if a budget is not up to snuff. Use films, pictures, illustrations, accounts, work sheets, comparative summaries. Everyone should be continually informed on a regularly scheduled basis. "No surprises"—that's the byword at Olympic Club.

Olympic Club is blessed with a fine, competent superintendent. He is competent not only in golf course management and architecture, but also in presenting a financial analysis of his budget and why it is or is not within the scope or frame of what has been allocated. Each month at our club every supervisor, including the golf course superintendent, receives a financial analysis of his performance for the past month. We spend a great deal of time with this document. We determine where we are right and where we have gone astray from our original projections. We record this information and project it into the coming year's planning.

Heavy Play

Does heavy play influence the budget? Experience at the Olympic Club tells me that it certainly does! Heavy play contributes to compaction. It affects mowing, irrigation and disease control. It affects grass recovery. Heavy play means it is going to cost all of us more money to operate. This has been our experience recorded over a period of four to five years. Heavy play forces us into rebuilding certain areas sooner than we may have anticipated. It hastens equipment repair and increases maintenance practices needed to overcome the problems it has caused. All in all, heavy play certainly does have an environmental impact. The impact undeniably costs money but, on the other hand, heavy play also means more income is generated to offset the increased costs.

Negative Factors

I would like to comment on what I believe to be negative factors affecting the budget. For example, the general economic situation in the community or in the country often dictates the feeling of the Board regarding what they would like to spend in the coming year. This feeling plus the current internal financial situation at a club significantly affects the budget.

Many clubs experience great food and beverage losses. These losses have to be made up somehow and often are a negative factor on the golf course maintenance budget. Clubhouse operations and improvements are costly to manage and funds are

*ocean Course, Olympic Club, San Francisco, seems
left it this way eons ago.*



often diverted from the golf course itself.

The presentation of a budget by the Green Committee and superintendent to the Board of Directors or governing body is sometimes poorly done. The Board reacts in a negative fashion because those presenting the maintenance budget haven't done their homework. They failed to provide the vital and necessary information on which the Board must base its decision. The problem is one of communication between those concerned with the turfgrass management program and those concerned with fiscal accountability. Back-up data, comparison sheets, and all other possible justification must be made for the funds requested. There is a lack of reality when a budget is comprised of waste and overkill and a fear of criticism.

To prepare a sound budget, the superintendent and Green Committee must have some sense of direction from management or the Board of Directors. The Board has a responsibility to lay out the general objectives of the club for the coming year. It is terribly frustrating to try to prepare a budget without having input from the Board of Directors. Deadlines have to be set for the presentation of the budget. Certain procedural formats should be followed. If the superintendent, Green Committee and general management of the club knows what is expected of them for the coming year, there will be few or no surprises in store.

I cannot overemphasize to the superintendent or Green Committee the importance of not fearing to prepare a budget that shows a deficit for the coming year. Dues increases or fee increases can then be planned to cover these expenditures. If the economic climate looks good, the Board of Directors or Green Committee tend to allocate funds requested by the golf course superintendent.

In talking to many superintendents, another negative budget factor is that of committee restraints. The Green Committee or the country club committee is often very short sighted in establishing their priorities. There is no appreciation or realization of long range goals; no objectives; no master plan. Even though the superintendent may offer these items during a meeting, the nature of committees being what they are (i.e., changing year after year), there is no continuity of planning.

Frequently, a Board of Directors will be comprised of one or more members who analyze every budget request strictly from an accountant's point of view. They look only at the bottom line and use it as a reference point for the entire club operation. Again, the realization is lost that the very existence of the club is for the golf course itself.

In talking with superintendents, I discovered another common complaint. It was that committees often attempt to compare one budget with another. "If club X spends \$200,000 to manage their 18-hole course, why do we have to spend \$275,000?" In order to recast costs on a comparative basis between clubs, a tremendous amount of homework must be



The 18th hole, Lake Course, Olympic Club, San Francisco.

done. I tend to doubt that these comparisons can ever really be valid with the degree of accuracy necessary.

Golfer Etiquette

Misuse of the golf course is a factor that creates higher than budgeted costs. For example, there may be quite a bit of outside tournament play at a course—not member play. At the Olympic Club, we have a continuing program of education for our members stressing the replacement of divots, repair of ball marks and proper handling and use of golf carts. This is especially important during inclement weather. But no matter how much or how hard we try to educate, we never seem to achieve our desired goal. Player indifference and misuse of the course cost a lot of money.

A recent innovation at our club in regard to outside tournaments is a provision that requires outside organizations to retain or hire additional golf course rangers. If there are 50 players or less in an outside tournament, the organization must hire one additional golf course ranger. If there are more players involved, two rangers must be hired. The care of the golf course and the proper operation of golf carts are the essential reasons for adopting this policy.

Automation

Every modern business must take advantage of automation whenever practical. The only alternative is increased operating costs. It was mentioned earlier that our 36-holes are irrigated manually. The irrigation system was installed in 1924 and requires three men full time during the watering season and several others part time during the summer. We are now investigating the installation of an automatic system. We feel that, conservative as we are, the time has come to automate in irrigation.

We have also experimented with several other means of automation over the years. For example, we tried the triplex putting green mowers on our greens. They served the purpose of automation and reduced labor costs. Unfortunately, they also did great harm to our greens. We have since discontinued their use and now cut greens with the power hand mowers. In every area possible, we must automate in order to keep budgets in line. We must continually study and keep updated on new innovations in equipment and operation.

Poor architecture also often contributes to higher costs. Greens and tees that are too small to use in inclement weather force development of temporary greens and tees. This means more work and higher costs until the original deficiency is corrected. Cart paths that are not properly maintained or regulations for the use of carts not adequately enforced damage the course, especially in inclement weather. A tree replacement and selection program is important in long-range planning. Future energy and water costs are definitely going to affect the budget of every golf course operation in America. At the Olympic Club, we are already investigating the use of secondary effluent water for irrigation and we are very much in-

terested in it.

Another item that will affect our budgets in the future is the permissible increase in non-member revenue from 5 per cent to 15 per cent. Those extra dollars, whether they be from food, beverage, or the golf course itself, tend to reduce losses and bring needed funds into the total operation.

The Olympic Club

I would close by commenting briefly on the Olympic Club's procedure in budget preparation. The supervisors of every department in my operation take part in the preparation and presentation of the budget. Most have records going back five years, and, based on these records and our own expertise, a new annual budget evolves. Every department head considers his needs for improvements and rebuilding projects. Everyone participates along with myself in the formal presentation of the budget to the Board of Directors. A written analysis explaining the financial impact on the club is also presented. Each month budgets are reviewed for each department with our finance committee and our Board of Directors. Periodically we update the budget to insure there are no surprises.

We have a fine and large club with over 650 people on the waiting list. Monthly dues are \$69 for which members have use of a large downtown athletic facility and two fine 18-hole golf courses. We have a very active and involved membership. Each day I deal with over 150 committeemen or commissioners that make up the governmental structure of the Olympic Club. Working together and keeping everyone informed and involved, we manage to maintain low costs throughout our operation. Good financial management is achieved because we have the fundamental foundation of sound budgeting.

Spectacular scenery on the Ocean Course, Olympic Club, San Francisco.

