

Budgets and How We Use Them

GCS vs. GMs & GMs vs. GCS

By Dave Doherty

Budgets! I cannot think of one board or green committee meeting that I've been part recently where budgets were not discussed. Of course, they *should* be. And everyone involved in making a decision about how a golf course spends its money needs to know what the budget consists of – how much do we have to work with and where is it going?

It doesn't make any difference if the budget is for a Fortune 500 company or a golf course, normally we do not properly reward the people who are able to bring their department in *under* budget.

Let's assume that a golf course superintendent had a budget of \$800,000 in 2008 and because of the economy this budget was cut by 20 percent, along with other departments.

Now the golf course superintendent had a budget of \$640,000 for 2009 and in most cases is expected to continue to maintain the course in the condition that the golfers have come to expect. Let's pretend that the superintendent and staff are able to meet the expectations of the golfers and some of the people on the board and green committee. We say, "Wow, keep up the good work", and in most cases do not inquire as to how the superintendent and staff performed this amazing feat.

Let's also assume that the superintendent did this marvelous job and finished the 2009 year \$40,000 *under* budget. As management, what do we do now? At this point someone will suggest that the 2010 the budget for maintenance be lowered to \$600,000.

A mature, intelligent board or committee would, at this time, investigate (if they had not already done so) and find out how the superintendent and course staff performed this remarkable task.

In 2008 and 2009, a large part of North America had ideal weather for growing grass. Many clubs in 2009 suffered financial hardship because of lost revenue on weekends because of rain or other weather related issues. For many courses their labor costs were down because of closed days. Many courses saved tremendous amounts of money by needing to use less water for irrigation, because **weather** plays a tremendous role in the amount of money required to keep a course in good playing condition.

Now, as I've suggested, we do not normally reward those people who do a wonderful job and come in under budget. So if the maintenance budget comes in \$40,000 under budget, I'd like to suggest that the \$40,000 be split in half, with half or \$20,000 going into the general fund to help other departments and the other \$20,000 going into a reserve for the maintenance side to cover unexpected costs in 2010.

I believe that this type of sharing goes a long way in creating a team atmosphere throughout the entire club.

In the golf industry, as in most other industries if a department does not spend its budgeted amount, it's taking away from them and in most cases never to be returned.

So where is the incentive to perform under budget? "Spend it or lose it," is the saying in most industries in this country. **Let's change that stinking thinking and use budgets to create team work and cohesiveness.**

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