

Taking Charge of the Future

Budgets and Forecasts -- Your Management Scorecard

by Barry Morgan

There's not much point to the game of golf if you don't keep score. To have fun and a sense of accomplishment on the golf course, golfers have to know how they're doing. If you don't keep track of your strokes you will work hard and you won't be able to recognize your success.

The walk may be pleasant, but there is only limited joy in knowing that you took only four strokes to finish the hole. The thrill of achievement comes when you know what the par is for the golf course. And the experience is enhanced if you've planned every shot.

Managing the golf club business is not much different than playing the game. To be successful, you have to know where you've been and where you're going.

Each time you take a swing, your stroke embodies all the elements of an effective operation. Your choice of weapons on the golf course is dictated by an assessment of your position on the hole and of the conditions in which you find your ball.

The same goes for the tools you employ inside the Clubhouse. On the golf course, every time you address the ball, you need to locate the pin and you need to visualize the ball sailing towards the hole. Soon you are coming off the 18th green and hauling out your scorecard for a final tally.

On the golf course and in the Clubhouse, strategic planning is essential to your ultimate success. And keeping score in your golf business requires planning and budgeting. The budget process is essential for the effective operation of any business.

But it's merely a scorecard. As in the game of golf, you need to refer to it from time to time. However, it's your efforts to improve your score on a day to day basis that yield the value of the game.

Through the creation of a strategic plan, you will come to better understand your business, your customers and your competition. It tells golf course owners where they are and where they hope to be at some future point. They become more aware of the resources at their disposal and recognize which of those are most needed to achieve their objectives. Through this process, both the owner and his team will become more skilled at evaluating their product and better equipped to meet or exceed the expectations of customers.

If the strategic plan is to be developed properly, all stakeholders in the process- customers, staff, suppliers, managers as well as the owners/shareholders- must have input. They are all going to be affected by the outcome and the best way to ensure that they are "on the team" is to let them into the game.

There is no rigid approach to strategic planning. But regardless of how it is done, every exercise of this sort should include:

- An analysis of your current state
- Where you want to be in the future
- An assessment of those factors which will affect the achievement of your objective
- An inventory of the resources available or at your disposal
- A strategy for getting from where you are to where you want to be
- A plan to carry out the strategy
- The means by which you can measure progress along the way
- A financial summary of your objectives

Don't let the idea of having to develop a strategic plan frighten you. Strategic planning is a step by step process which is mostly about getting to know your business better. Gathering key statistics is the first step.

The process of strategic planning has been simplified in the past decade by computers. They have eliminated the once-daunting task of gathering data. Personal computers make possible a limitless level of data gathering and analysis.(see accompanying box on how to use computer resources).

Instead of spending all their time gathering the data, managers can now have more time to use the information and process it in a way that will achieve the desired results. Now the ability to determine what data can be safely weeded out has become increasingly important.

THINGS TO AVOID

There are many things to avoid in developing your strategic plan. Let's deal with some of these problems:

Short Term Focus

One of the main benefits of a strategic plan is that it helps you to focus on more beneficial long-range objectives and thereby resist those activities which may yield immediate benefit at the expense of your long-term success. Booming off the tee with your driver may get you closer to the green, but if you end up deep in the rough, you're usually not further ahead.

Lack of Ownership of the Plan

You can't achieve success in your Club alone. You depend on your staff and your suppliers to help you deliver the services your customers are demanding. If those helping you achieve this success cannot find personal fulfillment in their efforts they will abandon your strategies in favor of those which better meet their own agendas.

Faulty Analysis

At first glance a "year over year" increase of 5 per cent in green fee revenue is cause for celebration until you recognize that the price of green fees during the same period rose by 10 per cent to offset higher costs.

Divergence From Values to Achieve Objectives

You need to rely on your basic values and integrity. Abandoning your principles for the sake of short-term expediency is somewhat like taking liberties with the rules of golf.

Objectives Not Based on Proper Corporate Principles

Your corporate principles, if properly established, are an extension of your personal life ideals. The sense of fulfillment that comes with remaining true to your principles is highly motivating.

Ineffective Implementation

There often is no shortage of people with good ideas but it is sometimes harder to find someone who will carry those dreams through to reality. To be effective when implementing your plan, you must predetermine the activities which will move you towards your objectives. These action plans must be coordinated and structured to build upon each other, yielding at the end of your efforts the desired results.

Insufficient Follow-Up as the Plan Progresses

Keeping score adds depth and meaning to any game including running a Golf Club. It defines your progress and the effectiveness of your current effort.

Your budget is your score card. To be effective at the game of golf you need to keep at it. Playing only once a year is not very effective in the budgeting game,

either. Once established, the strategic plan and the financial results you predicted earlier must continue to evolve.

To illustrate these points, let's consider the planning process for the Food and Beverage Operation of a Club. These concepts incidentally, can be applied to any key result area within your operation.

The initial step should be an evaluation of your current level of achievement, keeping in mind that there are many measures of success in the Club industry. Obviously your bottom line will be important. But it cannot be the only measurement that counts. Customer satisfaction levels are critical in Club food service facilities, especially if you are using your F&B facilities to draw business to your golf operation. And there are many others.

Your future success will depend upon a thorough and objective assessment of your current state. To facilitate this assessment you may want to break down your operation into its various components and analyze each component independently. You may also want to consider expert outside guidance to facilitate an objective analysis.

A good place to start is with an audit of the product and services you are offering. This can be accomplished with a careful examination of the following areas:

Your next step is to determine the distance between your current position and where you would like to be in the future.

Selecting the destination will be mostly a personal decision and must be solidly based on your fundamental values. You need to decide what is important to you. What do you want out of life. Why are you in this business anyway. If your corporate objectives are not consistent with your personal life aspirations you are wasting your time.

This part of the process, at least initially, will not be a team sport. It's your business. You need to decide where you want to be and you will have the most say in how badly you want to get there. Nonetheless, once you have established the destination (for example to have "the best grill in town" or to "increase food sales by 20 per cent"), you will need to elicit the support of your entire team to get there.

Getting there will be much easier if your team has some influence on your final decision. The pressure to effect change in your organization will be a function of the distance between your current and desired states and the importance you and your team have placed on narrowing the gap. The vision your team has embraced must be worthy enough to inspire them and clear enough to provide them with a sharply-focused sense of direction.

When playing an unfamiliar golf course, a "pocket pro" can be a real help. The yardage markers and the course outline painted on the tee sign are helpful. However, guidance from a professional who has played the track can help you avoid hidden pitfalls. Your professional associations such as the NGCOA can provide the same type of guidance.

Competitive secrecy is fine in its place. However, when your success and livelihood is at stake, playing all your cards too close to your chest may be somewhat shortsighted. The networking opportunities provided in gatherings of your peers can be invaluable. They know what you are going through because they are experiencing the same things themselves. Sharing your concerns and aspirations with your competitors gives you a chance to test ideas and explore concepts with minimal risk. In most cases you will find your peers more than willing to help and as in golf, the better everyone plays, the better the game is for everyone.

It is helpful when developing a strategic action plan to identify a number of specific long term fundamental objectives which are consistent with your vision. These by nature should be broadly based and must be properly balanced. These fundamental objectives will form the skeleton of your plan and upon these you will build more specific short term goals which will continuously move you toward your target. All of your goals should be SMART.

Specific - Measurable - Action-based - Realistic - Timed

e.g. We will increase the average luncheon check in the club grill by 15% during the months of May, June July and August, through the aggressive promotion of appetizers and desserts. To accomplish this we will develop a table top menu of not less than 10 unique feature items based on some of the more popular selections commonly offered by our most successful competitors. We will encourage staff participation in this effort by developing an incentive program to reward the staff who consistently achieve the highest average check during their shift. The results of this promotion will be tallied at the end of each shift by each staff member and will be posted on a line graph displayed in the kitchen service area.

Equipped with a well documented set of clearly articulated goals and objectives, your team is well prepared to begin moving you towards your ultimate "vision." Each day a certain amount of time will need to be devoted to achieving daily objectives which share the same focus of direction as the longer term goals established earlier.

Once the action plans have been established, your efforts to achieve these goals must reflect the importance you have attached to them. Care must be taken to see that each of your initial plans and objectives is properly implemented, in an appropriate order, before you embark on the next. It is equally important to

evaluate the results of your efforts as you go along. Key statistics are vital to this part of the process. Tracking of statistics such as cover counts per meal period, average check, dollars per round of golf, food to beverage ratios, etc. is an essential element of your success. Keeping score is what makes the game fun and your entire team should be able to see the score board.

The Budget

The budget you establish in conjunction with your plan is the road map you will use as you progress and it will likely be the fundamental measure of the success of your efforts.

To be most effective, the budget process must be ongoing. However, for each financial period you will develop a "snapshot" of how you envision your plans will unfold financially. The accuracy of this picture will depend on the depth of your preceding analysis and on your ability to predict or control the internal and external factors which will impact your numbers. There are a number of steps necessary to develop a budget. These include:

- An examination of historical data: Where we've been may not necessarily be an accurate predictor of where we are going, but it helps.
- Building revenues and expenses up from zero: based on previous results, you can reasonably determine, using average and estimates, what can be expected in the upcoming period. Ideally, this work will be done not from the office, but rather by individuals who are close to the results. If the budget is prepared with the help of the Golf Course superintendent, the accuracy of your predictions are enhanced. The superintendent is far more likely to remember the details and he or she will have a much better feel for the trends since they "live" it every day. As importantly, if the superintendent is intimately involved with the development process, it is likely he or she will be far more interested in the end result.
- Considering the impact of uncontrollable factors: weather changes from year to year, changes in legislation, increased competition, for example, will all have an impact on your financial results, compared to prior period. Again, the staff who are closest to the results are your best bet for an accurate prediction. Just make sure they have all the facts.
- Considering the impact of your future plans: every objective you establish will have some impact either directly or indirectly on the bottom line. Some you may be able to fairly easily gauge (for example, price increases which do not affect demand). Others will merely be a shot in the dark. In most cases, it is better to err on the conservative side. It is usually easier to explain and deal with unexpected success than unpredicted shortfalls.
- Summarizing and reporting the results: your budget is your score card. You need to be able to refer to it in a meaningful way to know how you are doing. Don't blindfold your team on the tee and then tell them they've hit it into the rough. Let them see the course for themselves. They will be far

more likely to stay on track and will likely have much more interest in playing the game.

Finally, the strategic plan and the budget must be an evolving process which reflects the changing circumstances affecting your business on a day-to-day basis. Without doubt, you will want to resist detours which take you off course and most certainly, the game will work best if you play the holes in order. However, your initial plans may be affected by "changes in the weather" as you proceed. Remember, if the results are not what you had expected, you must be prepared to change the plan. And one final thought: stay flexible and optimistic throughout.

computer solutions

Computer applications are specialized tools. Using an application which is not properly suited to the task at hand is rarely much more effective than hauling out your putter on the tee. Each type of program has a specific purpose. Fortunately, today's programs are sold as integrated sets called "business application suites". Each application in the suite has a similar look and feel but each is uniquely suited to specific tasks. Once you have become comfortable with one program in the set, the effort required to become familiar with the others is reduced. All of the programs are designed to work together smoothly to handle all of your information processing needs.

Your first step in processing information for your planning and budgeting exercise is the gathering of data. Database programs were specifically designed to accomplish this task. Input of data into a database can be either electronic or manual. Manual input can be assisted with simple routines which can be easily custom developed "in house" without the need for extensive training in computer programming. Once you have gathered the raw statistics, sorting and reorganizing the data is a breeze. The database can also handle large volumes of data efficiently allowing the selection and presentation of the only the specific bits of information you immediately require. If you wish, selected data can be sent to other applications for analysis.

Spreadsheets and their ability to provide "what if" scenarios almost instantly, are ideal tools for analysis. Applications such as MS Excel, Lotus 1-2-3, and Corel Quattro Pro allow selected data to be easily related and the relationships to be easily displayed. Spreadsheets have been around since the very early days of the personal computer and are possibly the single most

significant application affecting the initial development of desktop computing.

With surprisingly little training, anyone can learn to use a spreadsheet to highlight significant data discrepancies and relate data summaries. Using spreadsheet software to graphically present data can also be very helpful in identifying trends. For those who get glassy-eyed when faced with a sea of numbers, computer-generated graphs and charts can significantly enhance understanding.

Once the trends have been established, the information gained as result of this analysis needs to be communicated to those who will apply it. Word processors are most effective for this part of the process. Lotus Word Pro, MS Word, and Corel WordPerfect are the word processing applications which come with the most popular business application suites.

Using these programs you can publish effective documents professionally formatted to properly emphasize your findings. The process of developing an index or table of contents for your document can be accomplished with a few easy steps making your information more accessible to your readers. To help make your text more interesting and more easily understood, graphs and tables from your other applications can be easily inserted into your word processing document or the other applications can be opened from within the word processor on demand.

Sometimes, your audience does not need detailed information to understand the point you wish to get across. Occasionally you may find it is necessary to make your presentation to a larger group and perhaps walk the group through an entire process. In these instances, presentation software can be an invaluable tool. Designed to assist you with the development of a powerful presentation, programs such as Lotus Freelance Graphics and MS PowerPoint can help you drive your point home.

Developing a response to the analysis requires considerable creative thought. Applications to facilitate brain storming or mind mapping can be very helpful for this purpose. Employing both the creative and logical side of your brain simultaneously can prove to be extremely effective.

Software such as MindMan available on the Internet at

"www.Mindman.com" can help facilitate and stimulate this process.