



HSVPOA Golf Business Plan

Description

By [Frank Leeming](#), December 11, 2019

The Perfect Business Plan for operating Village golf pro shops

All right, class, it's time to wind down our year by taking a look at what some might call The Perfect Business Plan. Here's what it involves:

- The exclusive right to sell all the balls, clubs, shirts and other merchandise at four of Hot Spring Village's four golf courses – Cortez, DeSoto, Granada and Coronado.
- The exclusive right to give all golf lessons at the four courses.
- The exclusive right to rent clubs, bags and other equipment.
- The POA will hire and pay the employees in the pro shops to handle all the counter sales and rentals. All you have to do is make sure there's enough stock on hand.
- You don't have to pay any rent or utilities for using the space in the POA buildings.
- Every day the POA will tally up your sales and handle all the accounting. Twice a month the POA will cut you a check for what was sold and rented, less a 4-percent handling fee.
- If you die, the POA will pay your estate up to \$65,000 for whatever inventory is still on the shelves. If you decide to quit, the POA might still buy your inventory.
- To tide you over, the POA will hire you as director of all golf operations at a salary of between \$87,638 and \$136,945 a year and provide all the benefits due to a top-level department head.

This is the deal golf director [Tom Heffer](#) has with the POA to operate the Cortez, DeSoto, Granada and Coronado pro shops. [Rick Ross](#) has an identical contract to run the pro shops at the Ponce de Leon, Balboa, Isabella and Magellan golf courses, but he doesn't have a side job as [golf director](#). ***

How much are these deals worth?

In the 12 months ending Nov. 30, the pro shops generated \$343,829 in revenue. By way of comparison, Bella Vista's pro shops had \$497,066 in revenue in 2017, with only five courses.

From the total here, the POA took 4 percent – \$13,224 – for doing all the accounting and paperwork and sent Heffer checks for \$154,590 and Ross checks for \$176,014.

From that, the two entrepreneurs had to buy all the balls, clubs, bags, clothing and other merchandise they sold, and pay all the sales taxes.

Golf equipment usually gets marked up 20-30 percent. Clothing is normally marked up about 50 percent.

In these business plans, we don't know exactly what total costs our two entrepreneurs had, but they were probably well below the average 70 percent facing other pro-shop operators because the other operators also have to pay for rent, utilities, insurance and salaries for the employees who work the counters.

So, good students, your assignment is to consider these issues:

- Why is the POA contracting out the operation of its pro shops? Do we need middlemen taking an estimated \$100,000 profit out of the equation when the POA needs every dollar it can find?



Desoto Golf Shop at Hot Springs Village, Arkansas

- What recourse do members have if they find the selection of pro-shop merchandise is inadequate or overpriced? For example, some say our pro shops are missing out by not selling a wide selection of apparel and other items branded with the Village name and logo.
- There's a time limit on getting your assignment finished because both of these contracts are due to be renewed at the end of this month.
- In a few days, we'll be back to take a broader look at whether our pro shops are generating the kind of revenue they should be.

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Source: Hot Springs Village POA

By Frank Leeming, Former HSVPOA Board Director, 12/11/2019

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Editor's note

Tom Blakeman talked about this very issue, starting on page 39 of his [New Plan](#). This is what Tom had to say:

“What about the Director of Golf? Our Director is a PGA Professional and that’s great. We need people with those qualifications to help market our golf programs, supervise tournaments, keep up with the rules, monitor our course ratings, give golf lessons and hob-nob with the low handicappers. The question is why are we paying a Golf Director’s salary and also providing him with the franchise to the pro shops’ retail business? And then he (they) – we also have two other PGA Pros on staff – additionally get the prize of having their own private lesson monopoly ?

“How can we expect our Golf Director to manage the overall operation effectively while at the same time having other competing and possibly conflicting interests? From a traditional golf perspective this may be the way it has been always done but it does not make sense in the modern business world for an organization losing \$2 million per year. It needs to be looked at – and fixed!”

*** Click below to view/download **POA REQUEST OF INFORMATION FORM**. Follow the instructions on the form in order to view and copy the contracts at the POA Administration Office. You must be a member in good standing of the HSVPOA to obtain this information.

[HSVPOA-Records-Inspection-Form-new-8.14.19](#)

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