Club Resources INTERNATIONAL

Management Disciplines

Teachable Moments

#40 *Benchmarking and Budgeting*

"When managers benchmark their department's performance, they have a wealth of detail to assist in developing future period budgets.

By setting up a bank of data entry cells in a spreadsheet (shaded below), the manager defines the assumptions underlying revenue projections at the same time he creates those projections. Nothing could be simpler – the spreadsheet is set up to automatically multiply the number of rounds by the benchmark for each revenue category to project future sales. Such clearly stated assumptions make it easy for those who review the budget to understand how the projections were made. It also makes it easy for the manager who has missed his or her projections [illegible] period to go back and see why they were missed – either not enough [illegible] of golf) or lower expenditures per round.

Ass[illegible]

Inc[illegible]

[illegible]	[illegible]	[illegible]	[illegible]	$633,810
[illegible]	[illegible]	$34,580	$27,000	$368,295
[illegible]	$5,775	$5,180	$6,863	$71,375
Practice Range Income	$4,455	$2,940	$3,375	$41,398

Projected Revenues using Rounds and Revenue per Round Benchmarks

Once revenue projections are made, it is easy enough to project operating expenses if they have been benchmarked as a percentage of revenues. Therefore, if office supplies have historically run at say .12% of revenues, then it's a good bet, that absent significant change, they'll continue to run at that level.

Given the magnitude of payroll costs in most operations, payroll can also be projected using volume (number of hours worked) and average hourly wage benchmarks. These are easy enough to track since gross pay is a function of how many aggregate employee [illegible] worked and what the gross payroll amount is for any given pay period [illegible] extension for the entire fiscal year.

My own experience with benchmarking for over [illegible] years has proven not only the practicality of benchmarking to better understand [illegible] operation, but also as the [illegible] effective tool for easy and accurate budgeting."

Ed Rehkopf, What I Expect of My Club Management Team

Take Away: The discipline of benchmarking will make budgeting far easier and more accurate.