



BUY BETTER AND SELL DEARER

Steven Brown, Inn-Formation, gives advice on making a success of your food and beverage section of the golf club.

Part 1 of 2

That's just one of the messages golf clubs' food and beverage expert Steven Brown is delivering. In the first of a two-part feature in which he rounds up his views on the industry, Steven gives top tips on making profit, staff skills and stock controls

Over the time that I have been submitting articles for this magazine I have, on each occasion, focused on particular issues, such as analysing stock results, merchandising, staff recruitment, calculations for gross profits and many others.

In this article I thought it might be appropriate to revisit some of those areas with the latest updates and changes to the industry norms. So, here is a 'top tips' guide on food and beverage operations for golf clubs. (The order selected has no bearing upon its perceived importance).

The following are observations from my latest consultancy visits to golf clubs throughout the UK and Ireland.

Lets start with **monetary matters**.

Typically I am finding a wide range of profitability levels, mainly in bar sales.

I have encountered spirits that range from a gross margin of 28 per cent up to 87 per cent! Bear in mind that in a proprietary club the revenue has an expectation of 60 to 75 per cent margin and you will see how a 28 per cent margin might cause raised eyebrows.

So why so wide and varied a range of margins?

My findings tell me that the difference in margins (low to high) is driven by the style or set up in business. Overall gross margins for members' clubs tend to range from 40 to 50 per cent.

No surprise here as it could be argued that the latter is a commercially driven enterprise while the former reflects decades of low retail prices in order to offer a benefit to members.

There is, however, always a price to pay! If the bar is not a stand alone profit centre and makes little or no contribution to the club's running costs then, by sheer dint of the wage bill alone, it can, and will, become a drain on resources. Indeed most of my consultancy visits are focussed on the profitability issue, as greater emphasis is being put on the food and beverage departments to produce healthy results. The key, as with all these issues, is to buy better and sell dearer. Easier said than done but true nonetheless.

The wider that you make the gap between what you pay for the product and what you can charge for it, the more profitable you become.

Top tips

- When was the last time you renegotiated your discount deal with your suppliers?
- Are you aware that any bar outlet trading today can expect to be negotiating discounts? For example, you could negotiate with an outlet to sell cask beer at £100 to £120 per barrel and lagers at £140 to £160 per barrel. Naturally the more you sell, the greater the discount will be, as long as you are not tied into a supplier with a long-term loan.
- If you are tied into a loan see how much it would cost to pay it off and avail yourself of discounts.
- Negotiate with your suppliers to have a 'no wholesale price increase' deal for (say) the next two years.
- What level of free of charge (FOC) support do you get from your suppliers? Remember, if you don't ask, by and large, you don't get. Free goods give you 100 per cent gross margin and while you cannot bank percentages they are an excellent industry guide.
- Get the club officials, committees and even the members to revisit their pricing policies. A five per cent increase in margins could make a significant impact on the bottom line (good luck with that one!)

Now let's talk about **staff skills** – perhaps the second most popular topic I am called upon to investigate by my clients.

Given that in a typical club only 20 per cent of the membership are regular users of the bar (primarily) and the catering facility, much can be done to improve your hit rate and the spend per head.

Great advances have been made in both the upgrading of clubhouse environments and the quality of service, but little has happened to drive sales!

So many opportunities are missed to make a profitable sale, in my humble opinion.

To begin with, are your staff your biggest asset or your biggest liability? Are they, by and large, servers, and not sales people? They are servers! I have observed this time and time again. Over 90 per cent of bar staff do not sell, they simply serve!

Here's another fascinating fact: over 80 per cent of all income taken across bar counters is taken by people we don't train, develop, empower or incentivise.

So, in reality, we expect these people to make us profitable and justify their own position financially and all for the minimum wage!

Well here's a news flash: in the majority of cases it doesn't happen. Yes, you may have happy and contented staff who are happy and contented to be allowed to work within a comfort zone and that are never challenged. That's not good enough. Like everyone else, they must justify their existence.

Wow, I'm glad I got that off my chest! You have every right to expect, no demand, that your front of house personnel more than simply justify their employment but that they also actively sell and promote profitable products to the benefit of the clubs.

Top tips

- ✉ Consider sensible incentives. Identify, from your latest stock results, the products you wish to promote because of their profit contribution. Communicate that to the staff and get them to sell them to customers at every opportunity.
- ✉ Train staff in the four simple selling skills of which I have written often.
- ✉ Allow staff to sample new (and existing) products so that they can recommend with confidence.
- ✉ Empower staff to ask for the next sale not wait for it. (For example, "another drink before you go?" or "would you like chips with your sandwich?")

Next, the thorny subject of **stock control**.

I am delighted to see that many of the clubs I now visit have set in place regular stock takes by external organisations. Sadly, however, the use of the document they produce is rarely, if ever, maximised in its role of protecting the business.

This is due, in the main, to club personnel understanding precisely what it is that the document can do for you.

Regular readers will know that I have written at length about elements of the stock take and how to analyse it. Here I will simply touch upon a few key issues that will help you to better control your business:

Top tips

- ✉ External stock takes should be carried out no longer than every six weeks and preferably every four.
- ✉ If you suspect either inefficient or fraudulent activity undertake an unannounced stock take (for example 14 days after the last one).
- ✉ Do not let your bar's personnel be involved in either the physical count of stocks or the recording of the figures. Yes they should accompany the stock taker but that is merely to identify stock locations and to point out any returns or waste.

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- ✉ Whilst there are many things to be checked on, each result the key is to seek major variations from a series of results. In my investigations I highlighted more than five per cent variations and sought an explanation as to what may have caused them. It may be innocent, it may not.

Typically the key areas I touch upon are gross margin percentage (overall and by product), allowances, surplus / deficit and yields.

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