WASTED OPPORTUNITY

Steven Brown, Inn-Formation, in the follow-up to his April feature in which he rounded up his views on the industry now looks at why you might have made a loss through your bar and challenges golf clubs to think more about the value and definition of 'waste'.

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In this article I will examine observations I have made from my latest consultancy visits to golf clubs throughout the UK and Ireland.

Here are important questions relating to a result that need to be answered.

'Why has the overall margin decreased so dramatically?'

- Was it caused by a change in the sales mix to less profitable products?
- Has there been a wholesale price rise which hasn't been passed on?
- Have we been promoting the wrong products?
- Have our products been correctly priced to begin with?

'Precisely what is listed under the heading of 'waste beer' on the result?'

- In order to get control of the biggest area of loss you will suffer from, you need a precise method of recording every detail.

First of all, set up a spread sheet that records the following information: Date; Product; Quantity; Retail Price; Specific Reason for Loss; Server; Authorised by; and Action Taken.

Secondly, do not give this document to staff to fill in without obtaining a supervisor's signature wherever possible. At the very least challenge staff to explain how the loss occurred.

Thirdly, recognise that stock can be lost in a wide range of ways which must be recorded and identified specifically (and not just as 'waste'). You need to be able to track and trace every circumstance of how a product was lost leading to a drop in profits and yield. In this way you also have accountability from staff as to who is being inefficient.

Here are the many ways in which stock can be lost – some of them are legitimate!

1. **Pipe clean** – Her Majesty's Revenue and Customs' (HMRC) guideline is 1 to 3.5 per cent of total draught in the period. This will be affected by the following:

   - Length of line
   - Diameter of pipe
   - Regularity of clean in the period
   - Cask or keg
   - Number of lines
   - Method of clean.

When was the last time you measured this loss or have you been working from the same figure for a year or more?

Who set the cash figure for pipe loss? Was it the bar's manager or the stock taker? Review it for accuracy. Is your pipe clean allowance the same every month? Unless you count stocks religiously, (say) every 28 days, and the same number of pipes are cleaned every time, then it can't be!

The differences may or may not be marginal but why is the same allowance figure given on every stock whether it's four or five weeks of stock?

2. **Drip tray waste** – If pipes aren't being cleaned this amount will increase. If sales of draught products are slow leading to laying in the pipes and furring up, then remove the product.

How much, precisely do you lose everytime you empty a drip tray (there are three different sizes for trays)? Educate staff not to over pour. If they won't listen, take the drip trays away. 'That's a bit drastic,' I hear you cry! 'How bad is the problem?' is my response!

Who measures the waste after every session? Is it the staff or is it you?

- Breakages (bottles): See the evidence and then destroy.
- Prizes: Use slow selling stock or something close to the sell-by date.
- Transfers: Don't let the chef keep taking your stock, tell him or her to get his or her own. I encountered a classic just recently: The chef was taking two to three pints a day for the steak and ale pie.

'That's alright,' you might think. Well it would have been if it had been on the menu every day! Added to which the chef was a franchisee paying nothing for the use of the catering facilities!

Here are some other losses that need to be recorded specifically, together with my comments:

- Staff drinks (buy separate stocks)
- Own consumption – record every coffee the committee, golf pro, kitchen staff and you have. This product belongs to the members and they have the right to know where their stocks are gone
- Faulty equipment
- Soiled product
- Discounts
- Out of date (a criminal act!)
- Heavy bottoms (cask beer remains)
- Pull offs (beer drawn off before service)
- Sampling (staff, customer tastings)
- Short delivered (should never happen!)
- Mis-pour (demand to see the evidence then pour it away)
- Over-measures (wine by the glass is a classic example. Also a splash of lemonade or coke).

3. Another question: 'My yield is up and down every month and I really don't know what I should be experiencing. What should I do?'

Yield is the measure of your outlet's ability to turn a product purchased into a profitable sale.

Managed houses in the UK are expected (every month and without fail) to attain a 100 per cent yield – and they are not allowed any pipe cleaning allowance! So how do they achieve that? By strict control, monitoring of waste and efficiency and ensuring that the full five per cent head is given on every pint!

Typically in a club I expect to see yields as low as 85 per cent to as high as 95 per cent (I have seen some higher).

The reason they are as low as 85 per cent is because of the discounts given to members. Discount levels range from zero to 20 per cent.

The bigger the discount and the lower the sale of draught beer then the worse the yield becomes.

Of course the other factor affecting yield is 'how much did we lose this month and called it waste!' Constantly challenge the losses you incur for empirical evidence that:

a) it actually happened, and
b) why wasn't it avoided.

4. A fourth question: 'Why do we keep on getting a surplus which I understand is better than a deficit?'

Says who! As a devious bar manager (allegedly), I could produce you a surplus on every stock, if that would keep you happy, and still rob you! Both are equally as bad although, to be fair, I would rather experience the surplus situation because it is something I can make happen. The deficit scenario is always a constant search for the guilty. The guilty may only be guilty of inefficiency and not fraudulent activity but it does leave a nagging doubt.

Surpluses occur for a number of reasons:

- Large heads on pints
- Claiming more of all the losses under wastage than actually occurred
- Shandies instead of pints
- Pints of lemonade / coke filled with ice before the product is put in
- Over charging for products
- Short measuring for products
- Stock discounts

And more.

(May I say at this stage I am not advocating any of the above practices merely acknowledging their existence.)

Deficits occur because of the reverse of all the above together with all the other losses listed, and theft!

Make sure your stock taker gives you a written report within 48 hours highlighting all variances that are a cause for concern, together with a list of suggestions of how to improve the problem. Challenge your bar's manager (and stock taker) to make you more profitable. Here endeth the lesson.

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