



## FOOD FIGHT

It can be a difficult choice whether to have a franchised, in-house or a loose catering set up. Steven Brown, Inn-Formation, analyses what's the best for you and how to get it goin - JULY 2008

Of increasing importance for golf clubs is the question of food provision. Should we provide this in-house or get outside assistance?

Many clubs have a varying array of 'arrangements' regarding their food provision and I am constantly asked about the best way in which the service should be delivered.

I thought it might be helpful to illustrate all of the options together with the pros and cons of each.

Whilst assumptions can be made by me regarding your catering it would be easier for you to provide answers to the following questions before making a decision.

First have a look at the flow chart on catering provision.

Now if this seems that I have a bias toward a properly contracted franchising agreement rather than a loose catering arrangement, then there may be some basis in fact for that – let me explain why

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Firstly – if you are happily controlling your catering in-house, profitably, efficiently and to your members' satisfaction, then carry on and don't change anything. I am a great advocate for taking catering in house but many criteria must be met before that decision can be made (I will address this issue again later in this piece).



# Continued..

## 2

**Secondly** – if you are considering all other options then you need answers to the follow points.

- 1. What are the full range of options available to me (in-house, loose agreement, franchisee, outsourced to industry specialists)?**
- 2. What are the benefits and drawbacks of each option?**
- 3. Do we expect to make a profit contribution from our catering or merely provide a service, possibly even at a loss?**
- 4. What are all of the full ramifications of each method of operations for the manager?**
- 5. Do we want to surrender all day-to-day activity of food provision to another party while retaining overall control?**
- 6. What level of fees should we either be paying or charging for this service?**
- 7. Who will make the final decision and are those people (person) qualified to do so?**
- 8. Where do I go to get further advice?**

**Readers of my previous rantings will have seen me propound the need for absolute control of your food and beverage operations.**

**Most clubs do operate internally their bars' operation (although some are outsourced) but the majority still operate some tenuous style of 'hands off' management when its comes to food, preferring, either due to lack of time or perhaps understanding of the subject, not to get directly involved in its control.**

**Now, in your defence I fully understand the position that many secretaries, business managers, commercial managers and so on find themselves in, but, and it is a big but, abdicating total responsibility for the food operation is, in my view, not an option, as I have found during many of my site visits when conducting my consultancy into the supposed non-viability of a catering (and bar) offer.**



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There are many reasons why the catering provision has taken a back seat in the list of the clubs' profit centres that need to be managed. Here are some reasons I have been made aware of as to why clubs choose not to take on this responsibility.

1. "We don't actually need to make money from the food, we make our money elsewhere".
2. "We don't understand food provision so we leave it to the steward".
3. "We only turnover £40k a year so it's hardly worth bothering with".
4. "I don't have the skills to control it".
5. "I don't have time to control it".
6. "The stewards have always done it and we don't want to upset them".
7. "Our members are happy with what we give them".
8. "I've no idea if we make a profit or a loss. No one in the club knows about it, least of all the house committee, who supposedly advise me".

I say, steady on chaps! Hope I haven't touched a nerve there but all of the above are real comments made to me by well-meaning club executives, all of whom wanted to turn things around. Those people, with our help, are either doing so, have done so or are at least challenging those previously-held opinions concerning catering provision.

Providing food in a correct and professional manner is not easy. Indeed it is easier to give that responsibility to someone else but with it goes potential profits which can make a substantial contribution to the club's bottom line (even if you are non-profit making!)



## Continued..

Until recently I have been advising clients that if they were seriously to consider changing from a 'loose catering arrangement', (which, let's be quite clear, is not a franchise and should not be referred to as such) to direct control with salaried staff then a turnover of £120k to £150k with gross margins not less than 65 per cent, then the argument can be supported.

The biggest problems you face when you take on that responsibility are:

- a) The cost of staffing
- b) Compliance with all legal ramifications (hygiene, employment law, HASAWA and so on)
- c) Staffing the service with the right people (who can control and market the service properly)
- d) Possible equipment purchase/lease
- e) Setting up administration systems to control the operation
- f) Sourcing suppliers and discounts
- g) Pricing policies
- h) Customer research (range, times offered)
- i) Stock security/results checks
- j) Menu planning.

Please don't be put off by this list! If you have a bars' operation, much of what you do there can be simply applied to the catering operation.

Perhaps the biggest concern will be to staff the project. Whilst nearly everyone I know can, after a limited amount of tuition, pull a pint, not everyone I know, including me, can cook, let alone control a catering operation.

You need specialists with specialist skills in a catering set up.



## Continued..

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## Continued..

If you have a cook or a chef they will understand about prepping food, FIFO (stock control), pricing up each dish to maintain your gross margins and profits and, hopefully, controlling wage costs and stock results.

If all of this sounds daunting there are industry specialists, who we work closely with, that will, for an agreed monthly fee, provide you with that resource and all of the other skills and, if profits begin to exceed agreed targets, return those excess profits to you once their fees are found.

Outsourcing may be the answer to your dilemma, but if you believe that you can both manage and control the operation yourself then you will need to focus on the following major issues.

Let me firstly make one assumption. That is that you have the equipment and a kitchen facility (minor point I know but it might be useful in the long run!)

1. Staffing the operation (recruiting and wage levels)
2. Pricing the product correctly
3. Establishing excellent stock control and security procedures
4. Designing a simple but effective administration and accountability programme
5. Sourcing suppliers
6. Establishing an effective marketing programme
7. Supporting staff through training

Now while there are other issues to be considered, these are the key factors for those of you who wish to provide and control a catering operation in-house.

Just looking at staffing the operation, catering is a specialised form and you need to place experienced practitioners into key roles to ensure that you can provide a service that will stand scrutiny from the most discerning members of the club.

The key person is of course a chef or cook. That person may already be present within your set up. Alternatively you may have to recruit externally.



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I suggest, even with your existing workforce, that they 'reapply' for the job and that you challenge them with some of the following key questions to assess their level of competence (same applies to external applicants).

1. How would you cost up a food dish?
2. How many different dishes would you provide on our menu?
3. What do you understand about our customers' specific catering requirements?
4. How often would you change the menu?
5. What expertise do you have in catering for large functions?
6. What do you understand about stock-taking results and stock-security measures?
7. What methods of efficiency would you introduce?
8. What do you think your catering wage percentage should be, to be in line with industry norms?
9. What are gross profits and gross margins?
10. What qualities would you be looking for in your waiting staff?

Of course in addition to these questions you will need to have drawn up an appropriate job description and contract.

You will also need to budget for staff wage costs. The only steer I can give you here is that the industry is employing cooks at £15k to £25k and chefs at £25k to £40k.

Regarding other staffing levels which may include anyone from an assistant or second chef to kitchen porters, the industry does provide us with norms regarding wage percentages. Sandwich operation (rolls, baguettes and so on) is 15 to 18 per cent of wage cost, hot / cold plates (English breakfast to pie and chips) is 22 to 25 per cent of wage cost and full blown restaurant (Sunday lunches and so on) is 28 to 40 per cent of wage cost.

During my consultations with clubs I have encountered wage percentages ranging from 25 up to nearly 80 per cent! You will never make a profit on food with wage costs like that – but then perhaps you never intended to. Perhaps you simply wanted to provide a service!