



**Catering: Success is in the details. It may sound cliché but the simple truth is that the success or failure of your food and beverage concession can be traced to the level of detail in the planning stages, writes Mike Holtzmann.**

# food for thought

## planning a successful food & beverage operation

Successful planning begins with the 'big picture' and works backwards, breaking down the plan into smaller and smaller more clearly defined parts. The key of course is to have a clear vision of that picture!

In forming your vision, it is important to be realistic and grounded in reality. Although a French café theme with servers may sound charming and quaint, it probably lacks basis for inclusion in, for example, a waterpark environment.

Develop your facility with a menu in mind and let the menu drive the design. It is important that the menu be profitable, after all the food and beverage concessions should be looked upon as a profit centre, not a loss leader. In planning your menu it is important to cost out your fare so as to ensure a fair and respectable profit margin to not only cover your costs but to insure profitability.

Although it may be tempting to treat your guests as a 'captive audience,' in reality, laws of supply and demand and price elasticity still apply. If prices are too high, the tendency for many may be to trade down to lower costing and less profitable items or simply leave the park altogether and head on down to the Golden Arches. While it may be fair to charge a premium for the convenience of not leaving the facility, (after all most people come to expect higher prices in such venues), price gouging is a slippery slope which can sabotage your guests' overall experience.

With your menu in place, you can now turn your attention to the equipment that will be required to implement it. This in turn leads to the layout of your space. What are the dimensions of your equipment package? Is there sufficient electrical, gas or water service to the area? Just because there may be an electrical outlet near where you want a particular piece of equipment, doesn't mean that it will be sufficient if that outlet is on a circuit that is already at or near capacity. Will the equipment be arranged in a way that has employees running into each other for every transaction or will the layout allow for smooth and efficient economies of motion? Beware of equipment vendors who offer 'free' design services. Keep in mind

that their primary business is to sell you an equipment package!

You have come a long way since formulating your 'big picture' and by now you may be feeling pretty sure that the hardest part is behind you. Think again, after all you haven't even hired your first employee.

Staffing your facility can arguably be the most critical facet of your food and beverage operation. When hiring your crew, think about the image that you want to convey to your guests. Do you want experienced applicants or would you prefer to train a group of anxious, albeit, unseasoned personnel? A case can be made for each school of thought but whatever you decide, have a clear written set of job descriptions and expectations for each position.

The building is built, the equipment is in place, the shelves are stocked and the employees are hired... it must be opening day! Before we unlock the door, however, we must turn our attention to the set of controls that will guide our operation. Controls allow for standardisation of services and products, and over time they create consistency, which is important for guest satisfaction and repeat business. Controls come in many forms but the purpose of controls should be to increase profitability for the business. Some of the best controls include the following:

**1) Weekly inventories.** As tedious and time consuming as this may be, weekly inventories can be perhaps the most effective method of controlling food and beverage costs. The beauty in doing weekly inventories is their timeliness. All too often, managers rely on monthly figures from the accounting department to inform them on how well the operation is running. How timely is it, however, to receive information that may be 30-45 days old? A lot of damage can be done in this time frame, after all, how much product can be pilfered, over-portioned or wasted during this relatively lengthy period? Weekly inventories allow the operator to spot problems sooner and take corrective action. By doing inventories on a weekly basis, you are also showing your staff that



From a canteen, to a Pizza outlet or coffee shop, think carefully about what kind of concession is right for your operation.





you are aware of items on-hand and thus possibly serving as a deterrent for theft.

**2) Par levels.** By developing par or build-to levels for your food and beverage purchases, you gain three distinct advantages: Discrepancies become more apparent, you can allow other management staff to place orders in your absence, and it controls cash flow by not tying up capital in unnecessary inventory. (The goal here is not to be a warehouse.)

**3) Theoretical Cost of Goods Sold (COGS).** Theoretical Cost of Goods Sold is just what the name implies - a theoretical number derived in a perfect environment in a perfect world where such things as waste, breakage and theft do not exist. This process should have been developed in the menu planning stages when you costed out your menu. We will now use this theoretical number as a benchmark to compare against actual cost because, alas, there is no such perfect environment in a perfect world.

The process is relatively simple, albeit tedious, to calculate, but once you have done this exercise you have a solid set of tools with which to gauge your variances. With today's advanced POS and cash register systems, one need only run a daily or weekly sales report showing the quantity of all items sold. Once you have this information, you can simply multiply the theoretical costs of each item by the quantity sold to ascertain the theoretical cost. Compare this against your weekly actual costs and you too will become a firm believer in this process!

**4) Analyse menu mix for profitability.** Using the same cash register/POS features discussed above, track your daily or weekly sales by item over a period of one month. Look at which items sell and which ones don't. As you add or delete items from the menu, see what impact, if any, these changes have. You may find that by adding that 'hot' new item with a great food cost to the menu, you are in essence shooting yourself in the foot by cannibalising a more profitable item. Remember - you bank dollars not percentages.

**5) Forecasting models.** The most effective 'crystal ball' available to a manager comes in the form of a logbook. True, it lacks the mystique in the traditional sense but what a gem this tool can be if left in the right hands.

A properly kept journal of daily business happenings such as number of visitors to the park, guest counts at your food and beverage operation, sales figures and weather conditions tell a lot about the business day. Used in conjunction with the marketing department, the logbook, over time, helps to take some of the uncertainty out of forecasting by providing historical data with which to base decisions on.

**6) Cash handling.** The best way to hold cashiers accountable for their drawers is to abide by the one cashier/one drawer rule. In a nutshell, each cashier is responsible for his or her drawer. To make this enforceable, no one else should have access to the drawer - period. Managers can have their own drawer in the event help is needed. If you think about it, how can you honestly expect to have one person accountable if five or six hands are in the till? The cashier has a legitimate excuse when questioned about overages or shortages.

**7) Labour controls.** Implement weekly scheduling in order to place the proper amount of help to the proper areas at the proper time. All too often, establishments create schedules that may last for four months or longer, usually working around the school semesters or quarters. This perpetual schedule, however, doesn't necessarily work to the best interest of your facility. Working in conjunction with the forecasting model, which was discussed above, schedule your employees around the weekly needs of the business while at the same time working with the schedule of your school-age employees, parenthood responsibilities or other jobs your staff may have. Remember though, the needs of the concession come first. If this becomes a problem, then maybe it's time to hire people with more flexible schedules.

**8) Employee health and safety.** The health and well-being of employees should be of primary concern to any operator. Employees who are out of work due to some job related illness or injury cost the industry millions annually not only in medical bills but lost productivity, increased training costs for replacements and fines imposed on establishments for unsafe work environments.

We have touched on the basic strategies that go into planning for a successful operation. It is worth repeating, however, that the blueprint for success starts with the menu.

**Mike Holtzman founded a company called Profitable Food Facilities (PFF) in 1991. Over the past 11 years, he has worked with over 200 clients in 38 US states and Canada. His company specialises in improving, creating and developing profitable 'captive market' food service operations at waterparks, family fun centres, sports complexes and other leisure facilities. Mike can be reached at +1 858 675 3733 or via his website, [www.profitablefood.com](http://www.profitablefood.com)**



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