

Making CONCES



Creating a successful concessions business at your park means more than just selling hot dogs and soda.

By Michael Holtzman

CONCESSIONS

Food and beverage (F/B) doesn't have to be a riddle or "necessary evil" at your park. There is a fine line that separates maximizing profits and affecting the customer/guest experience, and that line is always moving. It is up to the manager to watch it daily, react to trends and be willing to try out a few experiments of his or her own in order to find out what fails and what succeeds.

Money can be made ... lots of it. Why else would outside concessionaires cheerfully sign agreements that have them paying a big chunk off the top or bottom line? Obviously they are willing to deal with the inconveniences associated with an F/B operation. But you can too—all you need are the "secrets" of F/B to reach profit margins that make the efforts worthwhile.

Characteristics of Profitable Concessions

Profits from F/B operations are grounded in volume. The more business you can turn, the more money that falls to the bottom line. Fast service or line speed is dictated by several factors:

- A streamlined menu: Trying to be everything to everyone has rarely succeeded. A study of the sales mix report will tell what has been selling and what has been a bust. Deleting non-movers

has other advantages, in that it frees up shelf space, reduces waste and no longer ties up money in excess inventory.

- A menu that is easy to read from a distance: This ensures that customers will be prepared to order when they reach the window. In situations where the menu may be extensive, having someone taking orders in line speeds up the process by answering questions, making suggestions or just alerting and comforting people to the fact that there is an effort underway to move people through.

- Prices that have been set in 25 cent increments with the tax included are sure-fire ways to speed up the transaction process. The more coins the cashier and customer have to count, the slower the line. Decreasing the transaction time by five to 10 seconds several hundreds or thousands of times daily will alone increase sales. Lines that look to be moving slowly will put off many people from getting in them.

- When large crowds converge, the hunger rhythm within usually dictates there will be a rush at peak meal times. In situations not designed or built to handle sudden demand efficiently, the strategies are limited; a little-used game plan is to take the "sense of urgency" approach to an impending meal rush. The goal here is to treat the early trickle coming in a half hour prior to the rush

as if things are in full swing, thus staving off the eventual long lines. Many operations wait to kick it all into gear only after the lines are "long."

Besides volume, prices can be escalated, within reason, that is. Whether in a captive market venue (no food allowed from outside the gate) or one where bringing your own is acceptable, people accept the idea that prices are not likely to be comparable to the corner convenience store.

It used to be that people's expectations were fairly low in terms of value and quality for F/B in a concession scenario. This is changing, as operators are upping the ante in efforts to satisfy customers. One secret formula for success is this equation: You can charge a price pushing the upper limits if the product that you serve wows the customer. It creates short-memory syndrome. On the other hand, you can charge the lowest prices ever, but if the product is poor in presentation and quality, the customer will feel cheated and remember it forever. It also reduces the chances of a repeat visit that same day.

Working Against You

There are some things that simply work against turning a profit at a concession stand. The following are some of the most common offenders:

Vending machines: The only reason for



A key to increasing concessions sales is to serve freshly made fare.

having them should be for the dispensing of something that does not exist at the venues, or for capturing sales in remote areas that cannot be serviced by a kitchen facility.

Glass display cases: These are designed to market and they do a fabulous job. The downside is that they help to move items with lower-profit margins, most notably bottled beverages. If an operator has gone to the trouble of installing and featuring fountain sodas (high-profit margins) putting a display case right next to the soda tower may be defeating the purpose.

Kitchens—bigger is not necessarily better: How a space is laid out can easily influence the chances of success. The flow of food preparation and how it makes its journey to the counter and customer can impact line speed, quantity of staffing hours and quality of work life for employees.

Systems and Controls to Insure Profitability

Although these tips can help you make concessions profitable, no magic wand exists for making money in F/B. It is the type of business that seems to thrive on

a concept that most management experts generally berate: micro-managing. Without a set of procedures that monitor where all of the pennies, nickels and dimes (yes, F/B is that kind of business, too) are going on a daily and weekly basis, it is darn near impossible to keep track of what is going on.

In order to keep the right perspective, plan the menu. Define who the core spenders are and what they want. Analyze the product mix daily and be ready to pull the plug on items that do not move. Have an outlet to experiment with new items (a chalk board is great for stimulating interest in daily specials or items that do not appear on the menu.)

After the menu has been determined, each and every item needs to be “cost out,” a formula where the cost (what was paid to bring it through the back door) is divided by the menu price. Paper goods, condiments and garnish should be included in the cost. If the overall food cost target for an operation is 25 percent, it is safe to say that the items that sell best had better be priced to land in the 20 to 30 percent range.

Not everything will fit in this group;

grab and go items like chips and candies may be closer to 35 percent, bottled beverages higher. Fountain sodas, popcorn and cotton candy usually are found at the opposite end, with costs sometimes less than 10 percent. The key is to use the sales mix numbers to find the perfect balance to reach the goal.

Try to also use the leverage of competition and bid out the F/B accounts at least every other year. Never underestimate the value of your business to a supplier, particularly if you pay your bills on time and know how to order. In many instances, there are discounts to be had for drop sizes and early payment, but you may have to bring the subject up to make it happen. Remember that getting better prices from your suppliers does not guarantee low F/B costs. It is more like the icing on the cake for doing your homework.

In addition, take weekly inventories. In special circumstances, daily may be necessary. Operations that rely on monthly counts are asking for trouble. Usually the count is forwarded to the accounting department and they produce the cost numbers by the middle of the next month. The result of this drawn-out process is that the data is impossible to research. For example, if someone has “borrowed” a case of meat in the first week of June and the month-end inventory isn’t resolved until the second week of July, a six-week window remains to be investigated.

Along with the weekly inventories is the need to post invoices within the same time frame. If accounting is keeping the books, then it is strongly recommended that F/B management create a parallel set for a few reasons:

- A weekly cost of goods can be calculated, independent of the accounting department, using the formula: (Beginning inventory + purchase) – ending inventory = usage (\$). The usage figure is divided by net sales for the same week, yielding a cost of goods percentage.
- Posting bills makes management more aware of what they are spending. Price

fluctuations from suppliers are more apt to be noticed.

- If accounting produces numbers that are not what the F/B department had expected, there is now a reference to compare against. The extra set of books often catches bills that are paid twice or helps to keep track of missing credits.

Watch What They Eat

It is also always a good idea to keep track of waste. Train the staff to let you know when something has to be thrown away, either from overproduction, poor rotation or a mistake. The goal for waste dollars should be no more than half of one percent of net sales. If sales are \$5,000 weekly, \$25 of waste is the target. Employee discounts and complimentary meals and beverages should also be logged.

One of the most important things that can help or hinder a concessions operation is the menu. Some easy-to-follow guidelines can help structure your operation's menu so it is successful:

- The food is perceived as being made "fresh, to order" and is simple to prepare by staff.
- "Signature" items, or specialty products that are not run-of-the-mill and sell themselves by presentation or word of mouth.
- The marketing of the food is aided by "branding," or use of brand names that are perceived by the customer as representing the highest quality or consistency.


Things that tend to work against a menu's success:

- Pre-made products. Even if someone made a wrapped sandwich 30 seconds ago, it could have been there since yesterday in the next person's mind.
- Slow point of service. There are some spectacular systems to be had, but most software programs are overkill for a concession operation. If a cashier has to hit five different buttons for the purchase of a bottle of water, long lines are in your future. Technology has made such amazing advances that cash registers can be had for \$200 to \$300 that

produce enough data to keep one aware of the things that are important and keep the lines moving.

- Refrigerated display case for bottled drinks.
- Multi-ingredient menu items. Keep it simple.

Launching a successful F/B concession is not easy, and it doesn't help that for most people, it is an area outside the comfort zone of parks and recreation. However, with diligence and a platform

that includes the inclusion of every team member, F/B has the potential to show profits that will make the hard efforts worthwhile. The cornerstones are quality, cleanliness, service and the management of the numbers. In fact, the savvy manager that employs the above systems and controls will know where things stand long before the official word from accounting comes down. No more surprises, thanks to all that hard work. 

LABOR OF LOVE

Despite its rank as the second biggest expense next to food, labor management is often the most misunderstood facet of the F/B business. Usually the first obstacle to be attacked when cost-cutting is in order, it deserves more attention in the early stages rather than being allowed to run unchecked. Some hints:

- Compare the scheduled hours with the actual payroll hours. More often than not, the payroll time will exceed the scheduled time. The riddle is to determine why.
- Be wary of creating a schedule that is tailored to the staff's needs rather than those of the business. Yes, it makes good business sense to honor school schedule conflicts and grant requests for important time off, but many a schedule has evolved into a blueprint for keeping everyone happy but the customers and manager.
- Staggering "in" and "out" times can save hundreds of dollars per week or month. By scheduling people in on the quarter and half hours helps to reduce traffic and socializing that usually accompanies multiple personnel coming and going.

There are hidden labor costs related to hiring practices. Giving employees the attention and nurturing they deserve minimizes the chances for high turnover. Do not underestimate the power of the ori-

entation and the first few days of training—this is when a new employee develops perceptions about the organization, other employees and you as a manager. A well-planned orientation will communicate that you are in control.

The way the first day ends is just as important as the way it began. On the way home the employee will reflect on what took place. Closing on a positive note will give the employee a good feeling. The objective is to do everything possible to make sure the new hire looks forward to the next day of work and before leaving the first day, a manager should spend some private time with the employee. Assuming the employee put good effort forth on the first day, communicate directly that you noticed what was accomplished.

One of the most radical of recent business practices has been the sharing of "numbers" with the F/B team members. Long considered a taboo, enlightened management is discovering that giving employees access to the financial results is yielding multiple results: Increased productivity, education about the business, and perhaps an aid to help dispel the notion that management is raking in tons of money. The latter is a common misperception that fosters a sense of entitlement on the employees' part when it comes to pilferage and giving away free food.