



# TOP TEN

## BEST CONTROLS TO OPERATE A PROFITABLE GOLF COURSE OPERATION

**T**he dictionary defines control as "...verifying or regulating...by comparing with another standard." All businesses whether they be in the automotive or technology industry rely on controls to monitor and gauge performance. Without a benchmark, however, these controls would be useless.

In Detroit for instance, one of the goals of the "Big Three Automakers" may be to produce a certain number of units per shift, day or week, while in Silicon Valley, the big chip makers may strive to produce a certain number of microprocessors per minute, hour or some other measured unit of time.

Controls allow for standardization of services and products, and over time they create consistency, which is important to ensure repeat business. Controls come in many forms but the underlying purpose of controls should be to increase profitability for the business.

The goal of this article is to introduce controls as they relate to the food and beverage division of a profitable golf course operation. Given that everyone and David Letterman has their top ten lists, I've decided to throw my hat into the ring and introduce my own "Top 10" list.

### 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 liquor costs. The beauty in doing weekly inventories is their timeliness. All too often, managers rely on monthly figures from accounting 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 you are aware of items on-hand and thus possibly serving to deter any would-be theft.

### 2. PARALLEL SET OF ACCOUNTS PAYABLE RECORDS

Keeping a separate set of records marries itself nicely to my first pick of Weekly Inventories. By recording all purchases in spreadsheet form, whether on a PC or a columnar pad, you are able to calculate your weekly food cost percentages and compare them against those of accounting. Any discrepancies can then be tracked down more easily and quickly.

### 3. PAR LEVELS

By developing par or build-to levels for your food and liquor purchases, you gain three distinct advantages:

- Discrepancies become more apparent.
- Other management staff is able to place orders in your absence.
- Cash flow is controlled by not tying up capital in unnecessary inventory. (The goal here is not to be a warehouse)

### 4. 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 theoretical number is used 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 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!



## 5. MENU MIX ANALYSIS FOR PROFITABILITY

Using the same cash register/POS features discussed in my fourth pick, 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 cannibalizing a more profitable item. Remember - you bank dollars not percentages.

## 6. FORECASTING MODELS

The most effective "crystal ball" available to a manager comes in the form of a logbook. Now true, it lacks mystique in the traditional sense but what a gem this tool can be if left in the right hands.

One of the first things I ask to see when visiting a new facility is the logbook. A properly kept journal of daily business happenings such as number of golfers, guest counts, types of tournaments, sales figures, weather conditions and local civic events can tell me 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.

## 7. CASH HANDLING

The best way to hold cashiers and bartenders 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 5 or 6 hands are in the till? The cashier has a legitimate excuse when questioned about overages or shortages. Another alternative, which has gained favor in many establishments over the years, is the concept of self-cashiering whereby each server carries their own bank and is accountable for their receipts at the end of their shift.

## 8. LIQUOR CONTROLS

Liquor is probably the single most abused category in the food service establishment in terms of theft. Theft can manifest itself in this category in many forms. These could include: complimentary drinks (on the house), over-pouring to gain favorable gratuities, pouring premium, instead of house brands to, again, gain favorable gratuities. Then there's the old hidden bottle trick, whereby the bartender brings in his or her own bottle all the while failing to ring up the sales and pocketing the cash. The latter, at least, has the advantage of not affecting pour costs.

There are several roadblocks to curb high pour costs:

- Employ special nozzles, spouts, metered sensors or the use of jiggers and shot glasses.
- Use proper glasses for the particular drink being served. (Glasses that are too big can hold more liquor and mixes)
- Empty bottles and kegs completely. Once emptied, put them aside to be counted and subtracted from inventory before being discarded.
- Train properly and re-train.
- Ensure frequent management presence in the lounge or bar area.

## 9. LABOUR CONTROLS

Implement weekly scheduling in order to allocate 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 the club. Working in conjunction with the forecasting model (reference pick #6), schedule your employees around the weekly needs of the business while at the same time work with the schedule of your school-age employees, parenthood responsibilities or other jobs your staff may have. Remember, though, that the needs of the club come first. If this becomes a problem, then maybe it's time to hire people with more flexible schedules.

## 10. EMPLOYEE HEALTH AND SAFETY

The last pick on my list is perhaps the most overlooked and misunderstood area of food and beverage operations. The health and well being of employees should be of primary concern to any operator. Employees who are out of work due to job related illness or injury cost the industry millions of dollars annually, not only in medical bills but lost productivity, increased training costs for replacements and fines imposed on establishments for unsafe work environments.

Conduct safety audits on a quarterly basis. Solicit the help of your insurance carrier to review the steps necessary to reduce injuries. Run safety contests and reward the staff for so many consecutive accident-free workdays. Review your purchasing practices. Many times items you purchase in bulk may save you money initially but lifting a heavy five-gallon bucket of chemicals can have its toll on the backs of employees, easily negating any cost savings incurred from the initial purchase.

Consider using shallow bus trays that hold fewer dishes. Fewer items usually translate into lighter loads. Use smaller ice buckets for carrying ice to bar wells or salad bars. Lastly, train all staff on the proper techniques of lifting heavy objects. The back you save may be your own!

This is my 'Top 10 List' of controls to operate a profitable golf operation. Add these to your operation on a consistent basis. Make them part of your operations culture and in no time at all you should see some amazing results.



**MIKE HOLTZMAN**

Mike Holtzman is President of Profitable Food Facilities, which specializes in developing profitable golf course food and beverage operations. PFF has also designed the kitchens for more than 75 clubhouses. With over 200 clients in 36 states and Canada, PFF has worked with both private and public courses nationwide. Mike can be reached by email at [pff@nctimes.net](mailto:pff@nctimes.net).