



Profitability on the Up and Up !

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In this highly competitive marketplace, you're either on the way up or on the way down. Taking a breather and maintaining status quo solidly fixes you at a point in space, allowing your competitors to surge past. Soon you'll be known as yesterday's concept, out of step and out of touch. Your employees will know it; your clientele will know it.

Your revenue stream and profitability follow the same pattern: they're healthy and growing, or they're not. Beverage operations have to be hitting on all cylinders to crank out maximum revenue. When they fall out of tune, profitability immediately takes a beating. Keeping the operation running at its optimum takes knowing what to look for and making the necessary adjustments at the appropriate time.

Is your business fully prepared for success? Have you outfitted your bar with the necessary equipment and inventory to deliver on the promise? Are there viable internal systems in place to sustain beverage profitability? Are your people ready for the challenge? Creating demand without being able to satisfy it is pointless and frustrating.

If you've looked at your day planner and concluded that you don't have the days or years to learn from your mistakes and you need to know now how to turn your bar into a profitable entity, here's a short list of suggestions for finding and remaining on the right side of the income curve.

Monitor PC.

Determining your bar's ongoing cost percentages reveal your level of profitability. As your cost of goods increases, gross profits diminish. Success behind the bar greatly depends on safeguarding your profit margins—no margin, no success. Tracking your cost percentages is a fundamental form of control. The more frequently you conduct an audit and determine your pour costs, the more insight you'll have into the operation. If the audit exposes a problem, you'll be able to respond quickly and appropriately.

Reduce shrinkage.

Bartenders control both ends of every transaction at the bar. They portion and prepare product, as well as handle all sales proceeds. This activity occurs before your register or POS system knows anything about the transaction. For some, the temptations of handling a steady stream of cash can be irresistible. Implement solid cash controls and look to reduce your vulnerability to theft. The savings often spell the difference between financial viability and the unpleasant alternative.

Track productivity.

Measure each bartender's productivity, or sales per hour, which is calculated by dividing the shift's gross sales by the number of hours the employee worked. The fact that a bartender has chronically low sales per hour may indicate a serious problem. The individual may make inferior drinks, have a bad attitude, or, worse, be stealing sales proceeds, all of which will lower one's productivity. And there isn't a method of theft that won't negatively affect productivity. On the positive side, a bartender with consistently high sales per hour deserves acknowledgment.



Season's Greetings !



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Control inventory.

Running a bar requires making a significant investment in liquid inventory, stock that can disappear at an alarming rate. Failing to implement an effective inventory-control system places at risk the capital you've invested in that stock. To be profitable, you need to know exactly what you have, what you paid for it, at what rate you use it, and exactly where it is at any point in time.

Eliminate weak links.

Your business is only as strong and vital as your weakest employee. The bartending staff impacts every aspect of your operation, from portioning and marketing your bill of fare to rendering prompt and gracious hospitality, so assemble the most professional staff you can. Institute an ongoing training program. What your people don't know can most certainly hurt you and reflect poorly on your business. Educating your staff is an investment, not a hardship.

Replace tired product.

A restaurant that doesn't routinely change its menu will always have plenty of open tables; the same holds true for the bar. Add some pizzazz to your beverage lineup. If you serve one-of-a-kind libations, they'll have to come to you. Likewise, bartending staffs typically operate without a clearly defined set of recipes. The result is a loss of product consistency, fluctuating costs, and shoddy hit-or-miss drinks. Determine exactly what your staff will pour—or they'll do it for you.

Offer alcohol-free libations.

Spirits-free cocktails are every bit as delicious as their spirituous counterparts. Consider the magnitude of this untapped market; alcohol-free drinkers include literally everyone. Consider also that alcohol-free beverages and drinks are loaded with profit. And remember: these libations can be served without incurring civil liability.

The End

