

Why Food and Beverage Operations in Clubs are Different

There exists a common misconception that all Food and Beverage Operations operate under conditions which are the same, or very similar. This assumption is however not entirely true, take for example the operation of a Restaurant / Hotel, as compared to that of a Golf Club.

In a Restaurant / Hotel the Owner or the Chef usually designs a menu within the boundaries of a certain theme (French, Italian, Chinese, North American, etc.); this allows the purchase of equipment, and hiring of staff specifically designed or trained for the production of this cuisine. In large Restaurants and Hotels, several outlets may exist, with each one receiving product from a central production kitchen. This base product is then refined in a finishing (satellite) kitchen within the outlet itself.

Most Golf Clubs also have multiple Food and Beverage Outlets (Including: Fine Dining, Banquets, Cafeterias, Lounges, and Snack Bars). In most clubs these operations are all served by a combined production and finishing kitchen. In a kitchen where these two different operations are combined, practicality, flow, and space all become much larger issues. The Chef and Food & Beverage Manager must compromise on what specialty equipment can be purchased, how many staff can work within the confines of the space, and what items can be served on the menu. The menu in a Golf Club cannot be geared to one particular Cuisine, as the wider range of clientele does not necessarily wish to have a specific style of food.

Due to the fact that many Clubs have an après golf lounge, where most players retire after a round, the prices charged in their Food Service Operations are often compared to those of Pubs, and Franchises. However, many people who are not familiar with the Food Industry fail to realize that Pubs live off the sale of alcohol, not food; and that franchises receive a much lower price on goods from suppliers, due to their enormous buying power. This discrepancy in pricing is always an issue with members of the public, and of the golf club; therefore, it is in the interest of all to understand the way Food & Beverage personnel calculate prices.

Most Foodservice Operations (excluding pubs and franchises, for the reasons noted above) run a food cost between 30 and 35 percent. That is to say that food cannot make up more than 30 – 35 % of the total selling price. (As shown in figure 1.) Banquets and Functions tend to have a slightly lower food cost, and a la carte menus tend to be slightly higher, but if averaged together they will fall well within this percentage.

Figure 1

<i>Raw Material Cost</i>	+	<i>Expenses / Profit</i>	=	<i>Selling Price</i>
30%		70%		100%
OR				
\$6.00	+	\$14.00	=	\$20.00

The seventy percent designated as expenses and profit can be further broken down to into the following examples:

- Salaries
- Social Benefits
- Energy, Heating, Cleaning, etc.
- Marketing, Promotions, Office Expenses, and Supplies
- Repair and Maintenance Costs
- Mortgage and Interest Costs
- The Pre Determined Net Profit (~ 2% -5%)

Generally management will determine a ratio of raw material costs to operating expenses; this ratio is known a contribution factor. The contribution factor allows for easier calculation of the selling price, as it is a constant. See figure 2 for example.

Figure 2.

Raw Food Cost	x	Contribution Factor	=	Sales Price
\$ 4.00		2.9		\$ 11.60

Effective control of food cost is one of the prime measures of effective management in any foodservice operation. An extensive system of procedures and records serves as an effective guideline for success within defined the constraints of the operating budget. Prior to development of this system, certain management functions must be in place, to ensure the possible gross profit is achieved. These functions include:

- Establishment of purchasing methods in accordance with realistic needs
- Establishment of methods for receiving of food and supplies
(Including: quality, quantity, packaging and portion controls)
- Establishment of methods for menu planning, production, storage control, and service
- Initial calculation of selling prices.

The final measure of good kitchen management is the calculation of gross profit. If the gross profit is too high: too much is being saved in terms of quantity / quality, or the sales price is excessive. Either of the above can lead to decline in sales volume due to customer dissatisfaction. Alternately, a low gross profit is caused by: inadequate purchasing practices, lack of quantity control, improper utilization of purchased goods / leftovers, or a low sales price. The necessity of balance between sustained profitability, and high quality requires that the chef, and Food & Beverage Manager are both knowledgeable and skilled in their understanding of this relationship. Only those thoroughly versed in maintaining this balance will be rewarded with acceptable profits, and satisfied guests. It goes without saying that the profitability of a professional kitchen must be based firmly, and calculated exactly and honestly if it is to succeed.

We do not intend to explain here, the intricacies of: accounts payable, inventories, accounts receivable, balance sheets, or profit and loss statements. As such, the above principles for the establishment and maintenance of food cost have purposefully been kept simple, and practical. Comprehensive teaching of this subject is a matter best left to industry professionals, and schools.

One final area that separates clubs from restaurants is membership. Public clubs can be compared with restaurants, due to the fact that their primary business is with the general public. Semi Private Clubs however must also do business with members, who pay dues to the club for playing privileges. It is however important to note that membership dues are not generally intended to support Food & Beverage Operations. Some clubs do impose a minimum F&B spending limit as a condition of membership, but this is not common, and is only done to provide F&B with a minimal sustained yearly budget, not to generate a profit. Last but not least Private Clubs often operate F&B as non profit service to their members, but offset this service with considerably higher fees and dues.

Hopefully, this article sheds some light on the how's and whys of food and beverage pricing, and the unique challenges faced by Golf Course Food Service Operators.