



In it for the money

RUNNING A BAR CAN BE GREAT FUN BUT IT IS A BUSINESS SO IF YOUR PLACE IS NOT MAKING A PROFIT, YOU'VE HAD IT, AS WILL BECKETT AND HUW GOTT EXPLAIN

What's the single most important thing about your cool new bar? The incredibly inventive drinks selection? The A-list guest list for the opening night? The state-of-the-art sound system you've had installed or the fact that there's a

Playboy bunny at the end of the bar giving you, the owner, the eye?

The answer is, of course, none of these things. The most important thing about your new bar is that everything you do is focused on making money.

Don't be fooled into thinking this is an easy industry to make money in. Yes, a serious amount of

cash can be handed over the bar on a busy night, but converting this into profit is easier said than done.

So this might not be the most interesting article in the world, but it's the most important one from us that you'll read, so shut up, put that Sazerac down, stop flirting with the waitress and listen.

CONTROL COSTS

Once you open the doors there are some costs that you can't really control – rent and rates being the main ones (but make sure that you're not overpaying rates and be sure to get expert advice when your landlord tries to double the rent at rent review).

With everything else, shop around. With some products your choice will be based solely on price: utilities, cleaning equipment and insurance. With most costs, however, you have to base your decisions on quality as well as cost. This

is obviously the case with stock and staff, but also with professional fees, cleaners, security and maintenance etc.

Don't always go for the cheapest deal, get the right company for the right price. Before taking on a new supplier ask to speak to some of their existing customers to find out whether they're as good as they say they are. If they're really any good they'll be happy to put you in touch.

STAFF AND STOCK

Your biggest costs and the ones that you have the most control over are your staff and your stock, and understanding and managing them effectively is often the difference between rolling around the penthouse suite with Miss Japan or spending the rest of your life living with your mum.

Unlike your electricity bill, which needs a couple of phone calls once a year,

Will Beckett and
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these costs need careful day-to-day management. And if your cost reporting procedures aren't up to scratch then you are in danger of not realising how much damage is being done until it's too late.

What you need are weekly operational profit & loss, weekly stock takes and weekly meetings with key staff to go over these.

Once you have the information, you need to understand how to use it so that you can identify issues early and act on them effectively. Teach your team about profit and how they can help the business to make money, and what's in it for them if they do.

Talk them through a Profit & Loss so they can see what is happening to the money that comes in. The better they understand the business and how its success directly affects their pay packet, the more likely they are to make sure they don't over pour, don't overstaff their areas, and don't over order.

FOCUS ON STAFF COSTS

A problem we frequently encounter when doing a consultancy, especially in a venue where serious food is being served, is that staff costs are too high. If you're food-led a good target to aim for is 30 per cent of your turnover going on

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staff costs, if you're wet-led then it could be 20 per cent or less.

If your levels are higher, what can you do to improve things? The first thing we'd suggest is that you set realistic sales targets and cost out the rotas you'd need for those levels of business (remembering to factor in employer's contributions when you're doing your calculations). If they're not coming in on target, why not?

Always think about staffing when you're on a shift and make sure your managers do the same. Two key questions are – could we cope if a group walked

in off the street (think 10 people for food, 20 for drinks)? If the answer's 'no' then you're understaffed. Are people going to be standing round doing nothing between now and going home? If the answer's 'yes' you're overstaffed.

FOCUS ON GP

First of all you need to set yourself a target GP that's appropriate for your style of business.

At our steak restaurant Hawksmoor we have a lower GP target than at our DJ bar the Redchurch. We want people to drink good wine with their steaks so that they have a better all-round experience (and spend a bit more in the process) so we have a lot of good quality wines at a comparatively low GP.

If a bottle costs us £100, rather than put it on for £300 and have it sit on the shelf gathering dust, we'd rather put it on at £200 and get through it. Our customers are opting more and more for the expensive stuff because they know that, comparatively speaking, they're getting great value.

Once you have a target, again make sure you can easily see if you are hitting it. Check your pricing, including costing cocktail and food recipes (remember to factor in that wedge of lime with the G&T).

Regularly check prices from invoices: have your suppliers put prices up without you realising? Unless you've negotiated a fixed price for a set period of time fruit and veg suppliers often change their prices depending on the season, and they aren't always great at telling you.

Involve staff in the process: make sure they understand how the GP works and what they can do to improve it. Incentivise them for doing well and take action swiftly when results are bad. Highlight problem areas and make sure staff are regularly informed about progress. ■

MISSION: GP

- Date-label wines when you open them and vacuum pump any open bottles overnight
- Keep records of wastage, ullage, staff drinks etc. These should be recorded immediately, not at the end of the shift. Check records at the end of the evening – it's very difficult to do a shift without wasting anything
- Check in all your deliveries and raise any problems immediately. Keep records of all invoices and delivery notes
- Hold weekly stocktakes, acting upon any problems.
- Keep till prices up to date
- Keep store rooms tidy and organised
- Regularly monitor voids and comps
- Take regular pour tests, even if staff are using measures

DETER THEFT

- Keep alcohol locked up with minimal people having access
- Spot-check three items twice a week immediately after closing (select items according to your latest variance report); involve staff in the process
- If you have CCTV coverage on till points, regularly check the tapes and comment to bartenders on what you saw.
- Ask loyal staff to write on a piece of paper, '5 ways that your bar could be stolen from' and act on results.



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