

# Boozhooz

## WOULD YOU CALL THIS THEFT?

*An industry that loses 20% of sales to “shrinkage” needs to confront theft problems head-on – instead of avoiding the subject altogether.*

BY IAN FOSTER, BEVINCO CALIFORNIA  
& PETER NELSON, BEVINCO NEW ZEALAND

**T**heft is pretty clear. It is taking someone else’s property without permission.

In the hospitality industry, however, the definition of theft seems to depend on who is doing the defining! Is it theft to over-pour in order to get a better tip? What about over-pouring for visiting staff from other restaurants and bars, or giving them a free drink? What about having a staff drink after close on an exceptionally busy night? What about keeping any overages when counting the cash at the end of the night? Staff drinks? Use of “open keys” on the POS system to save time?

We seem to be afraid to talk about, and define, this problem. Most operators refuse to believe that their staff would steal. Yet we know that virtually every bar gives up more than 20 percent of their sales to illicit freebies, over-pouring and, yes, theft. That fact alone suggests that a bar owner who doesn’t acknowledge a significant amount of theft is ignoring reality – and making

a lot less money as a result.

Part of the problem is that managers have been promoted from the same team they are now meant to supervise: in most establishments the staff and managers are all friends and socialize together. Moreover, most managers find it pretty difficult to discipline staff for doing something that the managers themselves used to do, before their promotion. Finally, unless the manager’s compensation is tied directly to alcohol losses, the manager has little, if any, motivation to “rock the boat” by vigilantly safeguarding the alcohol.

Another contributing factor, like it or not, is that many owners often send the wrong message. This happens when the owner takes alcohol home from the bar or borrows \$100 from the register. It happens when



the owner takes a bottle of water or gives away a drink without having the bartender ring it up. Obviously, being the owner, you aren’t stealing. But you are sending the wrong message to your staff. And, just like children, bartenders and servers pay more attention to your example than

(CONTINUES ON NEXT PAGE)

# THEFT PREVENTION CHECKLIST

## ✓ ACCEPTANCE

Our industry has losses far higher than any other industry and yet they are accepted as a cost of doing business. Acceptance of internal theft as an operations cost is crazy. Stop making excuses and stamp it out!

## ✓ WRITTEN POLICY

Employees must have a clear and written policy within their manuals relating to employee theft. This policy must be set in stone and followed to the letter. Don't be afraid to use words like "terminated," "arrested," or "prosecuted".

## ✓ CRIMINAL BACKGROUND CHECKS

These are inexpensive and have the potential to save you thousands of dollars.

## ✓ CAMERAS

Catch them in the act and, most importantly, have the evidence on tape.

## ✓ POS SYSTEM

A good POS system will detail every



drink sold and give you a full record. If you aren't able to track sales properly, a determined thief will know that and have a field day.

## ✓ ZERO TOLERANCE

If an employee is caught stealing, owners must have a set plan and be ready to stick to it. Have this zero tolerance policy written for employees to read. Have the policy outline steps for management to follow.

## ✓ INDEPENDENT AUDITS

Employ a professional independent audit company to carry out weekly alcohol audits. Correctly and independently done, these will show just where and to what extent losses are occurring and expert advice on eliminating losses.

## ✓ INCENTIVES

Management compensation should be tied closely to alcohol losses. Many Bevinco clients, for example, bonus their managers based on the Bevinco Rating (a measure of how close their pour cost matches their ideal pour cost)

## ✓ PROSECUTE

If you have the evidence then get the police involved. If the person has a conviction then any future employer can see that and be warned. We have an industry that has two tempting subjects for any dishonest person – cash and alcohol. Don't be one of the operators who discover they have a problem when they have already lost thousands of dollars. Be proactive and prevent the problem.

**"The biggest reason that theft is ubiquitous is that most owners don't think their staff would steal and they don't have the data to know it is happening."**

your policies.

But the biggest reason that theft is ubiquitous is that most owners don't think their staff would steal and they don't have the data to know it is happening. Most operators take a quick look at their pour cost to determine how their bar is performing. If it is not "out-of-line" they think everything is fine. But "out-of-line" simply means comparing it with previous month's costs. What they don't consider is the possibility that their bar has been plagued with theft and over-pouring problems all along – and that their

pour cost should always have been two or three points lower than it has been.

Bevinco is in business to help our clients knock those two or three points off of their pour costs. Not only can most bars easily accomplish that, we guarantee it.

The holy grail is establishing a culture of honesty in your establishment. Dishonesty is contagious. But if employees know that their colleagues are honest – because the alcohol is regularly audited and compared to sales – they will buy into the culture of honesty and accountability. **BN**

# Money Down the Drain?

*How much profit are you losing because of over-pouring?*

BY PETER NELSON, BEVINCO NEW ZEALAND

**Y**ou can guarantee that it's a lot more than you think.

As owners and operators you like to think that you are totally on top of your business and that you would know if you were losing profits. The reality is that you are probably losing profit right in front of your eyes every day!

Draft beer continues to play a significant part of the sales mix in most bars. As a result, it makes up a significant part of your profit and, sadly, any lost profits. It is not uncommon for Bevinco to uncover losses of 14% to 28% percent on draft beer, which adds up quickly. At a 20% loss, for example, if you are using 10 kegs a week then you could be missing sales of 2 kegs, or 250 mugs of beer.

Smart operators that are carrying out regular bar audits will have

measured their glasses to determine a standard pour that they can use when comparing usage to sales. This is the level that you expect your bar staff to pour to. The question is, however, are they pouring to that level?

On the right is an example of two pours. The glass on the top contains 14-1/2 ounces and has a pour cost of 17.4 percent. The glass on the bottom contains 16 ounces and has a pour cost of 19.2 percent.

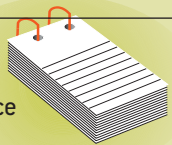
Based on the bar that this example was taken from and sales of 1000 pints, the difference between the two pours is 1500 ounces which in this particular example would mean a loss of profit of \$75 at cost and, significantly, almost \$400 at retail. Just how often do you see the glass on the bottom being poured without

[CONTINUES ON BACK PAGE]



## CALENDAR OF UPCOMING events

**Nov. 24-25:**  
BC Hospitality  
Industry Conference  
& Exposition;  
Vancouver, BC



**March 1-3, 2009:**  
International Restaurant and  
Foodservice Show; New York, NY

**March 3-4:** Nightclub & Bar Show;  
Las Vegas, NV

**March 29-30:** Northwest  
Foodservice Expo; Portland, OR

**September 11-13:** Florida  
Restaurant & Lodging Show;  
Orlando, FL

**April 28-29:** Bar & Beverage Show;  
Calgary, AB

Go to [www.bevinco.com](http://www.bevinco.com) to view more events.

## INSIDE:

# THEFT

Identify it, then deal with it!

**IAN FOSTER & PETER NELSON**

provide ideas and strategies for dealing with a problem your operation has – whether you know it or not!

# WASTE

Mangaging your beer.

**PETER NELSON** explains how standardizing your beer pours and insisting on cutting down waste will make your beer profits soar.

[CONTINUED FROM PAGE 3]  
even really noting it?

The second area of concern surrounding draft beer is waste. If you are not currently measuring your waste, then you should be. Ideally, you should only be wasting around two percent of your total usage. A bar that sells ten kegs a week should waste 400 ounces or less. More often, however, Bevinco finds that this figure will be in the eight to ten percent area, which would mean 1600 to 1900 ounces of waste every week. Reasons for wastage will vary, but in the main it is caused through sloppy bar practice – over-pouring, turning the tap on prior to placing the glass under it, running one glass after another while leaving the tap on, and so on.

An investment in training staff how to properly pour a beer with the correct amount of “head” and no waste will yield you a profitable return. Most beer vendors will be

happy to run a seminar for your bartenders on proper pouring techniques. Do not assume that your bartenders already know how to pour draft beer correctly – that is a costly assumption.

Wine is also playing an ever-increasing part of the sales mix today. The same principals that have been discussed above also apply to wines that are poured by the glass. Incorrect pouring can make a significant impact, particularly where your sales by the glass are high. You might want to consider having your glasses marked with a line indicating the proper portion. This will let your staff know exactly where to pour to and avoid any discussions if a customer thinks they have been “short poured”. **BN**

*Peter Nelson is the Managing Director for Bevinco New Zealand. He can be contacted on 03 332 6560 or at [peter.nelson@bevinco.co.nz](mailto:peter.nelson@bevinco.co.nz).*



505 CONSUMERS RD, STE 510, TORONTO, ONTARIO M2J 4V8

