



## Eliminating Loss *Cont. from p. 4*

With such a variation in costs, how does a bar owner pick the correct target? And shouldn't that target change as the bar's sales mix changes?

### 2. Compare UNITS used to UNITS sold

Comparing units used and sold is the only correct way to evaluate your bar's efficiency and profitability. Every bar owner should be doing this already with beer bottles. It is a relatively simple matter for the owner to count the beer bottles every week or every day and simply to match up the number of bottles used to the number sold. This should be an obvious part of every bar's internal controls. Yet, less than 1 in 20 bar owner's actually perform this simple check.

Of course, just counting the beer bottles leaves the entire bar's liquor, wine and draft beer completely unaccounted for. A dishonest bartender will take advantage of this oversight. An independent auditing company, such as BEVINCO, can close this loophole and completely eliminate alcohol loss throughout your establishment.

### 3. Make sure that inventory counts and controls are NOT performed by the bar staff

Either the owner or an independent party must take the count. Having the bartender count the inventory is an open invitation to abuse – it would truly be the fox guarding the hen-house.

### 4. Ensure that all drinks are rung in before they are poured

This policy should be strictly enforced. It eliminates the possibility of a bartender "forgetting" (sometimes too conveniently) to ring in a drink. This truly is bar management 101 and not having this policy is inviting theft.

### 5. Bartender tips must be kept in a separate tip jar (as far away from the Cash Register as possible)

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### 6. Have management count the cash, not the bartenders

Letting bartenders keep both the proceeds from drink sales and their tips in the same register drawer is a recipe for trouble. With this policy, your bartender will take an end-of-shift "Z-tape" reading and assume that any cash in excess of the register reading must be his tips.

This combination makes it all too easy for a dishonest bartender to "forget" to ring in a couple of drink sales and then pocket all this money at the end of the night. Insisting on a separate tip jar and having a third-party count the cash are well-accepted practices in other industries as they should be in ours.

The disadvantage of this policy is that if the bartender cannot count his own cash, he cannot be compelled to pay for cash shortages. In this case, the advantages of making theft more difficult far outweigh the disadvantage of foregoing a repayment of the rare

cash shortage.

### 7. Randomly take a mid-shift "X" reading and reconcile this with the cash in the register

We learned this one from Robert Plotkin. One of our clients recently tried this out. The bartender's cash drawer was replaced with a fresh one and a mid-shift "X" reading was taken. At first, the owner was puzzled by the bartender's nervous appearance. The mystery was soon solved, however, when the owner reconciled the cash to the "X" reading: the cash drawer contained \$850 but the night's sales only amounted to \$600 rung in. The bartender didn't have any plausible explanation for this discrepancy and consequently ended up looking for a new job.

### 8. If you find a problem: TAKE ACTION

Theft should not be tolerated under any circumstances. If you find convincing evidence of dishonesty, you must take firm action. We are all reluctant to fire employees but theft is like a cancer: ignoring it will only result in a growing problem. One of the worst aspects of giving a dishonest employee a second chance is the message it sends to the rest of your staff: that they miss out if they don't join in the opportunity to take some of your money.

Evidence of theft should always be taken seriously. You should seek expert advice so that if you do fire an employee, this action will not be overturned by a wrongful termination grievance.

### 9. Give your bartenders a Drink Recipe Guide

How can you expect your bartenders to follow your policies if you don't tell them what those policies are? It is astonishing that most bars do not provide a drink recipe guide outlining the ingredients and pour sizes for the drinks they sell. The result is that different bartenders will mix cocktails in different ways. Your customers end up paying for inconsistent drinks – a sure way to lose them.

### 10. Teach your bartenders how to pour draft beer correctly

Don't assume that your bartenders know how to pour draft without spilling half of it down the drain – they probably don't. Invite your beer vendor to help you train your bartenders in the correct way to pour draft with a perfect head and no spillage.

### 11. Eliminate "Open" keys

Most bars have a cash register or POS system with pre-set drink prices set up. Most also have an OPEN LIQUOR key that the bartender can use for items that are not pre-programmed. Obviously in the bar business there will always be customers who order drinks that are uncommon and aren't programmed into the register.

Unfortunately, allowing bartenders unrestricted use of this key leaves too much room for abuse. A bartender can easily ring up a nominal amount with this key, say \$1, and sell drinks to his friends all night at that price. To a casual observer, it would appear that every drink was rung into the register and all the money was collected. Or, a bartender could charge \$4.50 for a very expensive cognac. Again, if caught the bartender could simply claim that he didn't know what to charge for the drink and took his best guess. A termination based on these

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circumstances would not be enforceable if challenged.

#### 12. Eliminate Staff Drinks

This is a classic case of the inmates running the asylum. Somehow bartenders have managed to convince bar owners that they are entitled to a free “staff drink” after every shift. This is unheard of in any other industry and it is high-time that owner’s put an end to it. Not only is it senseless and illegal in most jurisdictions – it also risks the bar’s license if the drinks are served after closing. This practice is becoming less and less prevalent in our industry so don’t let your staff tell you that “every other bar does it.”

#### 13. Insist that Spillage and Complimentary Drinks are Recorded

Make it bar policy that all spillage and comps must either be rung up on the cash register or written down. Then compare the amount recorded by each bartender. If the number of drinks appears excessive, insist that the bartenders have the manager on duty authorize each drink at the time it is recorded.

#### 14. Hold regular bartender meetings

Part of BEVINCO’s service is to run a bartender’s meeting at which bar policies, pour sizes, recipes and expectations are reviewed. Invariably, the bar owner sees an immediate improvement in both profitability and staff morale as a result. Unfortunately, too many times the comment we hear from the staff is that the meeting was great but why is it the first time that they have had a meeting?

#### 15. Mark wine and beer glassware to show pour sizes

It is a great idea to mark a wineglass and a beer mug with a piece of masking tape at the level that you want the alcohol poured. Leave these “samples” somewhere at the bar so that your bartenders can use them to compare their accuracy to the samples.

#### 16. Calculate the Theoretical Pour Cost for all your drinks

Divide the cost of each drink by it’s selling price to come up with theoretical pour costs. You can then easily spot drinks that aren’t priced correctly. For example, one of our clients had been selling a particular brand of port for less than it’s cost! They hadn’t spotted this for years until we gave them a pour cost analysis and they saw this brand at over 100%.

#### 17. Check deliveries

If you cannot check each delivery as it arrives, you should at least randomly spot check to make sure that you are actually getting everything you pay for.

#### 18. Establish PARS for your bar and stockroom

Almost every bar carries far too much inventory. We like to calculate par levels by having a buffer of at least 160% of a “busy” week’s usage for each brand. So if a bar uses 1¼ bottles of a brand during a busy week, they should have at least 2 bottles as back-up ( $1.25 \times 160\% = 2$  bottles). Not only does this free-up some cash flow for the bar, it also makes it easier to spot anything that may be amiss.

## Who is BEVINCO?

BEVINCO is an international liquor auditing service. We work for thousands of bar and restaurant owners throughout North America. Your BEVINCO auditor uses a computerized program to weigh every container of liquor, wine and beer in your bar.

Our weekly reports will then compare the usage and the sales of every drop of alcohol in your bar. BEVINCO will uncover hidden losses and give you the tool needed to eliminate any theft, over-pouring and bartender sloppiness.

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***BEVINCO has found that the average bar and restaurant is missing over 20%.***

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We have over 160 offices throughout the world. We will be happy to send you more information on our service. One of our auditors and consultants will give you a free demonstration, please call us anytime at:

# 1-888-BEVINCO



One of Bevinco’s 160+ Auditors

# **Eliminating Draft Beer Loss**

*Reprinted from InnFocus magazine, Summer 1998*

**By Peter Neufeld, PN Technologies**

The most important factor when purchasing a remote draft beer system is to make sure that the system will not excessively foam, as this is the major contributor of on-going operational costs to the owner.

Foam consists of 25% beer and 75% CO<sub>2</sub>, hence one jug of foam, if allowed to settle, equates to ¼ jug of actual beer.

**“Warm beer temperature, incorrect keg pressure and inadequate beer line cleaning are the major causes of foam”.**

It is also important to note that there is ¾ oz of beer in every one foot of beer tubing. If the beer system allows the beer to warm-up overnight or over a period of a few hours unused, and the distance to the tower is 100 feet for example, the operator could expect to lose 75 ounces of beer in EACH line EVERY time the system warms to foam. It is, therefore, critical for Bar owners to select a beer system that will eliminate this costly on-going problem.

## **Beer System Trends**

The newest trend in beer systems is the use of copper center glycol lines vapor-sealed to adjacent polyethylene beer lines to maintain constant temperature – from the cooler to the faucet. Copper tubing being a much better conductor of coolant than older style systems utilizing polyethylene tubing greatly assists with the cooling process.

Moreover, the addition of aluminum cold block heat exchangers instead of tin foil in the beer towers assures that the beer tower and faucets also help to keep the beers' temperature consistent with the beer trunk housing.

Mirror polished polyethylene beer lines help to reduce yeast build-up and keeps beer tasting fresher longer between cleanings, and special membranes manufactured into these lines stops taste transfer between lines (especially with new fruit-flavored beers like raspberry, strawberry, etc.)

A beer is very pressure sensitive and will foam if it is not at a correct pressure for the line distance and run. The use of individual pressure regulators for each beer on the system allows the operator to fine-tune pressures to individual beer characteristics as opposed to one single regulator distributing all beer kegs. This assures the operator that no matter what beer they decide to pull on, the system can adapt to meet it's characteristics.

Some manufacturers of beer systems will “balance” or restrict the beer lines at their factory to obtain predetermined optimal beer flow of one gallon of beer per minute. Factory engineers reduce the size of the beer line from 3/8” to 3/16” at a point back from the dispensing towers based on beer line lift, site elevation above sea level, line resistance, etc. to achieve the end result and eliminate foam.

## **Pressure Sources**

Traditionally, the industry has mostly used either CO<sub>2</sub> or air to pressurize beer kegs in remote draft systems. However, both of these products have inherent problems if left too long or at too high a pressure on the beer. Air has the effect of making the beer flat, and CO<sub>2</sub> tends to over-carbonate the beer and can cause foam toward the end of the keg once the CO<sub>2</sub> has worked its way into the beer.

The latest trend to combat this problem is the use of Nitrogen gas mixed with CO<sub>2</sub> called beer gas. Nitrogen is an inert gas that does not affect the beer in any way other than to provide the weight needed to push the beer to the faucet. 75% Nitrogen is mixed with 25% CO<sub>2</sub> which then pressurizes the keg. The added CO<sub>2</sub> is necessary because CO<sub>2</sub> naturally releases from the beer into the keg once tapped and the escaped gas must be replaced with pressurized carbon dioxide to obtain the same results that the brew master intended.

Restaurateurs may purchase beer gas mixtures in bottled form from their local gas supplier or may wish to generate their own nitrogen on site with the use of a nitrogen generator, air/gas blender and a bottle of CO<sub>2</sub>. The Perlick Corporation in Milwaukee, WI has developed a nitrogen generator specifically for this purpose.

## **FOB Devices**

These are in-line devices mounted on the cooler wall (or attached to the keg itself) which sense when the beer keg is empty. Then the FOB device seals the line so that the beer lines remain filled with beer and no air gets into the line. These devices are particularly profitable for longer beer runs because when the keg is tapped and the lines are empty, beer rushes to the tap at 25-40 lbs/square inch causing foam. A FOB will eliminate this problem. There will soon be a new FOB on the market called the Smart Coupler. This device is essentially a FOB built-in to a keg coupler that will automatically shut off once the keg is empty.

*Pete Neufeld is President of P.N. Technologies, Inc. in Burnaby, B.C.; his company supplies a large variety of products for draft beer systems. Pete Neufeld can be reached at (604) 431-6609*



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Special issue:

# ELIMINATING ALCOHOL LOSSES

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In eleven years of providing bar owners with alcohol audits, our company has found that the average bar is losing over 20% due to bartender theft, over-pouring and other poor bartending practices. Obviously, this situation is unacceptable. In today's competitive environment, no owner can afford to simply throw this money away.

Here are some tips that should become part of your standard operating procedure.

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## Eliminating Alcohol Loss

*By Ian Foster (BEVINCO West Coast)*

1. Don't rely on your pour cost to tell if you have a problem.

Pour cost only tells you how much money you made each month. It does not tell you how much money you **should have made**. The main problem with pour cost is deciding what to compare it against. Most hotel operators simply look at the average pour cost in the industry or at their own historical costs. But, even if your pour cost matches this arbitrary target, it is still probably much too high.

In reality, pour cost is simply the bar's cost of goods sold, expressed as a percentage of it's sales. For example, if an owner has a product that costs \$2 but he sells it for \$10 then his pour cost will be 20% ( $\$2 \div \$10$ ). Similarly, a product that costs \$3 but sells for \$9 has a PC of 33.3%.

So you can see that pour cost does show the bar's profitability, but the difficulty with it is that there aren't any bars that only sell one product. If there were, then pour cost would be a great measurement tool. Just about every drink sold in a bar has a different pour cost and these costs can vary dramatically (usually ranging from under 10% to over 50%).

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