

Boozhooz

Looking After Your 'REGULARS'

*Should you "comp" them
or give them "a little extra?"*

BY IAN FOSTER



Your regular bar customers are critically important to the health of your business. How are you "looking after them?" Many bar and restaurant operators have not really given this question much thought.

First, let's be clear: if you don't have a policy to acknowledge your regulars, your bartenders probably do – and odds are that it benefits your bartenders more than your business.

A BEVINCO study for the California Restaurant Association found that the average bar is losing 25% of their alcohol to theft and over-pouring. When we advise our clients on eliminating these lost profits we often find that a significant chunk of the missing alcohol is caused by bartenders over-pouring for regulars.

Many bartenders over-pour in an attempt to give the customer "a little extra" as some kind of reward for their patronage. Unfortunately, this behavior is usually not effective for several reasons:

1) The main motivation for doing it is

to increase the bartender's tips – and not necessarily to increase your revenues. The result is that it's not your best customers that get over-poured but the best *tippers*.

2) Even if you think that over-pouring is a reasonable policy, it is impossible to manage. And once you allow the bartenders to over-pour when they think it is warranted, the inevitable result is that the bartenders will determine who benefits (ie: again their friends, not your best customers). Furthermore, it will be impossible for you and your managers to have any control, discipline or input in this area.

3) Your regulars probably don't appreciate the over-pour. After awhile, this generosity is simply taken for granted or simply goes unnoticed. And even when they do notice, your customers don't value it very highly (they think "it only costs the bar a few pennies").

4) The result will be inefficient – far too much alcohol will be poured for too little return. Since most bartenders over-pour by 25% or more at the best of times, you are really giving away the equivalent of one in every four drinks.

COMPING IS A BETTER WAY TO LOOK AFTER REGULARS

"Comping" or "treating" your customers to free drinks is an effective marketing strategy that every bar should consider as an essential component of their policies.

Even though it seems counter-intuitive, buying your regulars a drink is not only more effective than over-pouring, it is a more *cost-effective*, strategy.

At BEVINCO we find that allowing the occasional over-pour for your regulars results in pours that are at least 25% bigger than usual – on every drink, every time.

In contrast, if you treat your regulars to a free drink now and again, you could literally give your best customers one free for every five and the cost to your bar would never exceed even 10%.

**"If you don't have
a policy to look
after your regulars,
your bartenders
probably do..."**

More importantly, if you stop over-pouring and give away the occasional free drink instead, your regulars will feel that they are being treated better. There are two factors at play here. Instead of taking the over-pouring for granted, your regulars will value the free drink at the full retail price – "great, the owner just bought me a \$4.00 drink!" (CONTINUES NEXT PAGE)

And, since everyone likes to be singled out as special, what message reinforces that need better than telling a customer “the owner says that this one is on us”? Remember, most customers have never been bought a drink – it will be a memorable experience for them when it happens.

“Free drinks are a powerful, cost-effective way to build your business.”

Finally, comping need not be costly because it is so easily managed. At BEVINCO, we often recommend that our clients let bartenders comp any-time they feel it is warranted – as long as they ring it up on a comp tab.

The result is that your bartenders feel empowered – yet your management team gets a full list showing who was comped and why. Of course, this list needs to be managed – if bartender A’s comps are too high, or if customer X has been comped every day this week, then those problems need to be addressed.

Our client’s experience has shown that bartenders respond to this kind of comping policy by giving away drinks responsibly, thereby building your business and eliminating uncontrollable alcohol losses. (Of course, the bartenders are going to benefit because their tips will ultimately go up rather than down).

One note of caution: it is tempting to give your bartenders a comp limit every day. This is always a mistake. If you set a limit, say \$30 a day, your bartenders will always use up the limit

“Don’t tell your bartenders that they can only comp \$30 a night – let them choose how much to comp.”

– even on those days when it is unwarranted.

Finally, a strict policy prohibiting comps and over-pours is a bad idea. It won’t work because your bartenders will find a way to break the rules – and that will be even more costly. And, remember, your competitors are almost certainly willing to comp a drink to steal your best customers. **BN**



new OFFICES

Golden, CO: Dion Boeke
dboeke@bevinco.com

Milford, CT: Chris Storm
cstorm@bevinco.com

Oakland Park, FL: Terri Contursi
tcontursi@bevinco.com

Naperville, IL: Paul Gilman & Jim Parisi, *paulg@bevinco.com* & *jimp@bevinco.com*

Rock Island, IL: Bobby Poteete
bpoteete@bevinco.com

Noblesville, IN: Mark Greenwell
mgreenwell@bevinco.com

Baltimore, MD: Jason Yeager
jyeager@bevinco.com

Williamsburg, MI: Tony Deike
tdeike@bevinco.com

St. Louis, MO: Bob Bira
bobbira@bevinco.com

Ganesvoort, NY: Tony Parato
tparato@bevinco.com

Westchester, NY: John Izzo
johnizzo@bevinco.com

Utterson, ON: Graham Cameron
gcameron@bevinco.com

West Linn, OR: Mike Zic
mzic@bevinco.com

Pharr, TX: Israel Silva
isilva@bevinco.com

Richard, VA: Ryan Koontz
ryank@bevinco.com

New Delhi, India: Bhawani Singh Rathore
bhawani@bboverseas.net

Wicklow, Ireland: Margot Kinsella
margotk@bevinco.com

Stockholm, Sweden: Jonas Lindqvist
jonas.l@bevinco.com

Bulimba, New Zealand: Matt Francis
matt.francis@bevinco.com.au

Wellington, New Zealand: David Gunn
david.gunn@bevinco.co.nz

Perth, Australia: Craig Docherty
craig.docherty@bevinco.com.au

Durban, S. Africa: Brad Legassick
bradl@bevinco.com

The BEVINCO Guarantee:

Bevinco’s service will help you reduce shrinkage to 5% or less and add an average of 10% profit to your bottom line! If you are not convinced after the initial trial that our service pays for itself, you may end your relationship with us no questions asked, hassle-free.

*Barry Driedger,
President and C.E.O.*



Cash Handling and Fraud



BY LORI RUBENSTEIN,
BEVINCO NASHVILLE, TN

Putting proper cash handling procedures go a long way to improving profits at a bar. It is important that every bar has a double check system in place for all employees and managers. It is also important that it is being used.

Monitor Comp and Void Reports We can cite many instances where a bar manager will go into closed checks after a server has turned in his/her paperwork and re-close out a check to a comp or void. Then the manager pockets the money! We've seen this happen even among family members. At a restaurant in Vancouver, Canada, we found one manager voiding \$20-\$30 in take-out orders every night for years – the cost to the restaurant reached over forty thousand dollars before it was discovered.

To eliminate this possibility:

- ➔ the owner should receive a daily void/comp report and monitor it.
- ➔ the server and the manager should be dropping an envelope of cash and credit cards into a safe together after each shift. Both should sign for the amount of money being dropped into the safe.
- ➔ a third person (bookkeeper) should be the one collecting these individual drops to make deposits at the bank.

Blind Drops A blind drop occurs when

the bartender has to drop the cash in their drawer into a safe without balancing the cash to the register/POS. This helps eliminate a lot of the scams that a bartender can dream up using his cash register as a holding area. If the bartender knows how much he/she rang into the cash register, then they know that they can keep anything over and above that amount. With a blind drop, this type of fraud is eliminated. Management should be looking for too many overages with blind drops because that generally tells a story that the bartender is not ringing in all of the drinks that he/she charged his/her guest for.

Ring in All Drinks As They are Served

It's an important control so that the manager can, at any time, watch the bar to confirm that all drinks are getting accounted for. With most POS systems, the manager could even watch the bartender serve a number of drinks and then look up the most recent transactions to see if those drinks were indeed rung up correctly. In addition, we find that many honest bartenders who don't perform this practice will forget to ring in a drink if they get busy and intend to ring up the drinks "later".

Ring in all Comps and Spills as They Occur as Well For the same reasons, we think it is important that a manager can observe the bartender and confirm that all comped/spilled drinks are accounted for. Whether comps/spills

are rung up into the POS system or written down, it is critical to see who is comping/spilling and how often during a shift they are doing it. Your Bevinco representative has spill/comp sheets available should you like one (just call us at 1-888-BEVINCO).

Presenting a receipt for every drink made

Your bartenders should present a receipt to the guests for a few reasons. First, so you know that they are charging the guest the right amount and not adding a dollar as a tip. Secondly you also know that they are actually ringing in an amount into the register and not just hitting NO SALE in case anyone is watching.

Fake Walk Outs It should be every bar's procedure to collect a credit card number if a guest wants to run a tab. Remember, your guests are drinking and impairing their memory. So if a bartender comes to you and says that they had a walk out but didn't collect a credit card number for payment, then the bartender should be responsible for the money on the check, not the establishment!

Servers Drink Procedures A bartender should never make a drink for a server if it is only called out to them. Many POS systems will provide a bartender with a chit as an order; others use the old fashioned ticket to order. When the ticket system is used at bars make sure the practice of red-lining the ticket is in place so the server can't reorder the same item and use the very same ticket again.

Cash Advances from Credit Card

Receipts One practice that employees who are short on cash like to try to get away with is asking the bartender to place money on a credit card in return for cash from the register. The bar owner is now charged about 8% for this cash advance practice. In order to eliminate this, make sure that all credit card receipts have an attached detailed receipt. **BN**

TIPS



Top 5 Ways to Increase Your Bar Sales

- ➔ **Order Takers** – you need sales-people manning your bar. Upselling and suggestive sales techniques are not innate attributes, they're learned skills. Ensure your people routinely employ these techniques and watch your sales soar.
- ➔ **Staff Training** – to sell premium products, your staff needs to understand the product and the price. They also need to place an emphasis on service. Competent training improves performance, which positively impacts sales.
- ➔ **Classic Cocktails** – considering

their popularity, every bar should feature creative variations of the Martini, Margarita and Manhattan. They're easily modified, becoming truly unique to your establishment.

- ➔ **Bar Orientation** – one can hardly expect to throw products on the back bar and wind up with a great marketing strategy. Get organized. Remove dead stock and get the products necessary to accomplish your objectives.
- ➔ **In-House Marketing** – every bar should utilize a menu listing their signature drinks, beer offerings and food available at the bar. Table tents and P.O.S. boards are also highly effective marketing devices.

Adapted from Robert Plotkin's BARMEDIA (The American Mixologist, "Top 10 Ways to Increase Bar Sales")

CALENDAR OF UPCOMING events

April 18-20: NW Foodservice Show, Tacoma Washington
www.foodshownw.com

April 25-26: Centrex, Winnipeg, Manitoba
www.centrex.mb.ca

April 30-May 2: International Franchise Expo, Washington DC
www.franchiseExpo.com

May 22-May 25: National Restaurant Association, Hotel-Motel Show, Chicago, Illinois
www.restaurant.org/show

Aug 25-26: MWR Expo 2004, Denver Colorado
www.ala-national.org



505 CONSUMERS RD, STE 510, TORONTO, ONTARIO M3J 4V8

Address Correction Requested