



Upgrading the F&B Department through Innovation and Automation

Featured in the July/August 2013 issue of The Boardroom Magazine.

In the past, my articles have been written from a third-person perspective, but this time, I want to make it more personal. In the more than 30 years I have been working with executives to change old ways of running food and beverage departments, I have run into every type of thinking. In 1980, even restaurant operators were reluctant to change. Now the majority have moved to the types of systems and approaches I was proposing. But food service was the core of their business, and change was critical if they wanted to stay profitable and competitive. That's not the case for the club industry, whose primary source of revenue is dues, and food service only represents 30% of their business in most cases. The majority of clubs still deal with F&B management the way they did 30 years ago.

However, every industry has innovators – people who see the future more clearly and move to it more quickly than the majority of their peers, and the club industry is no exception. A growing number of club managers have taken their clubs to the next level – overcoming fear, skepticism, reluctance to change and financial barriers to accomplish their objectives. I thought it might be instructive to hear in their own words why they did it. I learned a lot from these gentlemen, and it should come as no surprise they are among the most successful and respected club managers in the industry. Listen to their stories.

Jay DiPietro, CCM is President and General Manager of Boca West Country Club in Boca Raton, Florida: “In any food and beverage business the back-door control sets the stage for success. How raw goods are handled from the time they are purchased and received to the time they are served to the customer could mean the life or death of the business. The key to inventory control is understanding how this flow-through really works. I have always taught my team that recipes and specs are only the beginning; it's what you do with that information that sets you apart! This is why I insisted that it was crucial to have one automated system that could monitor each step of this process.”

Matt McKinney, CCM is the COO and General Manager of the Capital City Club in Atlanta: “Being a large, multi-location club, we realized that we essentially had three or more small purchasing entities buying for their respective divisions. Centralizing those efforts into one department would allow us to leverage our influence and buying power with each of our vendors. Moving to an automated and central purchasing model would require us to change some very ingrained practices and we decided to bring in an intelligent procurement system to help us drive this transition. The system we chose allowed us to integrate our requisition, buying, receiving and inventory processes.”

“It also provided us the capability to tie together our purchasing, point-of-sale, and accounts payable systems. This reduced the number of vendors from whom we were buying, and set a stage for the vendors to compete with one another through weekly price bidding for the opportunity to sell us their products. The system allows us to easily monitor price fluctuations by product type as well as by vendor, and gently reminds our distributors to give us their best possible price to ensure their share of our buying volume. In addition, we are afforded the peace of mind to know that we are buying at the lowest available prices in our market.”

Paul Astbury is the President of the Ocean Reef Club in Key Largo, Florida: “If used properly, automation and integration increases procurement and accounting efficiencies, reduces cost of goods, and increases security of assets. There were a number of advantages we gained when we moved to an automated, integrated approach to food and beverage management. We automated

the entire process from ordering to receiving to issuing and controlling inventory using scanners. We are importing vendor bids electronically. With our primary vendor, we export purchase orders, import purchase order confirmations and automatically convert purchase orders to invoices. We import the pre-coded invoices directly into our accounts payable system. We also import sales information from our POS system and use it in conjunction with our recipes to get a handle on product costs, margins and menu performance. We can produce nutrition information for our recipes as well, which is something that seems to be more important to our members than it used to be.”

Michael Wheeler, CCM, CCE is COO and General Manager of Cherokee Town and Country Club in Atlanta, Georgia: “With Cherokee’s F&B volume and a wine inventory of 23,000 bottles, we need a level sophistication which enables us to manage the business with a high level of precision. To be able to monitor in real time as well as have historical information at our fingertips for item costs, category costs, item turnover, menu engineering, requisitions and perpetual inventory, provides real value to the club.”

All of these gentlemen operate fairly large clubs, so the easy takeaway would be they can afford to do something like this, given their large staff and resources. To some extent, that could be true. For small clubs with annual F&B revenues under \$1 million, payback takes longer. With typical losses to traditional methods of 3-5% of F&B revenue, the \$1 million club loses approximately \$30,000 - \$50,000 per year that could be saved by better processes and automation. However, with the cloud, it is no longer necessary to invest in software or equipment to accomplish the task. There may be upfront implementation costs, but only monthly or quarterly payments after that for use of the technology. Interestingly, three of the four clubs mentioned in this article use the cloud approach – some who already had the software and hardware and chose to move to the cloud for convenience.

In all cases, innovators lead the way, but the rest of the industry soon follows. I have personally witnessed this in the club industry, although not as quickly as I would have hoped. The vast majority are still clinging to the old ways. But rather than press the point, I’ll let one of the very first club managers to make the move – in my mind one of the foremost innovators in the club industry – have the last word (as he typically does!).

Jay DiPietro: “We could not continue to use the same old manual approach to control our F&B department. It was labor-intense, slow and inaccurate, and did not provide enough information to make good decisions. Restaurant companies had moved to automated approaches that tied together many separate systems and provided better information with less labor. Coming from that business, I knew their systems were better than ours, and the sooner we moved in that direction, the sooner we would have the kind of information, checks and balances we needed to get the most out of our operation. I also knew our needs were more complex than restaurants, and we would need more capable software and professional help implementing it. We wouldn’t be able to do this inexpensively, but if we did it right it would quickly pay back the investment. The hard part wasn’t making the decision to automate - it was getting our board and staff to see the benefits. In the end, however, it isn’t a question of if clubs should automate – it’s a question of when.”

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