

# AVOID THE DRAFT BEER BANDITS



By Bob Johnson, CBM

**While draft beer can be one of the better profit sources for bar owners, it can also be one of the worst profit drains. Proper maintenance and awareness of potential scams can help keep your cash flow from foaming over.**

I've been in the bar business for a long time (50 years and counting!). I know about 51 ways bartenders steal, but more importantly, I know 52 ways you can prevent it. But some of the best theft techniques I've encountered don't belong to the bartenders—turns out beer delivery workers are better at their unique scams than any thieving bartender.

## DRIVERS



It's time I tell the industry about a part of the business you would never expect—beer drivers robbing you blind.

Mind you, not every beer driver is a scammer. There are a lot of them who play it straight and look out for their accounts.

But, like any business, it's the lousy, thieving 20 percent that make life miserable for the honest ones, the other 80 percent, the good ones. But for that 20 percent, personal values, showing respect to the account, doing the right thing—these seem to go out the window when it's all about the money.

My first experience with a draft beer scammer was in Florida about 20 years ago. One of my accounts was having trouble generating a decent pour cost percentage for draft beer. The bar manager weighed his kegs every week, did the computations, and was coming in with a 35 to 45 percent cost (when they were normally 20 to 25 percent). Previously, the variations were usually in the sales mix (selling more domestic than imported, or vice versa). After several weeks of these numbers and no improvement, I told the manager to he should stand next to the draft beer walk-in with his bathroom scale in-hand during the next draft beer delivery. "When the draft beer guy comes in with the kegs, weigh the kegs."

What a surprise it was when the domestic kegs weighed in at 100 to 110 pounds (a full domestic draft beer keg should weigh around 160 to 162 pounds). This particular draft beer driver had developed a way to siphon off 50 to 60 pounds of beer from the domestic kegs he was delivering into an empty keg on his truck before he came in. It wasn't the company or the distributor running this scam—it was the driver.

And let's not forget about the guy who brings in two full kegs on a dolly, goes into the walk-in cooler (unsupervised, of course), drops off the top keg, leaves the bottom keg on the dolly, then puts an empty keg on top of the full one and goes back out to the truck to get two more kegs, etc., etc., etc. Is anyone watching and staying with the beer guy? Most bars don't know the importance of "staying with" the beer driver at all times! Most management doesn't know the importance of overseeing the entire draft beer delivery process.

## DISTRIBUTORS



Another horrific incident occurred in the Midwest. I had just taken over a popular nightclub that had lackadaisical management and no controls. Foam was streaming from the taps. The bartender would pour two or three pitchers to get one decent offering. I watched her pour from four different taps, and all had the foam problem. So I whispered to her, "Hey, how long have you had this foam problem?" She answered, "Every day for six months."

"Have you told management about this problem?" I asked. "Yes!" she replied. "Every day I've been here—and I'm sick of it! Nothing is ever done!"

So I found the manager. "Hey, why do you have this

foam problem in your taps?" I asked. He said, "It's what we live with; can't do anything about it."

"I don't buy that. Explain the problem," I said.

"Well, our draft beer walk-in cooler is downstairs, so the beer guy 'bounces' the kegs down the steps, which unsettles them for a couple of days, and that creates foam." (This is not always true, by the way). He continued, "Plus, our draft beer walk-in cooler only holds 16 kegs, and that's how many different brands we carry—16 different brands for 16 different taps—and I don't have any room in the cooler for back-up kegs."

"Show me the walk-in cooler," I said. So we went downstairs and I saw the 16 kegs in the walk-in cooler, all nicely refrigerated. "Where are the back-up kegs?" I asked. He led me over to a side room (unrefrigerated!) that was holding about 60 kegs as back-ups for the cooler kegs.

"Excuse me," I said. "Don't you know that draft beer has to stay refrigerated?"

"No it doesn't," he said. "I've been here five years and no one has ever told me about having to refrigerate draft beer. You don't know what you're talking about." (Another bar manager who thought "years in the business," aka experience, was a substitute for knowledge.)

"Wait a damned minute, young man!" I screamed. "You get on the phone right now and call your distributor and ask him if you're supposed to keep draft beer refrigerated."

So he called his rep, and his rep said, "Yes, you're supposed to keep draft beer refrigerated at all times."

"That's right!" I said. "Now call him back and tell him to get out here immediately. I want to speak to him. I want to ask him why he allowed this condition to exist for five years and did nothing about it." He knew where the back-up kegs were going because he accompanied the driver on many runs. Why didn't he prevent this from happening?

But wait! Isn't it all about the money? Why should he say anything? This less-than-intelligent manager was taken advantage of by beer reps and drivers who knew you're supposed to refrigerate draft beer. But since there was no place to refrigerate it, they just stuck it in a room and said nothing. (I estimated the temperature in that room to be around 85 degrees). Once draft

beer gets to room temperature it can go "wild" or "sour" or "flat." When it's re-refrigerated, it has a 50/50 chance of being good—not counting the problem of foaming at the taps. In five years time, I estimate this club purchased two to three kegs for every one actually sold. Add that up and it comes to about \$200,000 in excess draft beer purchased (cost!). This was a high volume club that sold a lot of draft beer—or tried to.

Their glasses of draft beer were the same—two to three glasses to pour one. Management concluded, "We just try to break even, that's all." They never did an inventory, so they never knew how serious the draft beer problem was.

## MAINTENANCE STAFF



Do you think any draft beer distributor or company cares if you have a waste, foam, or theft problem with draft beer? Have they ever called you, out of the blue, and asked, "How's your draft beer system holding up? Are you experiencing any kind of a foam problem? Is there anything we can do for you? Maybe we can show your

bartenders better ways to pour draft beer?" OF COURSE NOT! They don't care! The more draft beer a retail account uses, the more kegs the retailer has to order to replace what was depleted or used. It's all about the money!

I've given over 200 bar management seminars, coast-to-coast, over the past 20 years, and when I come to the draft beer part of my "Controlling Bar Costs" program I always ask the question, "How many of you have a foam problem with your draft beer?" More than half of the attendees raise their hands. I then ask, "Has any distributor offered to help? Do they routinely come around and check to see if there are any problems with your draft beer system?" 95% of the time, the answer is always NO! "But there is this guy who comes out every two to three weeks to clean the beer lines."

Well, I recommend you use someone independent of any distributor to do this necessary task. Why? After flushing out the lines, you have to let a small amount of draft beer run back through the system to re-activate the taps with fresh draft (this is after cleaning the lines). The problem is, some of these scammers let the draft beer run and run and run. Why? Because no one is standing there watching them. With bigger beer companies, often times bonuses are made based on how much of a particular product they sell in a certain time frame. They will waste your beer when they clean the lines if there's a bonus attached and the goal is to sell a lot of a certain kind of beer (or their manager tells them to let the beer lines run). Or, they will waste your beer by taking kegs off line when you still have 50 to 70 ounces left in the keg. The independent cleaner doesn't have an agenda to deal with.

The distributor maintenance worker may con you by "switching out" one keg for another. In other words, if the drivers and sales reps are told there's a



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\$3,000 bonus this quarter if you sell “X amount of ABC domestic draft beer,” then I can assure you they will find a way to get rid of as much ABC domestic draft as they can. One way is to switch out the labels that identify one keg from another. Presently there is no difference in the external appearance from the domestic keg and the domestic light keg. They look identical to each other. They are not color-coded; they do not have different markings. This “switch” technique moves a lot of ABC domestic draft beer in place of what was probably ordered, particularly if there is a regular domestic draft and a domestic light draft available in the same brand. The driver puts the regular domestic keg on the domestic light beer keg line, and then puts the identifying tags from the domestic draft onto the light draft kegs. The switch is done in the walk-in cooler when they’re hooking up kegs. The colder the draft beer, the less chance a customer can tell the difference between the regular domestic draft and the regular domestic light draft. If you ordered three kegs of light draft, you will be billed for three kegs of light draft; but you actually received three kegs of domestic draft (beer companies usually make the domestic draft and the domestic light draft of the same brand the same price). What is actually used or depleted from inventory could be better tracked if there was a difference in the keg prices. But for some reason, this hasn’t been done yet.

## SOLUTIONS



Empty kegs should always be stored somewhere else in the building—never in or near the walk-in cooler. Full kegs should be dropped off in front of the walk-in cooler, then counted and verified. The kegs can then be put in the walk-in cooler (with supervision). Don’t let the draft beer driver touch any

keg that is on line unless you are watching. Only with your permission does he un-tap or remove a keg of draft beer that is almost empty.

Unfortunately, many owners and managers deserve to be ripped off by beer drivers. If they’re that ignorant of proper receiving procedures, or their management team doesn’t care—or know better—then they deserve what they get.

A friend who was a beer driver for a major distributor said it best: “We don’t play any games with the guys who follow us around and keep an eye on us; you know—the ones who stand there and check everything in. It’s the ones who leave us alone that we scam, particularly if it’s a high volume bar. I’d take one of their kegs on a ‘switch out,’ bring it down the street and sell it to one of my cash accounts. It’s easy.

“My best scam was bringing in two full kegs of draft on a dolly, pretending to be busy doing something in the walk-in, then going back out to the truck with the same two kegs on the dolly. It’s easy when no one ever checks what you’re doing.”



## From the Augusta Chronicle, January 21, 2010:

### \$200,000 of Red Bull stolen from Navy base

Millington, Tenn. – It was a real eye-opener for federal officials to find \$200,000 worth of Red Bull was missing from a West Tennessee facility of the U.S. Navy. Now, two truck drivers have been accused of routinely stealing cases of the energy drink since 2007.

William Henry Bartlett and Bobby O’Neal Armstead were stopped in their truck last week, and police found 100 cases of the drink taken from Naval Support Activity Mid-South.

According to police, Bartlett said he and Armstead stole the drinks from the commissary where Bartlett stocks shelves. He told investigators Armstead sold the stolen drinks and paid him \$450 per pallet, authorities said.

Let’s say you serve food. Do you weigh every bag of produce brought in by the driver? Do you count every steak in the box? It’s amazing the difference between what the invoice says and what the scale says. There’s usually a difference. The ten pounds of mushrooms you ordered, and are paying for, is probably weighing in around eight pounds on the scale in your kitchen. Guess what—it’s not the company, it’s the drivers. They sell it down the street or bring it home for the family.

Maybe you’ll do what I’ve done and throw out draft beer. I’m controlling the inventory for eight clubs presently and we sell only bottled beer. We count the bottled beer every day, every shift. Some of my clubs go through 16,000 to 17,000 bottles a month, with a variance of unaccounted for bottled beer around 12 to 36. In other words, we get the full retail value for almost every bottle of beer we pay for.

Then again, it’s hard to discount the profit margins that can result from a properly maintained and monitored draft beer program. So it’s really up to you, as to whether you want to do the work to avoid the draft beer bandits. Why? Because it’s all about the money! **Y**

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