

## SO WHY HIRE A BAR CONSULTANT?

I get asked this question a lot. So I felt the best way to answer is by sharing with my readers what I went through on my last consulting job – a Mexican cuisine restaurant/bar outside Los Angeles owned by a young couple who knew a lot about the restaurant part, but didn't have a clue about the bar part. They knew the majority of their profit should be coming from the bar. It wasn't.

By explaining some of my consulting procedures and techniques, you might get a better understanding of how much difference a qualified bar consultant can make in having a better run, more profitable bar. We're talking money here – bottom line results – more money in the owner's pocket! Isn't that why you go into this kind of business – to make as much money as possible? Everything I do as a bar consultant translates into making more money for the clubs.

The first thing I tell anyone using my consulting service is “don't take anything personally”. It's easy to offend egos with so much correction and professional critique. Many people have a true passion for their rather hefty investment and sometimes they take “not knowing” very personally. It's just business, that's it!

First I looked at the drink making stations and the general arrangement of everything behind the bar. There was no standardized order, or arrangement, of liquor bottles in the 2 drink making stations. Nothing was labeled. There was not a “place for everything – everything has a place”. The “high usage” items were not at the bartenders fingertips. Motion was reduced and drinks could not be made quickly. The two drink making stations did not “mirror” each other. Bartenders had to cross behind or reach over each other to get certain liquors. The soda guns were in the middle of the ice bin

instead of on the far left side of the ice bin. The hose of the soda gun was in the way of icing glasses, making it difficult to make drinks. I suggested putting a call in to Coke to get the guns reinstalled in the right place.

It's important to do an analysis of liquor usage – what sells and what doesn't. POS sales reports were analyzed. From that analysis you can create a “dead stock” inventory of liquor product that does not sell. Get it away from the bar and storeroom and put it in a closet or far away place away from the active liquor inventory. With the remaining liquor – the “active liquor” – we created a bottle arrangement system for both drink making stations and the back bar that made it easy to know where everything was located. We labeled every bottle location.

I looked at how they were pricing their liquor “by the shot” and discovered they were missing out on an additional 20-25% in gross profit because they didn't understand how to price liquor. They only had 3 categories for pricing – Well, Call, Premium. I changed that to 5 categories – Well, Call, Premium, Super-Premium and Top Shelf. They had many types of Tequila under-priced using a 3 tier price structure. I estimated that correctly pricing liquor would add an additional \$30-40,000 gross profit to their business by year's end at their present rate of sales. I recommended discontinuing the use of quarters behind the bar. All drink prices are now in even dollar amounts.

The POS register system needed upgrading to better reflect actual sales. It was recording “doubles” but wasn't identifying what liquor was being poured as a “double”. A technician would be called. The drink prices had to be re-entered and the 5 drink categories had to be entered. Most of the recipe drinks were also incorrectly priced and they were changed.

Every bar is different. Popular liquors are pretty much the same from bar to bar, but how it gets to the customer via the “pour”, the glass its in, the way its made and garnished and how it’s priced varies. We put the same pour spouts on all the bottles and encouraged the owners to “control the pour”. No more “count” system (They had 4 different types of spouts on the liquor bottles, each one wider or faster than the other.) They agreed to a controlled pour and went to the 1 ¼ oz. metal jigger – now a requirement that all bartenders measure each shot of liquor.

A “Doghouse” concept was created and implemented (back-up bottles and storage area for each brand of liquor at the bar). They no longer had the operational crisis of running out of liquor at the bar on a busy night. It would never happen again.

Their glassware was wrong. The highball glass they were using was 10 ounces. Their Shot size was 1 ¼ ozs. This was causing the bartenders to over pour each shot in order for the drink to taste right, i.e., the correct amount of mix to liquor. This adds up over time.

I explained to them the importance of enforcing a Drink Recipe Manual for their bartenders. No bartender should be allowed to make drinks their way! The “house” gives the bartenders the recipes for all drinks, how they’re to be made, and how they are priced. Bartenders should be routinely tested on the house drink recipes.

Inventory control forms were created for all parts of the liquor inventory, including:

- a) Liquor Requisition form (accounting for the empty bottles at night’s end).
- b) Storeroom Perpetual form (accounting for the daily movement of liquor into and out of the storeroom).

- c) Ending Inventory Count form (the physical counting of the liquor at week's/month's end).
- d) Usage/Cost form (gives you an Operational Pouring Cost percentage and an Actual Pouring Cost percentage number at the end of the reporting period).
- e) Order form for all liquor products by vendor.

Now there is day to day accountability for the liquor inventory and a way to hold the bartenders accountable for what they do!

Their draft beer was out of control. They were using frozen mugs and pitchers. They were wasting at least half a keg per brand because of the constant foam problem. We stopped that by simply lowering the temperature in their walk-in cooler to 36 degrees (previously at 42 degrees) and going to refrigerated glasses instead of frozen. I told them to call their beer distributor and have them install separate pressure regulators for each brand of beer so the internal keg pressure in each brand of draft will equal the amount of pressure coming from the CO2 canister, thereby reducing the amount of foam.

Now the number of kegs they have to order each week will be cut in half. The beer companies won't like it, but too bad. I asked them if a beer company ever volunteered to help them out with their foam problem? Of course not! The taco bar sells a lot of draft beer. These changes saved the taco bar big bucks!

The owners of this restaurant were very experienced with the food part of their restaurant/bar, but had never worked in a bar before. They had no bar skills, yet found themselves in a position of having to make serious, daily operational calls. After all, they're the owners. They hired a bartender/bar manager, 12 years experience, but his knowledge was limited, too. He said he knew a lot about the business, but my conversations with him put him in the same category as so many supposed "bar managers" – they're nice people,

they mean well, but they don't know a lot! And it's not their fault! There are no schools to my knowledge that teach the subject "How to run a bar". You learn by the seat of your pants! You bring something with you from the last place you worked that you think will work well enough for the new place. Usually it's a lot of bad habits and bad theory. Not good for the old place – not so good for the new place, either!

I could go much further with you about the improvements we made for this client, like the changes in controlling every bottle of beer, wine, champagne and energy drinks, correcting the tip reporting and numerous other human resource discrepancies, but I think you get the point. There is so much a qualified bar consultant can do to help you realize the profit potential of your business.

My session with these nice people lasted about 5 hours. In that time I estimate I put in their pocket, if they were to follow through with all the changes I gave them, at least an additional \$90,000-\$120,000 in *profit* per annum – probably more.

It's easy to pinpoint the reasons bars go under; 1) lack of management skills, 2) lack of cash flow. The lack of cash flow is usually created by the lack of management skills. A good bar consultant can do a lot to prevent the lack of management skills. He can show the managers how to be better at what they do.

I had a conversation with an owner in Augusta, Ga., recently who told me, "We should have hired you before we opened. I know you would have saved us at least \$200,000."

So why didn't he?