

# **Catering Controls**

## **Protecting Your Liquid Assets**

**If poor inventory control is cutting into your potential profits from alcoholic beverage sales, the problem can be resolved easily.**

**“Inventory control is basically control over your employees,” says Mark Flaschner, president of Alcohol Controls in Atlanta, a company that sells products for alcoholic beverage control including books and videos, log books, labels and pouring systems. “You need to have a handle on what your employees are doing.”**

**Alcoholic beverages receive one of the highest markups in the catering industry — up to 300 percent in some cases. However, misappropriation of alcoholic beverages is an easy way to lose money, says Ed Mugnani, director of operations for Blue Plate Catering in Chicago. “The biggest challenge is in off-premise catering, because you’re now moving a product that a lot of people are interested in. If you have staff working, sometimes bottles disappear.”**

**The president of McCall Associates, a catering firm in San Francisco, Stephen Denison adds, “We like to pour a good drink and have friendly people pouring in a true spirit of celebration. Having said that, alcohol is a profit center, and as a profit center, you have to control it.”**

**Mugnani agrees, “Inventory is money on the shelf. The additional time you spend on inventory control is far outweighed by your dollar savings.”**

**Inventory control on alcoholic beverages is crucial for the success of a catering firm. Flaschner suggests that protecting your profits comes from training and monitoring your employees correctly, and by paying attention to two issues, revenue control and inventory control.**

### **Employees**

**“Many times, people take advantage of you if they know they can get away with it,” says Flaschner. “Not everyone’s going to do that, but an operation is definitely vulnerable to bartender theft.”**

**The obvious first step to prevent employee theft is to hire trustworthy employees. Verify references and conduct background checks. Once an employee is hired, some caterers may choose to wait before putting them on alcohol service.**

**“We make sure that we have the right kind of people working on the alcohol**

end of things,” says Denison. “If you have someone that you’re questionable about, don’t put them into situations where they may feel tempted to do something wrong.” In situations where outsource staff is required, put them in low-risk positions where the ability to steal is minimal.

Next, clearly define your company’s policies regarding alcohol service. While your catering business may use a one-ounce pour on hard alcohol, your new employee may have come from a company where a 1.5-ounce pour was the rule.

“Managers have to set policies, and employees have to know what those policies are,” says Flaschner. “If you don’t tell your bartenders that they’re not allowed to give away free drinks, it’s not fair to the employees if you get mad at them when they do.”

Flaschner recommends outlining your alcohol policy in writing and having all employees involved with alcohol (bartenders, purchasers, receivers, drivers) sign the policy to acknowledge their awareness of the rules. The policy may include spelling out how much the employees can pour; to whom free drinks can be given and which employees can pour them; if anyone is permitted to drink on the job; who can authorize employees to take product home; and what penalties lie in store for rule-breakers.

When an employee does break the rules, management must rectify the situation.

“Don’t yell. Don’t discipline in front of other people,” says Flaschner. “There are right ways and wrong ways to do it.” If a waiter is pouring wine glasses too full, a friendly reminder and demonstration of the right way to pour may be sufficient to correct the problem.

However, in the case of theft, action is necessary to show employees that such violations are not tolerated. “You have to look at each incident individually,” says Mugnani. “However, if someone’s removing product from an event, it’s a cause for immediate dismissal.”

The challenge for many caterers is to find a happy medium between a lax situation in which thousands of dollars worth of liquor could be lost each year, and a strict environment in which employees feel they’re not trusted.

Denison stresses that it is important not to alienate your staff, while you maintain perspective when it comes to alcohol loss prevention. “If you’re losing \$1,000 a month in alcohol, is it worth it to spend \$5,000 a month on extra managers and other controls? If you turn your business into a 1984, ‘Big Brother is watching you’ situation, people feel like they’re not being trusted and you turn the whole environment into ‘us versus them.’ You lose the spirit of the company, and the service suffers for it.”

**Revenue Control**

**“Alcohol is an attractive item,” says Denison. “It doesn’t spoil and it’s easy to walk out with.” However, alcohol theft may not be your only problem. Stealing the profits from alcohol can be easier than stealing the bottles.**

**“There are all kinds of tactics you can take for cash management,” says Denison. “We do some cash bar parties for 5,000 people — that’s a lot of cash. There are ways to keep employees on their toes.”**

**Denison recommends that managers frequently pull change out of cash drawers or simply give the bartender or cashier a new drawer.**

**One way to prevent dishonest employees from pocketing money is to do away with cash bars. In Chicago, cash bars are prohibited except at on-premise sites such as hotels and banquet centers, so Blue Plate Catering usually charges the client a flat rate for alcohol per person, usually about \$16.**

**While McCall Associates does some cash bars, Denison says most of its events are planned on a per-person basis. “We find that the clients like it when we charge for alcohol by the person. There’s no surprises at the end of the night.”**

**Putting a supervisor at the bar with the bartender is another good way to ensure revenue control. While some companies may not have enough staff to double up employees at an event with multiple bars, it can be a highly effective way to prevent theft.**

### **Inventory Control**

**Before alcohol revenue is protected, caterers must protect the product itself. There’s no one way to maintain inventory control of alcoholic beverages; that will depend on your operation’s size, space and number of people you employ.**

**Inventory control begins when the alcohol is received and doesn’t end until the bottle is empty. Blue Plate Catering runs a tight ship when it comes to alcohol. When liquor is delivered, an inventory list is made. All alcohol is locked into storage and stays there until it is transferred to an event.**

**On event day, “The spirits go into plastic containers that are then sealed with a numbered zip-tie. For example, on the inventory sheet, it might say that tote number one has zip-tie 1234 on it,” says Mugnani. “When the product arrives at the event, the tote is snipped open and the alcohol is taken out of it. Obviously, if the alcohol arrives and it’s already been opened, that’s a red flag. At the end of the night, the alcohol goes back into the container, a new numbered zip-tie is attached and the container is closed for transportation back over to the facility.**

**“When they come back to the facility, the totes are opened and an ending**

inventory is taken by the head butler. The next day, the warehouse also takes ending inventory to make sure the numbers add up. All the alcohol is then removed from the containers and put back in locked storage.”

Mugnani adds that during the past three years, the company has reduced its alcohol costs greatly, mainly because of its loss-reduction plan.

McCall Associates has installed cameras in its warehouse and carefully monitors its drivers to maintain inventory control. Denison says, “We do spot-checks. We ask when the trucks left the party and when they got back. If it took them an hour and a half to make a half-hour drive, we’ll start asking questions.”

Inventory control during an event occurs in front and behind the bar. Managers can watch to make sure bartenders are not over-pouring drinks, giving drinks away or drinking themselves. On-premise caterers may find it useful to install cameras at the bar to monitor employees.

Often, inventory control fails behind the bar. Employee bag checks can be an effective deterrent to inventory theft. “Make sure that all the bottles you issue come back to you, even the empty ones,” says Flaschner, adding that sometimes bottles have a way of “walking right out the back door.”

“If you count everything going out and everything coming back, you have control and can eliminate a lot of these problems,” Flaschner says. Products are available that can assist caterers with their inventory control. For example, many software programs offer inventory control functions.

Alcohol controls offers many inexpensive ways to reduce alcoholic beverage loss. Security labels, tap locks, training systems and books, such as Preventing Internal Theft and Effective Bar Management, are available on its Web site, [www.alcoholcontrols.com](http://www.alcoholcontrols.com), or by calling 800-285-2337.

### **Protect Your Business**

Eventually, alcoholic beverage inventory control boils down to common sense: Hire honest people; Let employees know the rules; Punish wrongdoers; Keep a close eye on your alcohol revenue and on the product itself.

Flaschner says he believes that inventory control is an effective deterrent to employee theft. “Do people drive the speed limit on the freeway? No, because they don’t think they’ll get caught. But when drivers see a police car on the side of the road with a radar detector, they slow down. It’s the same with employees. If your employees know that the alcohol is being controlled, and that they can’t steal without getting caught, they’re going to do the right thing. But human nature is such that if they know they can get away with it, some people will take

**advantage of the situation.”**

**Mugnani adds, “It takes time for people to get used to a program. But soon, they’ll understand that it’s for the good of everyone. The steps are pretty basic — it’s just a matter of doing it day in and day out.”**

**CATERING MAGAZINE - September 200**