

Business Brief

Boosting bar profits

In most establishments, profits are evaporating every day as the drinks are being poured. The crucial element in boosting profits in your bar is controlling costs, which, fortunately, is both easy and cost-effective if the right solutions are implemented.

It is amazing that for many years in the petrol industry, measuring devices and management systems have existed to accurately check and monitor petrol dispensed to customers and to reconcile this data with monies held in the till. Yet in the alcohol beverage industry, which has existed for much longer than the petrol industry, there are few accurate, efficient or universally accepted methods of measuring product dispensed and reconciling this information with cash received. This is particularly surprising given the overall size of the on-consumption liquor industry and the fact that almost all beverage products dispensed are more valuable than petrol.

According to studies in the US, bar pouring cost averages 25% across the industry! There are various reasons for this, including underpouring or overpouring by bartenders, genuine mistakes in measuring tools and keeping tabs, free drinks being offered to certain customers, as well as theft and pilfering, all of which steadily eat into profit margins on a daily basis.

In addition, inventory control is vitally important to ensure that managers do not order too much or too little. Running out of a popular brand means that bartenders are improvising by pouring premium brands, significantly impacting profits. On the other side of the coin, holding large quantities of stock, particularly slow moving stock, is costly and impacts negatively on cash flow.

By implementing an efficient and effective bar management system, the pour cost average can be reduced to 20% or less, with a significant impact on the bottom line.

But what is an efficient and effective system? Essentially, it is one that allows the implementation of effective bar controls and constant monitoring, without increasing the workloads of the management team or the barman.

The cornerstone of managing any business successfully is having accurate, reliable and timely business information. Bar management is no different, yet management systems used by many bars worldwide are totally inadequate and information is often only available weeks or even months after it could have been useful.

Effective bar controls, including theft and pilferage deterrents, are essential, whether you're

manually checking cash, inventory and usage or using a sophisticated computer system to streamline the process. If you have a professional and reliable barman, even a manual system can work. But considering the critical skills shortage and high turnover in the industry, this is not really an option in the local market.

Bar managers with access to advanced technology designed specifically for the purpose have a great advantage with access to real time, up-to-the-minute information about what's selling, what's depleted, what the sales projections for the week and the month are, and much more, to help them make informed decisions with regard to controlling costs.

Fortunately for bar managers, there are truly comprehensive, all-inclusive bar management systems available. Implementing such a system is a simple and cost effective way to take control of your bar, eliminate the guess work, minimise shrinkage and improve profitability.

And to make things even easier for South African hospitality outlet managers and owners, the solution is right on our doorstep with the complete management system from the South African based

