

Internal Control Key to Profits in Club Restaurant Operations

By **HERBERT BEACH**

Food Supervisor, Horwath & Horwath, Public Accountants

IF club restaurant operations are to be put on a consistently profitable basis, management will have to take a wider and more receptive view of internal control. This is particularly true of the food departments at both large and small country clubs which, in 1954, according to studies made by my company, were conducted at a loss in more than 50 per cent of the cases studied. Losses were not shown for any of the beverage departments surveyed, but it is significant that in three of the 14 larger clubs studied, losses ranging from 7 to 26 per cent of the combined food and beverage sales occurred.

All too often in our clubs, management sets up a system of internal control and then ignores it. Daily operations reports are prepared, or weekly food cost and beverage reports dutifully made up, only to be casually studied or completely forgotten by the club manager. Sight is lost of the fact that sufficient profits have to be derived from food and beverages to help pay for clubhouse improvements, new equipment or additional services for members. Income from dues and miscellaneous revenue shouldn't be depended upon entirely to provide these needs.

Keep Members Happy?

The whole idea of internal control often is defeated by the attitude of club managers, particularly old-timers, who have adopted the philosophy that success comes in keeping members happy at all costs. They reason that if the member is happy, if the house committee is happy, and the wives and children of everyone connected with the club are happy, then there can't be any complaints about the way in which things are being run. Of course, there is the matter of meeting with the board at the end of the year and trying to explain any deficits, but after all this is only an uncomfortable two or three hour session, and is vastly preferred to wrangling with

the membership throughout the season.

In order for the club manager to bring about improvement in internal control, and thereby operating efficiency, it is necessary for him to first adopt a uniform system of accounts. A system of this kind takes the guesswork out of the classification of various income and expense items and enables the manager to accumulate statistics that can be used in comparing current operating costs with those of prior years, with general club standards, and with other clubs that keep their records on a comparable basis.

Restaurant Can Pay Way

With this kind of system established, it is a comparatively easy matter to lead into what, in reality, makes the club restaurant pay its way — food and beverage controls. For convenience, they can be classified under seven major headings: (1) Menu composition; (2) Purchasing Practices; (3) Receiving practices; (4) Storage facilities; (5) Issuing methods; (6) Food testing procedures; and (7) Control of funds.

Proper menu composition is vital to the success of any club for at least two reasons. First, the items on the menu bear a direct relationship to final food costs. If the manager doesn't know what these costs are and prices the menu on a "hit or miss" basis, serious trouble may result. Secondly, the menu must be written with an eye to spreading the work load over various stations in the kitchen so that all employees will have a hand in its economic preparation.

Menu Composition

Menu composition entails deciding whether there are too many entrees for the physical limitations of cooking area or refrigeration facilities; record keeping of the popularity of various entrees so that less popular ones can be eliminated; installation of cyclical menus, thus doing

Comparative Club Restaurant Costs*

*Small Country Clubs
(Dues income — \$150,000 or less)*

	1953	1954
Ave. food cost		
per \$ of sale	\$.585	.564
Ave. Beverage cost		
per \$ of sale375	.364
Ratio-Payroll to		
food & beverage sales	28.5%	28.7%

*Large Country Clubs
(Dues income — \$150,000 to \$250,000)*

Ave. food cost		
per \$ of sale592	.597
Ave. Beverage cost		
per \$ of sale348	.352
Ratio - Payroll to		
food & beverage sales	33.7%	34%

away with the daily chore of writing them and freeing the chef to devote more time to food preparation; and deciding whether there are too many surrounding dishes — desserts, vegetables, etc., the elimination of some of which reduce costly leftovers.

Proper Purchasing Methods

Proper purchasing methods call for setting up food requirements and then acquainting suppliers with what they are. This is the best known way of educating suppliers and will result, probably even sooner than you think, in the best quality food being delivered to you at prices you are willing to pay. When perishable food is to be purchased it is to your advantage to get at least three quotations and keep a record of all for future reference.

Receiving practices can make or break a club restaurant. Delivery men should not be allowed access to refrigerators or storerooms, and neither should they be permitted to write their own orders upon examination of stock on hand. For his own protection, the club manager should vest receiving authority in one person who is responsible for checking and receipting all invoices. At some clubs the person receiving goods is responsible only to the auditor.

Storage facilities should be located adjacent to the preparation room or directly below it, with dumbwaiter or elevator facil-

ities. Studies have shown that for every \$10,000 in monthly sales, the following storage space is desirable.

180 sq. ft. of dry storage space
150 sq. ft. of shelving
480 cu. ft. of refrigeration

Refrigerators should be carefully watched so that their temperatures are carefully regulated to the type of food stored in them. Meats, dairy products, vegetables and fish all should be stored at varying temperatures with which the food department should be familiar. Close watch also should be kept on freezers and reserve refrigerators.

Costs can be kept down by restricting the direct issues of merchandise. For example, it may be possible to issue only enough food for one meal's supply, or at most, for the day. Piecemeal issuance leads to waste and if the preparation area and storerooms and refrigerators are large enough and properly arranged, much of this kind of distribution can be avoided. Every effort should be made to control it. Issuing methods probably are the most difficult to control, but once again, concentrating authority in one person may be the means of solving this problem.

Food Tests Important

My sixth point covers the importance of food testing. In order to intelligently establish menu prices, you have to constantly make food tests. Butchering and roasting tests, and determining the number of portions obtained from cooked meals are examples of projects that should be carried out in the kitchen. In fact, entire menus should be tested, item by item, and complete files kept as to results. Then, too, the club manager should keep after the chef to look into new foods that are being introduced and test those that he thinks are appropriate for country club consumption.

In many clubs, control of money is not an important factor because of the charge to members' account system. But it should be remembered that a slip signed by a member is cash and should be treated accordingly. Too, the manager should spot-check invoices for accuracy. Another matter that comes under the control of funds is inventory taking since, once again, merchandise represents cash. The manager generally should take part in checking food and beverage inventories. At least he should scan them for both cost and unit prices before they are extended. This is particularly true if the chef or other em-

* Courtesy, Horwath Hotel Accountant, 41 E. 42nd st., New York 17, N. Y.

ployees work on a bonus arrangement since the temptation to increase the bonus or commission by overstating the inventory amount is obvious.

All of the internal control points covered here have dwelled on the food department. Most of them can and should be applied to the beverage department, as well. The fact that the latter is traditionally a revenue producing department doesn't exempt it. There's always the possibility that it can be run even more profitably.

GCSA Announces Purdue Turf Management Scholarship

Establishment of a scholarship in Turf Management at Purdue University, Lafayette, Ind. for the 1956-1957 school year has been announced by the Golf Course Superintendents Assn. of America. This is the first such scholarship established by the organization under its Scholarship and Research Fund.

The scholarship is being made available to qualified individual freshman students under requirements of the Scholarship Committee of Purdue University and who show an interest in turf management. Examinations for this scholarship for both Indiana and out-of-state residents will be held between May 15 and June 15.

On announcing this scholarship, Agar Brown, Secretary of the GCSA said, "We hope for contributions to our Scholarship and Research Fund from all interested parties and organizations so the scope of this training program can be broadened. The profession of golf course superintendents and the game of golf in general will profit by the incentive offered through this and future scholarships."

Young men interested in this scholarship plan can secure additional information by writing to the Golf Course Superintendents Assn., Box 106, St. Charles, Ill.

Arizona Turf Conference

University of Arizona College of Agriculture and Agriculture Experiment station at Tuscon have scheduled their third Arizona Turfgrass conference at the university, Feb. 13-14.

Jos. S. Folkner of the university's horticulture dept. is planning the program which will include nationally famed turf authorities who will be en route to their homes in the central states or east from the superintendents' national meeting at Long Beach, Calif.

Palm Beach Tournament Scheduled for June 6-10

The annual Palm Beach tournament will be played at the Wykagyl CC, New Rochelle, N.Y., June 6-10. Wykagyl is a familiar site for the Palm Beach event since the tournament was held here from 1948 through 1952.

Elmer L. Ward, Sr., president and founder of the 14-year old tournament, has set a goal of \$100,000 for various charities and the PGA Benevolent Fund which will participate in the event. Sam Snead, four-time winner, will defend his title.

Cornell Turf Conference

Cornell University's ninth annual turf conference will be held at Ithaca, N.Y. Feb. 27-Mar. 1. It had been planned to hold the conference at an earlier date, but the event was pushed back to avoid conflict with Penn State's 25th meeting, scheduled for Feb. 20-23.

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