

THE FOOD COST DILEMMA:

WHAT ARE CLUBS DOING?

Soaring wholesale food costs have forced club managers to re-evaluate their pricing and over-all dining room practices

by STEPHEN W. BYERS

Current Federal figures released on selected wholesale food items reflecting percentage increases from February 20, 1972, to February 20, 1973, amount to a red-flagged message: Food and farm prices are soaring. In the last year most wholesale prices—those prices charged by processors and wholesalers to retailers and food-product manufacturers—have become backbreakers for club managers.

Managers nationwide have registered heavy cynicism, because there appears to be no settling of the progressive nature of the price hikes. They are wincing from the 57 per cent increase in wheat products and the 46 per cent jump in egg prices but it's coffee, up 40 per cent; bacon, up 48 per cent; meat, up 20 per cent, and the most recent product to join the parade of wholesale price increases, chicken, up 46 per cent, that have triggered the loudest manager complaints. At this point most managers are not interested in what stimulated these increases or who is getting rich at their expense. Their major concern

is how to survive the current price surge.

There is as much difference of opinion among them about the extent of the hikes as there is about how to deal with the problem.

Juergen Schumann, manager at Inwood CC on Long Island, says that a 23 per cent food cost increase resulted in a \$400 loss in his dining room in 1972.

Says Schumann, "You must maintain the quality that members have become accustomed to and still not raise menu prices too high or you will lose business. Many dining rooms price themselves out of a large portion of their membership trade. My food costs have jumped 23 per cent since 1971, and I was forced to raise menu prices, but slightly.

"I find that practicing portion control and using proven cost analysis systems help. When the cost of my usual dining room coffee got out of line, I shopped around and found a superior coffee, which is saving me \$30 per month or around \$360 per year. This is just one instance in which little things can add up." He adds that by watching after the incidentals, by better menu marketing, and by working closely with his chef and dining room help, he has brought many menu items down in spite of the wholesale cost increases.

Arthur Russell of North Hills CC on Long Island says that 30 to 40 per cent price jumps since 1971 have forced him to appeal to his membership for dining room price increases.

He charges a minimum of \$40 per month per member regardless of how much they eat and states that monthly collections on minimum charges have gone down recently, indicating more interest in the dining room. He adds that high prices on items such as beef, veal and calves' liver are not so painful if one is doing a large volume, but that the waste during the slack months is ruinous. He says his cost on the above items is up 30 to 40 per cent, with strip steaks that were \$1.40 per pound now costing \$2 per

pound.

He marked his operating costs for the dining room at 60 per cent for '72, with labor up 28 per cent and service up 22 per cent.

"I've started requesting weekly reports from my chef as to what is selling and what isn't. If an item doesn't sell I take it off the menu." He also splits his dining room staff hours to cut overtime.

Jack Quigley of Canyon CC in Palm Beach, Fla., says that 30 per cent increases in wholesale food costs dictated a 25 per cent dining room price hike at his club and he is still losing money. He says a killer for him was the 200 per cent jump in the price of shrimp since 1971. "Shrimp is one of my biggest items," he says, "for which I had charged \$1.50. Now I charge \$2.75 and still lose. Let's face it, that's a lot of money for six little shrimp."

Raising liquor prices in the bar could not recompense his dining room losses as they do in some Eastern clubs, according to Quigley. "A dollar twenty-five is all people here will pay for a drink, but the same people will think nothing of paying \$55 a day for our cheapest hotel room."

Bob Roberts of Cedar Brook GC, Old Brookville, Long Island, has a unique approach to combatting the affects of surging food costs. "Instead of increasing our dinner prices, we decreased them by about \$1 per dinner. Then, at the end of each month, our membership absorbs the inevitable dining room loss. On the surface it may sound strange to reduce prices as costs go up, but we found it provided a bigger incentive for members to use the dining facility. We did the same thing in the bar, only we didn't drop the prices \$1 per drink."

Roberts says that his wholesale food costs have risen about 15 per cent over 1971.

From the members' point of view, Roberts' plan is good if the members make frequent use of the dining room. The members who seldom dine out would not benefit.

A Midwestern club manager says

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that his dining room has been badly bruised by a 25 per cent rise in wholesale food costs.

He emphasized that small items, such as bread, up 20 per cent, and many condiments take a tremendous toll at year end and added that dining room labor, which cost him \$3.50 an hour in 1971, is now \$4.50 an hour, an increase of 25 per cent.

Asked about the advisability of charging minimums, he says, "Minimums are good only if you

are running the club for profit. Otherwise members resent it."

He charges what he thinks is the maximum he can get away with for drinks: \$1.40 for 1½ ounces, and says that his bar scarcely supports itself.

George Hobaugh of Doublegate CC, Albany, Ga., says that his prices have increased by 15 to 18 per cent on meat and around 5 per cent for most other foods.

He says the \$5.50 wholesale cost for lobster tail eats up 70 per cent of his profit on that item. "I try to

offset this by including attractive chicken and fish dishes on the menu, but my membership has always been particularly fond of lobster. They want it, but they would scream if I raised the price to \$10 to make it worth having on the menu."

Hobaugh has been forced to raise his menu prices 10 per cent.

Joseph Bren of Paradise Valley CC, Scottsdale, Ariz., says that his prices on wholesale foods have increased by an average of over 25 per cent from 1971. He is trying to hold his present menu price line by two methods: The first is to evaluate the concept of quantity purchasing, which usually is rewarded by a cost break. He says his freezer space is going to waste; it could accommodate much more than he is buying. He is also an advocate of portion controlling. "The object here is to maintain the quality of the menu, but serve less per meal. We have cut back the quantity of our shrimp servings to about one half, and with lamb jumping by 45 cents per pound in four weeks, we are severely restricting it per serving. The amazing thing is that we have had so few complaints. Obviously, we had been serving more than we needed."

Bren says he used to buy hot dogs at five to the package and now buys seven to the package; he once bought hamburgers at three to the package, now buys at four to the package—and with no member complaints about the serving sizes.

He also stressed effective utilization of leftovers as a way to survive the price squeeze.

In many instances club managers told GOLFDOM that their memberships, smarting from menu price increases, point to a comparison between what they pay in the grocery store for meat and what the club says it must pay the wholesaler for meat.

It should be noted in this regard that, although supermarket prices have risen substantially in recent months, the full force of the price surge is just reaching the retail stores. Thus, the member who complained that he was paying only slightly more for retail meat and pork than the manager is paying wholesale, no longer has a valid argument. □



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THE FOOD COST DILEMMA:

HOW ARE RESTAURANTS HANDLING IT?

Here's a rundown for club managers on how their counterparts, the restaurateurs, are combating the same problems
by STEPHEN W. BYERS

Restaurateurs throughout the country are having many problems in common with country club managers. The most critical of these is how to maintain an economically healthy dining room in the face of unrelenting increases in the cost of wholesale foods.

Almost without exception, they have been driven to menu price increases, which have caused customer complaints and loss of regular business.

Tom Chevoor, researcher for the Research and Development Department of Cornell University Hotel School, is a former hotel and restaurant manager. "Restaurants cannot change prices everyday and expect not to feel customer wrath," he says, "and most restaurants are aware that if they make substantial menu price changes in anticipation of future wholesale food increases, the result can be that you price yourself out of business." Chevoor says that dining rooms which specialize in steaks and chops are hurt the most from the wholesale price hikes and must either practice rigid portion control or risk adding 30 per cent to the menu price of these items. Both of these solutions carry a heavy risk, he says, and restaurateurs

must evaluate their clientele to determine which policy will engender the least customer ill will.

Chevoor added that dining rooms that are known for their generous portions would be advised to raise prices instead of cutting steak sizes, and restaurants featuring low-cost menus as their major attraction should consider the alternative of portion control or change the format of the menu.

Chevoor says the beef market does not lend itself to "undercut" wholesale buying. "One meat house may save you a penny or two per pound, but a restaurant is better off to settle with one meat dealer that comes to know his specifications for portioning, style of trimming, and general raw meat preparation, than to hazard the irregularity of jumping from one meat house to the other for a minimal savings."

Bulk buying is very difficult, says Chevoor, because of the ideal storage and preparation requirements for producing top-grade steaks and chops. "Add to this the limited cold chest capacity of most restaurants, and bulk buying results in replacing one serious problem with another."

Chevoor stresses that there are no formulas for beating higher food costs and that imagination is the only salvation for the threatened food industry. He recommends the effective use of buffet tables as a way to sell items left over from the previous day and somewhat mitigate the critical food waste.

John La More of the Mayfield Inn, Westchester County, N.Y., says 30 per cent price increases have

forced him to make extensive menu changes in the last two months. "I have gone to the buffet style two days a week and I may use it three week days starting next month," he says. "My regular customers won't sit still for frequent menu increases. They scream when they get used to one price increase for a rib eye steak, and I jump the price on them the next month. I just had to find another way to make do."

La More says he has cut his waste by 20 per cent since the buffet service went into effect and that the inclusion of a variety of lower cost items, such as "custom built" salads with bacon chips, chopped olives and a myriad of substantial dressings, lend themselves to the buffet service at a healthy savings to him. He warns that the buffet fare must feature different meats if that style of service is used frequently.

Jim Clugman, manager of the Seaman's Inn, Newport, R.I., says he is trying to make a reality of the myth that claims, "if you can't make it in the dining room, you can rely on the bar to save you." "I can't see any other way to stay open," says Clugman. "My restaurant caters to a sophisticated clientele. When I change my menu substantially, as I have in the recent past, it costs me not only old line customers, but also the expense of making up new four-page menus. In a place like this you can't simply blot out or erase numbers and mark out selected dishes in favor of something else. You must go through the whole costly procedure of having new menus printed. And I

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might add, that a wealthy clientele is just as interested in getting the most for their money as clam house patrons. They are accustomed to seeing lobster on my menu for \$8.50. When I raised the price to \$10 I really heard about it, and I didn't sell many lobsters." Clugman says that, having tried the price increase method of survival, to no avail, he will be pushing his elegantly appointed bar to recompense his "inevitable" losses in the dining room. "I'm aware that I could save money by reducing the size of portions and minimizing waste, but these savings won't keep me above water. In the bar, my profit is 300 per cent on a martini and 400 per cent on draft beer. It's there that I'm trying to stimulate interest."

The manager of an exclusive New York restaurant in the East 50s says his dining room has always featured the best meats obtainable and will continue to do so despite wholesale food price escalation. He says he can do this by cutting 15 per cent from dinner portions and

adding a variety of sauces to the meat dishes. He says his clientele is not as concerned with quantity as with the quality of his menu. "Most sophisticated diners are becoming more and more interested in maintaining a slim figure," he says, "but

Current selected wholesale food prices in the United States, showing per cent increases from February 20, 1972, to February 20, 1973.

Wheat	up 57%
Hogs	up 49%
Pork bellies	up 48%
Cocoa	up 47%
Eggs	up 46%
Chicken	up 46%
Coffee	up 40%
Corn	up 35%
Flour	up 33%
Steers	up 19%
Oats	up 17%
Sugar	up 1%
Butter	unchanged

they do not want to sacrifice the pleasures of gourmet cooking. I provide reasonable portions and concentrate on style of preparation, taste and elegance of presen-

tation as the selling points for my restaurant." He adds that there is little use in limiting portions if a close eye is not kept on waste.

The consensus of most restaurant owners is that if the menu prices are increased there must be particular care taken to ensure good quality of all items. If you're charging comparatively low prices for steaks and chops, customers will accept an occasional poor quality sirloin as "coming with the territory," but if your dining room is posh, your prices high and getting higher, you must be extra-quality conscious. In short, a man paying \$9 for a T-bone steak is going to be adamant in his complaint of a meager tenderloin side.

As was appropriately stated at the beginning of this story, there are no magic formulas to success in the fight to survive leaping food costs, but imagination in menu preparation and waste control can help. Most restaurants will need to take drastic action to stay alive, but they should follow the rule: "know your clientele" before deciding what survival steps to take. □

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