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 combating 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."

Brem 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. □