

## BEVERAGE CONTROLS.

### **Purchasing**

The purchasing of alcoholic and non-alcoholic beverages, like that of foodstuffs, has the aim to purchase the very best quality of items, at the lowest price for a specific purpose. The purchasing of beverages should be undertaken by the purchasing manager together with such experts as the food and beverage manager, the head cellar-man and the head wine waiter. As beverages will frequently contribute more to profits than foods, and as they require considerably fewer staff to process them into a finished product for the customer, it is essential that adequate attention is given to this area. What is important to bear in mind always when purchasing beverages is that expensive products or products with pretty labels do not necessarily indicate or guarantee superior quality.

With beverage purchasing the following points are generally noticeable:

1. There are fewer and often restricted sources of supply.
2. The high value of beverage purchases.
3. The free advice and assistance with purchasing are given by the wine and spirit trade.
4. The quality factors are difficult to evaluate and require special training to identify them.
5. There are fewer standard purchasing units than for food.
6. There is an established standard of product. Many items like minerals, spirits, etc. will have standard that will not vary over the years and items such as a well-known wine from an established shipper will be of a standard for a specific year, whereas with food items there may be several grades and a wide range of ungraded items available. In addition, food items may be purchased in different forms such as fresh, chilled frozen, canned, etc.
7. The prices of alcoholic beverages do not fluctuate to the extent that food prices do.

A beverage selected for a wine list would not only have to be on an acceptable quality to members of the selection team, but also to the type of customer served. It should complement the food menu and be available for purchasing over a long enough period and at a price that is competitive. The continuity of supply of any wine should be established before it is added to a wine list.

There are some five main sources of supply that can be used for purchasing beverages and it is most likely that a purchasing manager would use at least two of them. The methods used for purchasing would vary between establishments because of such

criteria as the type of customer; the type, size and location of the establishment; the storage facilities available; and the purchasing power of the

Wine shippers  
Wholesalers  
Beverage Manufactures  
Cash & Carry  
Auctions

### **Purchase specification for beverages:**

The purpose of a purchasing specification is to set down in writing the standard of a product for a specific use by an establishment. This is then used by the purchasing manager to inform suppliers exactly what is required and is vital information when negotiation prices. It is also invaluable to the receiving and cellar department staff to know what to accept when deliveries are being made.

Unlike purchasing specifications for food, specifications for beverages are much simpler and to understand. The reason is that beverages are sold and purchased by the brand name label of the product, each having a consistent quality and quantity standard of content for each selling unit, e.g. barrels, kegs, bottles, splits.

### **Receiving of beverages**

The objectives for beverage receiving are similar in many ways to those of food receiving. However, as the value of beverage purchases and the ensuing profits from the sale of beverages are high, it is important that due attention is given to the receiving of beverages.

The main objectives are to insure that:

1. The quantity of beverage delivered matches that which has been ordered. This requires a methodical approach to checking the goods against the purchase order and the delivery note. Items would be in standard units of crates, cases, etc., with standard contents of a specific size. Crates and cases should be opened to check for such things as empty, missing or broken bottles.
2. The quality inspection is simple but again requires a thorough and methodical approach. It involves such things as checking the brand name and label on each item, the alcohol proof, the vintage and shipper, against the delivery note and the purchase order.
3. The prices stated on the delivery note are in accordance with the negotiated prices shown on the purchase order form.

4. When the quantity or quality (or both) of the beverage delivered is not in accordance with the purchase order, or an item is omitted from the order, that a request for credit note is raised by the receiving clerk or cellar man.
5. An accurate record is made in the goods received book recording details of the delivery.
6. An accurate record is kept of all chargeable empties delivered and returned.
7. Deliveries of beverages are timetabled with the suppliers, often to and afternoon, when receiving and cellar staff are normally not so busy and the receiving area is free from other deliveries.

### **Storing**

Once beverages are received they must be removed immediately to the cellar and a tight level of control maintained at all times. The storage of beverage is ideally separated into five areas as follows:

1. The main storage area for sprits and red wine held at a dry and draught-free temperature 30° C. This area is also used for the general collection and preparation of orders for the various bars and the storage of keg beers when there is a reasonable turnover.
2. A refrigerated area of 10-15° C for the storage of white and sparkling wines.
3. An area held at a temperature of 5° C for the storage of bottle beers and soft drinks.
4. A totally separate area, from those above, for the storage of empty bottles, kegs and crates. This area needs to be as tightly controlled as the beverage storage area, not only because of the returnable value of the crates and bottles, etc., but to prevent free access by bar staff when an 'empty for full' bottle method of issuing is in operation.

The merchandise is unpacked in the cellar and stored correctly (table wines with an alcohol content less than 16% by volume are stored on their sides, bottles of fortified wine, sprits and vintage ports are stored upright) on shelves or racks in the same order as on the standard bottle code/bin list. The objective for preparing a standard bottle code/bin list is to eliminate the confusion of bottle sizes, spelling of names and different brands, and to establish an appropriate starting point for the control of beverages. All requisitions, inventories, wine lists, etc., are related to the code/bin list. An extract from a list could be as follows:

Bin number 100-149 English table wines  
Bin numbers 150-199 Imported white wines  
Bin numbers 200-299 Imported red wines  
Bin numbers 300-399 Sparkling wines  
Bin numbers 400-419 Scotch and Irish whisky

Bin numbers 420-499 Gin

To avoid confusion, the M is usually assigned for magnums, H for half bottles S for split bottles.

### **Cellar Records**

As the value of cellar stocks is high, it is usual for the following cellar records to be kept.

#### **A cellar inwards book:**

This provide accurate reference to all beverages coming into the cellar, and posting data for the cellar man's bin cards. Whenever necessary it is a useful check against the perpetual beverage inventory ledger held in the food and beverage control or accounts office.

#### **Bin cards:**

These are provided for each individual type of beverage held in stock and record all deliveries and issues made, the cards being fixed on the shelves or racks against each beverage, the bin card numbers referring to the same bin numbers as the wine list and originating from the standard bottle code list.

#### **Cellar control book:**

This provides a record of all daily deliveries to the cellar and the daily issues of each beverage from the cellar to the various bars and should cross-check with the entries on the bin cards and the perpetual inventory ledger held in the food control or the accounts office.

#### **Beverages perpetual inventory ledger:**

This master ledger, which is prepared in the control or accounts office, consists of cards prepared for each individual type of beverage held in stock. The purpose is to keep a daily record of any purchases of the separate types of beverages and of the quantities issued from the cellar to each individual bar or other area, and to record a perpetual inventory balance for each item. The information is obtained from the suppliers' delivery notes or invoices (adjusted at times with credit notes) and the daily beverage requisition notes from the different bars. When the physical stocktaking of the cellar is

undertaken, the physical stock take figures should match to those in the perpetual inventory ledger.

### **Ullages and breakages:**

It is necessary for any ullages and breakage to be recorded on a standard form, together with an explanation, and countersigned by a member of the food and beverage management department. The frequency of the recording of any ullages and breakages would determine the necessity for management to take corrective action.

The term 'ullage' is used to cover all substandard beverages such as bottles of weeping wines, bottles of wine with faulty corks, unfit barrels of beer, etc., which whenever possible, would be returned to the supplier for replacement. Breakages of bottled beverages usually occur by mishandling by cellar and bar staff.

### **Empties return book:**

Many of the containers of beverages such as crates, kegs, beer bottles, soda siphons, etc. are charged for by the supplier against a delivery. It is therefore necessary that control is maintained on these charged items to ensure that they are returned to the supplier and the correct credit obtained. A container record book is required which records all containers received from the various suppliers, containers returned and the balance matching the stock take of containers.

### **Hospitality book**

This is necessary to record the issue of drinks to the kitchen and other grades of staff as laid down by the company policy.

### **Issuing of Beverages**

Issuing of beverages should take place at set times during the day and only against a requisition note signed by an authorized person, for example head barman, banqueting head waiter, etc. Ideally when the requisition is a large one it should be handed in several hours before the items are required to allow the cellar staff plenty of time to assemble the order together. Requisition notes are usually made in duplicate, one copy being retained by the cellar man so that entries can be made to the cellar records and then it is passed to the control or accounts office, while the second copy is retained by the person who originated the requisition and handed in with the daily takings and other control documents.

The pricing of issues for beverages is different from that for food in that two prices are recorded, the cost price and the selling price. The cost price is recorded to credit the cellar account and for trading account and balance sheet purposes. The selling price is recorded for control purposes to measure the sales potential of a selling outlet using the basic formula:

$$\begin{aligned} \text{Opening stock} + \text{purchase} - \text{Closing stock} &= \text{Total beverage consumed} \\ \text{Total beverage consumed} &= \text{Beverage revenue} \end{aligned}$$

It should be noted that the above formula may be calculated for the value of stock and purchases either.

1. At cost price in order to compare the usage with the actual sales and to ascertain the profit margin and beverage gross profit.
2. At sales price in order to compare potential sales with the actual recorded sales.

It is usually for the beverage revenue to be different from the sales potential figure because of such factors as a high percentage of mixed drinks being sold or full bottle sales being made over the counter of a bar.

### **Beverage Production Methods**

The term 'beverages' in this context is used to describe both alcoholic and non-alcoholic drinks. The degree of preparation necessary before these different beverages can be served to the customer varies, but in the majority of cases it is the non-alcoholic beverages that fall into the categories of raw and semi-prepared products, and the alcoholic beverages that are in the main already fully prepared.

1. **Raw beverages:** These are beverage products that require a higher degree of preparation, in comparison to the other categories, before being served to the customer. Examples of such beverage are tea, coffee, cocoa, which may require up to fifteen minutes before reaching a ready –to-serve state.

The preparation of these raw beverage products may be away from the service area and customer, for example a stillroom in the kitchen of a large hotel, in some speciality restaurants or coffee shops the tea or coffee making facilities may be an integral part of the total food service being offered by the catering operation.

2. **Semi-prepared beverage:** These are beverage products that do not need to be prepared from the raw product state, but neither are they ready-to-serve. Example of semi-prepared beverages are fruit cordials which only require the addition of water; iced coffee and cocktails may also be included in this category.

The preparation of these semi-prepared beverages may also form part of mixing cocktails in a cocktail bar.

**3. Fully prepared beverage:** These beverage products requiring virtually no preparation before being served to the customer, for example bottled fruit juices, spirits, wines etc. In the majority of cases fully prepared beverage are dispensed in front of the customer, whether, for example, spirits at a bar or wines at a table.

The style of beverage production in a catering operation should be complementary to the food production method; therefore in a high-class restaurant a full range of alcoholic and non-alcoholic beverages would be available. In a cafeteria would be offered and such non alcoholic beverages as tea, coffee or orange squash, may actually be 'prepared' by customers themselves, for example by the use of a vending machine or a tea coffee or soft drink machine.

The beverage production method in a catering operation should be afforded the same importance and consideration as the choice of the food production method. Tea, coffee, for example, are often the last part of customer's meal and reputations can be made or marred on the taste of these beverages . Beverages production should also not be left to unskilled staff- this applies to the employees in the stillroom making the tea and coffee or the barmen mixing drinks and cocktails. The necessary requirements for good beverage production include the following: good quality raw materials- for example a good blend of tea or coffee; the right equipment necessary for performing the job correctly –properly cleaned stills or machines, the provision of cocktail shakers, strainers, etc., if cocktails are being offered; and finally, the employees must be trained for the tasks they are to perform. The standard of beverage production in a catering establishment and the standard of hygiene and cleanliness in beverage equipment should be regularly checked.

The method of beverage production must be such that it will operate within the financial limits, and meet the profit targets of the establishments, as laid down in the financial policy. Mismanagement in beverage production can have a substantial effect on the establishment's gross profit, in the same way as short –comings in food production can , and for this reason must be afforded sufficient time, consideration and finances so that a suitable method of beverage production is chosen for the particular catering operation.

### **Beverage Control :**

There are many different methods in use today to control costs, the various methods depending on the size of the operation, the volume of business, owner or managed operation, etc., and the level of sophistication and control required. Each of the different

methods in use could be classified under one of the following six basic types of beverage control systems. Whatever method is adopted, it would be of little value unless the previous steps of control had been efficiently implemented and enforced, that is, the control of purchasing, receiving, storing, and issuing ; production planning ; the establishment of standard yields, standard recipes, standard portion sizes and inventory.

### **Bar Cost System**

This system is similar to that for the basic food cost report. It may be produced for each bar separately or for all of the beverage operations.

### **Par stock or bottle control system**

This is a simple yet effective method of beverage control and is particularly useful for the smaller type operation where there are full time control staffs. The following points should be noticed:

1. The level of par stock is established for each bar, that is, to establish for each beverage the number of bottles required for a busy day plus a small safety factor. This number is determined to be the stock level to be held in the bar at the beginning of the service each day. To simplify the system only full bottles are not counted.
2. The number and type of empty bottles are noted each day, this being the amount and type to be requisitioned for the day.
3. The potential sales are based on the quantities issued at selling price and are compared to actual revenue received.
4. Adjustment to be made to the initial selling price if many mixed drinks are sold. This may only be necessary if the difference between the potential and actual sales figures gives cause for investigation,

The particular advantages of this system are its simplicity and ease of operation.

### **Potential (or standard) sales value system**

This system is designed to control beverages sales and therefore beverage costs by setting a sales value on each bottle item carried in stock. The revenue value of each bottle is based on the standard size of the drink. The sales value of each drink is called the potential (or standard) sale value. The system requires as a basis for its operation, established standards for a bottle code number system, drink recipes, drink sizes, glassware and par stocks. Whenever the bottle sizes, drink size or recipe change a new calculation must be made and recorded, as this can affect the price of a drink and should require the price to be reviewed.



## **The inventory or 'ounce' system**

This method is recognized as the most accurate (non-automatic) method of determining the amount of beverage sold. It is used at times when investigating the cause of unacceptable difference recorded between the actual and potential results in a beverage report. It is, however, a complicated and difficult system to operate for large units with a full range of beverage services unless aided by a mini computer. The system requires:

1. An accurate and detailed analysis of all sales by type and brand of drink sold, for each selling outlet.
2. The calculation of the actual consumption of each type and brand of drink based on the daily physical stock-take, giving opening and closing stock levels of bars, plus any issues, and minus any transfers out to other bars. All drinks sold are converted back to the number of ounces of each type and brand of drink sold using the standard beverage recipes. The total consumption of each kind of drink per sales bill has then to be compared with the actual consumption determined from the physical inventory and any adjustments.

The main disadvantages of this control system are:

1. The time required to analyse sales and to take stock levels daily.
2. The time required to calculate the daily consumption for each selling outlet.
3. Additional difficulties if a large number of mixed drinks are sold and if drinks of different sizes are sold in each selling outlet.

## **Banqueting and function bar system**

Should the banquet department have its own storage and bar areas it can operate and be controlled in the same way as any other bar. If, however a bar has to be set up for each separate banquet or function, it will be necessary for an authorized person to requisition for each event from the main cellar and then immediately at the close of the event to return all unsold beverages. Bottles issued would be the quantity issued from the cellar for that function. Bottles returned are the bottles and part bottles (calculated in tenths of a bottle) unused and returned to the cellar. The number of bottles issued minus bottles returned should be equal to the number of bottles and part bottles used. The actual cost is the purchase price paid per bottle, or half or split. The potential sales per bottle would be the selling price per drink multiplied by the standard number of drinks per bottle.

## **BAR FRAUDS**

1. Bring in their own bottles of spirits, etc., sell the contents to customers and then pocket the money. This results in a busy bar with disappointing cash takings!
2. Drink at work. Bar staff who help themselves to the odd drink soon get into the habit of it unless it is quickly detected. This results in lower than should be cash takings or customers having short measure drinks which 'compensate' for the bar staff free drinks.
3. Fail to 'ring up' each drink sold and pocket the money taken from the client. This results again in lower cash taken.
4. Provide free drinks for friends, again, resulting in lower bar takings.
5. Dilute drinks. When a group of customers order their third or more 'round of drinks' they are less likely to identify weak drinks, the difference being pocketed by the bar staff .
6. Under-charge the customer. The customer, being an accomplice of the bar staff, orders a drink pays for it and is then given change.