



PREVENTATIVE MEDICINE

Loss prevention systems key to protecting business health.

Too many bar operators consider loss prevention systems an inconvenient expense rather than a crucial investment in their continued and future success.

Speaking in 2008 with Sam D'Uva, the president of the growing Dynamic Hospitality & Entertainment Group, a company that includes Toronto night-

clubs Seven Lounge and Berlin among its many interests, the industry veteran argued that an operator has to have a basic understanding of human psychology in order to flourish.

He referred to the 80-10-10 principle as an example of this. Of 100 random people that could potentially work in

one of his bars, he estimated 10 would always steal when given the chance; 10 would never steal under any circumstances; and 80 were opportunists that could go either way depending on the situation. With this in mind, he knew that instituting measures that make pilfering extremely difficult would help to

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With a proper loss prevention system the bar can focus more on its customers than trying to outsmart one another.

keep the group of 80 opportunists on the straight and narrow.

With so many creative scams being used by bar staff (*see sidebar*), Scannabar President Roberto Scanga warns operators could be incurring losses of 25 per cent to 35 per cent. In an industry facing hard times, losses of that magnitude will quickly put an inexperienced operator out of business in a hurry.

Additionally, Krista Dinsmore (Recoskie), marketing manager for Bevinco's global office, urges operators to truly understand these losses. "Most operators

only see missing liquor as a loss at cost, when in reality they should be analyzing everything as a loss at retail. For example, let's say a typical patron consumes three drinks on an average night, but the bartender is over-pouring their drinks so they only consume two drinks. This means the operation is missing out on one drink at retail cost, not just the cost of the liquor poured."

It is no secret that times have been extremely tough in the Canadian bar industry recently says David McCullough, managing director of Freepour Controls Inc. "Most bars sales are down over the last two years, so the only way to protect profits is to focus on costs." He adds that operators "have already trimmed labour costs to the bone, and they have negotiated every last penny they can out of the food COGS. The obvious place to find profits is beverage cost."

There are many great companies in the marketplace that offer operators an effective way to try and beat the cheats. And while no system is perfect, it is the responsibility of operators to make the concept of stealing very real for their staff.

McCullough says that, "Once the bartenders are acutely aware of controls, their behaviour is modified accordingly."



Operators that use draft measuring systems ensure their draft is pouring properly.



Scannabar provides a Top-25 list of ways to increase bar shrinkage.

Scannabar's Top-5 Ways that Increase Bar Shrinkage

1. Short Ring. Under-ring the correct price of item and pocket the difference.
2. Phantom Register. Extra register put in bar and items not rung in on main register.
3. Serve and collect while register is reading between shift changes.
4. Claim a phony walk-out. Keep money received from customer.
5. Phantom Bottle. Bartender brings in his own bottle and pockets cash from the sale.

*For full Top-25 list, check out the blog section at <http://en.scannabar.com>

At this point, you turn the variance reports into a team-building exercise, whereby the whole bar team is striving to achieve a certain pour cost, and if they do, there can be a reward."

In his experience, Darren Yates, Alberta's general manager for BBS Systems, says operators are seeking an easy-to-use system that can quickly provide managers and owners a look at the bottom line. No one enjoys sifting through reams of data so having a system that is quick and user-friendly is imperative.

Depending on the bar, liquor and beer dispensing strategies will be different. For instance, at a small neighbourhood pub, it is quite normal to have properly-trained bartenders freepouring spirits. However, at busy nightclubs, portion dispensers for both liquor and beer are a much safer way to go.

Yates does suggest however that bars that opt to institute draft measuring sys-

tems ensure their draft is pouring properly. If the taps are pouring lots of foam, it is unfair to hold bar staff accountable.

Clint Thompson, owner of Calgary's Scotsman's Well, has both a BBS draft system and the BevChek loss prevention system in place at his busy location. He believes in his system because it is easy to understand and very accurate. He also appreciates being able to keep tabs on his bar remotely over the internet. An added bonus he mentions is that valuable sales data can be mined from the system and used to improve his marketing/promotion initiatives.

With the proper loss prevention system in place, bar operators and staff can focus less time and energy on trying to outsmart one

another and more on serving their customers. And if that happens, those happy patrons will be more than willing to spend enough money to keep both staff and management content. ♣



Operators need to understand their losses at a retail level as well as at cost level.



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