

# Food, beverage challenges

The dining experience in private clubs is undoubtedly the most scrutinised area of any club operation and represents one of the most debated and challenging services on offer to members and visitors.

By Paul Grainger

**G**iven that the clientele has sophisticated tastes and expectations, the creation and retention of a kitchen team equal to such a task is expensive and the service schedule is highly irregular with usage patterns varying wildly throughout the week, month and year.

It can hardly be surprising that significantly large amounts of money are needed simply to fuel the private club food operation.

Add to this an intense local competition for the member food dollar, coupled with the need to provide a full spectrum of services ranging from children's buffets to gourmet dinners and from fast food to lavish wedding receptions.

Such conflicts can only generate losses and it is thus rare that clubs generate profit from their dining room operations.

## So, why is a club not like a commercial restaurant?

Firstly, clubs have a smaller user group, with an average 400 members providing a potential customer base of around 1800, as opposed to a well positioned commercial restaurant which will typically have several hundred thousand.

In addition to a limited volume, a club must endeavour to provide 'traditional' fare for its senior members, progressively trendy menus for its younger professionals and casual/fast menus for the family oriented members.

Whilst most successful commercial restaurants will target only one of these user groups, a private club must provide a 'one stop shop' of diverse dining opportunities for all.

Another challenge is the concept of 'value' which has become distorted in clubs. Value is defined as paying the right price for the quality received. Members however, typically consider the 'right' price for dining in a private club to be generally lower than that which would be paid for the same level of quality in a commercial environment.

The reasoning for this lower cost expectation stems from the fact that as monthly dues are payable, members believe that food outlets should charge little more than actual cost.

In reality, clubs exhibit a higher cost of sales than those larger commercial operations which have greater quantity purchasing power. Most clubs are, in comparison, classified as small food businesses and the actual cost of raw products is therefore inherently higher.

Private clubs' average food costs are 40-45pc whereas those of a full service commercial restaurant will be approximately 30pc.

The necessity for all club dining facilities to be open seven days a week for breakfast, lunch and dinner creates further inefficiencies including, but not limited to, staff rosters, associated payroll costs and food wastage.

Members expect a 'creative' kitchen which is able to satisfy sophisticated expectations across a wide variety of menu themes and long-serving chefs who are familiar with and able to interact with the membership.

Conversely 'manufacturing' kitchens rarely change their menu and can produce food quickly and inexpensively using relatively untrained staff.

## So how can club managers, continually being questioned by owners/board directors on F&B non-profitability, address these inherent challenges?

The first step is for all involved to recognise and understand that a club is not a commercial restaurant and in a private club environment never will be.

Secondly, a number of financial improvement options should be continually explored, either in entirety or in parts as operational best practice:

- Critique the merit of a minimum spend or food levy concept;
- Create a purchasing co-operation with other clubs in your area;
- Ensure strict inventory and portion control regimes;
- Continually evaluate and control the size and variety of menu options;
- Proactively generate and market function business;
- Continually evaluate outlet operating hours and payroll rosters; and
- Embrace children's menus and dining needs

Ultimately, clubs need to make tough decisions on a strategic basis to deliver top quality dining experiences at a cost the membership and board can live with in context to overall financial goals and membership satisfaction.

However, these financial expectations need to be kept real and practical.

Decide on who you are and what you are in a dining sense and then commit to delivering upon this with daily consistency.

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Paul Grainger is the Managing Director of **Leisure Strategies** which provide Consultancy and Executive Search services to the Leisure, Fitness and Golf Club industries in Australia and Asia. Services are provided for both new developments and existing organisations wishing to review current strategies and operations.

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