

Golf and Country Clubs: Setting Higher Goals for Profitability in Food & Beverage

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According to the Club Manager's Association of America and the National Club Association, 59% of clubs show a loss in their food and beverage operations while 34% show a profit and the remaining 7% break even¹. For our golf and country club clients, whether operating private or public facilities, food and beverage service is a necessary amenity for patrons.

Food service is, indeed, a critical service element at golf and country clubs, and despite the poor performance, all of these food and beverage operations have the potential to operate profitably. Here are a few easily implemented ideas to increase or enhance food and beverage profitability at your club:

Understand How Banquets Affect Your Business by Using a Banquet P&L

Many of our clients find themselves in the banquet business not only for social gatherings such as weddings, holiday parties and reunions, but also for corporate-sponsored social events. While these events often bring in substantial revenues, many banquet operators have no idea how much banquets cost from a labor and food standpoint. By creating a profit and loss statement for each event, management can fine-tune staffing and food purchases to generate more profit for the club while enhancing overall quality.

Manage Labor Costs

Club operators often keep their food and beverage operations running for extended hours without measuring the incremental level of sales versus labor costs associated with those hours. By consolidating food and beverage operations during off-peak periods, or offering more limited options that require fewer staff to manage, clubs can provide guests with the service they need and reduce the club's labor costs simultaneously.

Examine Your Menu Mix

It is our experience that many club operators offer a product mix to satisfy the "status quo," but many don't understand the costs associated with preparing each dish from a labor and food standpoint. By evaluating the product mix (which menu items are most popular, which are the least popular) and then assessing which items are most profitable, operators can fine-tune their menus to maximize revenues and profitability while also enhancing customer satisfaction through more popular product offerings.

Understand Your Customers

We hear from club owners that their customers are more pressed for time than ever before. While these customers are still in need of food and beverage, they may not have the time required to enjoy sit-down service. Examine the needs of your customers: do they need more "portable" and "quick" food options? Are they looking for healthier menu items? Do they view the food service you provide as fuel or as a social experience? By answering these questions, operators can learn whether their product offerings and level of service effectively meet the needs of their customers. Providing better suited products and service can enhance both revenues and profitability.

There are many opportunities for golf clubs to operate the food and beverage facilities in a "smarter" way that will save resources, deliver better product & services, keep customers happy and ultimately deliver more to the bottom line. If you're eager to turn your club's food and beverage operation into a profit-center, taking the time to implement one or more of the above ideas is a good place to start.

Summary

There are many opportunities for golf club and country club managers to operate their food and beverage facilities more efficiently while providing better products & services, conserving resources, keeping customers happy and delivering more to the bottom line.

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For more information, contact:

Juliette Boone

Darius Hatami

Golf Services

HVS International

Address: 2229 Broadway Boulder, CO, 80302

Phone: +1 303 443-3933 ext. 299

Email: ****

¹ Club Managers Association of America and National Club Association's 2004 Club Operations and Financial Data Report.

About **Darius M Hatami**



Darius Hatami is Managing Director of HVS Golf Services, headquartered in Boulder, Colorado. For over twenty years, he's has been devoted to appraisals and consulting assignments for golf, club and resort related real estate. Darius has directed assignments in Canada, Mexico, the Caribbean, Europe, Asia, the Middle East and throughout the U.S. for international lenders and owners such as Lehman Brothers, Deutsche Bank, Barclays Capital, Club Corp, Four Seasons and CNL. Properties appraised include Pinehurst Resort, Turtle Bay Resort, The Yellowstone Club, Ko Olina, La Quinta Resort, the Maroon Creek Club, Fairmont Turnberry, and Kapalua. In addition to appraisal, his expertise encompasses strategic, financial, residential, membership and economic planning, as well as integrating the golf and club assets with residential and resort aspects of master planned communities. He is a frequent speaker on the international golf and development industry topics relating especially to the valuation of and investment in golf courses, clubs and resort real estate developments. For more information please contact: **** 303 301-1126