

# FOOD AND BEVERAGE DIVISION

## 6.1 INTRODUCTION

In discussing the ways that hotel organizations have changed, we pointed out that in earlier times food played a significant role in the organizational structure and product/service mix of hotels. It has been speculated that the preeminent role played by hotel foodservice in society became significantly diminished with the onset of Prohibition and during the 1920s. People stopped going to foodservice establishments where they couldn't "get a drink." Prohibition gave rise to competition from street restaurants that operated sub rosa as speakeasies. These restaurants were not constricted by the visible, public nature of hotel dining rooms. This diminished role was compounded in many ways by the depression years of the 1930s and the war years of the 1940s.

In general, it was difficult for most hotels' foodservice to recover from the effects of

recognition lost during Prohibition. Recovery was further delayed by the Depression and the uncertainty and reordered national priorities that accompanied World War II.

In 1945, at the conclusion of World War II, well-documented major shifts in population and economic emphasis began to occur. Free-standing restaurants continued to compete effectively with hotel foodservice. Movement was away from downtown and central business district hotels. Motels and motor hotels were built on highway and freeway interchanges to take advantage of the mobility of the American family. Fast-food restaurants, too, affected the away-from-home eating habits of Americans. Consequently, many hotel companies saw as too great the cost of providing high-quality competition in the face of these forces. The net effect was that many hotel guests and operators came to believe that



hotel foodservice was little more than a necessary evil. For many operations, this became a self-fulfilling prophecy, and hotel foodservice floundered for many years.

This situation has been reversed in recent years. Of the many factors mentioned earlier that forced organizational change (market segmentation, return on investment, demographic shifts, and so forth), it seems that return on investment has played a dominant role in this turnaround. The double-whammy issues of construction cost and return on investment expectations of people outside the hospitality industry strongly suggest that space devoted to foodservice should contribute at least its share to the profit structure of the modern hotel service system.

As a result, hotels seem to be willing to try anything to capture additional revenue, prestige, and competitive advantage. Among the tactics addressed in several of the articles and essays included in this section are partnering with restaurant companies, outsourcing a hotel's foodservice, new catering and beverage management strategies, celebrity chefs, and rethinking the entire role of hotel food and beverage.

## ► FOOD

Over 35 years ago, Allen Hubsch (1966) suggested a number of ways to revitalize hotel food and beverage service that have proved eerily prescient. Among his suggestions were:

- Hotel food and beverage facilities must become profit centers—no more a necessary evil!
- Food and beverage management calls for new and increased professionalism and less reliance on the old chef-maître d' model.

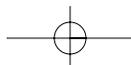
- Food and beverage outlets must become amenities that produce room-nights.
- Hotel food and beverage units must adopt street restaurant philosophies; merchandising, advertising, decor/ambience, menu, and service must compete with local competition.
- Food and beverage can be used to fill marginally profitable space in rentals, storage, or production areas.
- New food and beverage outlets can leverage existing facilities like storage and kitchens by spreading fixed costs over a wider sales base.

Hubsch's article, now considered a classic, is among the suggested readings for this section.

Robert H. Bosselman is the director of the Dedman School of Hospitality and Dedman Distinguished Professor of Hospitality at Florida State University. From his perspective, looking ahead to the future state of hotel food and beverage operations, Bosselman provides an in-depth analysis of the way the hotel food and beverage organization has changed over the last eight to ten years and offers tantalizing clues and examples that echo the prescriptions proposed by Hubsch. He also addresses the structure of the organization, interactions of food and beverage elements within the lodging operation, operating ratios, and potential trends in this major—and expensive—operational component.

Dominic Provenzano is director of operations of the Downtown Marriott at Key Center in Cleveland, Ohio. From the perspective of a previous position as director of food and beverage, he provides front-line detail of how Bosselman's theory of food and beverage plays out for the food and beverage director.

In a major research effort that began in 1998, Laurette Dubé, Cathy Enz, Leo Re-



naghan, and Judy Siguaw of the Center for Hospitality Research at Cornell University studied the best practices of hotels in the U.S. lodging industry. In their words, “The goal of this research was to surface and summarize practices of use and value to the entire lodging industry” (Dubé et al., 1999, 7). Siguaw and Enz summarize several of the practices from that study that have been developed by hotels to achieve the “strategic charge of profitably meeting customer needs” (1999, 50). The authors describe how top hotels integrate the ideas of restaurant design and conceptualization with all of the variables that affect the quality of the food and the experience for the guest.

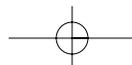
The concept of outsourcing was mentioned earlier in the context of how some hotel companies are rethinking the role of hotel food and beverage and how to maximize investments in facilities, furnishings, and equipment for foodservice outlets. According to Strate and Rappole (1997), because hotel restaurants have often been managed as a secondary function, owners and operators are questioning the conventional wisdom about how hotel food and beverage is conceived and managed. They state that this new focus on hotel foodservice results in innovative concepts and strategic alliances with well-known restaurant brands. In their article, they analyze this trend outlining historic antecedents of the practice and use the Texas firm Bristol Hotel Company as a case study.

Few would argue that should a hotel choose to do its own foodservice, a first-class executive chef is essential to allow a hotel organization to compete effectively for food and beverage business in today’s market. It is, however, fairly clear that chefs today do not have the dominant role they had a century ago. Given the importance of the food and beverage function, as established by the fore-

going articles, the chef is nevertheless an integral part of the competitive strategy and a full-fledged department leader. He or she is no longer purely a technician. This individual must have developed a significant range of managerial skills to complement the technical and artistic training we have come to expect from an executive chef. The appearance of ultra-high-profile celebrity chefs adds another interesting variable to the food and beverage director’s mix of challenges. If a hotel commits much of its food and beverage strategy to the talents of one famous person, it can enjoy a significant competitive advantage but also become hostage to that person’s whims and personality. Many high-profile hotels in Las Vegas have “name” chef programs, and in many major population centers, top chefs have made their hotels destination venues due to their fame in the kitchen.

Patti Shock and her colleague John Stefanelli highlight the importance of the banquet and catering functions of hotel food and beverage in their piece, updated for this edition. With the increased national attention and focus on the importance of conferences, conventions, meetings, and events of all kinds, foodservice professionals who specialize in planning and serving meals and beverages to large groups of people are increasingly important. The authors note, “Although on-premise catering is generally the second-largest source of revenue for most hotels, following sleeping rooms” and “often the highest visibility the hotel has on a local level,” banquets and catering are still too often ignored by hotel school curricula. In this article, we partially address this lack.

Catered affairs represent a significant contribution to the profit picture of hotel food and beverage service. The efficacy of a hotel’s efforts in selling and servicing the group business market may very well be the



difference between profitability of the food and beverage function and some less desirable outcome. Shock and Stefanelli explore the organization, personnel, and processes of the catering department and give the reader an in-depth view of catering executives and banquet organizations. The article includes Internet addresses for additional information.

It is the revenue and visibility importance of the catering function that makes the energetic essay by Rich Benninger so intriguing. From rising at 6:00 A.M. or so, thinking today is the day he will “get everything done” in the catering and convention services office of a 5,000-room resort hotel casino in Las Vegas, to hitting the sack after midnight, Benninger gives the reader an insider’s view of life in the fast lane of Vegas catering and convention services. As executive director of catering and convention services at the Caesar’s Palace Resort Hotel and Casino, Benninger is uniquely positioned to provide these insights.

## ► BEVERAGE

In any hotel that has more than one formal bar, there is usually a separate function within the food and beverage department called *bar* or *beverage management*. Ideally, that office coordinates all matters that concern liquors, beers, and wines. The beverage manager is responsible for purchasing, receiving, storing, and issuing liquor, wine and beer inventory, and quite obviously has the managerial responsibility to control that inventory.

Additionally, the beverage manager:

- Hires, trains, schedules, and controls all beverage and bar personnel.
- Promotes the various beverage department services.

- Coordinates the requests of other departments that require beverage services—for instance, banquet and catering, room service, chefs, management.
- Assures that his or her department is in compliance with federal, state, and local laws and regulations.

The beverage manager administers or manages up to four types of bars.

The front or public bar is that in which the guest can, if he or she so desires, interact with the bartender and other service personnel. There are provisions for guest seating at the bar itself, which may be part of a restaurant or a separate room or area. Separate tables and stand-up areas may also be available for beverage service. A front bar may or may not incorporate entertainment.

A service bar is a hidden bar designed for use by the hotel’s food and beverage service staff only. It may serve one or more foodservice areas and/or room service, and it is designed specifically for efficiency and economy of service. In most cases, speed is considered the essential ingredient in service bars. Service bars typically are centrally located in the back of the house, out of guest view.

Portable bars are designed for maximum flexibility and can be used in conjunction with beverage sales associated with guest activities anywhere in the hotel or on its grounds. This may be extended in resort areas to include recreational areas.

A new facility popular in many hotels is that of the in-room bar, mini-bar, or honor bar. While sometimes the responsibility for inventory of these bars rests with room service, the beverage manager in most cases is also deeply involved in their design, marketing, and control.

In many ways, the beverage manager’s job can be compared, in terms of historical



stereotype, to that of the housekeeper. Often the beverage manager has worked his or her way up through the ranks of beverage server and preparer and through experience, longevity, and interest becomes the beverage or bar manager. There is reason to believe that in many ways this pattern is changing. Like many other areas of hotel management, the beverage management function now faces a range of issues that are more sophisticated and complicated than traditional beverage management problems of the past. It may be that the beverage managers of the future will have to bring to their job a level of managerial, organizational, and administrative sophistication that was previously unnecessary.

The issues, responsibilities, and structural management of the hotel's beverage function are analyzed and discussed by Valentino Lu-

ciani, professor of beverage management at the University of Nevada, Las Vegas. Luciani's essay, reprised here from the third edition, draws on his industry experience, research, and teaching beverage management and provides a view of how the modern beverage manager has evolved from his or her historical counterparts.

The planning, preparation, service, and management of food and beverage in modern hotels have changed significantly since the first edition of this book was written. The essays, research, and commentary presented here are chosen to illustrate the breadth and depth of this process of change. The reader who is interested in hotel food and beverage should be able to synthesize an accurate vision of the practices and realities of this major operational division of modern hotels.

## 6.2 MANAGING FOOD AND BEVERAGE OPERATIONS IN LODGING ORGANIZATIONS

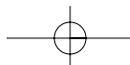
**Robert H. Bosselman**

Like the lodging industry in general, foodservice in the hotel market has improved its position over the last few years. A typical characteristic is a market posting steady but not significant growth and emphasizing cost containment and innovation. As lodging foodservice competes with the multitude of commercial foodservice operations for the consumer dollar, value remains the focus of both operators and consumers. A number of studies have identified food and beverage services as a primary contributor of value to a customer's lodging experience.

This introductory essay discusses the mission and goals of food and beverage departments in lodging operations, the organizational structure of such departments, interactions of food and beverage elements within the lodging operation, operating ratios, and potential trends in the area.

### ► MISSION AND GOALS

**"T**he goal of our food service operations is to provide the highest quality of food and



service in a sophisticated, comfortable ambience, by friendly and professional staff, ensuring that every patron returns,” states the Four Seasons Hotel in Las Vegas. This statement, succinct and focused, exemplifies what lodging operations nationwide are seeking. Most lodging executives identify food and beverage operations as one of the more complex areas to manage in the entire lodging arena. Lodging foodservice not only involves the traditional difficulties associated with both producing and serving food and beverages but also the performance of these functions every day, often 24 hours a day. The resulting labor costs and operational expenses prove burdensome for many lodging establishments. In order for these food and beverage operations to survive and thrive, they must draw not only guests of the lodging facility but also consumers from the external market of the lodging property. Hoteliers are analyzing their operations to identify ways of increasing the percentage of guests who stay to dine on-site, known as the *capture rate*.

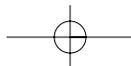
In fact, the more profitable lodging food and beverage operations obtain more than 50 percent of their business from non-guests of the property. The hotel or motel guest is not a captive diner; he or she has many other opportunities for dining. Yet, in order for a hotel property to be profitable, a significant percentage of sales must be produced by food and beverage operations. To accomplish this, lodging facilities must successfully compete with the numerous chains and independent restaurants that offer a variety of services. One advantage for full-service hotels is the banquet business, which can be a major revenue producer and operate at a high profit margin. It becomes critical for lodging operators to research tourists’ specific food needs and wants, and how their specific operation

can better serve these tourists. In addition, a clear, objective analysis of local competition is necessary to determine the segment and genre in which the hotel can compete and succeed.

If the hotel is competing with an established local competitor, then the hotel foodservice operation must outdeliver on all levels of quality, service, and ambience. In a large hotel, it is also necessary not to compete directly with another unit in the same hotel. Units must be diverse to give different segments of the market a choice; the ideal outcome is that hotel and local guests choose to dine in one of the hotel’s offerings. A strong food and beverage program that delivers a high-quality product and experience can be used as a competitive advantage as well as a sales tool for the lodging facility.

Many hoteliers choose not to compete in this environment. Instead, their strategy is to eliminate food and beverage operations altogether, or to lease food and beverage operations to outside companies, either chain-operated or an independent restaurant (see the article by Strate and Rappole elsewhere in this section). In particular, food and beverage sales in motels and motor-hotel restaurants continue to decline as a percentage of overall sales when compared to full-service hotels, primarily as a result of an increasing number of lower-priced lodging operations offering free breakfast and no other meal service. However, that free breakfast has become a competitive positioning statement for the property. Guests now expect it, and they expect quality, yet such lodging facilities must maintain their cost structure.

While the reader may start to think that hotel food services are not major players in the overall foodservice market, 2005 projected sales were estimated at \$25 billion,



according to the National Restaurant Association. There are five major hotel chains whose foodservice sales per hotel average more than \$2.3 million. At the top lies Sheraton Hotels, whose properties average well over \$4.6 million in foodservice sales. It should be noted that a number of convention/resort hotels could do well over \$30 million in annual food and beverage sales. Clearly, foodservice professionals have as much or more opportunity for success as in other segments of the foodservice industry. With potential sales like those noted, lodging food services remain a critical partner with respect to both the revenue and profit of the property. A smart, resourceful manager makes the foodservice operation unique, thus attracting additional patrons to the lodging establishment. Thus, foodservice can be looked on as a means of gaining competitive advantage over other lodging operations.

The field of lodging has a long history of serving people food and drink during their travels. From the earliest days of the Roman Empire, when people traveled on foot, on animal, or in vehicles drawn by animals, to the modern age of air, rail, and car transportation, hotels and inns provided for their needs. In fact, early hotels were usually the center of community activity and often the only place one could eat away from home. The glamour years of the late nineteenth and early twentieth centuries produced grander hotel properties, the so-designated palaces of the people, which solidified this perception of hotels as centers of public entertainment and as sources of food and drink for guests. This reputation continued well into the twentieth century, as hotels became the logical place to meet for entertainment and business discussion. Foodservice operations independent of hotels were rare even in the larger urban cen-

ters. It was not until the post–World War II era that independent restaurants and restaurant chains grew in both number and influence over the customer. As we enter the twenty-first century, lodging foodservice accounts for approximately 7 percent of the total foodservice market. From total domination of the market to its role as a secondary player today, lodging foodservice has undergone dramatic change. As properties struggle to decide whether or not to offer foodservice and, if so, the number of foodservice units and the level of service to offer, future managers must recall what the goals and mission of the foodservice operation should be:

1. To provide the appropriate level and degree of food and beverage service to the property's guests.
2. To support the overall goal(s) of the property.
3. To assist the property in gaining a competitive advantage over other lodging establishments.
4. To function efficiently and effectively in order to produce a profit.

## ► ORGANIZATIONAL CONSIDERATIONS

The organization of foodservice departments within lodging establishments varies depending on the type of facility and, in the case of chain operations, corporate policies. Due to this degree of variety, categorizing lodging properties can be difficult. For example, a property located in a resort environment may also have extensive convention space. A property known primarily as a convention hotel has room enough to accommodate large



groups. Foodservice outlets likely include restaurant(s), lounge(s), banquet facilities, and room service. A resort property provides all the amenities that focus on guest entertainment and relaxation, with emphasis on specialty restaurant(s) and room service. Unique problems may face resort managers with respect to seasonality of operations, location, and layout. The latter points are important because the property itself, as well as individual food and beverage outlets, may be located in hard-to-access areas, which affects operational expenses.

An example of a resort is the Renaissance Sea World Resort in Orlando, Florida. David McKeever, director of restaurant operations, is responsible for three full-service restaurants as well as banquet and conference services. David notes that his facilities aim for an upscale perspective, highlighted by regional and contemporary menu influences and characterized by upscale wine sales. He identifies the property clientele as wanting a relaxed environment in food and beverage services.

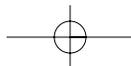
Lloyd Wentzell, vice president of food and beverage, provides a slightly different view of these services at the Riviera Hotel and Casino in Las Vegas. He notes that the food and beverage operation there is an amenity. The buffet and coffee shop are for in-house guests, and the (three) gourmet rooms are for guests including those who come to the shows at the hotel's four entertainment venues. The snack bar in Nickel Town is used to bring visitors from nearby properties. Room service is a necessary loss leader used to maintain resort hotel status.

Airport properties have grown with the increase in air travel. Quite often, travelers choose these properties based on the convenience factor. While occupancy rates are high during weekdays, weekend business tends to drag. There does not appear to be an empha-

sis on food and beverage operations in such facilities.

Economy properties are coming off a period of significant growth. This is the segment that often rejects offering foodservice operations. Midscale brands such as Ramada Inn and Hampton Inn are noted for their aggressive growth in building new properties with little or no food services. Additionally, significant growth is expected in the lower-tier extended-stay market. However, some properties are attempting to redefine the concept of value to the customers. An example is Courtyard by Marriott, which combines comfortable lodging with downsized foodservice operations. All-suite properties remain one of the hottest concepts in the lodging field. While some units contain kitchen facilities, many offer complimentary food and beverage services—particularly at breakfast—for the busy traveler.

The Four Seasons Hotel in Boston demonstrates one example of how a hotel food and beverage operation can be organized. The food and beverage division has four departments; food preparation, catering sales, stewarding, and sales outlets. The latter has five operations: private bars, room service, a full-service lounge, a fine dining restaurant, and banquet facilities. Each department has line employees who report to assistant managers who, in turn, report to department heads, who then report to a director of restaurants and bars, who, in turn, reports to the director of food and beverages. Regardless of the size of the lodging facility, food and beverages must be produced and served. However, the increased size and complexity of some operations makes it critical that managers communicate well with all levels of employees. The trend may be toward flatter organizational structures as well as to completely separating out certain functions of the food and beverage area.



## ▶ FOODSERVICE PERSONNEL

**W**ho are the key people in the organization of lodging foodservice? Our attention here is on the operational players, those individuals most often responsible for the work of pleasing the guest while holding the line on costs.

In most kitchen operations, an executive chef is responsible for management related to production activities. Depending on the size and complexity of the operation, the executive chef may actually perform little in the line of food production. In a small operation, the chef may also be a part owner and perform most of the food-related functions. One of the exciting trends today is the use of big-name chefs in hotel food services, often allowing them to create a signature room in the lodging property. The proper positioning of the restaurant in a niche market can also have a residual positive effect on average rate and occupancy. Marketing a celebrity chef as a primary component of a hotel may yield a competitive advantage among that specific hotel's competitive set.

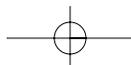
With the trend toward downsizing operations, it would be the rare organization in lodging foodservice that employed numerous back-of-the-house employees engaged in a single function. Some examples of the past might include the sous-chef, the executive chef's assistant and often the staff supervisor; the saucier, or sauce cook; the garde-manger, the cook in charge of all cold food preparation; the chef pâtissier, or pastry chef; and the banquet chef in charge of catering. Each of these positions would have had assistants. In addition, other jobs were steward, purchasing manager, storeroom clerk, and several janitorial staff.

Some examples of how lodging foodser-

vice is organized today have been reported in studies of best practices. The Boulders, located in Arizona, created a food forager position to improve quality of products. Menus are designed around foods actually located, which saves time spent trying to find ingredients to fit a menu while providing guests with a unique dining experience. The Greenbrier, in West Virginia, designed a formal three-year culinary apprentice program. This allows the resort to attract a continuous supply of talented chefs as well as create a cooking school for guests (thus adding value to the guest experience). The Pierre in New York City utilizes an independent consultant to manage purchasing. This frees the chef to focus on food production and has led to reduced food and labor costs.

The dining room can have an equal degree of complexity, depending on the operation. There may or may not be a supervisor, often called a host or hostess, or a *maître d'*. This individual greets guests and supervises the waitstaff. At the actual service level are the captains, servers, bussers, and cashiers. If a lounge operation is present, so are bartenders and cocktail servers. As one can readily imagine, working as a team is imperative.

In today's cost control environment, food and beverage operations are trimming payrolls and consolidating job responsibilities to cut operational expenses. This cross-training of staff allows an individual to take on multiple responsibilities. The Breakers Hotel in Palm Beach, Florida, utilizes a cross-training program that allows the property to completely reorganize its staff annually, facilitating mobility of staff as well as improved service to guests. In the past, it was not uncommon for the food and beverage operation to employ workers around the clock, as most items were made from scratch. With modern equipment and the use of more convenience



food items, such as preportioned meats, it is now rare to find butcher shops or pastry shops in hotels. Again, hotel operations are concentrating on quality, value, and cost. If the property can find a product on the market, the trend is to purchase rather than make from scratch.

There has been increased attention on the education level of chefs in lodging operations. In recent years, traditional culinary arts programs have expanded from two-year to four-year education programs, while traditional four-year hospitality institutions have expanded their curricula into culinary arts. Under the direction of the author (when he served there as department chair), the Department of Food and Beverage Management in the Harrah College of Hotel Administration at the University of Nevada, Las Vegas, was the first four-year hotel administration degree program to offer a bachelor of science (B.S.) in culinary arts management. People who earn this degree can command rewarding pay, but much is expected of them as well. They must be able to produce high-quality products utilizing minimal resources. They must also direct all activities in the back of the house, including the training and supervision of employees. Their responsibility is the means by which a food and beverage unit produces profit for its parent institution, the lodging facility.

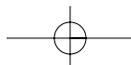
## ► OPERATIONAL INTERACTIONS

**H**otels are complex institutions divided into separate operational areas, among them rooms, engineering, administrative, accounting, human resources, and sales, in addition to

food and beverage. These divisions interact in every imaginable way 24 hours a day to produce the guest experience. It is necessary that the strategy or mission of the operation as a whole be communicated to all levels of the organization to ensure a consistent guest experience. In order to maintain continuity within the organization, all strategic moves must be consistent with the mission of the operation and build toward the long-term goals of profit, quality, guest satisfaction/loyalty, and employee retention and growth.

Perhaps the best way to describe this interaction is to characterize food and beverage and other departments as mutually dependent. Direct interaction can be observed between food and beverage and the front desk with respect to specific guest service issues. Direct interaction can also be observed with the sales department and the convention/banquet department. Indirect interaction between departments comes from areas such as rooms, in the form of overnight cleaning; engineering, in the form of maintenance and repair; and accounting, in the form of financial analysis. For example, food and beverage team members must communicate their reservation needs or restrictions to concierge and bell staffs. One example is announcing a new menu that has been initiated, or that a special activity will occur. Likewise, food and beverage depends on information submitted to them regarding occupancy, VIP guests, or demanding guests.

No matter the type of lodging property, it is critical for management and staff to meet regularly to discuss department interaction and better ways to service the guests. Another example with a special case to consider is a casino resort hotel. Historically, food and beverage has been perceived as an amenity for players. The casino and slot departments are



continually in contact with food and beverage units, particularly room service, to request special arrangements for their clients. These requests might range from amenities being delivered and set up in the guest room to supplying the gaming area with special foods and drinks.

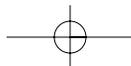
The type of client sleeping in the guest rooms significantly affects the revenue-generation potential of a lodging food and beverage operation. Because a majority of food and beverage customers may be hotel guests, it is important to book the right type of people into the hotel. The sales mix of the hotel is a delicate balancing act. Sales staff must make sure they are contracting groups that maximize hotel revenue per available room (Revpar). Do you know the utilization rate of the food and beverage outlets for the various market segments? Do business travelers eat more or drink more than the leisure/pleasure market? Which convention uses the food and beverage outlets more than others? The ballroom space must be managed closely to ensure that the best business opportunities are maximized from the rooms and food and beverage perspectives. Groups with high demand for banquet space must meet room-night obligations at a given rate and provide the necessary revenue in catering. Local niche opportunities must be explored when there is an opportunity to sell the ballroom when hotel guests are not utilizing it. It is possible that local catering sales can be a larger portion of the total catering dollars, particularly when the rooms mix changes to a larger proportion of transient guests. Your management and sales staff must know the answers to these types of questions. Sales personnel cannot just be concerned with achieving room-night quotas or generating revenue; they must know the impact of their decisions throughout the

hotel and how they affect its profitability. When developing annual budgets, the team must take into consideration seasonality, group business and its particular needs, transient guests, and regional events that may affect guest occupancy and mix.

The food and beverage manager must know who the customers are and how many patrons to expect. Information about hotel guests such as house counts, market mix reports, group commitment reports, and rival/departure patterns assists the food and beverage team in making decisions on scheduling, food ordering, and whether or not to close a particular outlet.

Every hotel employee is a sales agent for the property's food and beverage outlets. The staff must be trained to refer and recommend hotel services to guests. It is clear that the quality of food and beverage operations can affect overall hotel operations and profitability. Quality is particularly important for convention hotels and resort hotel properties. Guests come to such properties for specific purposes. Therefore, a reputation as a high-quality food and beverage operation will attract customers. These operations generate word-of-mouth advertising from travel agents, corporate meeting planners, cab drivers, airline companies, and tourism offices. While this reputation can attract guests, it is the responsibility of management to plan effectively for their needs.

Imagine you run a hotel restaurant, operate room service, provide food and beverages for employees, and now are also catering several types of meals/functions for different groups. Recall that the goal of the hotel property is to service its clientele. Therefore, each area of the hotel must complement the other in providing the service. Managers, particularly in food and beverage, must communicate



effectively and train constantly in order to maximize the goals of the lodging operation.

## ▶ OPERATING RATIOS

Many operating ratios are utilized by the food and beverage department. Controlling operational expenses is perhaps the biggest challenge facing food and beverage managers. Managers at every level must be controllers. In addition, it is the duty of every food and beverage manager to maximize the revenue and profit potential of his or her specific unit. An empty seat cannot be resold later. If a restaurant has a significant drop in sales on a given day or time of year, a strategy must be developed and implemented to fill that void and thus provide a new revenue source. Most hotels' food and beverage operations have a minimum fixed cost that must be maintained in order to meet the needs of the hotel.

It is increasingly difficult to make a profit and provide high-quality service when revenue does not support the labor necessary for even minimum levels. The challenge is to maintain a strong revenue flow so that efficiencies of scale take place. The kitchen is the highest cost producer of any part of the food and beverage operation. The challenge of the kitchen manager or chef is to deliver a high-quality product, yet maintain close controls on food and labor costs.

The key for success in this area is to have a clear understanding of production management so as to reduce waste and spoilage, create dynamic menus that drive business, and continue to build an ongoing training program to instill the best practices into line associates. In very large establishments, the kitchen manager or chef may find himself or herself using a computer more than a knife.

A number of club managers the author recently spoke with noted that operating ratios are important to keep expenses in check, as well as to monitor improvements or income contributions from one area of the property to another. They identified food cost and labor cost percentages as most important. A casino hotel controller from Las Vegas utilizes operating ratios such as cost per cover, percentage of sales, cost per employee, utilization rate (number of covers/number of guests), revenue per occupied room, sales per hotel guest, average check, sales per employee, table turnover, inventory turnover, revenue per square foot, revenue per seat, cost per square foot, return on investment, covers per employee, average covers per day, and average sales per day. Industry professionals note that ratios are only tools and that it is more important to have a clear idea of what needs to be measured and the impact of each variable on the overall operation.

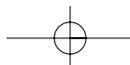
What we can observe is that food and beverage managers utilize ratios to determine whether or not they have been successful in generating revenues and minimizing expenses. Such ratios can then be compared with figures from prior accounting periods of that operation. Let us examine some of the more common ratios.

### Food and Beverage Sales per Available Room

$$\frac{\text{Total Food and Beverage Sales}}{\text{Number of Available Rooms}} = \$$$

### Food and Beverage Occupancy

$$\frac{\text{Number of Covers}}{\text{Number of Seats}} = \text{Turns}$$



**Sales per Available Seats**

$$\frac{\text{Food and Beverage Sales}}{\text{Number of Available Seats}} = \$$$

**Average Check**

$$\frac{\text{Food and Beverage Sales}}{\text{Number of Covers}} = \$$$

**Ratio of Beverage Sales to Food Sales**

$$\frac{\text{Beverage Sales}}{\text{Food Sales}} \times 100 = \%$$

**Food Cost Percentage**

$$\frac{\text{Food Cost}}{\text{Food Sales}} \times 100 = \%$$

**Labor Cost Percentage**

$$\frac{\text{Food and Beverage Labor Cost}}{\text{Food and Beverage Sales}} \times 100 = \%$$

Note that costs are usually stated as a percentage of sales. These percentages can then be compared with those of previous time frames. While the dollar values for costs are necessary to determine the percentages, it is difficult to compare dollars to dollars expended per time period. Measures of revenue often tell management how much effort food and beverage staff have expended for the benefit of the operation. Those ratios combining food and beverages can be broken down by category. Note from the comments provided earlier that ratios utilized vary depending on the operation. Your goal as manager is to gain the best information available to assist you in making decisions.

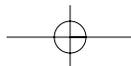
Individual units, such as catering, room service, coffee shop, and sit-down restaurants,

have different as well as similar factors. For example, average check is common to all, while a measure of seat turnover applies only to the coffee shop or the sit-down restaurant. The accumulation of information should be as easy as possible for management. The use of point-of-sale technology enhances this process. Technology can also be applied to storeroom management, including inventory controls and purchasing. Labor management technology has contributed to attaining optimal staffing guidelines based on forecasts, group needs, and position qualifications. Use of the Internet is now a standard tool in marketing strategy, where the guest may book a reservation directly online. Managers should not spend all their time determining what the ratios are or what they mean. Management should be able to quickly ascertain what has occurred in the operation and take corrective action, if necessary.

## ► TRENDS IN LODGING FOODSERVICE

In presenting trends, we must exercise caution, as what works in one food and beverage operation may not in another. Recall that the goal of lodging food and beverage operations is to meet hotel guests' desires, with attention paid to price, value, quality, service, and atmosphere. Food and beverage managers are wise to study similar hotel operations as well as restaurant operations. Guest surveys are also essential to determining customer desires. Your objective should be to discover what customers want and need in terms of food and beverage products and delivery, and how your operation can better serve them.

Hilton Hotels has added to its Vacation Station program. It provides children a canvas



bag with an insulated compartment to hold lunch or snacks, with a mesh-net drink holder on the side. Parents can order from a variety of Snack Pack selections via room service for pickup later. Radisson Hotels and Resorts teamed with a culinary school and supplier to create a low-carbohydrate menu. Sheraton Hotels has also introduced a Lo-Carb Lifestyle program in its restaurants, banquets, room service, lounges, and to-go snacks.

Holiday Inn Hotels and Resorts is testing use of a wireless electronic menu that allows a customer to view a list of options updated in real time. The consumer can find related nutritional information while searching for information about the hotel itself. Also in an experimental phase is their new prototype restaurant, Kem's Café, named for founder Kemmons Wilson. Guests can use the e-menu to order from a choice of comfort food.

Back at the Breakers Hotel in Palm Beach, management renovated their existing formal dining and casual dining restaurants, developing single-theme outlets to give guests choice of cuisine rather than choice dictated by guest attire. This has led to stronger hotel restaurant identities and an increased capture rate. Peacock Alley in New York's Waldorf-Astoria Hotel replaced appetizers and main courses with a variety of dishes of in-between portion sizes and added more wines by the glass and half-bottle to complement the expanded possibilities of the new menu. This version of a tasting menu was developed in response to diners, who kept substituting dishes from the regular menu.

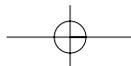
The concept of branding has also affected hotel food and beverage operations. For example, Country Inns and Suites has co-branded with established restaurant concepts (see Chapter 6.5 by Strate and Rappole). The restaurants average approximately 20 percent

of their business from hotel guests, and this cooperative arrangement eliminates the capital cost of building a restaurant on site. Westin has teamed with established steakhouse chain operators The Palm and Shula's Steak House in its properties. Doubletree also developed specialty steakhouses, but with their own proprietary concept, Spencer's.

Another example of branding your own concept comes from the Riviera Hotel and Casino. They created Hound Doggies as an outlet that targets the walking traffic on Las Vegas Boulevard (the Strip). The location is only a few steps off the sidewalk and has been successful in drawing nonstaying guests into the property. They implemented this concept only after studies identified walking traffic as a potential market. The goal for the outlet was quite basic: Bring people in the door. Through the use of a 1950s theme, high-quality food, and low prices, the Riviera has exceeded its expectation of nonstaying guests. As the unit was not created specifically as a revenue-generating center, success is measured by its impact in other areas, such as increased slot play.

Some Four Seasons Hotels and Regent Hotels and Resorts are promoting the strategic use of a single food and beverage outlet coordinated with the concept of cuisine choices. This strategy has resulted in a more focused approach. In properties where it is implemented, the strategy has resulted in significant capture rates as well as increasing local traffic (nonstaying guests).

One of the more exciting trends in lodging foodservice operations is in hotel beverage operations, specifically hotel bars. In many large-city properties, hotel operators have found such facilities to be considerable monymakers—as much as 50 percent bar profit margin. These bar operations are clearly driven by the youth and vitality of the new In-



ternet, or millennial, generation. The bars are seen as lively gathering places where business and personal time merge. Lodging chains are taking notice of such activity. Starwood purchased a stake in a company that initiated a popular bar chain. Even the names of the bar operations reflect a youthful vitality associated with the location: Whiskey Blue, Skybar, and Whiskey Rocks. One concern associated with these bar operations can be their impact on traditional hotel guests. Many outsourced bar operations do not extend traditional amenities to lodging guests, such as billing to room, preferred seating, and even reservations. In fact, the clientele of the bar may be quite different from the hotel guest.

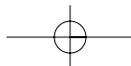
In order for your lodging food and beverage operation to succeed, sound marketing and keen observation of what people want must accompany high-quality food and service. While consumers choose your hotel for specific reasons, such as price or service, they seek more creativity in a food and beverage operation. If you cannot attract the hotel guest, you will find that attracting clientele from the local area is also difficult. Quite likely, each hotel has its own character that suggests a variation of food and beverage operations in different markets. Management is wise to remember that a food and beverage unit in a hotel serves the interests of the hotel as well as its own.

While some limited-service lodging operations have entered into cooperative relationships with foodservice companies, the concept holds significant potential for the appropriate market. One example is where the hotel's foodservice operation is marginal at best. The lodging property can concentrate its resources on rooms and lease the food and beverage service to an identifiable brand. Hotels should be aware, though, that restaurant com-

panies, for example, might not be familiar with room service or catering. In an extreme case of moving away from foodservice, some lodging properties limit services to in-room minibars and microwaves, with limited food items available for sale in the gift shop. The gift shop may even be transformed into a convenience store.

We have observed that some properties sense a rebirth of simplicity in food and beverage operations. A good example is a coffee shop. Over the last ten years, the coffee shop concept has been abandoned in favor of higher-priced dining. But in letting a coffee shop be a coffee shop, you tap into the consumer's consciousness of value as well as menu variety and fast service. While some find the concept boring, consumers often seek the comfort of knowing they can get a good meal at a good price day after day in your operation.

Room service is also seeing significant changes. In some properties, the concept of room service has been eliminated, while in others it has been revived. For example, menus are limited to particular concepts, such as pizza or Asian food. Food items are packaged to appear as though they came from a freestanding restaurant. In some cases, the lodging property has an agreement with a local restaurant to provide the room service. Some lodging properties even list the room service phone number under the name of the food item (for example, pizza). The key, again, is to know your clientele. But the move to simpler menus, accompanied by lower prices, could bring room service back as a major contributor to overall operations. Some larger hotel operations are focusing on a tighter menu and faster service through room service. For example, one property has converted a freight elevator into a mobile kitchen unit,



thereby allowing service delivery within minutes of an order. While this option may not be possible for all hotels, it again points out knowing what to offer your specific clientele. Room service has seen a resurgence in certain lodging properties, primarily as a result of guest lifestyle. With more adults working and engaged in active lifestyles, convenience and accessibility become paramount. Room service fits the criteria of convenience and accessibility.

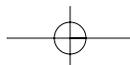
## ► CONCLUSION

**A**s you can see from the foregoing discussion, it can be difficult to pinpoint which trends may be most important to any individual hotel. What we *can* say is some lodging properties, notably chain properties and large-size properties, seem to be differentiating themselves to provide excitement for their food and beverage clientele. These operations are essentially reinventing themselves in order to keep fresh and provide creative food and beverage opportunities for staff and guests. These operations view foodservice as integral to the overall success of the lodging operation.

On the other hand, we can also see a trend toward reduced or even nonexistent foodservice, primarily in smaller properties and the lower-end chain lodging properties. These operations view their business as strictly lodging and leave foodservice to someone else, now often a well-known national brand restaurant.

It should be obvious from reading this overview that an emphasis on cost control is likely a key strategy for lodging foodservices. With increased competition from other foodservice operations, hotels are finding it more difficult to generate revenues and increase customer counts. Attention to value and service is of significant concern to consumers. Managers of lodging foodservice must utilize better control tools, such as sound forecasting techniques and menu analysis. Banquets, catering, and room service hold the most potential for profit generation in lodging foodservice. These functions allow management the best opportunity for accurate forecasting and staffing. Beverage areas, such as lounges, continue to be profitable despite a trend toward less alcohol consumption throughout the population.

The probability of producing profit in hotel restaurants depends on their type and size. There is no reason why a hotel cannot do well, but attention to detail is often lacking in some operations. It is clear that lodging foodservice offers managers unique challenges in the dynamic world of foodservice management. Food and beverage operations may not be the major focus in a lodging property. However, they may have significant impact on the customer's perception of the quality of the entire property. Therefore, food and beverage operations in lodging properties can serve to differentiate top performers in the crowded lodging market and enhance guest loyalty for the specific property.



## 6.3 AS I SEE IT: HOTEL DIRECTOR OF FOOD AND BEVERAGE

**Dominic Provenzano**

A food and beverage director in a major lodging property must be ready for a variety of tasks each and every day. In one sense, this position requires two different individuals to keep the operation moving forward. One is the leader, or strategic visionary, looking ahead to the future of the operation (that may be just one or three months, or it could be one full year out). The other is the day-to-day manager, constantly moving through the organization to be sure all events are proceeding according to plan and guests are treated beyond their expectations.

In this position, I have the responsibility of overseeing several departments: culinary, banquets, room service, specialty and theme restaurants, and all private bars. While an ideal day is spent on planning, more often than not I find myself in discussion with staff or guests. Regular meetings include the following examples:

- (Daily) *Banquet Event Orders (BEO) Meeting*. Purpose: To go over BEO for the day.
- (Weekly) *Food and Beverage Meeting*. Purpose: Review operations with department managers.
- (Weekly) *Executive Meeting*. Purpose: Overview operations with all executive committee members and the general manager of the hotel.
- (Weekly) *One-on-One Meetings*. Purpose: Meet with individual food and beverage departmental managers to establish

goals and cover issues specific to each department.

- (Monthly) *Staff Meeting*. Purpose: Review operations by all department managers and general manager of the hotel.
- (Monthly) *Employee Recognition Meeting*. Purpose: Honor employees of the month at a luncheon.

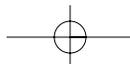
To gain a better appreciation of the job of a director of food and beverage, we should look at an actual job description. Again, recognize that all job descriptions are written as an ideal, and every day brings deviations from that ideal, given the unique daily circumstances found in any dynamic lodging property.

### ► Position: Director of Food and Beverage

**Reports to: General Manager**

#### **Objectives:**

1. Meet and exceed guests' needs and expectations by ensuring proper service standards, providing quality food and beverages, and managing all aspects of operations, resulting in an increasing guest satisfaction index (GSI) and decreasing guest complaints.
2. Provide all guests with the highest quality food and beverage experience by working as a team with all food and beverage



outlets ensuring prompt, courteous, and professional services, resulting in increasing employee morale, decreasing employee turnover rates, and lowering employee service times.

3. Seek profitability in the food and beverage department by decreasing all costs, maximizing sales in all outlets, achieving budget and profit guidelines, creating promotions, and meeting and/or exceeding long and short range goals.

#### **Specific Operations Functions:**

- Provide the highest quality in food, beverage, and service in all food and beverage outlets. Includes at least one daily walk-through of all food and beverage areas.
- Maintain existing programs and develop new programs ensuring the highest quality of food and service. Consists of daily talks with all staff and managers, reviewing plate-ups in different outlets.
- Maintain a high-quality hotel image through effective housekeeping and sanitation in the F&B operation.
- Maintain physical security for all F&B property and inventories.
- Maintain knowledge of local competition and current industry trends. Includes changing menus based on seasonality, product availability, and input from staff.

#### **Specific Management Functions:**

- Direct and coordinate the activities of all assigned personnel and departmental responsibilities. Examples are daily contacts with staff and performance reviews.
- Maximize sales potential through aggressive marketing of each F&B unit. In-

cludes ongoing monitoring of business levels and review of daily performance.

- Achieve budgeted sales and maximum profitability.
- Maintain an appropriate level of community public affairs involvement.
- Maintain fair wage and salary administration in the department in accordance with division policy.

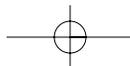
## ► Guest Relations

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A major part of my job involves maintaining warm, hospitable guest relations in all guest contacts and positive employee relations in a supportive environment. I also try to increase guest satisfaction index scores (our feedback mechanism) and to lower guest complaints by ensuring prompt, courteous, and proper service and surveying guest comment cards to correct negative situations immediately.

It is also important to ensure that my division is operating in compliance with all local, state, and federal laws and government regulations. To assure that our guests have a quality stay, I am also responsible for communicating effectively within and between departments, ensuring good safety practices of employees and performing special projects as requested.

In trying to achieve or exceed budgeted sales goals, our division management team constantly seeks ways to operate within budgeted guidelines by maintaining effective controls. This includes developing and forecasting accurate and aggressive long- and short-range financial objectives and monitoring them through daily, weekly, monthly, quarterly, and annual reviews of our performance.



## ► General Functions

I am expected to perform special projects as requested and to maintain a high level of professional appearance, demeanor, ethics, and image of subordinates and myself. Part of our culture in this hotel concerns professional development of staff associates, and it is among my responsibilities to find ways to provide for this.

As you can see, the job of a hotel food and beverage director requires a high-energy person who loves working with people in a variety of dynamic situations. The ability to lead a group of employees in pursuit of operational goals is paramount. Students should actively seek experiences in their college career that provide opportunity to learn the skills mentioned in this article.

## 6.4 BEST PRACTICES IN FOOD AND BEVERAGE MANAGEMENT

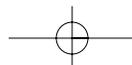
Judy A. Siguaw and Cathy A. Enz

One critical attribute of successful hotel food and beverage outlets is their ability to appropriately respond to the changing needs of the market while maintaining a profitable operation. Yet few hotel food and beverage outlets excel at this fundamental strategy. Instead, generic restaurants that provide undistinguished menu items and offer guests a poor value-for-money proposition frequently characterize hotel food service. Such hotel restaurants fail to provide menu choices, ambience, or service desired by the dining-out market (let alone their guests), and therefore they frequently operate at a loss. Indeed, some analysts have declared that hotel restaurants by their nature will lose money (Hanson, 1984).

Recently, as part of a large, comprehensive study on best practices in the United States lodging industry conducted by Cornell University's School of Hotel Administration (Dubé et al., 1999), we identified a group of best-practice food and beverage champions that had developed practices to successfully

accomplish the strategic charge of profitably meeting customer needs. The champions selected via an intense screening process are The Boulders, The Breakers, Country Inns & Suites, Four Seasons & Regent Hotels & Resorts, The Greenbrier, Hyatt Arlington Hotel, The Pierre, Walt Disney World Resorts and Theme Parks, The Waldorf-Astoria, and Wyndham Hotels and Resorts (see Table 6.1). Through their best practices, this select group demonstrates the capability of executing the strategic mandate of making money while responding to the needs of their target markets through revitalized food and beverage operations.

In the following pages we first present the several practices that have been used by our food and beverage champions to provide their outlets with a competitive advantage. We then examine the measures of success and report the advice our champions give others on how to prosper with hotel food and beverage service.



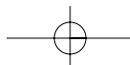
**Table 6.1 Overview of Food and Beverage Best-Practice Champions**

<b>F&amp;B Champions</b>	<b>Practice Initiated, Developed</b>	<b>Measure of Success</b>
The Boulders	Food forager to improve quality of restaurant offerings	Increased food quality, decreased food cost, decreased waitstaff turnover, and increased prices, profits, and waitstaff gratuities
The Breakers	Single-theme restaurant concepts	Increased revenues
Country Inns & Suites	Cobranding of hotel and brand-name restaurant	Increased customer satisfaction, reduced hotel capital cost (from not building a hotel restaurant), increased lunch and dinner business
Four Seasons & Regent Hotels & Resorts	Single dining venue with broad cuisine choices (and two dining rooms)	Boosted capture rate of hotel guests; increased local patronage, labor cost savings
The Greenbrier	Establishing resort as a center for culinary excellence, including a culinary-apprentice program	Maintained occupancy and reputation, retained skilled kitchen staff, increased off-season business
Hyatt Arlington Hotel	Reconceptualization and redesign of dated dining room, sports bar, and lobby lounge	Doubled revenues and cover counts, received rave reviews
The Pierre	Independent consultant made responsible for food purchases (with preferred-vendor program)	Decreased food and kitchen labor costs, reduced number of vendors
The Waldorf-Astoria	Applying revenue-management practices in all F&B outlets (plus staff training)	Doubled cover counts, increased effectiveness of F&B marketing, improved customer satisfaction
Walt Disney World Resorts and Theme Parks	Restaurants designed to provide a touchable experience	Achieved high customer satisfaction and return rate
Wyndham Hotels and Resorts	Upgrade of organization's food and beverage culture	Achieved higher average checks, increased staff earnings and retention, increased total sales, wine sales, and profits

## ► THE BEST PRACTICES

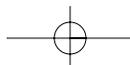
The best practices adopted by our champions can be broadly categorized into three areas. One group stresses providing a high-quality F&B product to their guests (comprising practices by The Boulders, Country Inns & Suites, Four Seasons & Regent Hotels & Resorts, The Greenbrier, and Wyndham Hotels

and Resorts). A second group emphasizes the elements of restaurant concept and design in their best practices (namely, The Breakers Hotel, Hyatt Arlington Hotel, and Walt Disney World Resorts and Theme Parks). Finally, The Pierre's and The Waldorf-Astoria's best practices focused primarily on controlling costs and generating additional revenue (see Table 6.2).



**Table 6.2 Food and Beverage Best-Practices Cases, Descriptions, Implementation, Contact People**

<b>F&amp;B Champion, Title of Case</b>	<b>Description of Case</b>	<b>Method of Implementation</b>	<b>Contact Person</b>
The Boulders <i>Food Forager to Improve Quality in F&amp;B</i>	Created position of food forager to obtain the best fresh products, allowing creativity in the kitchen.	Forager first focused on buying the highest-quality produce only within the state of Arizona, where the resort is located. Later, the forager broadened the search and expanded the number of items sought. Forager hotline keeps all F&B outlets apprised of incoming supplies. Menus are restructured around the products the forager finds.	Gray Ferguson, <i>food and beverage director</i>  602-488-9009 Fax: 602-595-4664
The Breakers <i>Annual Food and Beverage Staff Reorganization and Single-theme Restaurant Concepts</i>	Replaced formal dining and casual dining restaurants and bars with single-theme outlets to give the guest the choice of the cuisine desired rather than the choice dictated by guest attire.	Transformed old-fashioned formal dining room into a modern, Florentine restaurant; casual restaurant into a top-caliber steakhouse; main bar into an oceanside restaurant; and a Victorian restaurant into a southern Italian pasta house; plus opened a French Riviera-style restaurant.	Joanne Schultz, <i>director of food and beverage</i>  561-659-8434 Fax: 561-659-8452
Country Inns and Suites <i>Successful Cobranding with Established Restaurant Concepts</i>	Developed cobranding strategy to locate Country Inns and Suites adjacent to (co-owned) T.G.I. Friday's or Italiani's.	Seeks an "A" location that provides visibility, convenience, high traffic count, and proximity to dense residential areas for the restaurant. Positions restaurant at forefront of property.	Paul Kirwin, <i>president</i>  612-212-1326 Fax: 612-212-1338



**Table 6.2 (Continued)**

<b>F&amp;B Champion, Title of Case</b>	<b>Description of Case</b>	<b>Method of Implementation</b>	<b>Contact Person</b>
Four Seasons and Regent <i>Informal Dining Venue and Alternative Cuisine</i>	Uses only one F&B outlet with two dining rooms. Provides cuisine choices of Alternative Cuisine, homestyle, and vegetarian options.	Single outlet allows for a focused approach for improving food quality and presentation, grasp of small details, and delivering of higher service levels due to small, qualified staff. Alternative cuisine was developed in response to a need for healthier items, homestyle cuisine was added for frequent travelers who were tired of traditional restaurant food, and vegetarian was added due to increased trend of vegetarianism among guests.	Alfons Konrad, <i>senior vice president, food and beverage</i>  416-441-4306 Fax: 416-441-4381
The Greenbrier <i>Programs Establishing the Resort as a Center for Culinary Excellence</i>	Instituting a formal culinary apprentice program, a culinary school for guests, conferences and seminars with food critics and writers, and a high school culinary-training program. Also publishes <i>The Greenbrier Cookbook</i> and sends newsletters to 600,000 guests.	Established relationships with principal culinary schools in the United States. Opened formal three-year apprentice program to graduates of two-year culinary schools or individuals with equivalent experience. Successful applicants work in all areas of the hotel's kitchens and attend formal classes. Promises permanent employment to applicants from local high school.	Rod Stoner, <i>vice president of food and beverage</i>  304-536-1110 Fax: 304-536-7860
Hyatt Arlington Hotel <i>Redesigning and Revitalizing a Food and Beverage Outlet</i>	Dated dining room, sports bar, and lobby lounge were reconceptualized into Mediterranean cuisine restaurant.	Comprehensive research and analysis indicated likely success of a fusion of contemporary and Mediterranean themes. Floor-to-ceiling windows replaced one side of building, and martini bar complemented redesigned restaurant.	George Vizer, <i>general manager</i>  703-525-1234 Fax: 703-875-3298

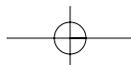


Table 6.2 (Continued)

F&B Champion, Title of Case	Description of Case	Method of Implementation	Contact Person
The Pierre <i>F&amp;B Cost-Plus Purchasing Agreements</i>	Has given financial responsibility for food purchasing to an independent consultant.	The consultant and executive chef write specifications for food products; consultant negotiates contracts with a single vendor in each food category on a percentage markup basis. Consultant audits the vendors' books annually.	Franz Klampfer, <i>executive chef</i>  212-838-2000 Fax: 212-826-0319
The Waldorf-Astoria <i>Revenue Maximization for the Food and Beverage Department</i>	Instituted revenue management for all food and beverage outlets, scheduled staff more efficiently, and repositioned outlets to attract non-hotel markets.	Each unit developed a plan to increase revenue and profitability, with a focus on reducing labor costs. Matched staffing levels with expected volume of business. Trained line staff to ensure the highest level of service.	Christophe Le Chatton, <i>director of food and beverage</i>  212-355-3000, ext. 4804 Fax: 212-872-7272
Walt Disney World <i>Providing a Touchable Dining Experience</i>	A touchable dining experience is provided via the atmosphere and the food to transport guests to another setting, another country, or another culture while they dine.	Theme restaurants are designed to be as authentic as possible in the decor, menu, beverages, and service. Line-level employees are empowered to make decisions with respect to service recovery.	Dieter Hannig, <i>vice president of food and beverage</i>  407-566-5800 Fax: 407-560-9131
Wyndham <i>An Integrated Approach to Food and Beverage</i>	Created "Best of Class" program to upgrade the food and beverage culture.	Reengineered menus and recipes; reconceptualized restaurants; modified dining rooms and introduced exhibition kitchens; upgraded tabletops and uniforms, and china, glass, silver, and specialty merchandise; developed seasonal F&B festivals and promotions; promoted F&B	Patrick Colombo, <i>vice president of food and beverage concepts</i>  214-863-1000 Fax: 214-863-1665

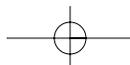


Table 6.2 (Continued)

F&B Champion, Title of Case	Description of Case	Method of Implementation	Contact Person
		products within the hotels; recruited culinary talent; obtained unique product from vendors; implemented wine-by-the-glass program; developed server-training program emphasizing product knowledge and upselling; implemented waitstaff incentive programs; and reinvented room service standard operating procedures.	

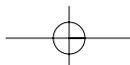
**Note:** The case titles correspond to the cases written on each champion in: Laurette Dubé, Cathy A. Enz, Leo M. Renaghan, and Judy A. Siguaw, *American Lodging Excellence: The Key to Best Practices in the U.S. Lodging Industry* (Washington, D.C.: American Express and the American Hotel Foundation, 1999).

## ▶ FOCUS ON PRODUCT QUALITY

The problem for The Boulders was that the variety and quality of the produce it was obtaining were not up to the resort's high standards. As a result, the food and beverage department's culinary passion seemed to be declining along with the quality of the food ingredients. The resort's management responded by creating the position of food forager, who initially focused on buying high-quality produce locally (i.e., in Arizona). Later, though, the forager traveled farther afield and took on the additional responsibil-

ities of purchasing spices, shellfish, cheeses, and meats. To keep the kitchen apprised of what items are coming, the forager uses a hotline to report expected delivery dates and expenditures. The Boulders' chefs then adjust menus based on the incoming items. Consequently, the food ingredients are of the highest quality, and the chefs have the chance to experiment with a continuously changing menu.

Also seeking to instill a passion for food and beverage, Wyndham Hotels and Resorts designed its "Best of Class" program, with the overall objective of making Wyndham a leader in food and beverage innovation, quality, and service. The Best of Class was a wide-



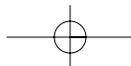
ranging effort that involved both sides of the house. The chain:

1. Reengineered menus and recipes.
2. Reconceptualized its restaurants.
3. Modified dining rooms and introduced display kitchens.
4. Upgraded tabletops, waitstaff uniforms, china, glass, silver, and specialty merchandising pieces.
5. Developed seasonal food festivals and beverage promotions.
6. Promoted F&B products within the hotels.
7. Recruited outstanding culinary talent.
8. Collaborated with food vendors to obtain distinctive products and with wine vendors to upgrade wine lists and conduct tastings.
9. Implemented a wine-by-the-glass program using premium varietals with high brand awareness.
10. Developed a server training program that emphasizes product knowledge and up-selling techniques.
11. Implemented incentive programs designed to motivate servers to become better educated about food and wines being served.
12. Reinvented room service procedures by providing training in proper service etiquette, modifying training videos and manuals, and upgrading equipment.
13. Revised in-house marketing materials, such as menus and in-room directories.

To deliver high-quality food and beverage products to its guests, Country Inns & Suites chose to develop a cobranding strategy with

restaurant brands that are co-owned by Carlson but freestanding, primarily T.G.I. Friday's or Italiani's. This practice ensures the guest access to a high-quality, brand-name restaurant on site, but it eliminates the capital cost of building a generic restaurant in the hotel. While the core concept of locating a limited-service hotel adjacent to a restaurant is not new, Carlson's approach to the strategy is innovative, since it owns all the brands (another brand that expressly pursued a strategy of locating next to restaurants in the 1980s was Days Inns). To implement this cobranding strategy, Carlson seeks a large, "A" location that will support the restaurant, which is built at the forefront of the property for visibility. Both the restaurant and hotel benefit from this arrangement.

The goal of Four Seasons hotels is to be rated as having one of a given city's top three restaurants. To achieve this goal the chain offers a single restaurant in its hotels—but that restaurant has two dining rooms, one more formal and one less formal. Thus, with a single F&B outlet the hotel can offer two dining rooms that differ in design, but that share the same menu, chefs, line cooks, and kitchens. Compared to having multiple outlets, this approach allows its F&B staff members to provide greater attention to food quality and presentation, to focus on small details, and to deliver higher service levels via a small, highly qualified staff. In response to guests' stated desire for alternatives to a heavy, meat-based cuisine, Four Seasons has broadened its menu choices to include its trademark Alternative Cuisine, comprising a nutritionally balanced menu of alternative meals, vegetarian dishes, and homestyle preparations. Alternative Cuisine items are low in fat, cholesterol, sodium, and calories to correspond with guests'



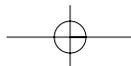
greater interest in health and fitness. Similarly, vegetarian recipes have been added to the menu in response to an increased trend of vegetarianism among guests. Homestyle recipes, on the other hand, are just what the name implies: they have been developed from the chefs' favorite family recipes. The latter cuisine choice suits travel-weary guests who wish for a homecooked meal.

The Greenbrier has instituted several practices to establish itself as a center for culinary excellence. The resort had to address two major problems, both of which stemmed from its remote location. First, for a time the resort was having difficulty attracting and retaining experienced culinary personnel. To end a constant cycle of recruiting and training workers and to improve the food product being offered to guests, The Greenbrier established a three-year culinary-apprenticeship program. The resort recruits candidates from principal culinary schools in the United States to complete an apprenticeship in all areas of the kitchens, as well as attend classes. Because the program runs for three years, the apprenticeship has helped to stabilize the kitchen staff. Further stability comes from an agreement with the local high school by which the resort will provide permanent employment to interested students. The second problem is attracting guests during shoulder and off-season times. Continuing with its theme of culinary education, The Greenbrier established cooking classes for guests and promoted symposiums conducted by food critics and writers. The Greenbrier issues a quarterly newsletter to 600,000 guests and has published *The Greenbrier Cookbook* to further identify the resort as a culinary center—and to remain in contact with potential guests.

## ► RESTAURANT DESIGN AND CONCEPTUALIZATION

The common thread of the following cases that feature restaurant redesign is that the existing restaurants were operated in a functionally competent fashion. They had lost their competitive spark, however (or stood in danger of doing so), because of changes in guests' preferences. In response, operators took a lead from freestanding restaurants and focused tightly on customers' current wishes for theme-based casual dining.

The Breakers recognized that the public has long had an aversion to hotel restaurants, which stems from the days when hotel restaurants tried to have some of every variety of food they thought a guest might desire—none of it particularly distinguished and all of it seemingly overpriced. In response to guests' negative feelings about hotel restaurants, many hotels have dropped food service entirely, but this option is not open to a five-star hotel or resort. Instead, The Breakers chose to create its own strong restaurant identities through single-theme outlets that replaced the resort's existing formal- and casual-dining restaurants and bars. The practice not only helped The Breakers change the public perception of hotel restaurants, but it allowed guests to choose their cuisine according to what they wanted to eat, rather than what they wanted to wear. Thus, the resort's old-fashioned formal dining room became a modern, Florentine-style gourmet restaurant. The owners converted the former casual dining room to a top-caliber steak house—with ambience to match. Perhaps most strikingly, the resort converted its main bar and lounge,



which had virtually no business during the day, to a beautiful ocean-side seafood restaurant. The former Victorian restaurant became a Southern Italian-style pasta house, and the Beach Club was converted to a French Riviera-style restaurant. Thus, the resort now has five restaurants that feature their own distinctive decor and ambience, without a loss in food quality.

The food and beverage outlets of the Hyatt Arlington Hotel similarly had lost their customer appeal because of their dated concept and design. After the hotel undertook a comprehensive market-research study, the hotel's managers selected a restaurant theme that blends contemporary (postmodern) and Mediterranean concepts. In developing the new theme, the hotel replaced the restaurant's outer wall with floor-to-ceiling windows to transform the previously dark and unimaginative restaurant into a sun-drenched venue splashed with the Mediterranean's vivid colors. To complement the new restaurant, the hotel installed a quintessential martini bar.

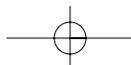
Walt Disney World Resorts and Theme Parks has long recognized the value of themes to a guest's experience—not only in its parks, but also in its many restaurants. Consequently, WDW set out to create a “touchable” foodservice experience for the guest that combines design, decor, ambience, food, service, and entertainment in such a way as to stimulate all of the senses, not just the palate. The idea is to “offer a personal experience which is highly customized, memorable, and judged by our guests to be worth the price,” remarked Dieter Hannig, vice president of F&B.

With more than 500 theme food-and-beverage outlets, WDW's managers realized that a restaurant's design is crucial to provid-

ing the “touchable” experience for the guest. Each restaurant is designed to be as thematically authentic as possible so that all elements of the physical facility and operations combine to transport the guest to another setting, country, or culture. The dining adventure is intended to produce the feelings, tastes, sounds, and excitement the guest would experience at the actual locale being replicated. Access to the restaurants is designed to be easy and uncomplicated. Accordingly, many restaurants are freestanding so that guests do not have to walk into hotel lobbies or down corridors. Further, line-level employees are empowered to make decisions to improve service recovery and ensure a great dining experience for the guest.

## ► CONTROLLING COSTS

Our last two champions focused on costs and revenues in the food and beverage arena. The Pierre focused on upgrading its restaurant's purchasing function—that is, setting specifications, selecting vendors, obtaining best prices, and monitoring receiving. However, The Pierre's management was concerned that controlling purchasing activities would divert the executive chef's attention from the kitchen's culinary creations. To allow the executive chef to focus on the menu the hotel delegated financial responsibility for food purchasing to an independent consultant, who worked with the chefs to develop specifications for all food products. The consultant analyzes available foodstuffs and may recommend changing specifications if a less expensive item can be substituted without comprising quality or when off-site preparation would be equally good but less expensive than preparing the



food item on site. The consultant also trained kitchen employees to adhere to strict receiving standards. Most important to cost control, the consultant negotiated contracts with each vendor specifying that the vendor would earn a given percentage profit over its cost. (Some existing vendors may have blanched at this proposal, but most signed on to keep the hotel's business.) To ensure that costs are in line and that vendors are fulfilling their agreements, the consultant regularly audits inventory and cost lists from each vendor and annually audits the vendors' books to verify that the vendors are accurately stating the cost of each item.

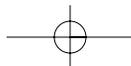
The Waldorf-Astoria's management also believed that the revenue potential of the hotel's foodservice operations was not being achieved, but they looked beyond cost controls. Instead, the hotel took several steps to boost F&B revenue—instituting a revenue management program, implementing cost-cutting measures, training chefs to schedule employees more efficiently, and repositioning F&B outlets to attract guests from outside the hotel. The hotel created a marketing position to coordinate the marketing efforts of all food and beverage units and to help implement revenue-maximization efforts. Service recovery systems were improved. The hotel trained line employees on wines to improve their efforts in selling and serving wines. A new restaurant reservations system was introduced to improve dining-room use, cut telephone use in restaurants, and improve communication with guests. Lastly, a dining-out program, which allowed servers and kitchen employees to dine in various Waldorf-Astoria restaurants, generated many ideas for improvement and created an increased awareness of food and service quality.

## ► SUCCESS OF THE PRACTICES

The success of these practices can be gauged by various indices, depending on the practice. The food forager program at The Boulders, for instance, improved the quality of the food and lowered food costs. With new and interesting foodstuffs, the chefs have developed distinctive menus that allowed price increases—boosting average checks and profits. As a result of the increased average check, waitstaff gratuities are higher and employee turnover has been reduced. The resort also implemented menu meetings in which chefs explain their creations to servers. Chefs are once again passionate about their creations, and the meetings have created a greater rapport between the front and back of the house.

Wyndham's "Best of Class" program also reenergized the chain's F&B culture—resulting in a 15 percent increase in total sales and a 40 percent increase in wine sales. Since costs were controlled as part of the program, the hotels enjoy a 55 percent profit flow-through on the newly generated revenue. As at The Boulders, Wyndham's higher average checks have increased staff earnings and improved retention. In addition, the promotion of high-quality food has upgraded the chain's overall image.

At The Breakers the new theme restaurants have increased F&B revenue by 70 percent over the last four years, with much of the growth being fueled by the substantial amount of local business attracted by the new outlets. Likewise, the Hyatt Arlington Hotel has doubled cover counts and revenues since its restaurant renovation, and the restaurant receives rave reviews.



## WALT DISNEY WORLD'S F&B AWARDS: A SAMPLING

Since 1989, Walt Disney World properties have earned more than 100 food and beverage awards. Listed below is a representative sample of those honors.

- “Award of Excellence” (1999), from *Wine Spectator* magazine, awarded to Victoria & Albert’s.
- “Best Wine and Spirits Restaurant of the Year” (1999), from *Santé* magazine, awarded to California Grill.
- One of the “Top Ten Sports Bars in the Country” (1998), from *USA Today*, and one of the “Top Five Sports Bars in the Country” (1998), from *Men’s Health*, both honors awarded to ESPN Club.
- “Best Kid’s Menu” (1998, Readers’ Choice Foodie Awards), from *Orlando Sentinel*, awarded to Chef Mickey’s.

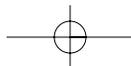
- Among the “Best New Restaurants” (1998), from *Esquire*, awarded to Citricos.
- “Best Cover” (1998), from *Restaurant Forum*, awarded to Flying Fish Cafe.
- “Restaurant Wine Award” (1995), from *Wine Enthusiast*, awarded to Artist Point.
- “Most Imaginative” (1993), from the National Restaurant Association, awarded to Grand Floridian Café.
- “America’s Best Bar Menu” (1993), from *Cheers* magazine, awarded to Crew’s Cup Lounge.
- “Top of the Table” (1991, first place), from *Restaurant Hospitality* magazine, one each awarded to Beaches and Cream Soda Shop and the Yacht Club Galley.

One of many reasons that guests choose to stay at The Greenbrier is its excellent culinary reputation. Thus, its reputation as a center for culinary excellence plays an important role in maintaining guestroom occupancy. The ability of Walt Disney World Resorts and Theme Parks restaurants to provide a “touchable” dining experience contributes significantly to WDW’s profitability. Furthermore, both the number of return guests and percentage of satisfied customers are high—and several WDW restaurants have won awards in recent years (see sidebar).

The Country Inns & Suites cobranding strategy has been a winning situation both for

the hotels and for guests. For guests, having a popular brand-name restaurant adjacent to the hotel ensures that their dining needs will be satisfied. For the restaurant, the hotel guests account for 15 to 20 percent of its business. For the hotel, the proximity of a name-brand restaurant is an amenity that can encourage guests to book a room.

By using an independent consultant to negotiate with vendors and to monitor the F&B purchasing function, The Pierre was able to reduce food costs by approximately 5 percent and kitchen labor costs by 2 percent. In addition, the number of vendors used has decreased, resulting in greater efficiency for the



hotel. Finally, The Waldorf-Astoria's revenue maximization strategy improved cover counts by a staggering 100 percent, while increasing wine sales and guest satisfaction.

## ► INSIGHTS

**O**ur food and beverage champions offer the following advice and observations to managers seeking to implement similar programs:

1. The foundation for successful implementation is meeting challenges with enthusiasm and passion.
2. Some practices, such as food purchasing by an independent consultant, may not be warmly received by staff or vendors, but the commitment of upper management and a demonstration of benefits will help gain acceptance.
3. Those practices that require constant adaptation (like the food forager) will not work in a rigidly structured organization.
4. Cobranding strategies are suitable only when the hotels are partnered with restaurants that are targeting the same market segment.
5. Hotel F&B outlets' development must incorporate the guest's total experience (and focus on competing with freestanding restaurants).
6. Resources must be focused on a relentless commitment to food and beverage consistency, even when business is slow.

## ► PROFITABLE AND VITAL

**C**ontrary to much conventional wisdom, the experience of these F&B champions shows that hotel restaurants can not only turn a profit but can contribute greatly to the hotel's overall competitive position. We note, however, that virtually all the F&B champions are operating in the upscale, deluxe, and resort segments of the lodging industry. While many hotel restaurants at all levels struggle to turn a profit, the actions of our champions indicate that focusing on guests' needs can radically reverse the downward trend of hotel restaurants. As Rod Stoner, vice president of food and beverage at The Greenbrier, pointed out, managers must stay abreast of industry trends, study the programs of other properties, and seek distinctive ideas for adaptation to their own hotels. This overview of best practices in food and beverage champions provides a starting point for what Stoner suggests. We hope that those managers seeking to revitalize or maximize the revenue potentials of their F&B operations will carefully examine the practices discussed here and will continue their progress by also investigating the practices of other properties and other industries. As a result, forward-thinking managers will be able to identify those best practices that will serve as the catalyst for improving customer satisfaction and financial performance.



## 6.5 STRATEGIC ALLIANCES BETWEEN HOTELS AND RESTAURANTS

Robert W. Strate and Clinton L. Rappole

Over the years hotel restaurants have often been managed as a secondary function of the hotel—that is, as a costly amenity rather than a revenue center. In part because of the high cost structure of hotel restaurants, which means high prices relative to other restaurants, they developed among potential customers a reputation for being a poor value, offering indifferent service and inferior food. Today, however, many hotel companies are rethinking how to integrate food and beverage services into lodging facilities. In the process of doing so, hotel owners and operators are asking at least four key questions about their property-level F&B service.

- What are the hotel customers' food and beverage needs and expectations?
- Which food and beverage concept best aligns with the positioning of the hotel?
- Would converting the hotel's restaurant to a brand-name restaurant concept improve the property's overall bottom line?
- Would turning to a brand-name F&B operation give the property a competitive edge?

Two results of owners' and operators' new focus on hotel food service are that (1) innovative hotel F&B concepts are being created, and (2) strategic alliances are being established between well-known brand-name hotel and restaurant companies.

The primary focus of this article is to answer the four questions stated above and provide the basic decision-making framework for

matching the correct F&B concept to the target market for which the hotel has been positioned. We will identify key criteria for establishing a seamless partnership between the hotel and the restaurant. The results of such a marriage should be an improved property image overall, enhanced customer value, increased revenues, and a competitive edge. The following four main topics will be addressed:

- The value of a brand-name partner
- Existing hotel-and-restaurant alliances
- A description of Bristol Hotel Company's alliance with Good Eats Grill (including critical-decision elements)
- Future trends

### ► ALLIANCES

**D**eveloping alliances between brand-name hotel and restaurant companies is not a new business strategy, but it does seem that this approach is currently being used more frequently than ever to help companies maximize their profit potential (*Lodging*, September 1995). There are at least five reasons for this. An alliance may:

1. Create financial benefits.
2. Provide customers with greater value.
3. Improve a property's overall image.
4. Strengthen an operation's competitive position.
5. Create operational advantages.



One of the first branded restaurant concepts to operate in hotels was probably Trader Vic's, founded by Victor Bergen in 1937. By 1949 Western Hotels (which became Westin) integrated Trader Vic's into 13 hotel-based restaurants in nine countries (Withiam, 1995a, 14). Other chains also hosted the restaurants and today, 60 years later, Trader Vic's still operates in such hotels as the Beverly Hilton, the Palmer House (Chicago), the Marriott Royal Garden Riverside (Bangkok), and the New Otani properties in Tokyo and Singapore. Ruth's Chris Steakhouse is another example of a popular restaurant brand operating successfully in unison with hotels, including properties operated by Hilton, Marriott, Holiday Inn, and Westin.

Despite the evidence of successful al-

liances between brand-name hotel and restaurant companies, most hotel companies manage their own food and beverage services, including those that also host Trader Vic's. In part that approach reflects the long industry tradition of offering travelers both food and lodging. The Marriott Corporation is a good example of a hotel company that has used this strategy of going it alone. John Randall, Marriott senior director of food and beverage concepts, states that it is Marriott's primary strategy to "completely manage our own F&B services to provide food, service, and quality consistency from property to property" (Hensdill, 1996).

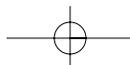
The strategy of developing their own F&B concepts has not been successful for all hotel companies. This is evident from the fre-

**Table 6.3 Hotel and Restaurant Company Strategic Alliances**

Hotel Companies	Restaurant Companies
Holiday Inn Worldwide	Damon's, Denny's, Ruth's Chris Steakhouse, T.G.I. Friday's, Convenience Courts (Mrs. Fields, Little Caesars, Blimpies, Taco John's, Sara Lee)
Doubletree Hotel Corporation	New York Restaurant Group (Park Avenue Café, Mrs. Parks Café)
Marriott Hotels	Ruth's Chris Steakhouse, Studebakers, Benihana, Trader Vic's, Pizza Hut
Hilton Hotels	Trader Vic's, Benihana, Ruth's Chris Steakhouse, Damon's
Four Seasons	Bice Ristorante
Choice Hotels	Picks Food Courts, Pizza Hut
Promus Corporation	Grace Services, T.G.I. Friday's, Olive Garden, Pizza Hut
Radisson Hospitality Worldwide*	Carlson Hospitality* (T.G.I. Friday's, Country Kitchen), Damon's

\*The relationship between Radisson Hospitality Worldwide and Carlson Hospitality is not an alliance per se but rather an example of a hotel company that owns and has vertically integrated both its lodging and foodservice products into one corporation.

**Sources:** See "Restaurant Chains Partner with Hotels to Satisfy Different Needs, Tastes," *Lodging*, September 1995, pp. 1, 8-9; "Holiday Inn Offers Assorted Food Options with New Quick Food Concept," *Hotel Business*, June 1996, p. 9; "Holiday Inn Offers Convenience Court Concept," *Nation's Restaurant News*, May 1996, p. 208; Frank H. Andorka, "High Recognition Restaurants," *Hotel & Motel Management*, November 1995, pp. 43-44; Cherie Hensdill, "Partnerships in Dining," *Hotels*, February 1996, pp. 57-60; Judy Liberson, "A Working Marriage," *Lodging*, February 1996, pp. 63-66; and Madelin Wexler, "Partnerships That Pay Off," *Hotels*, May 1995, pp. 47-50.



quent “reconcepting” found among hotel restaurants. A hotel might run a lounge one year, convert it into a brasserie the next year, and later decide to make it a grill. The end result is inconsistency in F&B service and quality, and therefore low sales and profits (Parseghian, 1996). Several factors may contribute to a general manager’s believing that she or he can operate the hotel’s restaurant services better than a branded restaurant company, not the least of which may be a sense of self-assurance. Some hotel general managers want to prove that they can provide a fine-dining experience whether or not a market actually exists. Others say it is because some hotel F&B operations continue to try to be all things to all people rather than providing a product that is affordable and matches customer expectations (Wolff, 1995, 24). Moreover, hotel restaurants in general have a high cost structure relative to the freestanding F&B operation down the street. Hotel restaurants have to contribute to the overall property’s expenses while the restaurant next door has little capital expense and is probably just leasing square footage.

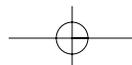
A current trend among hotels that have reevaluated their F&B operations is to replace the formal fine-dining, white-tablecloth concept with a more casual and relaxed dining experience (Allen, 1996; Liberson, 1996). Another trend indicates that more and more hotel companies are looking to establish strategic alliances with brand-name restaurant companies. Doing this has allowed hotel companies to focus on managing the hotel itself. Listed in Table 6.3 are examples of strategic alliances between hotel and restaurant companies. These examples illustrate that some of the largest hotel companies have already established strategic alliances with major restaurant chains.

## ► BRISTOL AND GOOD EATS GRILL

To comprehend fully the rationale and advantages of a hotel’s decision to turn to a brand-name restaurant for the hotel’s food-service, we analyzed the Bristol Hotel Company’s decision to match two of their hotels with Good Eats Grill (Withiam, 1995b, 13). Before creating the alliance with Good Eats Grill, the Bristol Hotel Company’s primary F&B strategy was to use its own internally developed restaurant brands. This is a strategy that has worked well for Bristol—for example, eight outlets produced 32.4 percent F&B profit margins in 1995, and 20 out of 22 Bristol hotel-restaurants continue to use their own internally developed restaurant brands.

Despite the success of Bristol’s own F&B operations, the firm decided to link two of its properties (Holiday Inns in Jackson, Mississippi, and Houston, Texas) with a franchised restaurant brand called Good Eats Grill—a concept developed by Gene Street, who also developed the Black Eyed Pea and Dixie House restaurant brands. We wondered why Bristol deviated from its successful formula, and so we decided to investigate why the Bristol Hotel Company elected to team with Good Eats Grill. We narrowed our focus and analysis even further by evaluating just the Houston property using interviews of the principals involved.

We asked executives from both Bristol and Good Eats Grill 70 questions in all, conducted site visits, and found additional research information in various hospitality periodicals. Additionally, Mike Feldott, of HRC Consultants, L.C., was a key adviser on restaurant brands and operations for hotels.



## PRODUCT BRANDING

*Product branding* refers to establishing a well-known name for a given product or service whereby the particular product or service and its attributes are highly recognizable and easily recalled by consumers. The basic concept behind such so-called branding is to establish a standard on which consumers may rely to predict value (e.g.,

price, quality, convenience). Within the hotel industry a multitiered branding strategy has evolved among lodging companies. The following table illustrates how some hotel brands have become associated with different tiers. Note that some companies have developed products for more than one tier.

<b>Economy, Limited Service</b>	<b>Middle Market</b>	<b>Luxury, First Class</b>	<b>All Suites</b>
<ul style="list-style-type: none"> <li>• Motel 6</li> <li>• Days Inn</li> <li>• La Quinta</li> <li>• Hampton Inn</li> <li>• Travelodge</li> <li>• Sleep Inn</li> </ul>	<ul style="list-style-type: none"> <li>• Holiday Inn</li> <li>• Ramada Inn</li> <li>• Sheraton</li> <li>• Hilton</li> <li>• Courtyard by Marriott</li> <li>• Radisson</li> </ul>	<ul style="list-style-type: none"> <li>• Four Seasons</li> <li>• Ritz-Carlton</li> <li>• Marriott Marquis</li> <li>• Beverly Hilton</li> <li>• Hyatt</li> <li>• Westin</li> </ul>	<ul style="list-style-type: none"> <li>• Marriott Suites</li> <li>• Embassy Suites</li> <li>• Residence Inns</li> <li>• Homewood Suites</li> <li>• Bristol Suites</li> <li>• Clarion Suites</li> <li>• Guest Quarters</li> </ul>

**Source:** Ron N. Nykiel, "Corporate Strategy within the Hospitality Industry," in *The Complete Travel Marketing Handbook*, ed. Andrew Vladimir (Lincolnwood, IL: NTC Business Books, 1988).

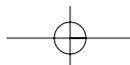
An example of the multiple-branding strategy can be illustrated by examining the different hotel brands of the Marriott Corporation. Marriott has developed Marriott Hotels, Marriott Resorts, Marriott Marquis,

Courtyard by Marriott, Marriott Suites, Residence Inns, and Embassy Suites.

A somewhat similar branding strategy also exists in the restaurant industry, as shown in the following chart.

*Bristol Hotel Company.* The Bristol Hotel Company is a 39-property chain with corporate headquarters in Dallas, Texas. In January 1995 Bristol acquired a Memphis-based hotel company, United Inns, Inc., that had 26 hotels based in six states. By the end of 1995 Bristol Hotel Company had grown from 8 to 38 properties with more than 10,000 rooms, which

generated \$192 million in total revenues. (Many of the properties acquired in 1995 required renovation, and many of these rooms were out of order, which negatively affected year-end 1995 financial numbers.) The revenues predicted for 1996 are around \$250 million. The following key indices summarize Bristol Hotel Company's performance in 1995:



Quick Service	Casual, Family	Upscale	Theme
<ul style="list-style-type: none"> <li>• McDonald's</li> <li>• Taco Bell</li> <li>• Pizza Hut</li> <li>• Domino's</li> <li>• KFC</li> <li>• Church's</li> </ul>	<ul style="list-style-type: none"> <li>• Red Lobster</li> <li>• T.G.I. Friday's</li> <li>• Damon's</li> <li>• Good Eats Grill</li> <li>• Chili's</li> <li>• Olive Garden</li> </ul>	<ul style="list-style-type: none"> <li>• Ruth's Chris Steakhouse</li> <li>• Trader Vic's</li> <li>• Del Frisco's</li> <li>• Bice Ristorante</li> <li>• Palm Restaurant</li> <li>• NY Restaurant Group (Mrs. Parks)</li> </ul>	<ul style="list-style-type: none"> <li>• Planet Hollywood</li> <li>• Hard Rock Café</li> <li>• Benihana</li> <li>• Lettuce Entertain You</li> <li>• Front Row Sports Grille</li> <li>• Country Kitchen</li> </ul>

The Country Hospitality Partnership, a subsidiary of Carlson Hospitality Worldwide, is an example of a restaurant company with a multitier branding strategy. The Country Hospitality Partnership restaurants include Country Kitchen (252 restaurants), T.G.I. Friday's (365 restaurants), Italiani's (14 restaurants), and Front Row Sports Grille (3 restaurants). Additionally, Carlson provides a good example of a hotel company that owns and has vertically integrated both the hotel and the restaurant product into one corporation. Carlson Companies, Inc., owns both Radisson Hotels Worldwide and Country Hospitality Partnership. The T.G.I. Friday's concept is being integrated into many Radisson Hotels (see: Laura Koss-

Feder, "Radisson Seeks Marketing Advantages," *Hotel & Motel Management*, pp. 3, 43; Ron Ruggles, "T.G.I. Friday's Cruises into Summer," *Nation's Restaurant News*, June 1996, pp. 14, 43; and Lawrence White, "Growth Meister," *Lodging*, September 1996, pp. 52-58).

The Marriott Corporation is another example of a hospitality company that owns and integrated its own restaurant brands into its hotels. The key point is that the brand is recognizable, and this recognition equates to reliable value from the customer's perspective. This enhanced customer perception can be used by a firm to gain a competitive edge and, in turn, increase revenues and profits for the company.

Average occupancy	64.10%
Average daily room rate	\$62.67
RevPAR	\$40.20
Gross operating margin	29.62%
Rooms margin	71.61%
Food, beverage margin	24.84%

Bristol primarily uses an owner-operator

strategy versus management contracts in managing its hotels. As of the time of our study it owned 36 of its properties (93 percent) and managed the other three properties. Bristol's primary focus was in the full-service segment, with 35 full-service properties (89 percent) and only four limited-service properties.



Its primary target market is the mid- to upper-level corporate traveler (the source of 90 percent of the company's revenues). It also does substantial group-meeting business. Bristol is anticipating that full-service hotels will play an important role in meeting the future lodging and business demand of those two market segments. John Beckert, the chief operating officer of Bristol, considers the "full-service segment as a segment that has been somewhat abandoned, but Bristol considers the segment to be 'solid' as far as demand (anticipate 6 to 10 percent increase in demand) and a segment that allows for greater pricing power."

Bristol's overall strategy is to provide customers with a first-class-hotel experience—but without being stuffy—and extraordinary overall value (price and quality). While those goals are not unusual among hotel companies, Bristol has distinguished itself in several ways. First, it has an excellent track record, es-

tablished in part by achieving strong operating and financial results during the industry's recent recession.

Second, it maintains a distinct corporate culture and management style that translates into low executive-management turnover.

Third, its centralized management structure allows managers to focus on the quality of a guest's stay as the number-one priority.

The company's primary operating strategies are listed in Table 6.4.

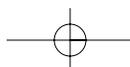
Throughout our discussion we will analyze Bristol's six operating strategies. However, our emphasis will be on understanding why Bristol Hotel Company aligns its F&B services within their hotels in a certain fashion and how it reaches the decision to do so one way instead of another.

Among its 39 hotels Bristol has 22 hotel restaurant outlets and uses three internally developed restaurant brands in 20 of those properties, as shown in Table 6.5.

**Table 6.4 Bristol Hotel Company Operating Strategies**

Strategies	Implementation
Unique management culture Control over hotel operations Assets in select geographic markets	Entrepreneurial and team-oriented Owner-operator focus 28 properties located in Atlanta, Dallas, and Houston (fast-growing markets)
Direct sales and marketing Flexible use of brand names	Focus on local market <i>Operate under its own brand names:</i> Harvey Hotels, Bristol Suites, Harvey Suites <i>Operate under national franchise brands:</i> Holiday Inn, Marriott, Promus properties, Hospitality Franchise Systems brands
Emphasis on food and beverage services	Bristol's F&B profit margins (32 percent original eight and 25 percent overall) are above December 1994 national industry levels of 17.1 percent.

**Source:** Bristol Hotel Company 1995 Annual Report



**Table 6.5 Bristol's Own Restaurant Brands**

Brand	Concept
Scoops Diner (4 units)	<ul style="list-style-type: none"> <li>• Theme restaurant with a 1950s concept</li> <li>• Comfortable and casual</li> </ul>
Remington's (4 units)	<ul style="list-style-type: none"> <li>• Eclectic</li> <li>• More upscale than a Scoops</li> <li>• Nice hotel coffee shop</li> </ul>
Bristol Bar and Grill (12 units)	<ul style="list-style-type: none"> <li>• Designed as a hotel restaurant</li> <li>• Flexible in handling fluctuations in sales volume</li> <li>• Self-serve</li> <li>• Friendly and fast</li> </ul>

In addition to Bristol's own restaurant concepts and the two franchised Good Eats Grills previously mentioned, Bristol executives are considering leasing space to a branded restaurant in two of their limited-service properties.

**Good Eats Grill.** The Good Eats Grill Company is a privately held firm that currently has 17 restaurant outlets, of which 16 are located in Texas and another in Mississippi. Four of the 17 restaurant outlets are franchised, while the others are owned and operated by the company founder, owner, and president, Gene Street. Bristol Hotel Company is the only hotel company that is currently allied with Good Eats Grill. In 1995 Good Eats Grill's annual revenues were \$23 million. Good Eats Grill is a casual, family restaurant stressing food quality and low price. A Good Eats Grill can seat 150 to 200 diners, serves lunch and dinner, has a comfortable decor and casual atmosphere, and offers excellent food quality at an affordable price. Good Eats Grill's best-selling entrees are its chicken-fried steak and vegetable

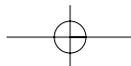
plate. The approximate square footage required for a Good Eats Grill is 4,000 to 6,500 square feet (includes both front and back of the house).

The following key indices summarize Good Eats Grill's 1995 performance:

Total revenues	\$23 million
Food-revenue percentage	94%
Beverage-revenue percentage	6%
Overall F&B cost percentage	28.5%
Food-cost percentage	29%
Beverage-cost percentage	22%
Average check	\$8.12
Covers/year (approx.)	2.8 million

Table 6.6 summarizes the Good Eats Grill menu.

At the time of this writing, Good Eats Grill was doing business with no other hotel company besides the Bristol Hotel Company. We wondered why, and asked key people within the Good Eats Grill management why they had agreed to team with Bristol Hotels. The key factors from the perspective of those managers were:



- The companies share similar proactive, team-oriented management styles.
- The firms' corporate cultures blend well.
- The projects were financially feasible.
- Bristol was looking for exactly the product that Good Eats Grill could deliver (i.e., customer value in terms of quality and price).
- Both companies wanted the deal to happen.

Good Eats Grill executives believe more hotel-and-restaurant alliances are imminent and such deals represent a trend that is here to stay. Good Eats Grill's management expects to do more restaurant-franchise deals with hotel companies as doing so offers a viable option for expanding quickly without intensive capital requirements.

**Property location.** For our study we selected the Holiday Inn Intercontinental, a Bristol Hotel Company property located near the Houston Intercontinental Airport. From the outside, the Good Eats Grill appears as if

it is a freestanding restaurant, but in reality the restaurant is as much a part of the hotel as the lobby.

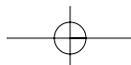
This particular Holiday Inn, a 400-room property opened in 1971, recently underwent \$11.5 million in renovations (of which some \$1.5 million was for the conversion of the previous restaurant into a Good Eats Grill). This hotel generates approximately \$7.5 million in room revenues, operates at an 85-percent occupancy level, and has an average daily rate of \$60 and RevPAR of \$48. Restaurant revenues are targeted to be approximately \$1.5 million; food profit, 25 percent; beverage profit, 55 to 60 percent; food cost, 28 to 29 percent; and beverage cost, 20 to 22 percent.

**Property selection.** During 1995, the year Bristol acquired the United Inns properties, Bristol Hotel Company executives evaluated all of their hotel-restaurant outlets and made decisions as to which restaurant concept best supported the targeted positioning of each individual hotel. Among Bristol's development strategies was a decision to use the Good Eats Grill concept in two of its properties. Just as

**Table 6.6 Good Eats Grill Menu**

	Menu Items	Price Range	Comments
Appetizers	6	\$1.99–\$4.99	
Soups and salads	5	\$2.19–\$5.79	
Burgers and sandwiches	7	\$5.29–\$6.29	
Entrées	20	\$5.99–\$8.99	Steaks, pork chops, chicken, pasta, grilled fish Served with garden-fresh vegetables Add salad for 99 cents
Desserts	5	\$2.49–\$2.99	
Beverages (alcoholic and nonalcoholic)			Full service

**Source:** "Ride the Branding Wave," *Lodging*, September 1996, pp. 62–73.



we asked the Good Eats Grill executives, “Why Bristol?” we asked Bristol executives, “Why the decision to go with Good Eats Grill versus going with proven internally developed restaurant brands or renovating the existing restaurant?” The key element in Bristol’s selection of Good Eats Grill for two new locations was in Bristol’s overall assessment of which restaurant concept would be the best match for the repositioning strategies for those specific hotels.

At the Houston Holiday Inn Intercontinental, the existing restaurant, the Grand Cargo Cafe, was a typical hotel restaurant with a coffee-shop feel. The Grand Cargo Cafe had average food quality and service, low profit margins (5 percent), low sales volume, high employee turnover, little name recognition, and a below-average reputation among those customers familiar with the operation. In short, the Grand Cargo Cafe was a costly amenity for the hotel’s previous owners and Bristol executives quickly determined that a change was required.

Bristol first looked at the possibility of replacing the Grand Cargo Cafe with one of Bristol’s own internally developed F&B concepts (i.e., Bristol Bar & Grill, Scoops Diner, or Remington’s). After some consideration it was determined that Bristol’s own concepts did not adequately complement the property’s repositioning strategy. The Bristol Bar & Grill is a quick-and-friendly self-serve concept that is primarily focused on serving hotel guests (i.e., banquet guests). Such a foodservice arrangement would be inappropriate for the repositioned Holiday Inn Intercontinental, which has a large sales-volume potential comprising both walk-in diners (85 percent of the lunch trade and 40 percent for dinner) and overnight guests (15 percent at lunch and 60 percent at dinner).

Another objective in replacing the Grand Cargo Cafe was to change dramatically the perceived atmosphere of the outlet from that of a coffee shop to a substantial restaurant. Bristol’s Remington’s concept, also reminiscent of a coffee shop but more upscale than Grand Cargo Cafe in price and quality, was not considered sufficiently different to achieve that goal. Moreover, Remington’s did not completely match the “casual and comfortable” atmosphere desired to complement the overall hotel repositioning strategy.

Bristol’s Scoops Diner concept offered a close match to Bristol’s goal of providing the customer with good overall value in a casual and comfortable atmosphere. Scoops’ 1950s-theme concept, however, was developed primarily for walk-in diners rather than a hotel’s overnight and meeting guests. Like Remington’s, then, the Scoops concept did not exactly fit the needs of the property’s new target markets.

While hotel guests were to be a prime customer base for the Intercontinental’s restaurant, the property was seen to also offer great opportunity for walk-in business. (Here are some of the key site-specific characteristics of the Holiday Inn Intercontinental that indicated a freestanding restaurant could generate substantial walk-in business: (1) the physical layout of the property—parking, entrance, signs, and size—was considered excellent; (2) the property is located close to Houston International Airport on a major highway; and (3) there was limited restaurant competition in the area despite the potential for customers from local businesses and surrounding hotels, some of which are limited-service properties.) With that in mind, Bristol executives realized that the Scoops and Remington’s concepts did not have sufficient preexisting customer brand awareness in



Houston to generate substantial walk-in traffic. In the final assessment, then, Bristol purchased the franchise rights to operate a Good Eats Grill in Houston (and at one other location).

**A good match.** Bristol management considers Good Eats Grill to be a competitive concept that offers a quality product, a casual environment that customers enjoy, a respected and recognizable restaurant name in the Houston area, and proven sales volume. Another key factor mentioned by Bristol executives was that the two organizations clicked, meaning that the corporate culture of each was well matched with the other. Both have an entrepreneurial base, both are flexible, and both have high-quality standards for a midlevel product at an affordable price. Shown on the next page is a table that compares the hotel, restaurant, and combined marketing strategies of the two companies (Table 6.7).

**Key positioning criteria.** We found that a critical factor in the selection process of a hotel's F&B brand or concept is to determine the customer perception that you want to create at the property and then select a restaurant theme that complements the overall

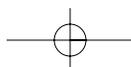
property's image. Bristol COO Beckert illustrated this by saying, "At Bristol we try to identify uniqueness in our F&B concepts, which then become selling points for the property. The restaurant then goes on a short list that our sales staff use to sell rooms."

The "right" match between the hotel and the restaurant can vary from property to property. At Bristol, all 39 properties were evaluated to determine which F&B concept best fit each property, and only two locations were selected for a Good Eats Grill franchise. As we will point out later, several key factors such as conversion costs and nearby competition must be taken into consideration prior to making the final decision.

**Turn up the volume.** Another element related to positioning is to determine the volume and customer mix expected. For example, let's review Bristol's existing company-owned restaurant brands: Scoops, Remmington's, and Bristol Bar & Grill. Bristol management will locate a Scoops or a Remmington's in those properties that have above-average hotel volume, and where restaurant-customer volume comprises primarily walk-in diners who are not using the hotel's other services. A Bristol Bar & Grill concept is used when the F&B

**Table 6.7 Operating Strategies**

Hotel	Restaurant	Combined
<ul style="list-style-type: none"> <li>• Primary market               <ul style="list-style-type: none"> <li>—Corporate business travelers</li> <li>—Mid- to upper-range travelers</li> </ul> </li> <li>• Secondary market               <ul style="list-style-type: none"> <li>—Family travelers</li> </ul> </li> <li>• Brand recognition</li> <li>• First-class hotel, but not stuffy</li> <li>• Physically competitive</li> </ul>	<ul style="list-style-type: none"> <li>• Family-style restaurant</li> <li>• Excellent food quality               <ul style="list-style-type: none"> <li>—Fresh</li> </ul> </li> <li>• Value</li> <li>• Brand recognition</li> <li>• Casual, comfortable decor</li> </ul>	<ul style="list-style-type: none"> <li>• Appeal to corporate and family travelers</li> <li>• Mid- to upper-market value</li> <li>• Casual and comfortable</li> <li>• Best overall value               <ul style="list-style-type: none"> <li>—Price and quality</li> </ul> </li> </ul>



market is primarily hotel guests and banquet business. The Bristol Bar & Grill is targeted specifically to serve hotel patrons with a quick-serve breakfast, convenient lunch, and buffet-style dinner. The Good Eats Grill concept, on the other hand, generally operates as a freestanding restaurant, has a proven sales volume (\$1.5 to 2 million per year), offers consumer value, and has a comfortable decor that's attractive to both walk-in diners and hotel guests.

During Bristol's examination of its hotel restaurants, it was determined that a Good Eats Grill should be used when (1) it is necessary to reposition the hotel, (2) a great restaurant-volume potential exists, (3) the physical layout and location of the property can sustain a freestanding restaurant, and (4) the market mix comprises both hotel guests and walk-in customers.

**Why Houston?** Bristol's management felt that the Houston Holiday Inn Intercontinental needed repositioning and a recognized restaurant brand like Good Eats Grill was essential for any repositioning strategy to work. Good Eats Grill already had two successful freestanding restaurants in the Houston region. Additionally, Good Eats Grill maintained an ongoing investment in local advertising. By contrast, a Remington's, a Scoops, or even the Grand Cargo Cafe did not have anywhere near the same level of local brand awareness and consumer acceptance.

The following list summarizes the key factors that Bristol's executives considered when selecting Houston as a location for a franchised Good Eats Grill.

- The property was being repositioned.
- Financial feasibility was evident.
- The property's existing hotel restaurants were producing low revenues.
- The physical layout of the property allowed for conversion.
- Parking, entrances, and signs would be relatively easy to provide.
- The local labor market could support the concept.
- The high-traffic location of the property (in a commercial area near the airport).
- Since there was only one freestanding restaurant within a two-mile radius, the potential for non-hotel-guest business was great.

## ► SELECTION PROCESS

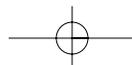
**A** summary of the key advantages and disadvantages to consider when going with a franchised restaurant brand in your hotel are listed below (*Lodging*, 1995), while illustrated on the next page is a flow chart of the basic steps to take when evaluating and choosing which franchise restaurant company to use (Figure 6.1).

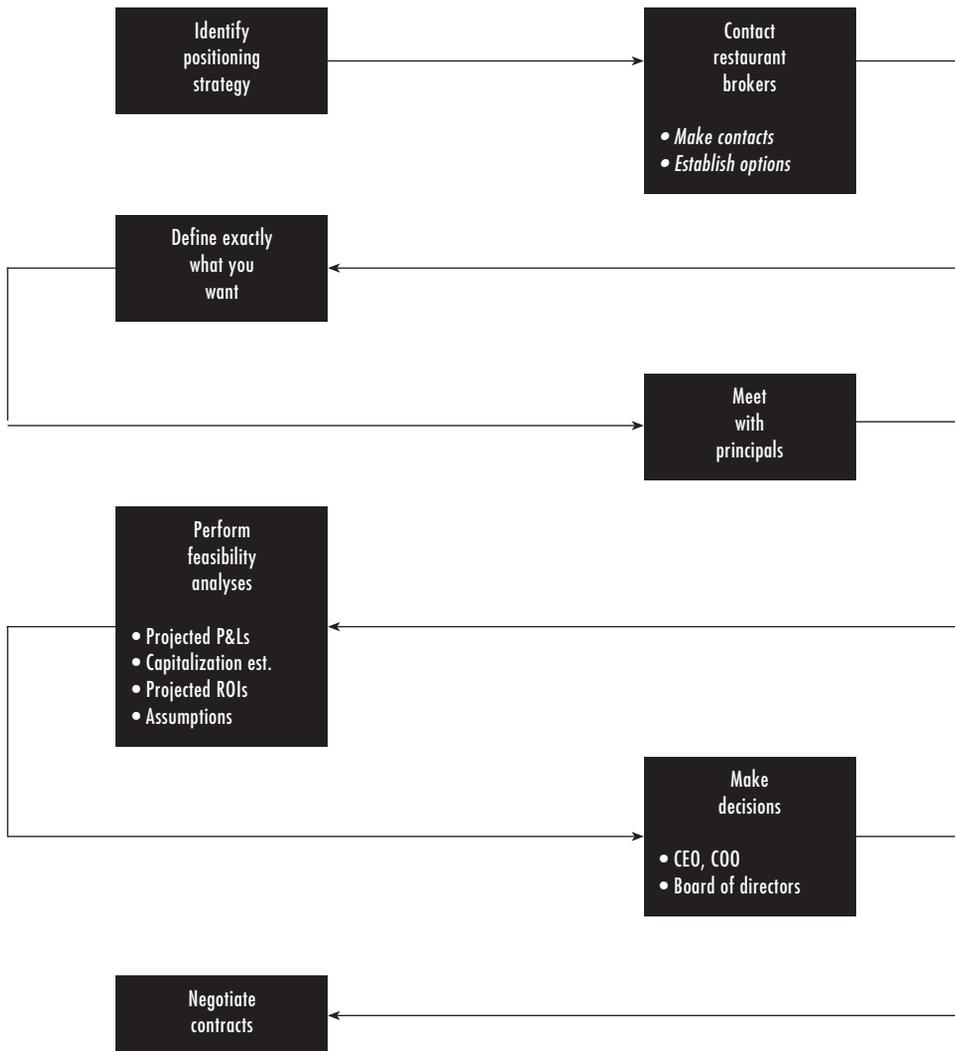
### Advantages

- Integral part of repositioning the hotel
- Potentially increases revenues, occupancy, profits
- Restaurant franchiser is continually assessing the menu, whereas a hotel's tendency is not to change the menu
- Franchiser is knowledgeable about the restaurant business

### Disadvantages

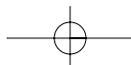
- Franchise fee
- Requires a certain level of volume to warrant utilizing a franchise brand
- High initial investment



**Figure 6.1** Selection-process Flow Chart

- Brand can lose reputation and recognition or quality levels could drop during the term of the franchise agreement
- Room service and banquet service could still require a separate kitchen operation

As previously noted, Bristol chose the Good Eats Grill concept over other restaurant companies because the Good Eats management was (1) flexible and (2) determined to minimize the bureaucracy to make the deal



## CRITICAL ELEMENTS TO CONSIDER

Summarized below are critical elements to consider when assessing which restaurant brand concepts will best match a particular hotel property.

1. Determine the desired hotel market position and customer perception you want to create for each property. This includes knowing all about the property's competition, environment, and customers, and involves creating a unique image for your property.

2. Make sure that you objectively assess the revenue and expense potential of each operational option when examining your financial trade-offs. Such options include running your hotel company's own brand, buying and operating a franchised brand, and leasing space to a brand-name restaurant company.

3. Select a restaurant company that has a corporate culture that mirrors your hotel's corporate culture and also shares the same basic operational goals.

4. Evaluate each property on a stand-alone basis using all available facts and data. Avoid making generalizations about what will work for all properties.

5. The key criteria in identifying which properties could benefit most from a brand-name franchise-restaurant concept are:

- Desired positioning of the hotel
- Financial trade-offs and feasibility analyses
- Competitive marketing analysis
- Physical layout of the facility (parking, entrances, signs, location of kitchen)
- The site location
- The local labor market

6. The key criteria in selecting a particular restaurant company are:

- Similar business goals and corporate culture
- Initial investment cost
- The menu offered
- Ongoing new menu development
- New recipes on a regular basis
- Cooking specifications
- Franchise fee
- Restaurant decor
- Training support
- Management support
- The ability to handle room service and banquets

7. View the hotel's restaurant outlet as a selling point that can enhance rooms sales and as a profit center that can be held accountable for achieving established profit.



happen. In today's competitive market, business decisions must be made quickly and accurately or else the window of opportunity may be lost. In this particular example the basic deal was struck after two executive meetings (however, it did take the lawyers a little longer). The rest of the steps in the process caught up with the decisions that were made after those two executive meetings. Such a quick decision was possible because the two companies have similar proactive management styles, the project made financial sense for both companies, the corporate cultures blended well, and the decision-makers went with their instinct.

## ► CONTRACT RELATIONSHIPS

There are four basic types of operational options that can be established between the hotel and the F&B outlet in a hotel. Those four options are (1) internally developed restaurant brand, (2) franchised restaurant brand, (3) straight lease, and (4) management contract. Bristol's first choice (used for 20 of its 22 restaurant outlets) is to use its own internally developed restaurant brands. Bristol believes it has a proven track record in managing F&B operations profitably (*Hotel Business*, 1996).

When Bristol introduced Good Eats Grill into two of its 22 hotels with food service, it showed a willingness to purchase a franchised brand, provided Bristol could maintain full control of restaurant operations and products (as long as all franchise agreements were maintained). Currently Bristol is also assessing a leasing arrangement with yet another restaurant company for a couple of Bristol's

Fairfield Inn properties. In those cases Bristol managers seem to be indicating that it would be more profitable for them to lease out square footage in the hotels versus operating the F&B outlet themselves.

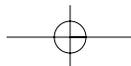
**Key franchise elements.** Bristol has purchased the franchise rights for its two Good Eats Grill operations. The key elements of the franchise agreement are the menu, recipes, cooking specifications, franchise fee, restaurant decor, music package, training support, and negotiated special provisions (e.g., use of Good Eats Grill recipes for banquets). Basically, Bristol purchased a turnkey operation from Good Eats Grill. Moreover, Good Eats Grill provides pre- and post-opening training support, new and updated menu development, and such regional management support as consulting, auditing, and trouble-shooting.

In exchange for the franchise and its management services Good Eats Grill receives 3.5 percent of lunch and dinner revenues as a franchise fee.

## ► MARKETING

**W**e have already mentioned how the Bristol sales office uses the company's restaurants as a selling point to assist in booking rooms, meetings, and banquets. In addition there are three other marketing concerns that need to be considered: (1) the competition, (2) customer expectations, and (3) advertising.

**Competition.** The primary hotel competitors for Bristol's Houston Holiday Inn Intercontinental are a Marriott hotel (569 rooms), a Hyatt hotel (315 rooms), and a Sheraton hotel (450 rooms). As for nearby foodservice competition, Marriott uses internally developed restaurant brands (Allie's American



Grill and CK's) along with a Pizza Hut kiosk, while the Hyatt and Sheraton offer typical hotel restaurants. Additionally, there are some limited-service hotel properties in the area that factor into the secondary market competitive analysis.

The freestanding restaurant competition in the area is negligible. There is a Kettle Restaurant nearby, but it does not pose a strong business threat to Good Eats Grill as it has a different target market. There is a Benigan's and T.G.I. Friday's within three miles of the Holiday Inn, but there is no other notable restaurant competition within a two-mile radius of the hotel. As it turns out, the Holiday Inn's Good Eats Grill is popular with Marriott's, Hyatt's, and Sheraton's hotel guests, and also with those hotel guests that are staying at the surrounding limited-service properties. It can be expected, then, that a guest who stays at a hotel other than the Holiday Inn, yet eats at the Good Eats Grill, may decide to stay at the Holiday Inn on return trips to Houston. The value of the strategic alliance between the hotel and the restaurant is that it establishes a unique identity for this property that sets it apart from its competition and provides a marketing edge.

**Customer expectations.** A primary mission-statement goal of both companies is to exceed customer expectations. With the alliance of the Holiday Inn Intercontinental and Good Eats Grill, Bristol management believes the customer is pleasantly surprised with the overall product and services that the property provides. Even though the hotel and restaurant renovations were completed just recently, in July 1996, the perceived overall value of this property to the customer is already generating new corporate accounts. Bristol management believes the hotel positioning strategy in combination with the ad-

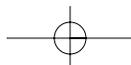
dition of the Good Eats Grill is a major reason it is landing those new accounts.

**Advertising.** Bristol Hotel Company believes in a direct sales-and-marketing approach. The company therefore relies less on national promotion activities than many other firms. The Holiday Inn Intercontinental is no different in this regard. The hotel does some limited local advertising, but it relies primarily on a direct-sales approach along with making personal local contacts. Other than the signs around the property, there is no joint advertising or promotion done between the hotel and the restaurant. Good Eats Grill has four lighted signs on the property, and Bristol purchases no billboard ads for this property. There are two other Good Eats Grill restaurants located in Houston, and Good Eats Grill does do some radio promotion and rents billboards for those two restaurants.

## ► OPERATIONS

**A**s a franchisee Bristol maintains total operational control of the restaurant, but Good Eats Grill recipes must be followed exactly. Unlike other Bristol properties, the restaurant has its own general manager. Bristol determined quickly that this particular property needed to establish the restaurant as a priority, but did not want the hotel general manager to get distracted from managing the rest of the hotel. Bristol therefore elevated the restaurant-manager position to that of restaurant general manager at this property. The restaurant GM reports to the hotel GM, and the result is that the property receives maximum management focus for all of its key operations.

Another distinguishing operational element at this property is the way room service



and banquets are handled. The Good Eats Grill kitchen serves them. There is no separate kitchen or menu to handle room service. Bristol also uses the Good Eats Grill kitchen for banquets, and has the final say in establishing banquet menus and costs. Moreover, Bristol has the option of using Good Eats Grill menu items and recipes in preparing the banquet meals (provided that the recipes are followed exactly).

## ► FINANCE

**W**e have shown how the correct match between a restaurant company and a hotel operator can help to reposition a hotel, increase occupancy, and increase F&B profit. We can

investigate other potential financial gains by comparing a summary of the actual 1995 profit-loss statement of the Holiday Inn's original (pre-Bristol) foodservice concept (Grand Cargo Cafe) with a conservatively estimated profit-loss statement of the Good Eats Grill for 1997 (its first year of full operation; see Table 6.8).

A quick comparison of those profit-loss figures shows how establishing a strategic alliance between a hotel and restaurant can improve the overall profitability of the property. Other expenses such as franchise initiation fee (\$40,000–\$50,000), cost of renovation (\$750,000), cost of signs (\$5,000), and other miscellaneous marketing costs (grand opening, flyers), must also be factored into assessing the feasibility of converting or opening an

**Table 6.8 Profit-loss Comparison**

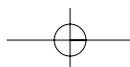
Grand Cargo Cafe		Good Eats Grill		
Actual 1995	%	Item description	%	Projected 1997
831,519	70.5	Outlet revenues <sup>1</sup>	59.8	1,269,455
199,920	16.9	Banquet revenues	28.4	601,000
148,072	12.6	Other revenues <sup>2</sup>	11.8	251,430
1,179,511	100.0	Total revenues	100.0	2,121,885
405,354	34.4	Food cost	26.4	561,137
525,634	44.5	Payroll <sup>3</sup>	43.2	917,621
43,561	3.7	Other expenses	7.1	148,532
974,555	82.6	Total expenses	76.7	1,627,289
204,956		Profit in dollars		494,596
	17.4	Profit percentage	23.3	

<sup>1</sup>Outlet revenues include restaurant revenues and room service.

<sup>2</sup>Other revenues include banquet-room rental, house portion of the gratuity, and miscellaneous banquet fees.

<sup>3</sup>Including employee benefits and payroll taxes.

**Source:** Bristol Hotel Company.



**Table 6.9 Key Property Performance Indicators**

	1996	Projected 1997
Hotel occupancy	72%	85%
ADR	\$49	\$60
Food profit	5%	25%
Beverage profit	50%	60%

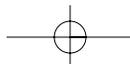
operation prior to proceeding with a project like the one between Holiday Inn Intercontinental and Good Eats Grill.

**Final analysis.** Throughout this case study analysis, we emphasized how important the repositioning strategy was in turning around the Houston Holiday Inn Intercontinental. A quick look at key property performance indicators (Table 6.9) demonstrates the success of that repositioning strategy.

Moreover, we focused primarily on only one part of the hotel's repositioning strategy, that is, its strategic alignment with a particular restaurant concept. Other factors also contributed to the property's improved performance, including new ownership and management, an influx of cash for renovations, and its new market position. Nevertheless, the alliance between Bristol and Good Eats Grill is seen as key to the property's turnaround. The property's previous restaurant, the Grand Cargo Cafe, was being operated as a hotel amenity rather than as a profit center. To capitalize on the restaurant's po-

tential, the Bristol management team recognized that a new restaurant concept was needed. After objectively evaluating their options, including their own F&B concepts, the team determined that a Good Eats Grill franchise matched Bristol's restaurant needs for this particular property. The Bristol experience demonstrates the importance of evaluating each property on an individual basis rather than making generalizations about what will work for all hotel properties.

In conclusion, from our perspective there is no question that now and in the future we will see more hotel and restaurant companies establishing strategic alliances. It is no longer financially feasible for a hotel restaurant to be operated as just a support function to the hotel's lodging operations. The hotel restaurant must now be viewed as a selling point to generate increased room and restaurant revenues. The hotel restaurant must be managed as its own profit center where the goal is to maximize overall property profits. For the entire property to be profitable, the restaurant concept and the hotel's market position must complement each other. Put another way, in today's competitive business environment the hotel restaurant cannot—and should not try to—be all things to all people. To achieve a competitive edge, hotel companies must consider operating a franchised restaurant brand or leasing space within the hotel to a restaurant company. Doing so may improve customer perception and value, and as a result increase the overall profitability of the property.



## 6.6 CONTEMPORARY HOTEL CATERING

**Patti J. Shock and John Stefanelli**

Although on-premise catering is generally the second largest source of revenue for most hotels, following sleeping rooms, the on-premise catering area has been virtually ignored in the hotel school curriculum. The colleges that do offer a course in catering usually focus on hands-on classes consisting of planning, cooking, and serving a meal, which is good background, but is not the role of the hotel catering department.

Catering is often the highest visibility the hotel has on a local level. Catering can create an image for the hotel, both locally and nationally.

### ▶ DEPARTMENT ORGANIZATION

In most hotels the Director of Catering reports to the Director of Food and Beverage, with Banquet Managers and Banquet Set-Up Managers reporting to Catering. In other hotels you may find a Director of Catering and Convention Service reporting to the Director of Marketing, with the Banquet positions reporting to Food and Beverage. In the latter arrangement, Convention Service usually handles food and beverage functions for groups with 20 or more sleeping rooms with Catering selling and servicing the local social and business markets. Convention Service then does not sell; the room sales department handles that aspect. Convention Service in most hotels, however, handles all of the non-food related logistics, including room set-up,

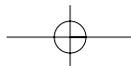
audio-visual requirements, etc. In hotels where conventions are not an important market segment, Convention Service may not exist, in which case Catering would handle all food and non-food logistics.

The Director of Catering assigns and oversees all functions; oversees catering sales managers; oversees all marketing efforts; interacts with clients and catering managers; coordinates with the hotel sales director; and works with the chef to update and create menus.

Under the Director of Catering there may be an Assistant Catering Director who helps with marketing, oversees Catering Sales Managers, and services one or more accounts. There may be several Catering Sales Managers, depending on the size of the hotel. Catering Sales Managers maintain client contacts and service accounts. Their role is to sell and service functions. They must seek and consult with clients, plan menus, themes, room set-up and decor; negotiate prices; and coordinate with inside departments and outside vendors. There are several excellent graphic room-setup software packages available on the market.

The Catering Department may also employ Catering Sales Representatives who are usually involved only with selling, leaving the servicing to others.

The Banquet Manager implements the Director of Catering's requests; oversees room captains; supervises functions in progress; staffs and schedules servers and bartenders; and coordinates all support departments. He or she is the operations director, as



opposed to catering executives, who primarily sell and work with clients to plan events.

The Assistant Banquet Manager reports to the Banquet Manager and supervises table settings and decor. There may be two (or more) assistants; for example, a hotel may have one for the day and one for the evening shift.

The Banquet Set-up Manager supervises the banquet set-up crew; orders tables, chairs, portable bars, and other room equipment from storage; and supervises the tear-down of the room after the event has concluded.

The Scheduler, often referred to as the Diary Clerk, enters bookings in the Master Log (now usually computerized); oversees the timing of all functions and provides adequate turnover time between functions; is responsible for scheduling meeting rooms, reception areas, pool-side areas, meal functions, beverage functions, other functions, and equipment requirements; keeps appropriate records to ensure against overbooking and double booking of space; and is responsible for communicating this information to relevant departments.

The Maître d'Hôtel is the floor manager. He or she is in charge of all service personnel and oversees all aspects of guest service during meal and beverage functions in the various function rooms on the floor.

The Captain is the room manager and is in charge of service at meal functions in a specific room. Captains typically oversee all activity in the entire function room or, depending on the size of the room, in a portion of it. They also supervise the Servers in their room or section of the room.

There are two types of Servers, Food Servers and Beverage Servers. Food Servers deliver foods, alcoholic and non-alcoholic beverages, and utensils to the table; clear ta-

bles; and attend to guest needs. Beverage Servers serve alcoholic beverages, usually at receptions. Bus persons, whose primary responsibilities are to clear tables, restock side stands, and serve ice water, rolls, butter and condiments, sometimes back up servers.

The Bartender concentrates on alcoholic beverage production and service. Bartenders are often assisted by Bar Backs, whose primary responsibility is to initially stock and replenish the bars with liquor, ice, glassware and other necessary supplies.

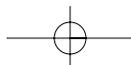
Housemen (sometimes referred to as porters) set up function rooms with risers, hardware, tables, chairs and other necessary equipment. They report to the Banquet Set-up Manager.

Attendants "refresh" meeting rooms during breaks by emptying ashtrays when smoking is permitted, refilling water pitchers, and removing trash. Some catered functions also require Coat-Check Attendants or Restroom Attendants.

The Clerk (or Secretary) handles routine correspondence, types contracts and banquet event orders (BEOs), handles and routes telephone messages, and distributes documents to relevant staff members and other hotel departments.

The Engineering Department provides necessary utilities service, such as air conditioning/heating, setting up electrical panels for major exhibits, hanging banners, and setting up audio visual displays.

Other miscellaneous positions include the following. A Sommelier (or Wine Steward) is used only at fancy, upscale events. The Cashier sells drink tickets to guests at cash bars. A Ticket Taker may be required to collect tickets from guests at the door to the function. Finally, most catering departments employ Stewards to deliver the proper



amount of china, glassware, and silver to function rooms.

Whatever the organizational structure, catering's favorable impact on hotel profitability is primarily due to the fact that catering has more control over the variable expenses than does the manager of a typical restaurant. In a restaurant, labor must be scheduled, heat/air conditioning must be on, and food must be kept in inventory, whether or not any guests are present in the facility. In catering, a function must be booked before these items are scheduled or purchased. So there are more variable costs in catering, and more fixed costs in restaurant foodservice.

## ▶ THE SALES AND SERVICE PROCESS

**S**elling is a vital part of catering (see Figure 6.2). To sell a catering event, potential markets must be identified and cultivated. Target markets must be established. Potential markets include association meetings (local monthly meetings as well as the national annual conventions); corporate meetings, including training sessions and incentive banquets; weddings and anniversaries; bar mitzvahs; proms; garden clubs; holiday parties; reunions, both school and military; and fraternal organizations, such as Rotary and Lions. The list is endless.

A marketing plan should be developed that clearly defines the desirable target markets; defines the demand; describes competing caterers; sets financial goals; considers other potential income that catering can generate for the hotel; and describes standardized procedures that must be used to canvass for new clients, qualify leads, make sales calls,

develop contracts, and provide required products and services.

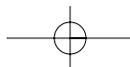
The initial contact for a function can come from the client or the catering department. In many cases, the potential client makes the first inquiry. He or she may contact you by phone, by letter, fax, email, or in person.

If the contact is by phone, be sure the person answering the phone can answer questions, or that someone knowledgeable is always available. Too often a low-paid, untrained person in the office answers the phone, and this can hamper the selling effort. The phone should always be answered within three rings. Always secure the name and phone number of the caller.

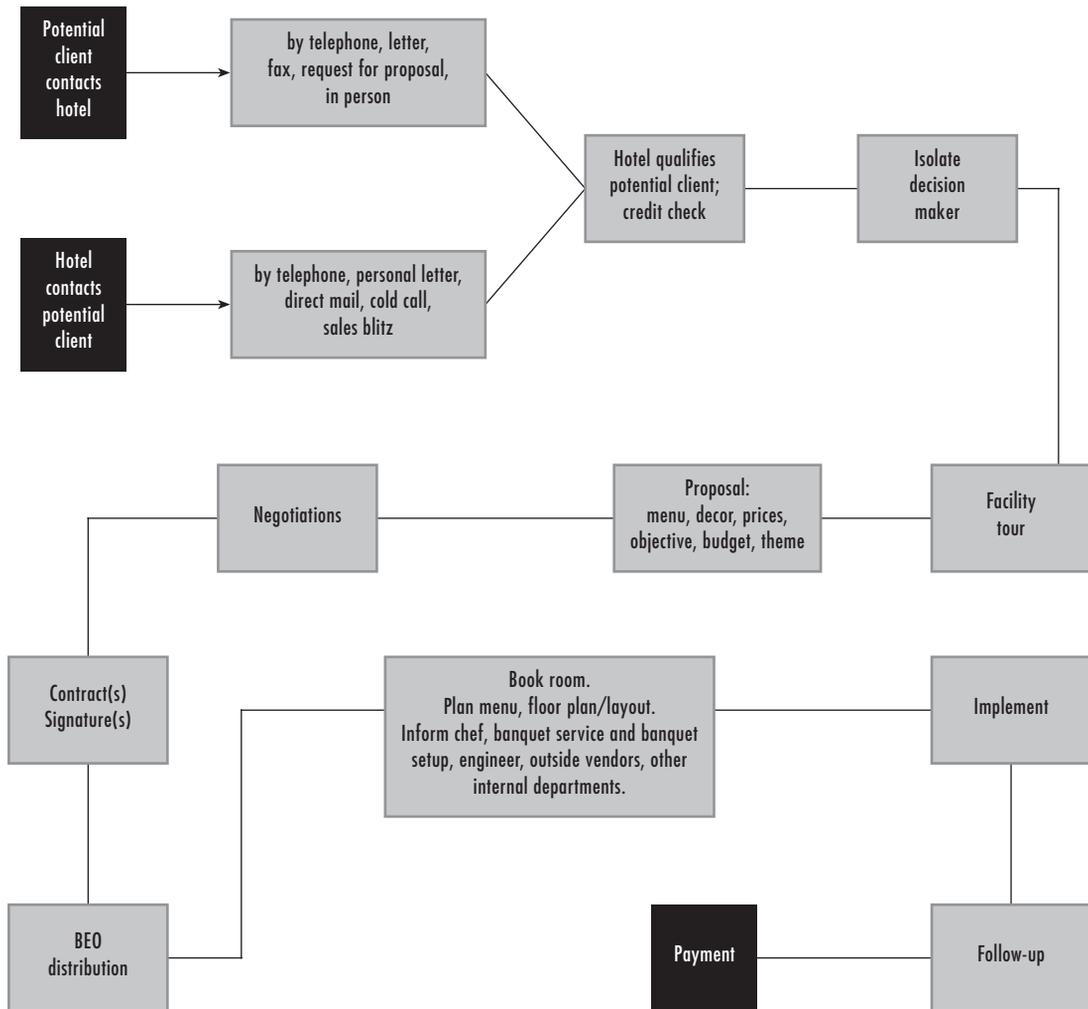
If the initial contact is by letter, email, or fax, try to answer with a phone call. Copies of the letter were most likely sent to several caterers and it is best to be the first to respond. More information is often needed, such as the budget the client has for the event or the objective of the function. This initial contact also provides the opportunity to invite the potential client to the property for lunch and a tour. Every effort should be made to get the potential client into the hotel, on your home turf.

Sometimes a letter will include a Request for Proposal (RFP), which is a written prospectus from professional meeting planners. An RFP usually indicates that the potential client is very knowledgeable about catering and is usually a sophisticated negotiator.

If potential clients stop by in person without an appointment, have someone see them as soon as possible. Offer some light refreshments to keep them occupied until someone is available. Give an accurate estimate of how long they will have to wait. Have the recep-

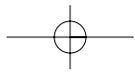


**Figure 6.2** Steps in Selling and Servicing a Catering Event



tionist obtain preliminary information, such as their desired date(s) and type of function, to get them involved in the planning process right away. Also, keep a binder handy for browsing that contains testimonial letters from happy clients and photos of previous events.

A Group History File should be created whenever initial contact is made. The file should include all facets of the business relationship, from initial contact to final disposition. Standardized information includes name of contact, name of decision maker, titles, organization, types of events held, number of



events held, when events are held, attendance figures, all correspondence, notes from phone conversations, contracts, credit history, potential for future business, and client preferences.

The manager responding to client inquiries must understand the hotel's capabilities. He or she especially needs knowledge of food and beverage production and service. Planning a menu for a small group is quite different from a large group. For example, soufflé for 1,000 would be quite impossible.

When planning a menu, the caterer must first know the occasion or reason for the event. The style of service also depends on the occasion. It would be inappropriate to have a deli sandwich buffet for an auspicious awards banquet.

With international events, protocol must be considered in everything from decor to dietary restrictions. The World of Culture website (<http://www.webofculture.com/>) provides good information on a variety of cultures.

Public space or function rooms must be forecast for space utilization, just as the hotel sales department forecasts sleeping rooms requirements.

Working well with inside departments is critical. Linens have to be requisitioned from the linen room; engineers must insure that the room temperature is appropriate; tables must be set up; and purchasing must order the correct amounts and types of food and beverages.

Outside vendors, such as decorators, audio-visual companies, florists, printers, and photographers may be needed by the client to ensure a successful event.

Performing well is the next step. Here the emphasis shifts from sales to service. Guests must be treated with care; service must be punctual; foods, presentations, cleanliness, and ambiance must meet desired quality stan-

dards; professional attention must be paid to all details; the function host should be made to feel like a guest at the event, instead of a harassed and worried manager. Last minute requests and crises must be handled quickly and efficiently. It is imperative to be flexible.

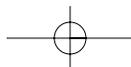
Follow-up is vital for repeat business. Standardized procedures should be developed for thank-you calls and individualized, personal thank-you letters. Completed events should be evaluated with staff and client input. Referral business should be solicited. Appropriate souvenir gifts may be presented. And outstanding accounts should be settled.

## ► FUTURE ISSUES

Issues facing the catering department in the future include new alcohol restrictions; the demand for more menu alternatives, including low-fat, pesticide-free, generally safe, uncontaminated products; the competition from off-premise catering firms; waste disposal regulations and recycling; consumers becoming more value conscious; and service becoming a more important point of differentiation.

Subcontracting will become more common, especially for labor and food. Calling one company to provide servers is more efficient than having staff on the phone calling individual on-call workers. The independent labor contractor trains staff and does all of the payroll and paperwork.

Caterers can't afford to have all types of expertise on their staffs. With a Japanese theme, a sushi restaurant may be subcontracted. Or a local barbecue specialist, oyster roaster, or coffee service company can handle unique events. The hotel would add about 20 percent markup to the subcontractor's bill,



and then add the cost of the rest of the meal prepared in-house.

In the past, menus rarely changed. Today, many menus are changed with the season. In the future it will be important to be able to distinguish between a fad and a trend. Fads, such as Nouvelle Cuisine, are short-lived. Trends, such as the demand for fresh foods and more nutritious food, are more permanent.

Probably the biggest challenge is the perception among guests that all caterers are exactly alike. Buyers may feel that there is always another caterer able to provide similar service. It is imperative for the successful caterer to differentiate their food and service from their competition. The price/value rela-

tionship will become more important as caterers attempt to rise above the competition.

There are a multitude of resources available on the web, including, for example, Room Calculator (<http://www.mmaweb.com/meetings/Workshop/roomcalc.html>), which will determine how many guests you can fit into a room in various configurations. Many caterers have their menus online which are interesting to see. Special Events Magazine (<http://www.specialevents.com/magazine/>) and Event Solutions (<http://www.event-solutions.com/>) have timely articles that are archived online and are searchable.

A large collection of useful catering web links can be found at: [http://www.unlv.edu/Tourism/Catering\\_and\\_Special\\_Events.html](http://www.unlv.edu/Tourism/Catering_and_Special_Events.html).

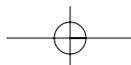
## 6.7 A DAY IN THE LIFE OF AN EXECUTIVE DIRECTOR OF CATERING SALES AND CONVENTION SERVICES

**Rich Benninger**

Each day I wake up saying, “Today is the day I will get everything done.” It is my optimist side taking control before my realist side has a chance to ruin my day. Because I ply my trade at a 5,034-room hotel with over 380,000 square feet of banquet space, it is usually around 8:00 A.M. when my realist side kicks in. By this time I have been at work for an hour or more and start taking victories as soon as they come. The day is half over for the dedicated line cast members who started working at 4:00 A.M. so our thousands of guests can enjoy their morning breakfast. These employees

are the backbone of catering. Their workday here will end in four more hours, and many will go to a second job.

The day will not end for the catering director until a few things are completed. The director has just one job, sort of, and is the front person for the operation. Now, please allow me to take you on a journey through a typical day in the life of a catering director. But first I must make coffee. Nobody else in the office notices that 1 ounce of coffee left in a pot does not mean “There’s coffee in the pot.” The following describes what I did today.



## ► BOOKING BUSINESS

Customers are the number-one component of a successful catering operation. Without customers, the grandest ballrooms, the most spectacular cuisine, and the best service are all moot points. So, every day you must work to fill the pipeline with customers. The rooms sales managers are really doing a great job. They are booking over quota and getting contracts with great food and beverage minimums. For just a moment, I fantasize that this will never end and life will always be good.

Oh no! We have just been asked why the week between Christmas and New Year's does not have any events. Transient room sales are strong, but they do not use function space. It's up to catering sales to fill in the hole. My team tells me that had sales not already done so they could easily fill space a week before or a week later, but that holiday week is going to be tough to fill. I know this is true, but the senior vice president does not care that something is tough. He wants to know what we are doing to get business. And by the way, not discount business. We start out looking for full-paying customers and if that does not work, *then* we will look at discounting.

I am excited to meet a customer for a site visit at 7:30 A.M. I am the first property she is looking at for a 2,500-guest reception and concert. I just talked to her yesterday for the very first time. All our meeting space is booked but I'm in luck; we have space in our arena. I work with the arena for about an hour to get the space and brainstorm on things we can do to book this business. The arena operations guys are great to work with. They enjoy coming to the catering office for cappuccino. I smile when I think how cheap cappuccino is and how many favors it buys from operations cast members.

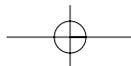
We spend an hour walking our customer through her event. Her company sells very

large industrial trucks, and when we tell her we can put a concrete mixer right in the middle of her reception she is all smiles. I make note to get the dimensions of the roll-up doors. We are going to be more expensive than the competition, but we provide more value. We can make this a one-stop shopping experience. I make a note to call transportation companies and gather quotes. I know the other properties will not get involved in dealing with all the outside vendors, and I use this as a selling advantage. I make a note to list this as a tentative piece of business worth \$165,000 or more.

Next I make a hasty trip across property to check on a breakfast we are doing on the stage of our production show. We are lucky to have an incentive house tour our property, and we have pulled out all the stops to let this VIP group know we value their business. I am pleased with the spectacular stage sets and the look of the breakfast. I laugh with the sales manager when he apologizes for only giving us 36 hours notice on the breakfast. I assure him the financial rewards of getting large incentive bookings will more than make up for the short notice. I make a note to send each guest a thank-you note for taking the time to tour our property.

## ► FINALIZING PROGRAMS

The only time a program is truly finalized is once the customers are gone and the final bill is paid. And then just the physical stuff is over. Conversations about the really good stuff and the sometimes bad stuff can go on for years. Repeat customers are usually the best ones to have, but they tend to remember that five years ago the potato salad did not have a spoon in it when the company president went to the buffet 15 minutes before it



was scheduled to open. “Let’s not let that happen this year.”

You spend months working to get everything planned at least three weeks in advance. Then you give all the information to the operating departments two weeks out. For some groups this works really well, and once you work out the details they only make minor changes. Other groups are not quite so tidy in their planning.

Today I had a group arrive on site, and we reviewed their banquet event orders. It would be easier to say we redid their banquet event orders (BEOs). At 9:00 A.M. we started reviewing 45 meal function BEOs. By 2:15 P.M. we had made major changes to 42 of them. I wonder aloud if they would like to change the other three just for good measure. The chefs are circling the catering office like sharks. All the food ordering is on hold until the revised BEOs are signed off on. While I’m working with the clients to refinalize, the chefs and purchasing agents are on the phone undoing all the ordering they did days ago. Purveyors are all on standby to rush product to us. I am thankful we have excellent relationships with these wonderful people, who will now pull off miracles to get us product over the weekend.

My assistant is ready to shoot someone. Making the changes once is enough of a challenge, but now we are changing things for a second and third time in one day. I smile as I say, “Yes, I’m sure I can get you a completely new set of BEOs by 5:00 P.M.” Just as I tell myself we must be done with changes, my contact calls and changes two of the remaining original three BEOs. I get no comfort from the fact that the one lone original BEO is for an event that does not happen until five days from now. I do, however, get great comfort from the knowledge that my clients will spend over \$800,000 in the next eight days.

## ► CREATING MENUS

I promise a major corporate client that I will write three custom menu options for their opening reception. I tell them I will do it on Saturday and I’ll fax the menus so they have them for a Monday meeting. I promise myself I will not commit to doing any more projects on Saturday. It is going to be my catch-up day, and I’ve been filling the day with new projects. I may have to work a few hours on Sunday to get on track for next week. The great thing about writing custom menus is every time I do one I add it to my hot menu file and just keep reusing it. I do make a notation of whom I send each one to. I would hate to send someone the same custom menu twice.

In this world of ever more sophisticated customers, the quest for new menus has taken on a life all its own. The unfortunate side of this sophisticated customer often comes with fond memories of a gourmet dinner for two at some exotic trendy restaurant. Other favorite sources of wonderful ideas are glossy cooking magazines and TV cooking shows. Now the simple task of any caterer is to figure out how to make these menus, designed to serve eight, work for hundreds or thousands. Of course, you are not alone in this situation. The culinary staff is right there with you. Please don’t take it personally that many of them think you are crazy.

## ► WORKING EVENTS

Luckily for my catering department, we work at a property where we are cast in the role of salespeople. Another team of professionals handles operations. Still, I can’t resist taking 10 minutes and going down to see how setup is going for a poolside reception. Somehow



I spend 45 minutes at the pool, and now I'm going to have to rush to a pre-con meeting. The clients who spent the day making changes are very big customers, and the pre-con will be a big production. We have all our top executives coming by to say hello. I am anxious to see how the eight cheerleaders will do with the dance number they are performing in the center of the hollow square. I am very pleased to see the banquet and entertainment departments have everything in perfect order.

## ▶ LEADING AN OFFICE

One of my catering managers comes into my office and asks to talk. In two days she will renew her wedding vows and she is very nervous. I go into father mode and we make a list of things she has to do. I laugh when I ask her why she is nervous about having a party for 30 people when every day she books parties for hundreds of guests. I try to ease her burden of preparing some of the food herself. I suggest she just bring in the bowls she wants to use and I'll have the kitchen fill them up with whatever she wants. I smile when she says, "No, thank you, I make really good salads myself." I wonder, does that mean our salads are not really good?

Throughout the day, my staff gives me encouragement while I am working to get all the changes made on my group. They all offer to help, and I notice the number of things I am asked to look at is very low today. I am proud of my staff and make a note to have a special breakfast at our catering meeting next week. It has been almost two months since we started a new format for our catering meetings, and I must say they are much better and everyone seems happier with them.

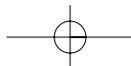
## ▶ BUDGETS

Yesterday we had our review for next year's budget. I must start working on a really aggressive marketing plan to make the revenue number we are after. For today, I'll just start by having a binder made so I feel like I'm making progress. I ask my assistant to run some reports so I can take them home and look at them. I know I'll never look at them while I'm home, but if I find spare time I'll have them, just in case.

## ▶ MENTORING AND INDUSTRY INVOLVEMENT

I call two new interns from the university to confirm their Saturday appointments with me. I need to meet with them to determine their interests and what program they are going to follow for the eight months they will spend with us. I hope they will want to work on the marketing plan and be active in the National Association of Catering Executives (NACE). I also have a protégé from the university, and it would be nice if all three can work together on projects. I feel pressure to provide these students with an overwhelmingly positive experience. Last year I was voted Outstanding Mentor of the Year, and now I feel a higher level of expectation.

Unfortunately, I have to cancel my NACE Board of Directors meeting scheduled for today. I am the president of our chapter, and I have not had time to work on the things I need for the meeting. I do not want to waste the board's time. I make a note to call our NACE intern and schedule a meeting to see what tasks I can have her handle for the Board. Involvement in NACE is rewarding,



but it is like a part-time job. What was I thinking when we agreed to do a fund-raising dinner for 1,000 in February? I'm sure it was the same thing I thought when I said I would love to teach an extension class at the University. It all seems so far away when I say yes. Somehow it all works out.

## ► ENTERTAINING

It's 5:00 P.M. and I need to leave for a cocktail party at a sister property across the street. I am joining the vice president of sales and the executive director of convention services to entertain clients. We have a cocktail party and then a 7:30 P.M. dinner and a 10:00 P.M. show. The evening is wonderful. Our clients really enjoy the special attention we give them. When 10:00 P.M. comes, I wonder if I'll stay awake at the show. My fears are unjustified. The comedian is so funny my sides hurt from laughing. I think, what a great career. I get to have fun while I work. As the evening ends at 11:30 P.M. I confirm that I'll play golf in two weeks—just another sacrifice for my clients.

## ► PERSONAL LIFE

My four golden retrievers are really happy to see me. I know they have had dinner and were well cared for while I was gone, but I feed them again. It is the most wonderful thing I do each day. I take my suit off and get into sweats. It's time to go for a walk and tell them all about my day. They agree that making so many changes is just not right. We devise a plan to keep others from making my day so stressed. Then we talk about the three-day trip we are taking to Utah the day my in-house group ends. It will be our first motor home trip, and we are all excited. It seems my golden retrievers are tired of camping in a tent. Additionally, I plan to spend time working on my online masters degree, and a motor home will be a good place to work. I try not to think too hard about my degree. It makes it hard to sleep when I think of working on my final project.

Now it's 12:30 A.M. and I need to get in bed. As I lie down, I resolve that tomorrow will be "the day I get everything done."

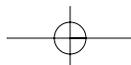
# 6.8 THE ORGANIZATION AND MANAGEMENT OF HOTEL BEVERAGE OPERATIONS

Valentino Luciani

## ► BRIEF HISTORY OF BEVERAGES

**A** beverage such as a glass of wine, a beer, or a cocktail has the magic power of bringing

people together. Beverages have always made an impact on the evolution of humankind. Thanks to modern technology and more advanced carbon-dating techniques, archeologists have now established with certainty that our species has been around for several



hundred thousand years—a lot longer than was estimated 50 years ago. In accepting the fact that alcohol is as old as we are, it would be of great interest to discover what type of beverages were consumed over such a span of time. We can only assume that the earliest beverages were fermented cider-type concoctions made from various kinds of fruit, or brews made from grain, seeds, and anything else nature had to offer. These drinks were perhaps enriched with spices, herbs, and probably more exotic flavoring agents, some of which have been forgotten or lost over the centuries.

What is known for certain is included in recorded history, and it is relatively recent when compared to the newly found lifespan of *Homo sapiens erectus*. In recent excavations, some of the first evidence of eating food and consuming a beverage in a communal fashion is found in the Orkney Islands, close to Denmark. It was a custom then to build dwellings around a common dispenser where foods and drinks were prepared.

Egyptologists have recently published photos of wall paintings found in pharaohs' tombs. In these remarkably preserved works of art one can clearly see Egyptian workers harvesting grapes and preparing them for winemaking. The (presumably filled) wine vessels were then placed in an orderly fashion next to the tomb. The Egyptian nobles believed that these beverages made the best companions for the pharaoh's eternal travel.

Greek and Roman historians report that wine and other alcoholic beverages played a vital role in their societies. The fun-loving Romans went as far as worshiping a beverage deity: Bacchus, the god of wine. Wine and brew shops, which are thought to have been introduced approximately 6,000 years ago, could be found at every street corner of ancient Rome. In the United States, the first person

on record to own a tavern and sell alcoholic beverages to patrons was Samuel Cole. His beverage business was already prospering by 1634.

Beer, which presently accounts for 51 percent of alcoholic beverage sales, carries on a fine tradition in our country. According to the diary of the *Mayflower's* captain, the ship was not scheduled to dock on Plymouth Rock but was made to stop there mainly because it had run out of beer.

Nonalcoholic beverages such as coffee, tea, fruit juices, and, later, carbonated beverages have also made a considerable impact on our evolution and lifestyle. During the past five decades, Coca-Cola has taken the world by storm. Of the hot beverages, coffee and tea are the uncontested kings. One has to only observe the proliferation of specialty coffee shops and kiosks to begin to understand the impact of this beverage.

## ► OVERVIEW

The beverage industry grows in popularity every year. *Restaurant U.S.A.*, the official publication of the National Restaurant Association, reported in 1995 that total sales for bars and taverns neared the \$11 billion mark. For the year 2005, total sales for bars and taverns are expected to exceed the threshold of \$15 billion in sales. Hotels, restaurants, and resorts have for some time regarded the beverage sector as a profitable one. In a medium to large-size hotel, a typical beverage department can produce a profit of over 50 percent of sales. In comparison, a food department shows, at best, a profit of between 15 and 18 percent of sales. Beverage is also gradually gaining a larger share of sales. Hotel operators report that while two decades ago the sales ratio was



85–15 (85 percent food sales, 15 percent beverage sales), today the average is closer to 80–20.

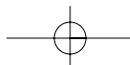
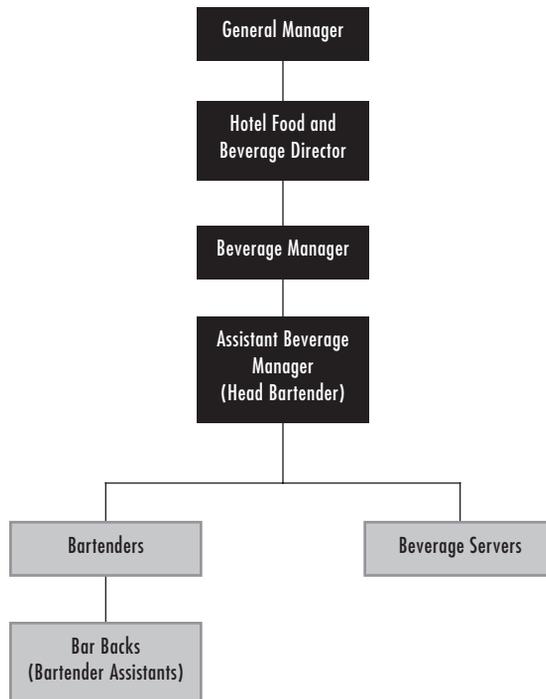
Before World War II, in a small to medium-sized hotel and restaurant operation, the person in charge of the beverage department was the restaurant manager. In many properties, a lead bartender or the wine steward was given the responsibility to run the department.

Today, in a medium to large-size hotel operation, the beverage department has a distinct place in the organization chart, and the beverage manager is the person in charge of

running and supervising all of the department activities. The organization chart is a diagram that shows the operation’s working positions and how they interconnect. The beverage manager usually reports to the food and beverage director. In a very large hotel operation (over 2,000), the F&B director reports to the vice president of food and beverage.

During the last decade, some properties have adopted a different strategy where there are separate food and beverage directors. In these properties the executive chef, who in most cases acts more as a food director than a hands-on chef, is placed in charge of the food

**Figure 6.3 Organization Chart of Beverage Department in a Medium to Large Hotel**



department. He or she enjoys a higher degree of independence and reports directly to the general manager, vice president of operations, or, in some instances, directly to the hotel president. The same is true of the beverage director.

Both of these directors are considered equal in the organization chart. They strive to work together effectively and to communicate daily. They are interdependent in many ways but also aware of the need for communication. In addition, each must establish a sound working rapport with department heads of other hotel sectors. These include front desk supervisors, executive housekeepers, human resource directors, and so forth. Typical of this case, the food manager and the beverage manager, particularly, come together at the end of the month, when the results of their efforts are included in the same profit and loss statement.

Although larger properties find this organization chart modification beneficial to the operation, the majority of hotel properties retain the traditional hierarchy, structuring the chain of command in the same fashion as for the past six or seven decades. A typical example of a classic organization chart for a beverage operation in a large hotel is shown in Figure 6.3.

## ► SHOP TALK AND THE ACTIVE MANAGER

**T**he bar manager or beverage director is the person who makes it all happen in relation to hotel beverages. Although specific responsibilities may vary from one hotel to another, the fundamental role of the manager is to make certain that the five basic functions of

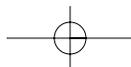
management are applied effectively. As in many other business sectors, these are planning, organizing, directing, staffing, and controlling. The wise and competent bar manager applies and adapts the fundamental principles of each of these functions to the specific needs of the operation. All five functions are determining factors in meeting the operation's ultimate objective: profitability.

It all begins with planning and continues in directing and organizing so that the staff on a daily basis diligently adheres to the established standards. Examples: checking bartenders' opening and closing duties, standardizing drink recipes, verifying that the bar par stock (established amount of beverage product) is at the proper level, scheduling, forecasting, frequently communicating with other fellow managers (in particular the catering manager and the executive steward), and so forth.

The competent bar manager always finds sufficient time to inspect the underbars (the working area behind and underneath the bar counter), the jockey boxes (the small compartment next to the ice bin), and the speed racks (where the inexpensive, or well, bottles and the more popular brand-name liquor are placed).

The above are also the areas where managers cannot place enough emphasis on how vital it is to the operation to continuously apply sanitary standards and practice the utmost cleanliness. Glassware must not only be cleaned but sanitized as well.

An important organizational and training function is the sequencing of beverage stock. This is the order in which spirits and cordials are placed on the shelves or speed rack. It also refers to the order by which the drinks are called to the bartender by the serving staff, and it must always be the same. Super-



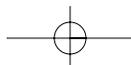
vising the beverage staff and ensuring that control methods are foolproof are crucial and demanding tasks; sequencing provides part of the structural mix that helps assure consistency of product and service.

## ▶ MARKETING AND MERCHANDISING

Throughout the competitive hotel industry, beverage managers consider smart marketing and effective merchandising the keys to success. The marketing of the overall operation and the merchandising of the beverage product require time, experience, and commitment. To make the beverage operation attractive to different types of patrons and to convey a message of value in the service of beverages, bar managers and directors regularly brainstorm. More trendy cocktails are being created daily. Light and refreshing blush wines and sparkling wines are introduced in the preparation of new drinks. Promotional programs and attractive entertainment are featured to keep lounges full and patrons eager to return.

Conscientious beverage managers never rest on their laurels—they are always on the lookout for profitable ways to stay ahead of the competition. As the beverage sector grows and patrons' expectations increase, there are always new and challenging tasks to deal with. The following is a list of managerial tasks with which beverage managers are occupied on an ongoing basis:

- Introducing control systems that are more effective in monitoring the operation—for example, upgrading forms for properly storing and issuing beverage products and for inventory purposes.
- Establishing ongoing training sessions.
- Evaluating beverage staffs' work performance.
- Checking city and county ordinances regarding the service of alcohol and reviewing state and federal laws on handling liquor responsibly.
- Preventing bartenders from committing fraud and attempting illegal practices.
- Ensuring proper sanitary standards are applied throughout the bar outlets and the storage and the service areas.
- Making certain everyone in the department adheres to proper safety standards.
- Writing, rewriting, and updating bar working manuals and handbooks according to need.
- Evaluating the bar menu offerings and, whenever possible, substituting slow-selling liquor brands with more attractive and trendy ones.
- In particular, renewing beverage product selection of specialty beers (e.g., by featuring microbrewed products), brandies, and cordials.
- Tracking trends. For example, a current trend is apparent in cordials or liqueurs. Beverage operators are finding that light, sweet, and pleasant-tasting cordials such as Godiva White Chocolate, Nocello, Grand Marnier, Frangelico, Drambuie, and Bailey's Irish Cream are enjoying newfound popularity. They are also seeing lots of movement in attractive new products such as Remy Red and the fabulous premium tequilas and Polish vodkas.
- Last but not least, assuring the consistency and quality of the service provided to the bar and lounge patron.



## ▶ HUMAN RESOURCES

Outstanding service is the result of a sound organization and diligent recruiting. Bartenders and beverage servers can be talented and willing, but if they are not provided with the necessary resources, total management support, encouragement, and guidance, their efforts will be in vain. A situation may arise where the deciding factor in the delivery of fine and consistent service depends less on personnel skills and attitude than on the role played by management.

Service is the backbone of the hospitality industry. According to Kotschevar and Luciani (1996), “with the new millennium passing by, customers’ expectations are on the rise.” An effective leader finds the proper ways and means to provide the employees with the tools they need to meet these expectations.

Progressive beverage managers now also use the empowerment concept. Empowerment is a management decision by which an employee is given authority to take steps outside the spectrum of regular duties and make certain decisions that are normally in management’s domain. According to many new beverage managers, the progressive coach approach seems to yield positive results among beverage staffs. The old disciplinarian management style is increasingly out of place in today’s beverage business world.

## ▶ THE FUTURE OF BEVERAGE OPERATIONS

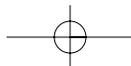
In medium to larger hotel properties, like all department managers, beverage managers are required to prepare a business forecast based on historical data, hotel occupancy, and spe-

cial event bookings for the forecasting period. An accurate forecast helps the manager prepare for clientele volume so that potential revenue can be maximized. It also helps greatly in effectively managing beverage stock, payroll, staff scheduling, and other expenses.

Many hotel executives agree that the first decade of the twenty-first century will be significant for the beverage industry. One peculiar prediction is that, although total hotel revenues are expected to grow considerably, the ratio of beverage sales to room sales will remain the same or decrease slightly. Because of the terrorist attacks in 2001 and the ongoing wars in the Middle East, hotel revenues have not met expectations. Beverage sales, though, have seen an increase in revenue growth. Much of this is due to vigorous promotion and merchandising, particularly of new cocktails and ambitious—even spectacular—wine sales programs. Independent bar and lounge operators also feel confident that, unless more unpredictable events take place, the rest of the decade will be challenging but prosperous.

Beverage distributing firms are also optimistic. They foresee a wider availability of beverage products not only for the hospitality industry but also in areas such as convenience stores, supermarkets, and beverage-specific retail outlets. Beverages that are expected to substantially increase in sales volume are bottled waters, bottled specialty teas, single-malt Scotch whiskeys, Cognacs, aged bourbons, premium tequilas, and grappas. There is a general consensus among vendors that beer sales will remain static and that wine will experience a marginal but steady growth, particularly from new areas of production, both nationally and internationally.

It is expected that federal and state liquor laws will remain substantially unchanged,



with minor exceptions. It also appears that the states will maintain the basic structure of belonging either to control or license categories. Many beverage managers are concerned about government-imposed taxes on liquor and hope they will not be increased.

Beverage managers are concerned about the continuing lowering of the blood alcohol threshold for driving under the influence (DUI) of alcohol or drugs. The lower the threshold—say, 0.08—the more careful in hiring, training, and supervising managers have to be. Over-service of alcohol is an industry-wide problem that presents managers with a variety of challenges. It is important to have policies under which the manager and operation work that minimize the risk to the business and to the public while legally selling and serving beverages.

Education in beverage management is expected to extend to new horizons. Sonoma State University offers a bachelor of science degree in wine management. Through a well-planned university extension program, the University of California, Davis, is expanding on specialized short courses associated with their degree programs in enology and viticulture. The William F. Harrah College of Hotel Administration at the University of Nevada, Las Vegas, started a beverage management major commencing in the fall semester of 2001. Cornell University's School of Hotel Administration, among others, is considering expanding their professional development courses and adding courses on handling and serving alcoholic beverages with care.

## ► AS I SEE IT

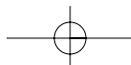
**W**hile reviewing the industry's projections, it would be difficult to leave out hotel execu-

tives' most recent comments on labor issues and concerns. During the past decade, it has been frequently reported that staffing or finding the person most suitable for a particular job is becoming a tougher management function. Many managers agree that staffing responsibilities are requiring more time and effort than ever before. Part of this is attributed to labor trends. The pool of steady and loyal workers is decreasing in size. In addition, the hospitality industry is experiencing unprecedented employee turnover. A major restaurant company has recently reported to me employee turnover of nearly 200 percent for hourly employees, 60 percent for clerical and secretarial staff, and 25 percent for managerial staff. The turnover ratio of bartenders and cocktail servers was reported to be almost the same as that of typical dining room staff such as food servers and bus persons (Lattin, 1998). One can imagine the frustration of a beverage manager who, after spending considerable effort, time, and company money in coaching and training a new bartender, finds out she is planning to quit the following week.

What can be done to deal effectively with this concern? Rewards as motivators provide some positive results. Other means of providing monetary incentives so the operation can retain employees longer may also be effective.

It is strongly recommended here that the best measure management can undertake for this purpose is to provide the employee with a comfortable working environment, promote teamwork and camaraderie, and foster healthy working relationships. In short, the beverage manager is challenged to become the employer of choice for beverage professionals.

In general, the beverage future looks brighter than most other sectors of the



hospitality industry. However, the managers and directors who truly will make a difference will be those who step out, participate, and make things happen. The aggressive new manager always finds ways to establish a good rapport with community leaders and is tireless in devising and developing new means of attracting additional clientele. Whenever possible, he or she makes the effort to attend beverage conventions and trade shows; uses the hotel website to reinforce marketing strate-

gies and list bar special drinks, promotions, and happy hour times; and never rests on his or her laurels.

The modern beverage manager is no longer just the head bartender. This professional is responsible for millions of dollars of the hotel's assets and operates in a high-energy, fast-paced, and challenging environment. It's a lot of fun, though, and rewarding, too. It is a managerial position with a solid future.

## 6.9 CASE STUDY: CRISIS IN THE FOOD COURT

Nancy Swanger

Morgan Black is the director of operations of an on-property food court made up of five branded quick-service restaurant concepts and one full-service casual dining outlet. The resort hotel, of which the food court is a part, attracts affluent guests who are traveling with their families. The food court is located in a common area not far from some of the resort's most popular, kid friendly recreational activities. It also attracts local guests who are not staying at the resort, but just visiting.

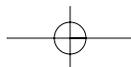
One Sunday afternoon, when the hotel's 2,500 rooms and suites were nearly at full occupancy, an incident occurred at the branded sandwich shop that was both bizarre and frightening to those involved.

As was typical of the property, lunchtime in the common restaurant area was busy and extended well into the afternoon as families arrived for weeklong stays. A father and son approached the counter of the sandwich shop to order a bite to eat. They were nearing the

register to pay for their meal when the son suddenly collapsed and fell to the floor, hitting his head on the glass window separating the customers from the sandwich preparation area. The boy, who was wearing short pants, fell into a puddle of his own bloody feces as he hit the floor. As it all happened so suddenly, those who were witnesses said it was like the boy must have voided as he was collapsing, as there were no signs of any problem prior to the actual fall.

As one might expect, the scene caused quite a stir among guests in the area. One of the shop's employees promptly called 911 for an ambulance. Within a very short period, paramedics arrived to care for the boy. It was several minutes before he was stable enough to transport, as they could not get the bleeding to stop. Morgan, who was on property, arrived just as the boy was being transported to the local hospital for treatment.

Of course, a crowd had gathered, and talk



of the tragedy was spreading rapidly throughout the property. The store was immediately closed and the area around the sandwich shop cordoned off. In trying to assess the situation, Morgan discovered the following:

1. When the young boy hit the floor, the puddle of bloody excrement splattered everywhere—even hitting other guests who were in line.
2. One of the employees, who probably reacted without thinking, began to clean up the mess with her bare hands.
3. The identities of the father and son were not known.
4. A reporter from the local newspaper was a guest at the food court that day and wanted comments on what happened.

Suggest a plan for Morgan’s handling of the situation.

### Points to Consider

- Involvement of the health department?
- Notification of the brand’s corporate office?
- Condition of the boy?
- Clean-up process?
- Treatment of contaminated items?
- Handling affected guests and employees?
- Methods to reassure resort guests?
- When to reopen and resume business as usual?
- Implications of what happened—short and long term?
- Role of the resort’s crisis team?
- Training gaps?

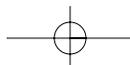
## 6.10 CASE STUDY: OUTSIDE THE BOX IN THE FOOD AND BEVERAGE DIVISION

The Corporate Food and Beverage Committee, through its executive director, has ordered each hotel in the SunRise Hospitality chain (11 medium-size, full-service hotels situated in the Southeast, South, and Southwest) to submit a plan to completely rethink one restaurant in each hotel. SunRise Hospitality specializes in catering to the upscale business traveler and, increasingly, the high-tech companies that are now moving to the South from California, the Seattle region, and the Northeast. Their average room rates are consistently in the top 15 percent of all hotels in their market areas. Historically, though, this

has been a fairly conservative and risk-averse hotel company.

The corporate office wants to change this and, in the process, to involve each hotel in decision making. The executive director of F&B wants to evaluate plans from each hotel’s food and beverage director that “think outside the box.” Among the ideas floating around the company on the F&B directors’ grapevine are the following:

- Feature menus that emphasize local or regional cuisine. The idea here is to utilize fresh ingredients and local meat, produce,



and seafood, and to feature the ethnic and cultural diversity of each hotel's local market area. One goal of this plan is to make the hotel restaurant appeal to local clientele in addition to its guests.

- Outsource one restaurant to a well-established regional independent operator.
- Outsource one restaurant to a national chain.
- Hire a celebrity chef to bring prestige and favorable publicity to the hotel.

These are only a few of the possibilities. As food and beverage director, you have brought this plan to a meeting of your staff for purposes of general background discussion and ideas about how to proceed. Included in this meeting are the executive chef and chief steward, the manager and assistant manager of your formal French-service dining room, the wine steward, and the director of purchasing.

After presenting the corporate plan, you ask for ideas and comments. The chef, who is French, is absolutely devastated and seems to be treating the corporate directive as a per-

sonal insult. He walks out in a huff, threatening to pack up his knives and recipes and go back to France. The restaurant manager is interested in the corporate idea but says she has just spent the last five months hiring and training about half of her restaurant staff in tableside preparation and service of the French menu. She is worried that switching menus this fast may cause her operation to suffer, at least in the short term.

The wine steward considers the challenge somewhat ambiguous because, depending on what eventually is decided, he will have to choose a complementary wine list to enhance the new concept or lose his job to an outsider.

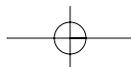
The director of purchasing is intrigued by the idea of exploring new local markets. However, he too worries that some of the options may diminish his responsibilities.

Your job as director of food and beverage is to help each department head to develop a plan that will satisfy his or her concerns while following the dictates of corporate policy.

(*Note:* Additional insights into potential solutions to this case may be gained by reading the essay by C. Lee Evans later in this book.)

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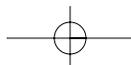
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**S O U R C E N O T E S**

- Chapter 6.2, “Managing Food and Beverage Operations in Lodging Organizations,” by Robert H. Bosselman.
- Chapter 6.3, “As I See It: Hotel Director of Food and Beverage,” by Dominic Provenzano.
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- Chapter 6.7, “A Day in the Life of an Executive Director of Catering Sales and Convention Services,” by Rich Benninger.
- Chapter 6.8, “The Organization and Management of Hotel Beverage Operations,” by Valentino Luciani.
- Chapter 6.9, “Case Study: Crisis in the Food Court,” by Nancy Swanger.

