

STRATEGIC PLANNING GUIDE

for Opening
A NEW
BAR



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Introduction

Opening a new bar is an exciting time. You essentially have a blank slate – a chance to create a fresh and exciting concept that reflects your tastes and sensibilities. If you have a good sense for the pulse of your town and the needs of your potential patrons, then with some hard work, you will be able to build your new establishment into a thriving business that one day will be viewed as an institution in your area.

This eBook will discuss many facets of the strategic planning necessary to set your new bar up for success. If you're a first time bar owner, you'll find a wealth of useful information that will help you navigate the process of setting up your new establishment. If you've owned a bar before and you're looking for some fresh ideas for your new business venture, this book will provide you with that perspective. Alternatively if you are involved in an well established bar this eBook can be equally useful as a way to question the status-quo and provide some new ideas and opportunities.

We've boiled down our best advice into this easy to digest format and we hope you find it useful. We'd love to hear any comments, criticisms and suggestions you have.

Thanks for reading and we wish you, your bar and staff the very best luck and success!

Regards,
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CHAPTER 1: POS SYSTEMS

Choosing the right POS system is critical to the success of your new restaurant. Many owners prefer to use the POS system they've worked with in the past, and in general that's a perfectly sound strategy. Most of the major POS systems can do what you need them to. If you're already familiar with the way your current POS system works, you'll be able to effectively set it up to meet your new restaurant's needs. There's certainly no need to switch to a new system if it will create additional work and an increased learning curve.

Bar-i doesn't have a POS system that we recommend over all of the others. The industry leader is Aloha. Alternatively, we've found that Serving Success works particularly well with our hybrid liquor inventory system due to a couple of advanced features.

Programming Your POS System

In our experience, the way you program your POS system is much more important than the actual system you choose to work with. The most important point to keep in mind when programming your POS system is there should be a way for your bartenders to ring in every single product being served so that you can more effectively track the performance of each product you sell.



The following tips will help you to more effectively program your POS system:

- ⇒ Make sure your managers create buttons for every product sold – These buttons should be created before the product is ever placed behind the bar.
- ⇒ •Avoid using generic buttons such as “well,” “call,” or “premium” –These buttons don’t tell you what product was actually sold, which ultimately makes it more difficult to achieve the actionable information necessary to track the performance of each individual product.
- ⇒ Avoid generic modifiers such as “rocks” or “martini” – These modifiers typically get applied across the board to all different products and result in a standard up-charge for every product. You won’t be able to track how many times these modifier buttons are used with each product, which makes it more difficult to track performance. In addition, having the same up-charge for well drinks and premium drinks will eat into your profit margin since your cost on premium bottles is much higher.
- ⇒ Avoid using “open” buttons – “Open” buttons such as “Open Beer,” “Open Wine,” and “Open Liquor” provide a convenient way to ring in specialty orders or one-off promotions. However, they also increase the potential for confusion and undercharging.

By taking the time to properly set up your POS system, you will be able to compile detailed data on every product that is sold at your bar. When this information is combined with the data gathered by our liquor inventory system, you'll be able identify products that are missing. You can then address these issues with your bar staff to ensure it gets corrected.

CHAPTER 2: PRODUCT MIX

In our experience, we've found that most bars have too large of a product selection. This is problematic for two reasons:

- ⇒ It complicates your processes
- ⇒ It reduces your buying leverage

We recommend that when opening a new bar, you reduce your product selection and have a more carefully curated product list about which your staff is highly knowledgeable.

Set Hard Guidelines

The best way to accomplish this goal is to set hard guidelines for your product selection. This is fairly easy to do with draft beers (you only have so many taps) and bottled beers (you have limited space in your cooler). However, it's easy for liquor and wine selections to spiral out of control, especially since the liquor reps will try to push all of their products on you.

To avoid this problem, set a maximum number of products that will be sold at your bar and don't let your bar manager exceed this limit when ordering. In general, sticking to no more than 150 liquor products should keep your product mix manageable.

Limits for wine may vary a little more depending on how important wine sales are to your business model. If you plan on being known as a wine bar or you're a high end restaurant with an extensive wine list, you'll want to hire a sommelier to manage this aspect of your business.

Genuine vs. Premium Wells

Many new bars grapple with the decision about whether to offer genuine wells or premium wells. When you sell well drinks, you're dealing with price-sensitive customers. It may not be worthwhile to use premium wells since they are being sold at a low price to people who care more about a cheap drink than a great tasting drink. In most situations, going with a cheaper well drink (genuine wells) will better address this segment of your customer base.

Another way to approach this dilemma is to use genuine wells for your well drinks and also offer premium wells as a low end call option. This way, you can charge a little more for your premium well/low end call option while providing these price-sensitive customers with a little extra variety.



Rotate Products Seasonally

Every time you change products, you create transaction costs:

- ⇒ You need to add a new button to your POS system
- ⇒ You have to add the new product and enter its price into your liquor inventory system

Changing your product selection on a regular basis wastes a lot of time and increases these transaction costs. It's much more effective to strategically rotate your products on a seasonal basis.

We recommend rotating your product selection twice a year. This allows you to take bids from your distributors and choose your new product list based on the best deals you receive. By adopting this strategy, you can more effectively negotiate the best possible prices and deals from your reps while keeping those annoying transaction costs to a minimum.

If you're planning on opening a high end bar, you may want to consider seasonal product rotations four times a year, but for all other bars twice a year should be sufficient.

CHAPTER 3: PRICING STRATEGY

One of the most important points to keep in mind when creating a pricing strategy for your new bar is to emphasize value over price.

Most bars tend to discount their cheaper products, but not their higher end products. For example, it's much more common to see PBR or Budweiser featured in a drink special than craft beers. This is a huge mistake. By failing to offer deals that provide value throughout the price spectrum, you risk cannibalizing your sales.

When you only discount your cheap products, you create a situation where people who would normally order higher end products start buying the discounted cheap drink because it's a much better deal. The increased value of a \$2 PBR compared with a full price IPA will often override a beer drinker's taste preferences.

A better strategy is to discount a selection of products in all price ranges so that people who normally drink higher end products continue to order them. In this situation, you not only increase your sales for higher end products, but the customers who order these drinks feel like they're getting a deal.



This is a true win-win. You'll still make more money on these higher end products than you would on the really cheap low-end drink in spite of a slightly increased liquor cost. And by providing great value to your customers, you'll hopefully keep them coming back to your bar on a regular basis.

Get Assistance with Your Pricing Strategy

We recommend that you download our free liquor cost calculator. It's a great tool that will help you price out individual drinks sold at your bar.

There are many other elements that going into creating a sound pricing strategy for your bar. For a more complete understanding of how to formulate your pricing strategy, please read the following articles:

- ⇒ [Understanding How Liquor Cost Impacts Pricing Decisions at Your Bar](#)
- ⇒ [6 Frequently Overlooked Strategies for Determining Liquor Pricing at Your Bar](#)
- ⇒ [2 Important Tools that Will Help You Make Strategic Liquor Pricing Decisions at Your Bar](#)



CHAPTER 4: FORMULATING A PORTION SIZE STRATEGY

Portion sizes aren't thought about carefully enough by most bars, and this is a huge mistake. Establishing a clearly-defined portion size for your drinks is an important way to ensure the quality and taste of your cocktails remains consistent. But more importantly, it'll ensure that you don't sacrifice profits due to your bar staff pouring drinks too heavy.

When opening a new bar, it's important to have a clearly established portion size for your drinks as well as an objective way to measure this portion. For example, we don't recommend making a "3-count" your standard way to measure your portion sizes since every bartender's 3 count may be different. On the other hand, making a 1.5 oz. drink your standard portion size is much more objective. It's easier to measure this portion size, and your bartenders can focus on getting the portion right every time they pour a drink.

Draft Beer Portion Sizes

The most common portion size for draft beer is a 16 oz. glass. However, you may want to consider using 14 oz. glasses instead. Most customers typically won't notice that they're receiving a slightly smaller portion. However, this smaller portion size allows you to price your beers a little more aggressively, and most people notice price more than they notice portion size.



Something else to consider is to also offer a larger size beer option. This is especially beneficial for high volume bars. It'll take longer for people to finish the larger beers, which helps your flow at the bar during busy times. We recommend using a 20 oz. glass for your larger beer option or emphasize the point with a 24oz stein glass (note that technically a stein

isn't made of glass but most people won't care once you hand them a cold frosty one).

Liquor Portion Sizes

The two most common portion sizes for liquor drinks are 1.25 oz. and 1.5 oz. The industry standard tends to be 1.5 oz. drinks, but we commonly see 1.25 oz. cocktails in establishments with more of a corporate culture. In general, Bar-i recommends offering a 1.5 oz. liquor drink and a smaller size for shots (ideally 1 oz.).

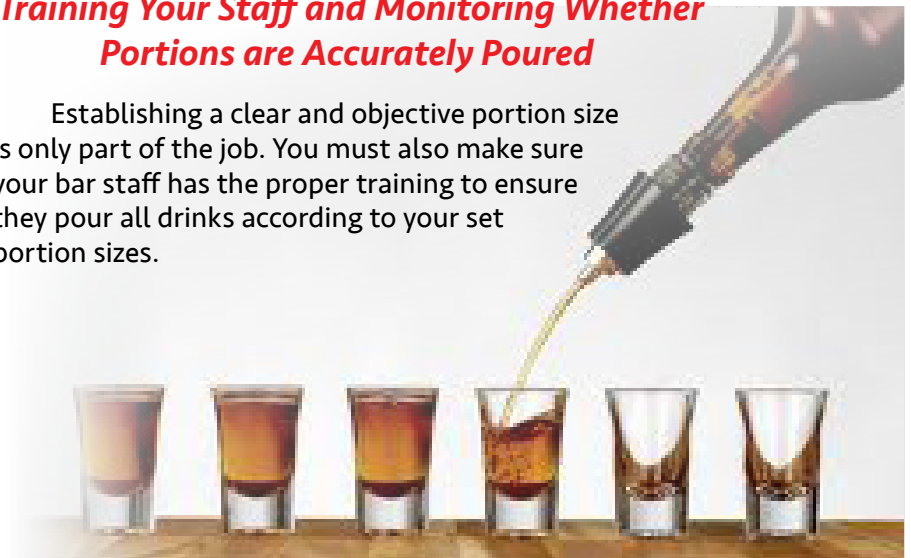
You'll need to carefully measure the size of your shot glasses since the size listed on the packaging isn't always accurate. We find that 1 oz. is the ideal size for shots. By using this smaller shot size, you can price your shots a little cheaper than your cocktails, which will hopefully increase sales and check averages. It'll also take longer for your customers to get their buzz on, which is good from a responsible service perspective.

Wine Portion Sizes

A 6 oz. glass of wine is typically the standard size at most bars. However, some bars that emphasize wine service will offer 2 different sizes (typically 6 oz. and 9 oz.). This is effective if you sell a lot of wine at your bar. By offering the larger size in addition to the standard size, you can make a few extra dollars on each glass of wine that you sell.

Training Your Staff and Monitoring Whether Portions are Accurately Poured

Establishing a clear and objective portion size is only part of the job. You must also make sure your bar staff has the proper training to ensure they pour all drinks according to your set portion sizes.



Bar-i runs training workshops with new clients to help make sure you have the proper training processes in place at your bar. During these workshops, we'll show you how to implement pouring practice at your bar. **This is an effective way to make sure your bartenders get the portions right all the time.**

It's also important to verify that these portions are being adhered to during every shift. The best way to do this is to use a sophisticated liquor inventory system that lets you **compare what is rung in with what is actually poured.**



CHAPTER 5: PROFITABILITY IMPROVEMENTS

The ultimate goal of starting a bar or restaurant is to make money. Obviously, you want to have a quality product and provide your customers with a great experience, but if you don't turn a profit, your efforts will be short-lived.

Becoming profitable is one of the greatest challenges faced by new establishments. You'll need patience, since it may take several months or even up to a year for your bar to get established in your community and really start hitting its stride. That being said, you don't want to hemorrhage money during your bar's fledgling days, and you don't want to flush profits down the toilet due to poor strategic planning and inefficient processes.

In order to maximize your profitability, we recommend that you spend a significant amount of time brainstorming ways to **streamline your processes, reduce your costs, and improve the profit margin on the items you sell.** This strategic planning should be done prior to opening your bar, not on the fly once you discover that you need to make more money.

As part of our services, Bar-i will act as consultants in order to help you **develop a comprehensive plan to maximize your profitability.** We're going to provide some basic tips here to get you started with this planning right away.



Signature Drinks

While many people know what they want to drink when they enter a bar, there are actually a lot of people who are undecided. It's important for you to take advantage of this opportunity and guide these undecided customers towards an interesting drink that not only tastes great, but is highly profitable. The most effective way to accomplish this goal is to create a line of signature drinks.

By creating a menu of signature drinks that taste great and are unique to your bar, you can leverage the opportunity presented by people who are open to trying new drinks. These drinks are more profitable than typical mixed drinks such as Jack and Coke or Vodka soda since you have the ability to get creative with your ingredients while charging a premium price due to the special nature of the drink.



The measure of success of your signature drink line is the percentage of your total sales that they comprise. If your signature drinks only make up about 5% of your sales, it's a sign they aren't very successful. If this is the case, you should re-evaluate the drinks on your menu and create some new ones that may be more popular with your customers. The more signature drinks you sell, the more you'll be able to reap the benefits of the higher profit margin associated with these drinks.

Portioning Adjustments

We discussed portion size strategy at length in the previous chapter. Just to recap, here are the basics:

- ⇒ Make sure your bartenders know all the standard portion sizes for every drink you serve, and monitor their performance on a regular basis to make sure all drinks are being poured consistently according to your established portion sizes

- ⇒ Selling 14 oz. glasses of draft beer instead of 16 oz. glasses allows you to price your beers more competitively, which may bring in more business
- ⇒ The standard size for a liquor drink is 1.5 oz., but you could serve a 1.25 oz. drink and price them more aggressively to boost business
- ⇒ Serve a smaller sized shot (ideally 1 oz.) so that you can sell them at a lower price than your cocktails – this should help boost shot sales

Consider requiring pouring practice as part of your bar staff training to ensure that all your bartenders get the portions right all the time. The best way to test this is to use a sophisticated bar inventory system that allows you to compare what is rung in to what is actually poured.

Product Substitutions

The products you use in your drinks will significantly impact your profit margin. When you're making more complex drinks that use multiple liquors and multiple mixers, you can often substitute a similar product that costs you less in order to boost the profitability of the drink.

In most instances, you can make these product substitutions without impacting the taste of the drink. For example, you can use St. Brendan's instead of Baileys for drinks that require Irish Cream and your customers won't notice the difference. Similarly, you can substitute any coffee liqueur for Kahlua in a White Russian and the drink will taste the same.

There are many other opportunities to implement this strategy. Getting creative with your drink recipes can significantly boost your profits.



Infusions and Batches

Infusions and batches are a great way to increase your profits:

- ⇒ **Infusions** allow you to add value to a drink and therefore raise the price without significantly increasing your costs.
- ⇒ **Batching** allows you to combine some mid-range liquors into an interesting drink that incorporates juices and other mixers. These drinks are often more profitable than standard cocktails such as Jack and Coke.

In particular, high volume bars can benefit significantly from batching their most popular mixed drinks. Batching will reduce the time it takes to make these drinks during your busy rush, which allows your bartenders to sell more drinks.



CHAPTER 6: RECIPES

No one wants to go to a bar that serves crappy drinks.

This is one fundamental truth that applies to all types of bars. No matter what the concept is for your new bar or restaurant, you'll want to make sure your drinks taste great. Otherwise, you might find it difficult to cultivate repeat customers.

When you're creating the drink menu for your new bar, we strongly encourage you to put a lot of thought into the recipes for the drinks you're going to serve. This extends beyond creating a menu of unique, great tasting signature drinks (this is something all bars should offer). There should be a recipe for every drink you serve at your bar, even the simple cocktails.

It's important to achieve a high level of precision with your recipes to ensure that your drinks taste great. You may know your basic pouring proportions, but in more complicated drinks such as martinis, Long Island iced teas, signature drinks, and other specialty cocktails, you need to make sure that all of your bartenders know the exact proportions for all ingredients in every drink on your menu.

The best way to accomplish this goal is to have well established guidelines for your recipes. The following tips will help you ensure that your bartenders know the recipes for your drinks and pour them properly on a consistent basis.



Bartender Cheat Sheets

You're running a bar, not a classroom. There's absolutely no benefit to requiring your bartenders to commit every recipe to memory. Provide cheat sheets that include detailed recipes for all of your complicated drinks, and make sure the **portion for every ingredient is clearly stated**.

Keep these cheat sheets behind the bar so that your bartenders can reference them whenever they're making drinks for customers. You'll find this is especially helpful for drinks that don't get served very often.



Recipe Testing

Testing? We're running a bar, not a classroom, right?

Yes, but...

How do you know that your bartenders are carefully following the detailed recipes you've created? The only way you can make sure all of your bartenders know the proper recipes and are using them during their shifts is to test them on their knowledge of these recipes on a regular basis.

Obviously, you don't need to test them on every recipe contained in your bartender cheat sheets. Your bartenders shouldn't be expected to know the recipes for rarely-poured drinks off the top of their heads. But they should be able to tell you the recipes for all of the high volume drinks on your menu.

Test your bartenders on the recipes for:

- ⇒ Signature drinks
- ⇒ Commonly ordered cocktails
- ⇒ **High volume craft cocktails**

During a busy rush, your bartenders will be pouring a lot of these drinks, and they most likely won't be referencing their cheat sheets every time these popular drinks are ordered. Make sure your bartenders are using the proper recipe to ensure all drinks are made consistently, taste great, and don't boost your liquor cost by being poured heavy.

Pouring Practice

The key to making drinks correctly is pouring the proper portions for all ingredients. You need to be confident that your bartenders can pour different sizes accurately when it's busy.

The best way to make sure your bartenders can do this is to make **pouring practice** part of their training. There are many different ways to implement pouring practice at your bar, but we recommend using a scale. It's the most effective way to help your bartenders develop an accurate count when pouring.

The following tips will help you create an effective pouring practice training regimen:

- ⇒ Purchase the Jennings JScale CJ-4000 Table Top Scale – it's relatively inexpensive and is accurate to .02 oz.
- ⇒ Place a glass on the scale and tare it to zero
- ⇒ Fill an empty liquor bottle with water and put a speed pourer on top
- ⇒ Have your bartenders pour into the glass on the scale, counting out loud while they pour

The reason this method is so effective

is because it creates an instant feedback loop. The moment your bartenders stop

pouring, they'll know exactly how far off they were from the correct pour size. By repeating this process over and over again, **your bartenders will be able to refine their count until it's consistently accurate.**



Gettin' Jiggy with It (Jigger Usage)

Bar-i doesn't recommend using jiggers with most items. Jiggers slow down your bartenders, and they may give your customers the impression that you're cheap with your pours. Instead, it's much better for your bartenders to be able to pour accurately using a count.

However, there are certain situations where your bartenders absolutely should be using a jigger. A good rule of thumb to follow is:

no pouring cap = jigger

On high ticket liquors that don't use a pouring cap because they're not poured regularly and you want to eliminate the risk of evaporation, you should always use a jigger. These are the most expensive liquors in your bar, so giving a customer an extra half ounce will significantly eat into your profit margin.

We often suggest using jiggers for two other scenarios:

When bartenders are making craft cocktails with multiple ingredients, it's really important that the proportions of these ingredients are correct. Ensuring this happens consistently can be especially hard with small amounts and multiple ingredients so jiggers work well on complicated craft cocktails (see also our discussion on batching).

Another occasion on which it makes sense to require jigger usage is on weeks when your inventory numbers are off. If your inventory Accountability score is low then consider mandating jiggers for all drinks until the numbers improve. This also creates an incentive for your bartenders to pour correctly so that they go back to free-pouring.



CHAPTER 7: DELIVERY RECEIVING AND ORGANIZATION BEST PRACTICES

For most bar owners, being very well organized isn't near the top of their to-do list. This is a huge mistake. Every aspect of your bar will run more smoothly when you are organized. Not only will this make your operations more efficient, but it'll make you more money in the long run.

Being organized isn't just about how you arrange liquor bottles behind the bar, how you optimize your POS system, or your attention to detail when you create the layout of your restaurant. It applies to every aspect of your business, and it starts when shipments come through the door.

Fortunately, a poorly organized bar and sloppy delivery receiving practices are easy problems to correct, and they're even easier to issues to avoid if you get these processes right from day 1.



Delivery Receiving Best Practices

At Bar-i, we often see haphazard delivery receiving practices when we start to work with new clients. This is problematic since you need to be able to confirm line by line precisely what was delivered to your bar in every shipment.

When you don't have a well-defined system for handling deliveries, you create a situation where distributors are likely to put new product shipments with existing products. This makes it very difficult to confirm exactly what was delivered. Ultimately, this will cost you a lot of money. Billing errors occur frequently, and they're never in your favor.

In order to streamline your delivery process:

- ⇒ Make sure you have a designated area for deliveries that is separate from existing products – never allow delivery personnel to “marry products” in your storeroom
- ⇒ Have an employee go through the invoice line by line to make sure everything matches up with the products that were delivered
- ⇒ Refuse products you didn't order

This last point is extremely important. It's common to receive new products for free with your order because the liquor rep is trying to push this new product. Eventually, you may start getting charged for this previously free product along with your regular order (Note: this doesn't apply to all States). You need to refuse these products the very first time you see that you're being charged for them. If you don't stay on top of this, you'll end up with a room full of experimental products like raspberry whiskey that no one will ever want to drink.

Staying organized with your delivery receiving will also help you to negotiate for better free products. Some companies will give you a free bottle with your order (Jameson often does this in Colorado for example). However, sometimes you may receive a weird new flavor that they're trying out (we're looking at you, raspberry whiskey) as the free bottle. Tell them that you prefer to receive the standard bottle instead of an experimental flavor as your freebie.

Sometimes the liquor company will accommodate this request regarding free products, and sometimes you may get stuck with the weird bottle that no one will ever drink. But unless you diligently manage this process, you'll never get the free items you want. And a free bottle of regular Jameson can be sold at regular price for 100% profit.

Bar Organization Best Practices

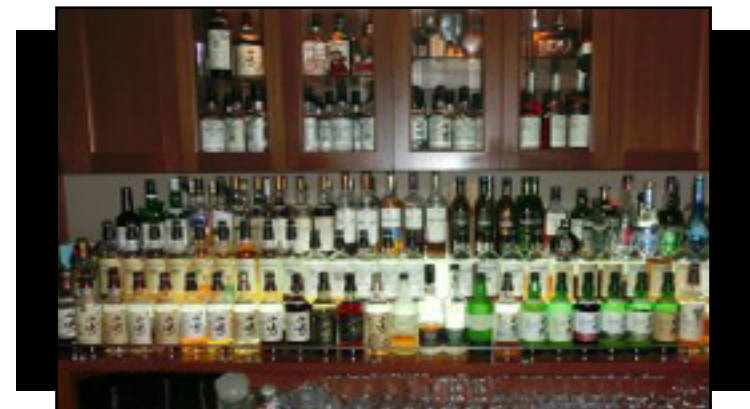
In general, most bars aren't very well organized. In most instances, there's a simple reason for this – no one has taken the time to organize it. But as with sound delivery receiving practices, being well organized is important to the success of your bar.

Fortunately, there's an easy way to avoid this problem. Make sure someone on your staff is responsible for keeping your bar organized. Ideally, you want to choose an employee who has strong organizational skills. While this may limit your choices, there should be someone at your bar who is organized in their daily life, and you only need one person for this job.

Your dedicated organization expert should keep the following tips in mind:

- ⇒ There should be a set place for all products in your bar (a concept called ***mise en place***)
- ⇒ Everything behind the bar and in your storeroom should be well labeled
- ⇒ Place like products with like products – whiskeys go with other whiskeys, tequilas with other tequilas, etc.

Menu construction can impact the organization of your bar as well. Seasonal menu changes will make it much easier to keep your bar organized than if you change your products every few weeks. Seasonal menu changes will also provide many other benefits such as giving you better leverage with your distributors, which should help **improve your profitability**.



CHAPTER 8: ORDERING PROCEDURES

One of the more challenging things to get right when opening a new bar is your ordering procedures. Once you've been open for business for an extended period of time, you'll have a sense of what your customers typically order, making it easier to ensure you have the right amount of every product on-hand at all times. But it can be difficult to know this information before your bar is open for business.

The key to gathering this data as quickly as possible is to use a sophisticated liquor inventory system that tracks the performance of every item sold at your bar. This will help you determine how fast you are running through each product, and most of these inventory systems will give you alerts which tell you when it's time to reorder.



Determining Your Product Mix

The first step in figuring out your ordering procedures is to determine your product mix. Consider the following questions when thinking about the products you will carry:

- ⇒ What is your bar's concept? (ie. dive bar, high end bar, fast-casual concept, etc.)
- ⇒ Who are your typical customers going to be and what are their tastes?
- ⇒ Are you going to focus on a certain niche? (ie. large selection of craft beers on tap, extensive list of high end whiskeys, tequila/

margarita bar, extensive wine list, large selection of signature drinks and craft cocktails, etc.)

These types of questions should help you narrow down the focus of your drink menu. Regardless of the types of drinks you plan to feature at your bar, we recommend setting hard guidelines for your product selection to simplify your ordering process and improve your buying leverage.

This can be easy to accomplish for beer products since you'll have a finite number of taps and limited space in your beer coolers. However, it can become more challenging to limit your product list for liquor and wine. In general, we recommend that you set the maximum number of liquor products sold at your bar at 150.

Determining How Much of Each Product to Order

It's crucial that you establish pars. Otherwise, you will most likely end up over-ordering most of your products. When you over-order, you end up with excess product sitting around your bar and this will cut into your profit margin.

In general, we recommend that you aim for a target goal of keeping at most four times the weekly usage on-hand at all times. The key to maintaining this goal is to calculate your liquor cost as accurately as possible so that you know exactly how much you should be spending on the products you order.

For example, if you sell \$20,000 in products every week and your liquor cost is 20%, you spend \$4,000 a week on the products you sell to your customers. In this situation, you shouldn't ever have more than \$16,000 of products on-hand at any given time, and it's likely that you can get away with a supply that is closer to \$12,000. When you work with Bar-i, this information will be provided in your weekly reports.

Bar-i can Help with Your Ordering Procedures

Bar-i has an ordering system which is based on our liquor inventory software tracking what your bar is using and calculating how much is left. This makes it easy to know when you need to reorder a product and how much you should order at a time.



CHAPTER 9: EMPLOYEE COMMUNICATION AND INCENTIVES

It's important to hire the right people and create an environment that cultivates a strong, tight-knit team. Your staff is the face of your bar – they interact with your customers every day, and it's important that they make a positive impression on your customers. This is crucial to generating repeat business.

But getting your staffing needs right goes way beyond hiring people who will provide great customer service. They must also work well together to ensure your bar's operations run smoothly. Even more important, you want your **staff to be personally invested in the ongoing success of your bar** so that they do the little things necessary to help you maximize your profitability.

Obviously, there's a certain element of talent evaluation involved in this process. You must be able to identify the types of applicants who will make great employees and who will hopefully become long term members of your team. But more importantly, the management team at your bar (and this starts with you as the owner) must create a system that not only sets your employees up for success, but provides them an incentive to work hard and do their very best every day.

There are two important things you can do that will help you create the type of system that will set your bar up for success:

- ⇒ Establish clear communication protocol for all staff to follow
- ⇒ Set up a reward system that properly recognizes your employees for the excellent work they do and the value they bring to your bar

Communication Best Practices for Your Bar Staff

Bars are complicated entities. There are lots of moving parts and lots of employees. To make matters more challenging, the intense scheduling needs required to keep a bar open for lunch, dinner, and

late night business means that many of your employees only have the opportunity to interact face to face a few times a week. It's a good idea to **keep a communication log behind the bar** so that everyone is on the same page about procedures and is aware of your bar's needs.

It's best to create and use this bar log from the moment you open for business. This will establish a clear pattern for communication that will become engrained in your employee culture right away.

Anytime something is done differently than what has been established as the correct way based on your operating procedures (ie. a drink isn't rung into your POS system, "open liquor" buttons are used, product substitutions are made, etc.), it should be written down in the log. This holds your staff accountable for their actions, and it lets you stay aware of what's going on at your bar during every shift.

When you review the communication log at the end of the week, you'll be able to learn a lot of important information, including:

- ⇒ When new buttons must be added to your **POS system**
- ⇒ Any problems that are arising at your bar
- ⇒ Any processes that aren't running smoothly and need to be updated
- ⇒ Any issues with customers that need to be addressed personally
- ⇒ The details of any interactions with local law enforcement

If there are no notes in the bar log when you review it at the end of the week, it's a sign that you have a problem because there's always something happening that should be communicated to you. This log is an important way for your staff to provide you with feedback regarding what they need from you.

Trying to get this feedback via verbal communication isn't effective because these conversations are often had during a busy rush, increasing the likelihood that they'll be lost in the shuffle. It's important to establish a system for written communication to ensure you receive this important information.

Rewards for Employees

It's important that you acknowledge and accept this simple truth: no one will care as much about your business as you do. If you want your managers and staff to care as much about the profitability of your bar as you do, you need to give them an incentive to do so.

There are times when you'll have great managers and times when you'll have weaker managers. It's important to **reward good managers** for their excellent performance so that they have an incentive to not only keep up this good work, but raise their level of performance to even higher levels.



At Bar-i, we strongly recommend that you have an **element of manager compensation based on performance/accountability**. It's the only way to ensure your managers will always be committed to doing the best possible job.

Similarly, you want to provide incentives for your bar staff to care as much about the bar's profitability

as they care about their own wallets. Otherwise, you run the risk that your bartenders will give away too many free drinks to boost their tips.

Shift drinks and comp tabs are the two most powerful incentives you can use with your bartenders. Therefore, it's in your best interest to make bartender shift drinks and comp tabs based on accountability. We recommend implementing a three tier reward schedule:

Tier 1 – If 97% or more of drinks poured are being rung in, your bartenders receive the maximum allowable comp tabs and shift drinks.

Tier 2 – If 94-96% of drinks poured are being rung in, your bartenders' comp tabs and shift drinks are reduced slightly.

Tier 3 – If the number of drinks being rung in falls below 93% of what is poured, comp tabs and shift drinks are reduced even further. Additionally, you should require additional training, staff meetings, and **pouring practice** to ensure that your bar staff improves their performance.

This probably won't be a popular policy amongst your bar staff, but it's the only way to ensure that they're held accountable and ring in everything being poured. Otherwise, your profit margin will be significantly impacted.

Keep in mind that the only way to accurately determine what percentage of drinks being poured is actually rung in is to use a **sophisticated liquor inventory system** that tracks the performance of every product sold at your bar. **Bar-i's system** can provide you with the actionable data necessary to implement these incentive/accountability systems with your staff.

CONCLUSION

We hope that you found this information to be valuable as you begin the strategic planning for your new bar. As you can tell, there are many important factors to consider in order to set your bar up for success.

At Bar-i, we've worked with more than 100 bars and restaurants nationwide. In addition, our co-owners, Scotty and Jamie, have more than 40 years of combined experience working in the bar industry prior to starting Bar-i. This experience has helped us develop a vast wealth of knowledge about the bar industry. We know this business inside and out, and we can help you make the right decisions to set your bar on a path towards success and profitability.

We encourage you to visit our website to learn more about the different bar inventory services we offer. **You can also contact us online or call us at (970) 281-7779** today to schedule a free consultation regarding everything from your bar's inventory needs to simple advice on how to set your new establishment up for success.

Thanks for reading our eBook, and we look forward to hearing from you soon.



