

ARE YOU REALLY READY TO OWN AND OPERATE A BAR?



With 2010 nearing its conclusion, some people may be weighing their options and trying to decide if 2011 is the year they enter the bar business. As such, we've asked Certified Beverage Manager Bob Johnson to pen a two-part series over our last two issues of 2010, discussing various details and questions to consider before making a decision about owning and operating a venue.

By Bob Johnson, CBM

PART ONE: HUMAN NATURE

“There Is a World of Difference Between ‘Running’ a Bar and ‘Managing’ a Bar.”

Many people get into the bar business thinking they are going to be great owners/managers and will naturally be good at this line of work. Unfortunately, in many cases, their egos will prevent this from happening.

If only these people would just set their egos aside and say, “I’m obviously a very talented individual. I could become good at owning or managing a bar, but I have to be willing to learn. I have to be willing to open my mind to the possibility that I’m wrong and to listen to other people—especially the qualified professionals.” To paraphrase from an article written by professional poker player Annie Duke, in *USA Today*: Commenting on why CEO’s make lousy poker players, she says, “Their egos get in the way.” Well, most owners/managers of bars make lousy operators (and poker players) for the same reason.

This is a tough realization for someone to accept, particularly someone who has risen to the top in another profession. “Don’t tell me what to do! After all, I’ve been in business for 27 years!” or, “Running a bar is not rocket science—anyone can do it!” or, “Hey, I own this joint! Who are you?!”

Well, I’m here to tell you that there is a world of difference between “running a bar” and “managing a bar.” Anyone can own or run a bar, but very few can correctly operate and manage one. Don’t kid yourself—you don’t just walk in, take over, and start telling staff what to do. You have to know what you’re talking about. Just because you may have been successful in another business does not mean you will be successful in the bar business.

If you think owning or managing a bar is easy, continue reading. Bar management skills are learned, not inherited. I think you’ll eventually come to the profound realization that you really have to know what you’re doing. Making too many mistakes because you don’t know what you’re doing could possibly put you in jail, out of a job, and out of a lot of money.

Before anyone decides to buy a bar or take a step up to management, I suggest you put your ego aside and read the following pages about what it takes to be successful in the bar business. Trust me—this is a difficult business, and it’s not for everyone.

MANAGEMENT



Bar manager is a skill position that requires years of careful observation, studying, experience, and know-how; yet, its importance has long been underestimated by owners in the hospitality industry. Even hospitality

management schools place little importance on the subject of bar management, often making it an elective rather than a requirement for students graduating with what is considered food and beverage proficiency. Their definition of proficiency typically centers on knowledge of wine—which is nice, but has little to do with a nightclub or bar.

Before a head bartender or an entry-level manager accepts the job of bar manager, they should have a complete understanding of what the job entails. And, yes, bar managers should be former bartenders. An in-depth knowledge of professional bartending is the starting point from which one learns bar management. It’s hard to be a truly effective bar manager unless you have a complete understanding of how to tend bar. “The gift of gab, the casualness, and the caring, friendly service a bar manager gives to his customers comes from a bartending background,” says Bob Schwenker, former General Manager of Hooligan’s Pub in Miami, Florida. “A good bar manager has the ability to make people feel comfortable. You shouldn’t make the progression to bar manager without being a bartender first.”

Bar management is one job you cannot fake—there is too much at stake. Gaining the respect of your bartenders is difficult to do unless you can relate directly to them about their performance. You must lead by example. Also, the potential for bartenders to steal is greatly reduced if they know you understand the mechanics of bartending. A bartender respects someone who has knowledge of the profession.

“The ultimate success or failure of your bar will be determined by those you hire. You must paint a picture for staff to follow so that your policies are consistent and there is no misinterpretation.”

As a bartender, you learned and practiced proficiency in bar terminology, product knowledge, mixology, tools of the trade, bar equipment, dealing with the public, cash controls, cleaning, stocking, bar organization, and the laws related to the responsible service of beverage alcohol. To be a bar manager you must continue your learning process far beyond that of a bartender, and here is where we run into a problem—learning the additional, necessary skills needed to effectively manage a bar.

A bar manager must have the knowledge and ability to directly oversee all bar operations and personnel, which includes the processes of hiring, training, evaluating, disciplining, terminating, and scheduling (human resources), and ordering, receiving, inventory controls, product cost purchasing (beverage control). Additionally, he should have the ability to properly price drinks, execute promotions, and pull a shift or two behind the bar to help out on labor costs as well as stay current with drink trends, maintain efficiency, and stay in closer touch with the staff and customers. I believe a good bar manager should work at least two shifts behind the bar every week (and never the same two days).

HUMAN RESOURCES



Human resources is the single most important function in the bar business, yet remains the overlooked, misunderstood, and taken for granted. If the bar manager is responsible for the hiring of staff, then he must have the ability to hire the right kind of people. He must know where to get them,

what to look for on an application, and what questions to ask during the interview.

It is necessary to describe what the specific job requires. For example: Bartenders must have the ability to give attention and recognition (the primary reason a customer returns to a particular bar—it’s not the drink!); they must be willing to take direction (the more experienced the bartender, for example, the harder it is to break them of their habits of doing things “their way”); and most importantly they must have a personality! They have to look alive, happy, and think

of themselves as “show people,” constantly entertaining. They must be honest and never succumb to the temptation of drinking while they work. A bar manager who drinks while on shift, or allows his bartenders to imbibe with customers, is not professional and doesn’t know what he’s doing (potential for law suits, uncontrolled environment, no workers comp protection if injured on the job, etc.). He is inviting problems. No job I know of allows workers to drink beverage alcohol while working.

The ultimate success or failure of your bar will be determined by those you hire. How well they do their job with cash and product, the frame of mind they are in when doing their job, and how they directly interact and impress each customer they serve directly affects your bar’s sales, profitability, and the length of time you will stay on as the bar manager.

Do you have a bartender’s manual, cocktail server’s manual, bar back manual, orientation manual, training manuals for all positions, etc., that describes exactly how you want everything done? Do you have the writing skills to create these manuals if need be? Have you documented your house rules about eating, smoking, free drinks, break privileges, payday, schedule posting, dating, using the company telephone, cell phone policy, personal belongings, accidents on the job, switching shifts, cashing checks, when to be at work, serving minors, serving visibly intoxicated people, gambling, holidays, illegal drugs on the property, “to-go” drinks, being on the property when off duty, etc.? You must paint a picture for everyone to follow so that your policies are consistent and there is no misinterpretation. Every rule you could possibly make has to be documented, so you can say, “It’s in the book!”

How do you train your new hires and how do you continue training and motivating the entire staff? A bar manager should be constantly testing the entire bar staff for compliance with house recipes, glassware, garnishes and knowledge about new products and promotions.

Do you evaluate your employees’ performance on 180-day intervals? Do you document an employee’s disciplinary problems and retain a copy for the personnel file with a time-frame for improvement? There are so many lawsuits these days over seemingly insignificant problems that it behooves a bar manager to do everything within his power to support his and his company’s position in court. You must have the documentation to do so.

Do not become lackadaisical when terminating an employee. You must use a termination form and fill it out

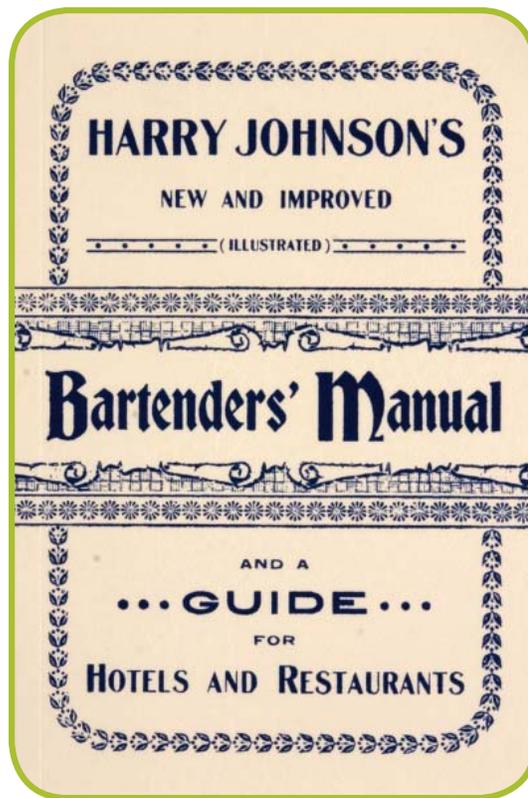
correctly. Handling a termination correctly requires knowledge and experience. Many states are “employee at will,” meaning you don’t have to have a reason to fire someone. But this is being challenged nationwide, and you don’t want to be the test case for your state. Therefore—document, document, document! And always have a witness present when you are terminating someone.

You should know whether or not your employees should be allowed access to their personnel file and what they can and cannot see in their file. Do you ask medical questions about your employees? When? During the interview? (No, that’s against the law.) What about the I-9? Are there more forms that can be used to determine identity and eligibility to work besides a driver’s license and social security card? No? Are you sure? Check columns A, B, and C on the back of that form.

What information should you have in the employee’s personnel file to successfully fight an unjustified claim for unemployment compensation? In the event of an injury, do you fill out an injury report for workers’ compensation and send it to your insurance carrier within seven days?

Do you understand the laws pertaining to the Bureau of Alcohol in your state? Do you understand why it is illegal to “marry” liquor, or why you can’t refill an empty liquor bottle with any other substance?

What about the OSHA (Occupational Safety and Health Act)? What does it state? And ADA (Americans with Disabilities Act), and USERRA (Uniformed Services Employment and Reemployment Rights Act)? Do you know the laws pertaining to reporting tips, sexual harassment, the Equal Pay Act, the Tip Credit Law, and Overtime Pay Rate for Tipped Employees?



WHICHEVER YOU CHOOSE TO USE, HAVING STAFF FOLLOW GUIDELINES FROM A BARTENDER'S MANUAL WILL HELP MAKE SERVICE UNIFORM.

“You have to know all of the laws that pertain to the business you own and are managing. Otherwise, it can be very costly and it could land you in big legal trouble.”

If you are in a state that takes a tip credit (paying less than minimum wage), have you informed your employee at the time of hire why you are taking the tip credit and what their rights are as a result? You’re breaking the law if you don’t. If you are paying less than minimum wage (taking the tip credit), do you ever penalize your employees financially for a missing check, a walk-out, being \$20 short in the register, the cost of a uniform, etc.? (Nope—it’s against the law!) Can you deduct anything for meals, or the service charge for a tipped charge? Check with your state, as it varies nationally.

You get my point—there is so much to know and be aware of. As a manager, one of the most important rules is: Don’t do anything that gets your owner/business sued. So you must

know the laws that pertain to the business you are managing. Otherwise, it could be very costly and land you in big trouble.

Now that we have scratched the surface of human resources in the bar business and put forth some questions for you to look into, you should have a better understanding of how much there is to know—and we’ve just begun! In Part Two, we’ll look at controlling your product and inventory. See you next month! **Y**

Bob Johnson, CBM, is a 50-year veteran of the bar business. He has authored 12 beverage management publications and works as a consultant and professional speaker for the bar and nightclub industry. His books are available online through his Web site: www.BobTheBarGuy.com.

