



FOOD AND BEVERAGE MANAGEMENT IN CRICKET CLUBS

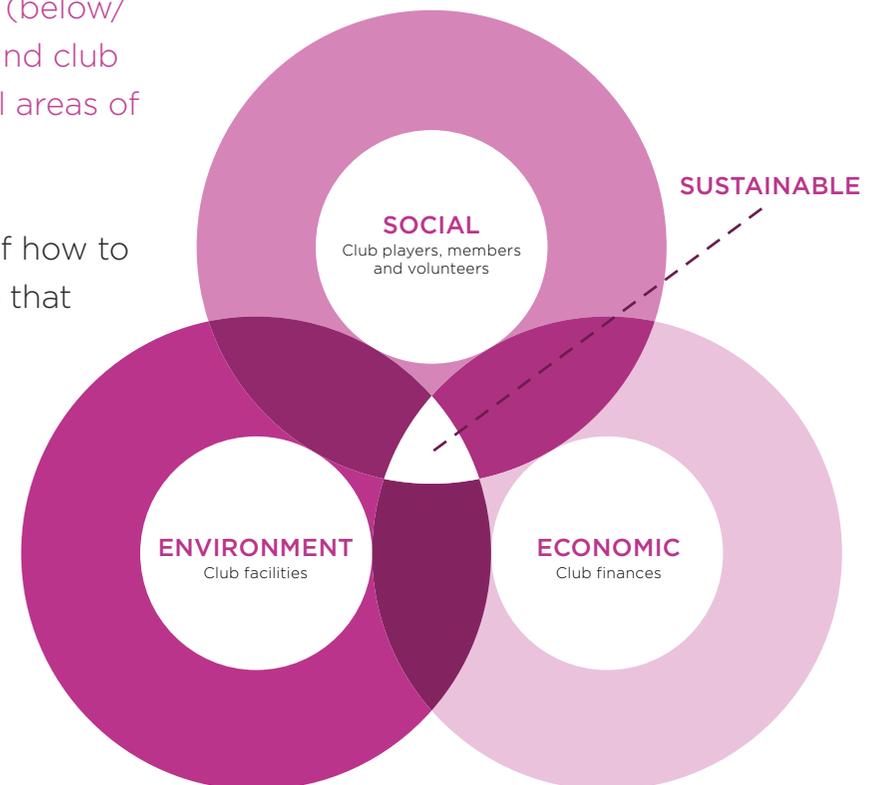
Food and beverage (F&B) management in cricket clubs

The social aspect of any cricket club is so important to its survival and longer term sustainability but it cannot be seen in isolation. The model of sustainability (below/ right) shows cricket club personnel that of equal importance are facilities and club finances. By running the F&B operation well in your club it can help with all areas of club sustainability.

In recent years the ECB has tried to ensure cricket clubs are made aware of how to adopt best practice in every area of operation and this publication adds to that best practice.

The ECB knows that cricket clubs rely heavily on voluntary help to deliver their F&B operation. This guide outlines some typical solutions to F&B issues which have been widely and successfully adopted by many cricket and sports clubs.

Although aimed mainly at bar managers and club treasurers the tips within this publication are equally relevant to all club members involved in F&B operations



Which licence is right for you?

There are two types of licence you can apply for; the Premises Licence or the Club Registration Certificate.

The Premises Licence

This is a wide reaching licence identical to the one used by pubs and hotels. It allows any visitor to enter the premises regardless of whether they have come to watch or participate in cricket. Once at the club they can then buy food and alcoholic beverages. Any profit the club generates can be redistributed to any appropriate area of the club once all relevant HM Revenue & Customs (HMRC) tax guidelines have been met.

If you opt for this type of licence you can open up the club to the possibility of becoming a venue for a wider range of activities such as parties, weddings or other special occasions.

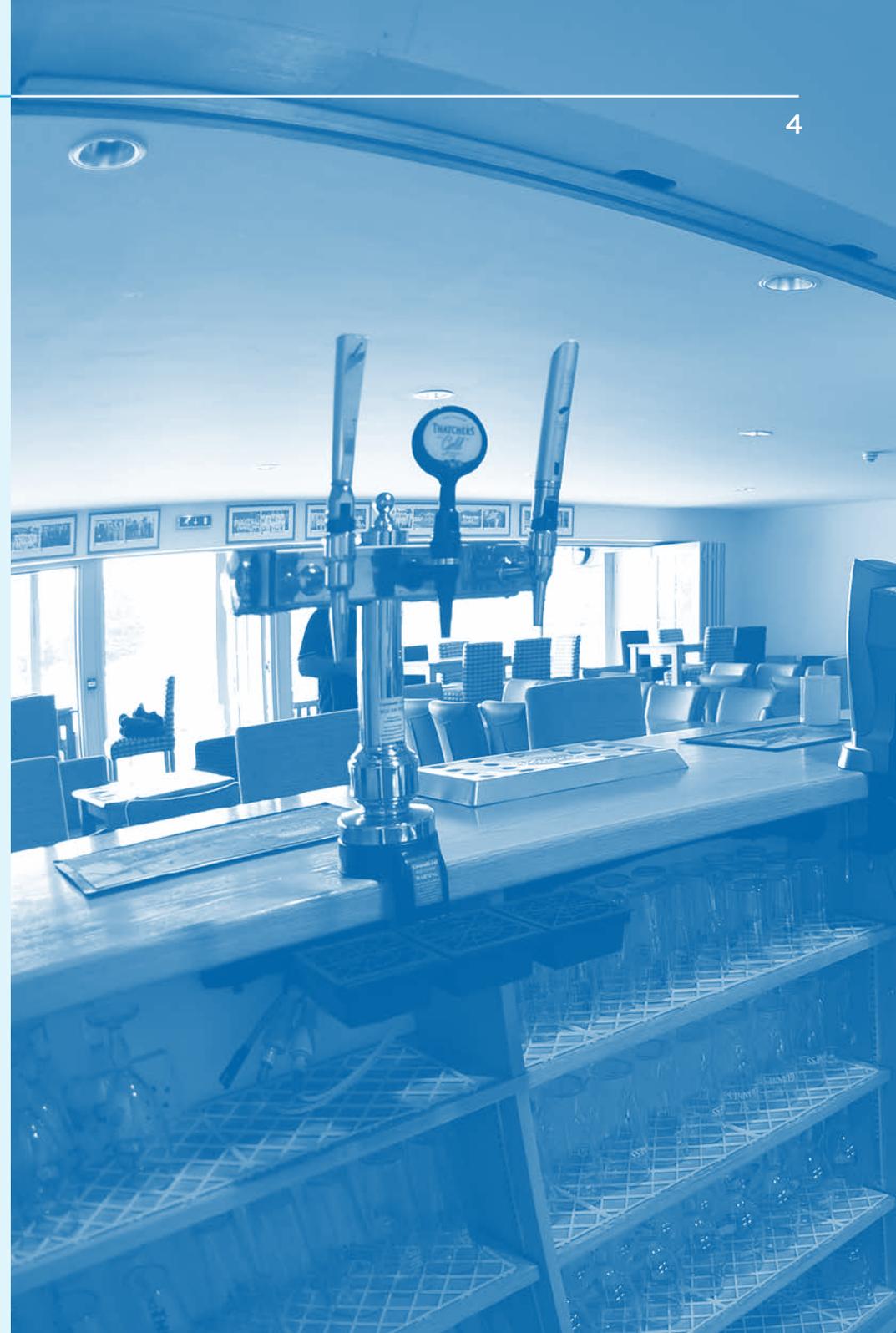
The Club Registration Certificate

A Club Registration Certificate, on the other hand, is far more restrictive as only those who are club members, or are attending an event at the club as a guest, may be served. With this type of licence no one is allowed to benefit financially from buying or selling alcohol. The stock at the club is owned by the members; any surplus money received from the sale of food and beverages can be used to help with running costs.

Which licence is right for you?

Which licence is best for your club is up to each individual club to decide based on whether greater flexibility, and possible opportunity, is needed or not. If you opt for a Club Registration Certificate it's important to remember only 12 non-member events are permitted per annum under the existing Licensing Act although internal member events are not restricted.

There is nothing to stop a club applying for both licences and operating a dual licensing system. This would allow for the best of both worlds. Further details are available from your local licensing office at your Local Authority (Council).





Temporary Events Notices (TEN)

Clubs can also apply for a Temporary Events Notice (TEN) if they want to put on a special event or events. This allows the club to sell food and drink in an area of the club not normally licensed, for example, a marquee. A club can apply for up to 12 of these notices in any one year provided one person doesn't make more than five applications for the premises. There are some restrictions with a TEN, for example there must be less than 500 people in attendance at any one time, including staff. For more information please visit <https://www.gov.uk/temporary-events-notice>.

The Community Amateur Sports Club Scheme (CASC)

Introduced in 2002, this scheme allows amateur sports clubs to register with HMRC and benefit from various tax benefits, including an 80 per cent mandatory business rate relief and Gift Aid. If you feel your club will benefit from the scheme visit www.cascinfo.co.uk for details on how to register.

You must make HMRC aware of any plans you have to put on additional events which will generate profits.

Working with Members

In many ways a club already has a captive audience as members know of your existence. Even so if you're interested in expanding the F&B offerings at your club it's important to keep members informed through regular, targeted communications. For example:

- Be proactive in the way you communicate with members and let them know what you're offering on non-match days.
- Be creative by setting up events throughout the year so members know you are more than just a seasonal venue.
- Come up with offers to entice new members, such as vouchers they can use at the bar.
- Think what other events could take place at your venue and how many people you could accommodate. Promote this to your local community.
- Introduce loyalty cards or schemes.
- Use multiple communication channels to distribute your message whether that's face to face, by phone, email or through social media.



Understanding Profit

Although many clubs are “not for profit” organisations, any profit generated from F&B activities will help contribute towards the running expenses of the club.

We have provided a worked example of how to work out the profit on a pint of beer which sells at **£3.50 per pint** from a keg that costs **£170 excluding VAT**. The basic steps can be used to calculate any profits on sales that the club makes. NB. There are differences of pennies due to roundings.

Step 1

Remove the VAT.

$£3.50 / £1.20 = £2.92$
Price of a pint excluding
VAT (*rounded up*).

Step 2

Calculate the cost price per unit.

$£170 \text{ for the keg} / 88 \text{ pints}$
(number of pints in a keg)
 $= £1.93 \text{ per pint}$

Step 3

Calculate gross profit.

Price of a pint of beer
(*excluding VAT*) - Cost Price
 $= \text{Gross Profit}$

$£2.92 - £1.93 = £0.99$
gross profit

Step 4

Calculate gross margin.

Gross Profit / Cost Price
 $\times 100 = \text{Gross Margin}$

$£0.99 / £1.93$
 $\times 100 = 51\% \text{ gross margin}$

Understanding Profit

The reverse (to set the price based on a target margin of **50%**) based on cost of **£1.93** per pint (88 pints in keg at **£170**)

Step 1

Add profit margin

($£1.93 \times 50\% = 97\text{p} + £1.93 = £2.90$)

Step 2

Add VAT

(gross cost $£2.90 \times 1.20 = £3.48$,
c.£3.50 with roundings – actual
price to sell)

You should use this formula for all your gross profit and gross margin calculations and set a target of 50 per cent gross margin after any discount has been applied.

Always check your margins to ensure profitability levels are maintained. And, if the price you pay for a keg of beer, or other items, goes up make sure the wholesale price rises to reflect this. It's also worth being aware of what your competitors charge to make sure you are competitive. It's also a useful exercise to see if your prices need to be adjusted up, or down.

Stock Checks

We know carrying out a stock check can be expensive (from £80 to £120 per check) but it's an essential practice. The F&B industry typically does this every four to six weeks. At the very least a full stock check should be conducted at least once a year and not just a stock valuation at the end of the financial year.



Stock Checks

Conducting a full stock check will provide excellent stock control data including:

- Overall gross profit/loss.
- Gross profit by both individual product and category.
- Surplus or deficit on each result.
- Days stock holding (this helps keep stock levels under control ensuring you are not left with stock you cannot sell because the sell by date has passed).
- Yield (this is a measure of a unit's ability, or not, to purchase and sell for a profit all goods purchased without losing same due to inefficiency or theft).
- Gross Margin (%) by individual product and by category.
- All allowances (such as pipe cleaning loss, drip tray waste and breakages all of which lead to a loss of profit and must be recorded).
- Stock-holding levels (an identification, for insurance purposes, of the value of any stock being held at any given time).
- Value of all deliveries.
- Sales mix.
- Credits due.
- A written report outlining results, trends and solutions for problems and anything to act upon.



Supplier Deals

Just as you would with your home, car insurance or utility bills it's definitely worth re-negotiating with your suppliers at least twice a year.

Some tips to get the most out of your supplier relationships:

- Consider using one supplier for wet goods. This gives you additional bargaining power and should ensure you get better discounts and access to a wider range of 'free of charge' goods. It also means you only have to plan for one drop off and collection and process one invoice. Other benefits include enjoying equipment loans and help in marketing your products.
- If you're going for a sole supplier make sure they agree to only one annual wholesale price rise per year.
- Suggest that at the end of the year any unsold wine, spirits and minerals that remain in date and can still be sold are returned for credit.
- Ask if they will help with umbrellas, banners, table toppers, advertising and sponsorship.
- Don't be afraid to keep asking for price reductions and free goods.

Setting Targets

All businesses set simple, achievable targets for themselves and cricket clubs are no different. Consider the following and implement any which could be of use to the club:

- **TURNOVER** – set a realistic increase for the next 12 month period.
- **GROSS PROFIT MARGINS** – a good overall margin is between 45 and 50 per cent on all products.
- **WASTE** – pipe cleans should not exceed more than a 5 per cent loss against total draught sales.
- **YIELDS** – ask your stock taker for guidance on this but, as a rule, you should consider no less than a 9 per cent yield.
- **SURPLUS/DEFICIT** – This should be no more than 1 per cent of the total period sales. If it is more then investigate why.
- **DAYS STOCK** – the industry guide here is 20 days.

Targets are set as guides but they are not set in stone. If your club doesn't hit a particular target consider the reasons why and whether you need to change something. Were they unrealistic to start with? Did factors beyond the club's control, such as the weather, influence the result? Always set realistic targets and revisit them on a regular basis.



Income Generation

This can be split into two areas; money that comes in from F&B sales and, secondly, income from sponsorship which comes as a direct result of the F&B set up.

Here are some possible ways of creating income:

- Host additional internal events, such as birthday parties, open mic nights or wine tasting evenings.
- Hold Open Days where you can showcase your venue and its versatility.
- Expand into other non-member areas, such as being a venue for local fairs, seminars, conferences, festivals and meetings.
- Extend opening hours beyond those offered during the playing season.

It's worth working with the club's social committee in order to be pro-active at promoting your venue during the winter and on week-day nights. Also be aware of what licence you hold and if you can expand into other events.

Keeping in touch with customers

Most clubs have websites and are already using different types of communication channels. But just in case you haven't looked at all of them here are a few to consider:

- Websites
- Targeted emails
- Text messages
- Creating your own YouTube channel
- Facebook
- F&B blog
- Twitter
- Newsletters
- Advertising boards
- Fliers and chalkboards
- Local radio
- T-shirts
- Newspapers
- Club programme
- Word of mouth recommendations

It is important to regularly keep in touch with customers to ensure your club, by way of example, gains:

- Feedback from members, hirers and guests
- Provides the right products at a competitive price
- Provides good service and a welcoming atmosphere
- Keeps abreast of the local community influences

Don't be the best kept secret in town

If you have an asset to be proud of, don't be afraid to tell people about it. If they don't know you exist they won't come. Think of the benefits you offer and sell them as widely as possible.

Example of what some clubs have done:

- A club hosted a local radio broadcast from its premises in conjunction with a music festival.
- A club which produced a high quality brochure listing all competitions and matches alongside adverts from local businesses which would have offset the cost of the brochure.
- A club hosted its first Open Day which included a cricket festival, BBQ, bouncy castles and extended bar opening times.



Regulatory requirements you need to know and follow

In F&B terms there are some regulations and/or laws to be aware of.

These include:

- Health and Safety (speak to the Health and Safety Executive at your Local Authority for guidance and direction on this).
- Environmental Health
- Licensing Laws
- Public Liability Insurance
- Employers Liability Insurance
- Food Safety Certificates (these come from your local authority)
- Food information regulations – For more information go to: www.food.gov.uk/science/allergy-intolerance/label/labelling-changes and www.food.gov.uk/sites/default/files/allergy-resources-fact-sheet.pdf
- Gas and Electricity regulations
- Performing Rights Society (PRS licence): this covers playing music at your club.
www.prsformusic.com/Pages/default.aspx
- Phonographic Performance Limited (This is different from a PRS licence. If you are playing recorded music in public you will need both licences. www.ppluk.com/I-Play-Music/Businesses/)
- Deep clean – this needs to be done at least once a year.

Staffing

Although a few clubs are big enough to justify a year-round, full time F&B operation, most are not and so rely on a mixture of volunteers, casual and paid staff. The only way to change this would be to expand the F&B operation to a level where the amount of business coming in supports full-time paid members of staff.

If this isn't a realistic, or practical option for your club, consider making the most of your resources in the following way:

- Where possible select volunteers who have some F&B experience.
- Work with your main supplier and persuade them it is in their interests to run training days in cellar care, customer care and marketing.

All F&B operations stand, or fall, on their level of customer services, so make the most of every opportunity to improve service levels.

The kind of training modules you should be considering includes; product dispense, product knowledge, selling skills, merchandising skills, customer service and marketing and merchandising. Don't be afraid to ask you main supplier to make these courses available to your club at either no, or very little cost. If that doesn't work see what your local authority, or further or higher education college offers.

Conclusion

The ECB is here to help clubs better understand how to make the most of their F&B operation. If you need further help please contact us at clubsupport@ecb.co.uk

Improving the social aspect of the club will bring in additional revenue and save money which can be re-invested in the club to help sustain its future.

