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FIFTH EDITION
FOOD AND BEVERAGE MANAGEMENT
Bernard Davis, Andrew Lockwood, Peter Alcott and Ioannis Pantelidis
ROUTLEDGE

Food and Beverage Management

This introductory textbook provides a thorough guide to the management of food and beverage outlets, from their day-to-day running through to the wider concerns of the hospitality industry. It explores the broad range of subject areas that encompass the food and beverage market and its five main sectors – fast food and popular catering, hotels and quality restaurants, and functional, industrial, and welfare catering.

New to this edition:

- Case studies covering the latest industry developments within a wide range of businesses from the UK, the USA and worldwide to help you understand how these ideas work in practice.
- Coverage of contemporary environmental concerns, such as sourcing, sustainability and responsible farming.
- Issues of how to maintain financial control of a business, handling staff and how to market your operation before discussing ways in which you can deliver quality to the customer.
- Updated companion website including case studies, multiple choice questions, PowerPoint slides, revision notes, true or false questions, short answer questions at www.routledge.com/cw/davis.

It also looks at some of the trends affecting the food and beverage industry covering consumers, the environment, ethical concerns as well as developments in technology.

It is illustrated in full colour and contains end-of-chapter summaries and revision questions to test your knowledge as you progress. Written by authors with many years of industry practice and teaching experience, this book is the ideal guide to the subject for hospitality students and industry practitioners alike.

Bernard Davis wrote the first edition of this book and led its development through the second and third editions to become the best-selling text that it is today.

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Food and Beverage Management

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Peter Alcott and Ioannis Pantelidis

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Preface to the fifth edition

The hospitality industry, and especially the food and beverage industry, continues to develop and change at a startling pace, and despite the current global economic conditions continues to grow and prosper. It is only right, therefore, that a new edition of *Food and Beverage Management* should follow comparatively hard on the heels of the previous edition.

It is also true to say, however, that the fundamental principles of running a successful food and beverage operation remain to a large extent unchanged but delivered in new ways with new technology, new designs and new foods and beverages. It is only right, therefore, that the structure of this new edition remains largely unchanged but we have tried to reflect the current practice of the industry and the ways in which it is changing.

Food and beverage operations remain some of the most exciting and rewarding of businesses to be involved in but they are unlikely to continue to be successful without the implementation of excellent food and beverage management. We hope we continue to provide you with the knowledge, understanding and insight you need to meet that challenge.

Acknowledgements

The first acknowledgement here must continue to go to Bernard Davis. It was Bernard who probably created the notion of *Food and Beverage Management* when he wrote the first edition of this text and who led its development over the second and third editions. Although taking a deserved back seat in the detailed development of the fourth and fifth editions, he has always been there with detailed comments and criticisms encouraging us to improve the book wherever possible and picking us up when his high standards have not been reached. It is a cliché, but true none the less, that this book would not have been possible without him. He has made a hugely significant contribution to hospitality education and to the development of food and beverage managers around the world. Heartfelt thanks go to him from all his previous students and mentees now practicing all over the world for his energy, his determination and above all his professionalism. Thank you.

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The Michelin Guide
The Mobil Travel Guide
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The Zagat Guide
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Wagamama Restaurants
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Andrew Lockwood
Peter Alcott
Ioannis S Pantelidis

November 2011

Preface to the fourth edition

Since the publication of the third edition of *Food and Beverage Management* nearly ten years ago, the Hotel and Catering industry has seen many changes and developments, not the least of which is a change of name to the Hospitality Industry.

Particular changes over this period have been in:

- New technology.
- Health and environmental awareness.
- Consolidation and the growth of brands.
- Customer expectations of our products and services.
- The growth in the value of the industry to the economy at the local, regional and global level This edition also sees some major changes to the presentation of the content of the book without, we hope, affecting the quality and the comprehensiveness of the coverage we have.
- Reorganized and condensed the sector chapters to a standard format in the second and third chapters whilst extending the number of sectors covered.
- Added new chapters in developing a food and beverage concept and trends and issues in the industry.
- Added learning activities and mini case examples to every chapter.
- Updated the content to reflect recent changes in this fast moving industry.

This has only been possible by welcoming two new experienced teachers onto the authoring team. Peter Alcott who following a long career in the hospitality industry has found teaching and developing our new young managers of the future a truly rewarding second career and Ioannis Pantelidis who following a successful career in the management of restaurants and hotels discovered his muse in teaching and consulting.

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Christian Bayer and Chris Marsland of DO & CO
Cyrus Todiwala and Café Spice Namaste
Dimitris Tavern
Geac Computers Inc.
Hospitality Assured
Institute of Hospitality
Jane Renton, General Manager of the Jumeirah Lowndes Hotel
Kevan Wallace
Keynote Publications
KFC UK
Lakeside Restaurant and the University of Surrey
Magnolia Restaurant
Menupix
Michael Mack and 's Baggers® Restaurant
Michel Roux and Le Gavroche
Micros Ltd
Mintel Research Services Ltd
National readership Survey
National Statistics Office
P&O Cruises
Pizza Hut UK
Radisson Edwardian Hotels
The Compass Group and Scolarest
The London Paper
The Michelin Guide
The Mobil Travel Guide
The Northern Ireland Prison Service
The Zagat Guide
TRI Hospitality
Wagamama Restaurants
Wells and Youngs Ltd

We would also like to thank all at Butterworth-Heinemann for their continued support, encouragement and, above all, patience.

Andrew Lockwood
Peter Alcott
Ioannis S Pantelidis

March 2008

Preface to the third edition

Since the publication of the first edition of *Food and Beverage Management* in 1985 and the second edition in 1991, the Hotel and Catering industry has seen many changes and developments, these being a result of natural progression within the industry, research and development and as a result of outside pressures and government legislation. Some general trends that were identifiable during the past twelve years, and are continuing, include:

- A continuing increase in food, beverage and energy costs.
- A continuing increase in labour costs and a difficulty in obtaining an adequate number of highly skilled staff.
- An increasingly more knowledgeable customer, demanding more exciting menus, a wide range of 'healthy eating' dishes, a clean smoke-free environment and a high standard of hygiene practices from the industry.
- A continuing concern by the EC and UK Government about all aspects of food hygiene, this being evident with new legislation.
- A much wider acceptance of the use of computers throughout the industry.
- An increasing awareness of the importance of managing quality in all areas of food and beverage operations.

This third edition offers the reader two new chapters, together with a total update of the remaining chapters, with many being enlarged. Over forty new menus are included, together with numerous new tables and figures. This edition is particularly strengthened with the addition of Andrew Lockwood as a co-author of many publications.

Food and Beverage Management continues to be an established source of reading and reference material, not only to students, but to practicing food and beverage managers, controllers and their assistants. The book has been widely accepted by universities and colleges for their degree courses in the UK and overseas, by the HCIMA as a standard textbook for the Professional Certificate, Diploma and Distant Learning, and for the Higher National Diploma. In addition, the book has been found to be a good reference source for advanced GNVQ courses.

Acknowledgements to the many colleagues and organizations who kindly contributed to the first and second editions, and to those who have given their time and assistance to the third edition. In particular, we would like to thank:

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Copthorne London Tara Hotel
Department of Health and Social Security
Dorchester Hotel
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Greenalls Group PLC
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Hicks and Don
House of Commons
Innkeepers Fayre (Bass PLC)
Institute of Directors
Keynote Publications
Landmark Hotel
Langham Hilton
Leith's Events and Parties
Leith's Management
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TGI Friday's
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Bernard Davis,
Andrew Lockwood and
Sally Stone

1998

Preface to the second edition

Since the publication of the first edition of *Food and Beverage Management*, the hotel and catering industry has come to the end of the 1980s and has already begun its progress through the 1990s. In such a relatively short period of time changes have occurred within the industry, both through its own natural progression, research and development and as a result of outside pressures and government legislation.

Some general trends that were identifiable during the past decade and are continuing include:

- A continuing increase in food, beverage and energy costs.
- A continuing increase in labour costs, a decline in the young labour force available for the industry and an increase in the number of part-time employees.
- An increasing interest in healthy eating by the general public with more prominence of vegetarian dishes and menus. Also a requirement by the public for non-smoking areas to be a standard for all types of catering outlets.
- An increasing demand and awareness by the general public for higher hygiene standards for all catering outlets. This demand being as a result of the general awareness through the media of new food legislation and of the out-breaks of food poisoning in the UK. The continuing monitoring of the above will have significant importance to the success of any catering operation in the 1990s.

This second edition offers the reader six new chapters and a total update of all previous chapters with many being enlarged, reflecting the growing importance of their subject areas. The new chapters are 'The meal experience'; 'The marketing of food and beverages'; 'Advertising, public relations, merchandising and sales promotion'; 'Financial aspects'; 'Food and beverage management in school catering'; and 'Food and beverage management in hospital catering'.

Food and Beverage Management continues to be a source of reading material and reference to many practicing catering managers, food and beverage managers, controllers and their assistants both within the UK and overseas. This edition sets out to also cover the new examination requirements for the various degree courses in hotel and catering management, the diploma and certificates of the Business and Technical Education council and for the Hotel and Catering Institutional Management Association.

In addition, the book has been selected by the English Language Book Society since 1988 for inclusion in its hotel catering and tourism list. The English Language Book Society is funded by the Overseas Development Administration of the British Government to make available significant textbooks of British publishers to students in developing countries throughout the world.

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London Tara Hotel
Market-Power
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Mintel
North West Surrey Health Authority
Pacino's Restaurant
Queen Elizabeth II Hospital
Remanco Systems Inc
Robobar Ltd
South West Thames Regional Health Authority
St Peter's Hospital, Chertsey
Surrey County Council
West Dorset General Hospital

Bernard Davis and Sally Stone

1991

Preface to the first edition

This book has been written to explain the complexities of managing food and beverage outlets. The purpose is to examine the wide range of subject areas that come within the orbit of operational food and beverage management and to relate these to the applications applied within five broad sections of the catering industry (i.e. fast-food and popular catering, hotels and quality restaurants, function catering, industrial catering and welfare catering).

The book has been planned to cover the examination requirements for the various degree courses in Hotel and Catering Administration and Management; the Hotel and Catering Institutional Management Association; and diplomas and certificates of the Business and Technician Education Council. In addition, the book has written for practicing catering managers, food and beverage managers, food and beverage controllers and all their assistants who may wish to formalize and update their knowledge, in order to improve the profitability and productivity of their operations and to enhance their customers' satisfaction.

This book is based on our own practical experiences and from first-hand information obtained from practitioners, within both large and small companies and units, in the many segments of the industry, who so generously gave up their time to answer and discuss many of our questions while undertaking research for the book. We are also grateful to the many companies who kindly gave permission for samples of their menus to be reproduced within the book.

In particular the authors would like to express a special debt of gratitude to those people whose assistance to us has been invaluable. To Prof. S. Medlik who gave valuable advice in the structuring of this book and for commenting on the early drafts of some of the chapters, and to Brain Cheeseman (Principal Lecturer, Westminster College) and Barry Ware-Lane (Operations Systems Director, United Biscuits Restaurants), both of whom made invaluable constructive comments to the final draft of the book. Also to David Airey (Lecturer, University of Surrey) for his help and advice with the first two chapters.

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Bernard Davis and Sally Stone

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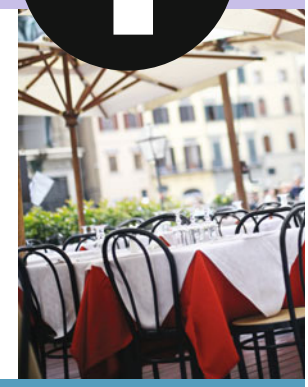
CHAPTER 1



Introducing food and beverage management

Chapter objectives

After working through this chapter you should be able to:

- Understand the complexity of the hospitality industry.
- Identify the size and scope of food and beverage operations.
- Distinguish between market and cost orientation.
- Identify the key responsibilities of food and beverage managers and the constraints that may be placed on them.
- Explain the factors affecting the nature of the meal experience and recognize the manager's role in ensuring coherence.

Introduction

The provision of food and beverages away from home forms a substantial part of the activities of the hospitality industry and, indeed, of the economy as a whole. Like the industry of which it is a major part, food and beverage operations are characterized by their diversity. Outlets include private and public sector establishments and range from small independently owned and operated units to large multi-national corporations managing global brands and from prison catering to catering in the most luxurious hotels in the world.

It is however very difficult to get hold of consistent statistics about the hospitality industry and about food and beverage operations as there is no one single definition of what the boundaries of the various industry sectors and sub sectors are and therefore what should and should not be included.

Activity

Before you go any further with this chapter, write down ten different occasions when you might eat out of the home and attach a different business to each occasion. For example, taking my girl/boyfriend out to celebrate their birthday – The Ivy, popping into town at lunchtime for a sandwich and a coffee – Pret A Manger, and so on.

Size and scope of food and beverage operations

If the hospitality industry is considered to cover all undertakings concerned with the provision of food, drink and accommodation away from home, this will naturally include all food and beverage outlets. In other words, food and beverage provision is simply one element of a broader hospitality industry. In conceptual terms, this raises few problems except possibly with take-away food establishments where in some cases the food may be taken home for consumption even though it is prepared and provided away from home. In practice, however, there are a number of difficulties in considering the hospitality industry as embracing all food and beverage establishments and outlets. This arises because, following a number of official and commercial attempts at definition, the hospitality industry is often considered to have a much narrower scope. The official definitions have excluded many food and beverage outlets. For example, the Standard Industrial Classification (CSO, 1992) gives hospitality a reasonably broad coverage as shown in the table below, but even here parts of employee and welfare catering are either omitted or included in other sectors. This book adopts the broadest possible approach, aiming to consider all types of food and beverage operation wherever they may appear.

Table 1.1 provides the latest figures on the size and scope of the UK hospitality industry available from UK government sources. The figures are based on a definition based on the Standard Industrial Classification 1992, which will be discussed in more detail later.

The data show a pattern of fairly consistent growth across the industry for the first few years of the 21st century. In terms of numbers of businesses, with the exception of the hotel and motel sector, all other sectors have grown substantially, with the restaurant, cafés and take-away sector in particular growing by around 10% over these four years. The hospitality industry as described here has a total of nearly 127,000 separate businesses.

Looking at turnover provides a slightly different picture of the make up of the total of over £70,000 million. For example, hotels and motels show an increase in turnover from 2002 onwards even though the number of businesses has declined. This suggests either a consolidation of the sector with a smaller number of larger businesses or that each business is showing much better performance. The reality is probably somewhere between the two. The restaurant and pubs, bars and clubs sectors have shown very strong growth in turnover and can be seen to be the dominant sectors of food and beverage operations as a large part of hotel turnover is dependent on room sales. The canteen and contract catering or contract foodservice sectors have also shown strong growth.

In employment terms, restaurants are easily the largest sector, closely followed by pubs, bars and clubs, with the hotel sector growing more slowly, and the contract foodservice sector holding steady.

Standard Industrial Classification

The figures given above come from the UK government and based on the Standard Industrial Classification, 1992. For analytical purposes, economically similar activities may be grouped together into ‘industries’, for example into agriculture, motor vehicle manufacture, retail distribution, catering, and national government service. A system used to group activities in this way is described as an ‘industrial classification’. Such a classification usually starts with a small number of broad groups of activities that are

Table 1.1 Size and scope of the hospitality industry

Number of Businesses	SIC 2003 Code	2004	2005	2006	2007
Hotels and motels	55.11 and 55.12	10,417	10,253	10,139	10,037
Camping sites etc.	55.21 and 55.23	4,703	5,027	5,225	5,460
Restaurants, cafés, take-away food shops	55.30	57,674	60,539	62,063	63,689
Pubs, bars and licensed clubs	55.40	48,147	48,400	49,001	49,112
Canteen operator, catering contractor	55.51 and 55.52	5,765	5,961	6,135	6,353
Total	55.00	126,706	130,180	132,563	134,651
Turnover (£million)	**SIC 2003 Code**	**2004**	**2005**	**2006**	**2007**
Hotels and motels	55.11 and 55.12	13,009	13,438	14,742	15,441
Camping sites etc.	55.21 and 55.23	3,620	3,699	3,926	3,874
Restaurants, cafés, take-away food shops	55.30	21,731	22,601	23,027	24,909
Pubs, bars and licensed clubs	55.40	24,455	23,830	24,876	23,496
Canteen operator, catering contractor	55.51 and 55.52	7,383	8,268	7,531	7,915
Total	55.00	70,199	71,836	74,101	75,635
Employment (Thousands)	**SIC 2003 Code**	**2004**	**2005**	**2006**	**2007**
Hotels, motels and camping sites etc.	551/552	379	387	383	388
Restaurants, cafés, take-away food shops	553	594	614	634	628
Pubs, bars and licensed clubs	554	558	552	542	536
Canteen operator, catering contractor	555	267	261	238	231
Total	55	1,798	1,813	1,797	1,783

Source: *Annual Abstract of Statistics 2010*, edition No 146, Office for National Statistics
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then subdivided into progressively narrower groups so that the classification can be used with varying amounts of detail for different purposes.

The first comprehensive Standard Industrial Classification (SIC) for the United Kingdom was issued in 1948. The classification has been revised on may occasions and in order to comply with EU data standards, the SIC was redrawn in 2007 and the new classification scheme came into effect at the beginning of 2008. While the old SIC had only four main groups: hotels and other accommodation; restaurants, cafés and take-aways; pubs bars and clubs; and canteens and contract catering, the new scheme as shown in the Table 1.2 is much more comprehensive. There is a lot of information here but it is worth looking in some detail at the various headings to understand the differences between the different classifications.

Table 1.2 UK Standard Industrial Classification of Economic Activities 2007

SECTION I ACCOMMODATION AND FOOD SERVICE ACTIVITIES

This section includes the provision of short-stay accommodation for visitors and other travellers and the provision of complete meals and drinks fit for immediate consumption. The amount and type of supplementary services provided within this section can vary widely.

This section excludes the provision of long-term accommodation as primary residences, which is classified in real estate activities (section L). Also excluded is the preparation of food or drinks that are either not fit for immediate consumption or that are sold through independent distribution channels, i.e. through wholesale or retail trade activities. The preparation of these foods is classified in manufacturing (section C).

55 Accommodation

This division includes the provision of short-stay accommodation for visitors and other travellers. Also included is the provision of longer term accommodation for students, workers and similar individuals. Some units may provide only accommodation while others provide a combination of accommodation, meals and/or recreational facilities.

This division excludes activities related to the provision of long-term primary residences in facilities such as apartments typically leased on a monthly or annual basis classified in Real Estate (section L).

55.1 Hotels and similar accommodation

55.10 Hotels and similar accommodation

This class includes the provision of accommodation, typically on a daily or weekly basis, principally for short stays by visitors. This includes the provision of furnished accommodation in guest rooms and suites. Services include daily cleaning and bed-making. A range of additional services may be provided such as food and beverage services, parking, laundry services, swimming pools and exercise rooms, recreational facilities as well as conference and convention facilities.

This class includes accommodation provided by hotels, resort hotels, suite/apartment hotels, motels.

This class excludes the provision of homes and furnished or unfurnished flats or apartments for more permanent use, typically on a monthly or annual basis, see division 68.

55.2 Holiday and other short-stay accommodation

55.20 Holiday and other short-stay accommodation

This class includes the provision of accommodation, typically on a daily or weekly basis, principally for short stays by visitors, in self-contained space consisting of complete furnished rooms or areas for living/dining and sleeping, with cooking facilities or fully equipped kitchens. This may take the form of apartments or flats in small free-standing multi-storey buildings or clusters of buildings, or single storey bungalows, chalets, cottages and cabins. Very minimal complementary services, if any, are provided.

This class includes accommodation provided by children's and other holiday homes, visitor flats and bungalows, cottages and cabins without housekeeping services, youth hostels, mountain refuges.

This class excludes provision of furnished short-stay accommodation with daily cleaning, bed-making, food and beverage services, see 55.10 and the provision of homes and furnished or unfurnished flats or apartments for more permanent use, typically on a monthly or annual basis, see division 68.

55.20/1 Holiday centres and villages

This subclass includes the provision of holiday and other collective accommodation in holiday centres and holiday villages.

55.20/2 Youth hostels

This subclass includes mountain refuges but excludes protective shelters or plain bivouac facilities for placing tents and/or sleeping bags, see 55.30.

55.20/9 Other holiday and other short stay accommodation (not including holiday centres and villages or youth hostels)

This subclass includes the provision of holiday and other collective accommodation other than that provided in holiday centres and holiday villages or in youth hostels.

55.3 Camping grounds, recreational vehicle parks and trailer parks

This class includes the provision of accommodation in campgrounds, trailer parks, recreational camps and fishing and hunting camps for short stay visitors, provision of space and facilities for recreational vehicles and accommodation provided by protective shelters or plain bivouac facilities for placing tents and/or sleeping bags but excludes mountain refuges, cabins and hostels, see 55.20.

55.9 Other accommodation

This class includes the provision temporary or longer-term accommodation in single or shared rooms or dormitories for students, migrant (seasonal) workers and other individuals.

This class includes student residences, school dormitories, workers' hostels, rooming and boarding houses and railway sleeping cars.

56 Food and beverage service activities

This division includes food and beverage serving activities providing complete meals or drinks fit for immediate consumption, whether in traditional restaurants, self-service or take-away restaurants, whether as permanent or temporary stands with or without seating. The fact that meals fit for immediate consumption are offered is the decisive factor rather than the kind of facility providing them.

This division excludes the production of meals not fit for immediate consumption or not planned to be consumed immediately or of prepared food which is not considered to be a meal (see divisions 10: manufacture of food products and 11: manufacture of beverages). Also excluded is the sale of not self manufactured food that is not considered to be a meal or of meals that are not fit for immediate consumption (see section G: wholesale and retail trade).

56.1 Restaurants and mobile food service activities

56.10/1 Licensed restaurants

This subclass includes the provision of food services to customers, whether they are served while seated or serve themselves from a display of items. The meals provided are generally for consumption on the premises and alcoholic drinks to accompany the meal are available.

This subclass includes restaurants, cafeterias, fast-food restaurants and also includes restaurant and bar activities connected to transportation, when carried out by separate units but excludes concession operation of eating facilities, see 56.29.

Table 1.2 *(Continued)*

56.10/2 Unlicensed restaurants and cafes

This subclass includes the provision of food services to customers, whether they are served while seated or serve themselves from a display of items, The meals provided are generally for consumption on the premises and only non-alcoholic drinks are served. This subclass includes restaurants, cafeterias, fast-food restaurants and also includes restaurant and bar activities connected to transportation, when carried out by separate units but excludes concession operation of eating facilities, see 56.29.

56.10/3 Take-away food shops and mobile food stands

This subclass includes the provision of food services to customers to take-away or to have delivered. This includes the preparation and serving of meals for immediate consumption from motorised vehicles or nonmotorised carts. The subclass includes take-out eating places, ice cream vans, mobile food carts, food preparation in market stalls but excludes retail sale of food through vending machines, see 47.99 and concession operation of eating facilities, see 56.29.

56.2 Event catering and other food service activities

This group includes catering activities for individual events or for a specified period of time and the operation of food concessions, such as at sports or similar facilities.

56.21 Event catering activities

This class includes the provision of food services based on contractual arrangements with the customer, at the location specified by the customer, for a specific event but excludes manufacture of perishable food items for resale, see 10.89 and retail sale of perishable food items, see division 47.

56.29 Other food service activities

This class includes industrial catering, i.e. the provision of food services based on contractual arrangements with the customer, for a specific period of time. Also included is the operation of food concessions at sports and similar facilities. The food is usually prepared in a central unit.

This class includes activities of food service contractors (e.g.for transportation companies), operation of food concessions at sports and similar facilities, operation of canteens or cafeterias (e.g. for factories, offices, hospitals or schools) on a concession basis. It excludes the manufacture of perishable food items for resale, see 10.89 and retail sale of perishable food items, see division 47.

56.3 Beverage serving activities

This group includes the preparation and serving of beverages for immediate consumption on the premises.

56.30/1 Licensed clubs

This subclass includes the preparation and serving of beverages for immediate consumption on the premises by: nightclubs, social clubs but excludes reselling packaged/prepared beverages, see 47 and retail sale of beverages through vending machines, see 47.99.

56.30/2 Public houses and bars

This subclass includes the preparation and serving of beverages for immediate consumption on the premises by: bars, taverns, cocktail lounges, discotheques licensed to sell alcohol (with beverage serving predominant), and beer parlours but excludes reselling packaged/prepared beverages, see 47, retail sale of beverages through vending machines, see 47.99, operation of discotheques and dance floors without beverage serving, see 93.29.

Source: UK Standard Industrial Classification of Economic Activities 2007 (SIC 2007): Structure and explanatory notes, London: Office for National Statistics

In reading through the new classification, there are a number of interesting issues for note.

- First the very detailed nature of the descriptions and the very precise nature of the language used, including specifying types of activity that are included and also types of activity that are excluded. The activities excluded will appear in the national statistics under a different heading.
- Second, the definition of food and beverage operations as activities providing complete meals or drinks fit for immediate consumption. The emphasis here is on ready to eat food and drink and not on the manufacture or retail of food that needs reheating or reconstitution. This may cause some problems for supermarkets, who sell large amounts of sandwiches – for immediate consumption – but also large amounts of ready meals to take home and prepare for dinner. Where would a rotisserie chicken fit into this description?
- Third, the inclusion for the first time of mobile foodstands, specifically mentioned in the classification.
- Fourth, the introduction of the category of event catering, which has seen substantial growth over the last few years, but perhaps strangely the inclusion of industrial or contract foodservice as part of this category. This 'other food services' category now also includes travel catering, catering at sports grounds, as well as factories, offices, hospitals or schools but only on a contract or concession basis and so still excludes the majority of public sector catering.
- Fifth, what is a beer parlour?

Activity

Take your ten occasions and businesses identified earlier and try to fit them into the categories described above. Why are some easy to categorize and some more difficult? Are there any that you cannot find an appropriate category for?

Classifying food and beverage operations

There are many different ways of classifying food and beverage operations for different purposes. The SIC scheme discussed above is to allow the systematic collection and analysis of national economic statistics, which will now allow comparison across the whole of the EU. Organizations such as Keynote, a well respected market intelligence company, who prepare very detailed reports on a wide range of industries including hospitality and food and beverage operations, concentrate on commercial operations in restaurants, fast food, contract food service, hotels, public houses and others (Keynote, 2007). People 1st, the Sector Skills Council for the Hospitality, Leisure, Travel and Tourism industries, whose emphasis is on employees and the development of their skills to match industry needs, split the industry into fourteen, namely: Contract food service providers; Events; Gambling; Holiday parks; Hospitality services; Hostels; Hotels' Membership clubs; Pubs, bars and nightclubs; Restaurants; Self catering accommodation; Tourist services; Travel services; and Visitor attractions (People 1st, 2007). This is a much broader description of the industry and by including in 'hospitality services' people who are employed 'in house', rather than by a contract caterer, to provide hospitality in travel, retail, education, healthcare, offshore locations, corporate hospitality, government and local authority provision such as care homes and prisons,

as well as leisure venues and events they capture many more people than the 'commercial' only definitions. While these different definitions and classifications are interesting and useful, they do not provide any significant managerial insight.

From this perspective, it is possible to make a number of distinctions between the many different types of food and beverage outlets. First, there is a distinction between those outlets that operate on a strictly commercial basis and those that are subsidized. A second distinction concerns the type of market served. In some cases, the market is confined to restricted groups, as for example in a hospital or a prison or on a cruise ship, while in other cases the outlet is open to the public at large. A third distinction is between outlets where catering is the main activity of the undertaking, as for example in a privately owned commercial restaurant, and those where it is a secondary activity, as is the case with travel catering or school meal catering. A final distinction appears between outlets that are in public ownership and those in private ownership. To a certain extent there is a rough compatibility between the distinctions. On the one hand, captive markets tend to be in public ownership and to be a subsidiary activity of the undertaking. On the other hand, the commercial outlets tend to be in the private sector, to serve the general public and to be the main activity of the undertaking. In brief, the subsidized sector is not normally available to the public at large and normally provides catering only as an activity that is both secondary to the main business and available only to restricted groups. These broad divisions, however, do not hold true in all cases. Indeed, the exceptions are numerous and beyond the broad categories, they tend to devalue any generalizations.

Using some of the above distinctions, it is possible to classify food and beverage outlets into a number of broad sectors. Figure 1.1 illustrates one way of breaking down the industry into sectors. The figure shows a distinction between purely commercial operations and those which accrue subsidies in some way. The purely commercial operations may be in public or private ownership and include outlets where catering is the main activity as well as those where it is a secondary activity, as for example catering in theatres or shops. In the case of the commercial sector, a secondary division is shown between outlets that have a restricted market and those which are open to the general public. The subsidized operations similarly may be in public or private ownership. A distinction is drawn between catering in institutions where public ownership dominates and catering for employees where private ownership is also of importance. Almost by definition subsidized catering tends to be available only to restricted markets.

As with any classification, there are of course areas of overlap. There are two of particular importance here. The first overlap concerns catering in various private schools, colleges and hospitals, and in some offices and works canteens where the catering is not in any way subsidized but run on strictly commercial lines. These outlets appear under the heading of the commercial sector as commercial catering for a restricted market, above. The second issue concerns the many subsidized or welfare catering outlets that are operated by catering contractors who are themselves strictly organized on commercial lines. These have not been separated out because although the operators themselves may be commercial companies, this does not affect the fact that the end product is normally subsidized for the market.

There are two reasons for using this classification here. First, it provides a very broad coverage of food and beverage outlets – broader, for example, than many of the official definitions and classifications of the hospitality industry. The second reason for using this classification is that it is based on distinctions that have a significant bearing upon most aspects of the operation of the catering activity. For example the difference between subsidized catering and commercial catering not only embraces differences of

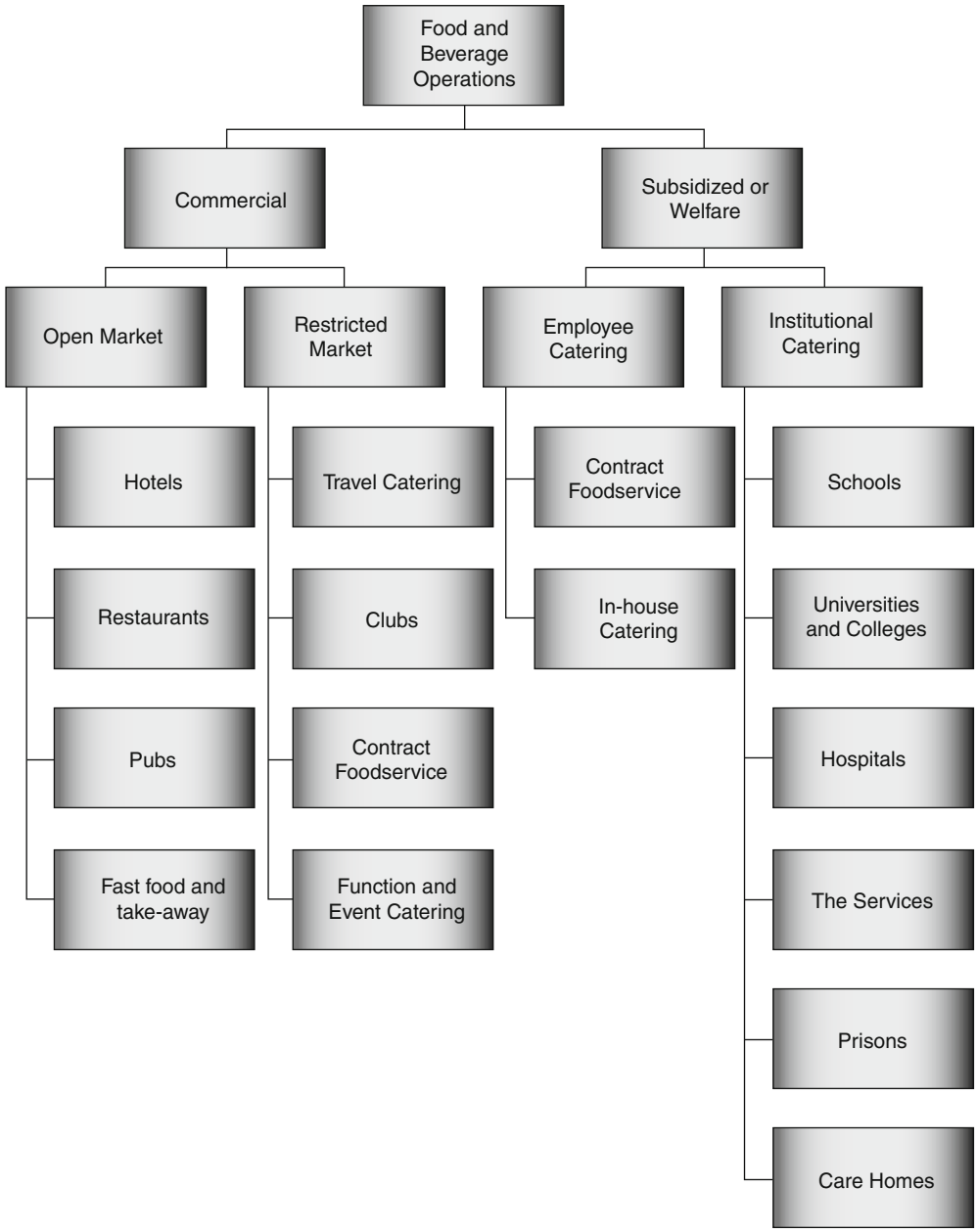

Figure 1.1 A classification of food and beverage operations

objectives but also covers differences in the markets served, differences in the organizations involved and differences in their marketing and business strategy. These distinctions will be discussed in detail in Chapters 2 and 3.

Activity

Take the ten occasions and businesses you identified earlier and place them on the chart show above. Where do most of your businesses fall?

Cost and market orientation

It is then convenient at this point to discuss the broad distinction between cost and market orientation within the hospitality industry, as these two terms are closely associated with the particular sectors of the industry that have been identified. Examples of cost orientation are identified particularly in the welfare sector such as catering in prisons, for patients in hospitals and often for 'in-house' employee restaurants, while market orientation examples are found in the hotels, restaurants, popular and fast-food sectors. It is arguable that in fact all sectors of the industry need to employ a market oriented approach.

A market oriented business displays the following characteristics:

- A high percentage of fixed costs, for example rent, rates, management salaries, depreciation of buildings and equipment. This high percentage of fixed costs remains fixed regardless of any changes in the volume of sales. A hotel restaurant is an example of an operation with high fixed costs that have to be covered before profit can be made.
- A greater reliance on increases in revenue rather than decreases in costs to contribute to the profit levels of the establishment. The implication here is that in seeking to increase the business's profitability, more emphasis must be given to increasing sales (for example, by increasing the average spend of the customers or by increasing the number of customers) rather than by reducing costs. For this reason the close monitoring of all sales in a market oriented business becomes of prime importance.
- An unstable market demand for the product, thereby requiring a greater emphasis on all forms of selling and merchandising of the product to eliminate shortfalls in sales and the need to manage the capacity of the business more closely.
- More likely to have a more flexible pricing policy in order to attract customers at off-peak times.

A cost oriented business displays the following characteristics:

- A lower percentage of fixed costs, but a higher percentage of variable costs such as food and beverage costs. The percentage of variable costs in cost oriented establishments varies with changes in the volume of the business's sales. Employee restaurants are often found with a lower percentage of fixed costs. This places less emphasis on achieving high sales volumes.
- A greater reliance on decreases in costs rather than increases in sales to contribute to the budgeted profit levels of the establishment. Thus in seeking to increase the performance level (budgeted revenue and profit) of a cost oriented business more emphasis would be given to reducing the overall costs of the operation in such areas as purchasing, portion sizes, and labour levels.
- A relatively stable market demand for the product. In comparison to market oriented businesses, cost oriented operations enjoy a reasonably stable demand for their products. This makes planning and operating more predictable and controllable.
- More likely to have a more traditional fixed pricing policy.

There are those areas of the hospitality industry that cannot be precisely defined as either cost or market oriented in that they display characteristics of both orientations at different times during their business. In the main, however, most hospitality establishments fall into one of these two categories and this has important implications for the catering and financial policies of the business, which are described later.

Activity

Taking the ten occasions and businesses you identified earlier, categorize them into their cost or marketing orientation. Why are some businesses more difficult to categorize than others?

Food and beverage management

What do managers do?

There has been substantial interest in the nature and definition of the work of the manager over many years. Figure 1.2 presents a model, which has been developed to synthesise much of this work for the hospitality industry (Li et al., 2006).

Hospitality managers have explicit and implicit goals, or responsibilities, which are concerned with ensuring the organization's continued success and survival, as well as their own personal interests, such as career progression. For hospitality firms, there are three main types of objectives that management must be concerned with, which are to ensure that the guest feels welcome, that facilities work for the guest, and that the operation will continue to provide service while also making a profit (Powers and Barrows, 2003).

The goals that are set are shaped by factors, which include the organisational structure and culture, the economic situation, national culture, available resources, cognitive and moral rules, and their own personal attributes. Managers in the hospitality industry face a more uncertain and complex work environment than in many other industries due to its unique service characteristics. This complexity is then coupled with the cultural differences of different business climates and environments and the managers' personal values.

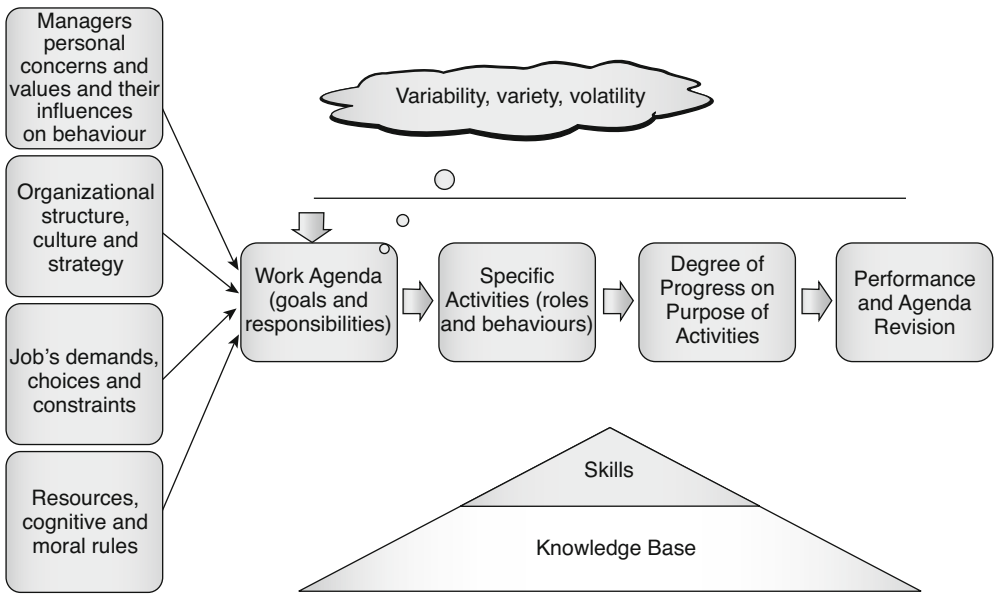

Figure 1.2 Exploring the manager's work in the hospitality industry

To reach the goals that have been set, managers in hospitality firms carry out various tasks and activities, covering the standard managerial roles such as planning, organising, commanding, co-ordinating and controlling, sometimes called POC[3]. They often act in a seemingly ad hoc way constantly responding to the unexpected resulting from the changing environment. While managers undertake a diversity of managerial activities, what they do and/or what they choose to do are, to some extent, unpredictable and changeable. The way that managers choose to perform the tasks is not always consistent either. Hence, the hospitality manager's work can be characterized by variability, variety and volatility, which represents the informal element of the hospitality manager's work.

However, each managerial activity is often associated with a certain management function. In other words, the purpose of a managerial behaviour can be linked to one of the key functions of management. For example, a restaurant manager may choose to speak to the customers to find out how they view the service offered. S/he will then be able to report on customer satisfaction. The manager may also recognize some weaknesses in service and, consequently, introduce appropriate training activities for staff. Since managers, including those in the hospitality industry, are responsible for the success of their organizations or organizational units, they also need to carry out these functional duties. This constitutes the formal nature of the hospitality manager's work.

While the performance of managers is reflected by the degree of progress in achieving their goals, the effectiveness of the manager's performance is underpinned by their competencies including personal attributes, knowledge and skills. In the case of a food and beverage business, managers must have sufficient knowledge in order to manage daily operations and direct the business strategically. They must be competent in relating to employees and guests, accomplishing operational goals within financial constraints, and responding to customers' requirements immediately so that the quality of real-time service can be delivered. Within an international work environment, hospitality managers must be also competent in appreciating cultural differences and dealing with various situations appropriately.

While this model set the background to what managers should be doing, research conducted on behalf of the HCIMA (no the Institute of Hospitality) by the University of Surrey (Gamble, Lockwood and Messenger, 1994) was designed to identify the types of management activities that could be seen to be typical of different sectors of the hospitality industry across Europe. Using a critical incident methodology, the research collected situations in which managers felt that their contributions or actions had made a significant difference to the outcome of a situation; some where the manager's skills and knowledge were used well, and some where the respondents felt their skills and knowledge were lacking. These incidents were then categorized into the four key areas of managing operations, managing the business, managing people and personal skills. Each of these areas was then divided into categories. These fifteen categories represent the key areas of skills and knowledge that any manager in the hospitality industry needs in order to be effective. The areas and subcategories are illustrated in Figure 1.3.

Analysing the incidents against the main category areas by level of management provides the data shown in Table 1.3. To allow for the differences in the titles and roles between industry sectors, the following management levels were used:

- Department head/junior management – managing a section within an operating unit. This would equate to the coffee shop manager in a hotel operation or the assistant manager of a fast food operation.
- Unit manager/section manager – managing a complete unit or a section within a larger unit. This would equate to a unit catering manager working for a contract

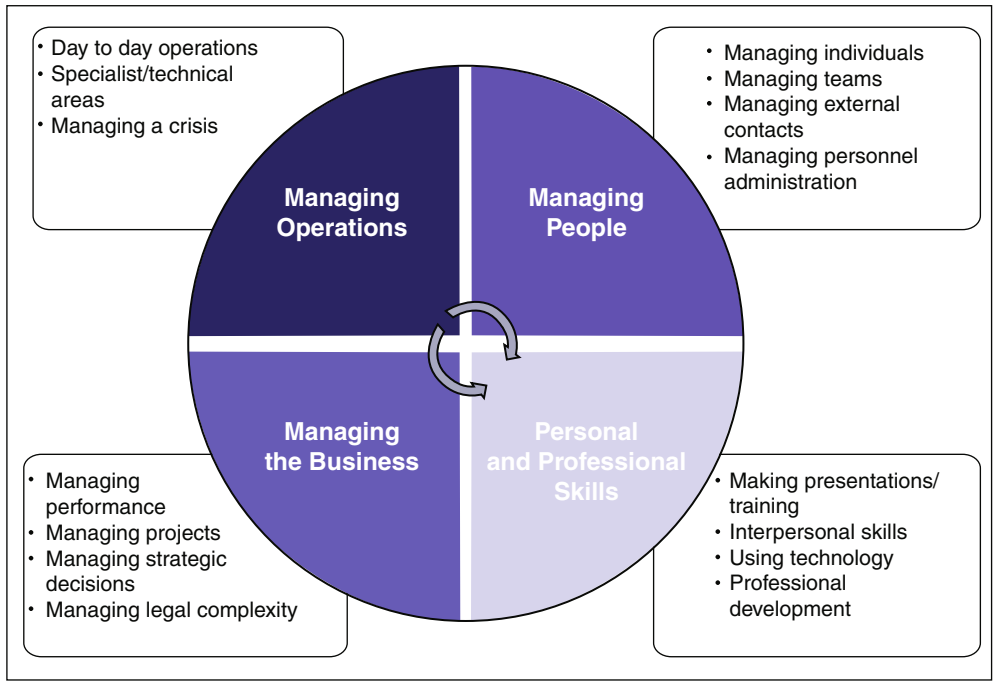

Figure 1.3 Main areas of management activity

catering company, an executive chef, or the food and beverage manager of a small hotel.

- General manager – overall control of one large unit composed of a number of sections or a collection of smaller units. This would equate to the food and beverage manager of a large hotel with extensive restaurant, conference and banqueting facilities, or the manager of a small number of catering contracts.
- Area manager – overall responsibility for a number of separate large units or geographic areas.
- Director – responsibility for the operation and management of a complete organization.
- Owner/proprietor/partner.

Table 1.3 Cross tabulation of main category areas by management level (%)

	Junior	Unit	General	Area	Director	Owner	Total %
Managing operations	40.3	30.2	20.9	13.4	17.8	29.3	28.9
Managing the business	11.8	23.0	32.6	41.2	41.1	32.0	25.2
Managing people	10.7	16.4	15.9	19.6	12.3	9.5	14.4
Personal Skills	37.2	30.4	30.6	25.8	28.8	29.3	31.5
Total %	23.2	36.5	19.6	6.3	4.8	9.6	100.0

Managing operations recorded the second highest number of incidents across the three subcategories of managing day-to-day operations, specialist/technical areas and managing crises. The analysis by managerial level, shown above shows a heavy emphasis in this area for the junior managers. This was strongest in day-to-day operations and specialist knowledge but when it came to a crisis the junior managers were more likely to call in their unit or general manager. Owners also get heavily involved in sorting out the crises that may occur within their businesses. Sector comparisons show that hotels and restaurants reported the heaviest emphasis on managing operations while employee catering had the lowest.

The area of managing the business included aspects of managing business performance, managing projects, managing strategic decisions and managing legal complexity. Across the whole sample, this area was in third place behind personal skills and managing operations. More detailed analysis by managerial level reveals some significant differences. Although general managers, regional managers and directors show significantly more incidents in this area, junior managers and unit managers show a low emphasis. This suggests that managers as a whole may be becoming more business oriented but only when they have reached a position of some seniority with an organization. Comparisons across the sectors of the industry reflect this emphasis, with hotels, restaurants and popular catering, sectors with large numbers of junior managers, showing a low emphasis on this area but other sectos, especially contract catering and local authority services, featuring positively.

The managing people area covered managing individuals, managing teas, managing external contacts and managing personnel administration. It was therefore surprising that, given the labour intensity of many sectors of the industry and the natural importance given to this area, there were relatively few reported incidents in this area. One explanation for this anomaly is that the interpersonal skills involved in managing people are not included in this section but are categorized as more generic personal skills. Analysis across managerial level shows unit managers having the highest score in this area with junior managers and owners having low scores.

The area of personal skills includes a range of generic or transferable skills that cover making verbal or written presentations, training, interpersonal skills, using computers in management and self development. There were more incidents reported in this area than any other and most of these were in the interpersonal skills area, followed by making presentations and training. Using computers in business showed comparatively few incidents and incidents to do with self development were sadly, for an industry that seemingly values training highly, very sparse. All levels of manager reported large numbers of incidents in the area of interpersonal skills, especially the junior managers who would be new to having to handle these situations. Again there was an even spread across all sectors of the industry but a heavier than expected emphasis in popular catering or fast-food. This is perhaps a reflection of the time managers spend dealing with interpersonal issues when the technological issues have been removed from consideration through systematized service delivery systems.

Responsibilities of food and beverage management

The research described above highlights the areas of activity that all managers are involved in but does not look at the specific responsibilities of the food and beverage manager. The significant contribution food and beverage sales can make towards total sales is evident but food and beverage costs can make equally significant inroads into sales. This necessitates the development of an effective system of control for all areas

concerned with the food and beverage function. The development of such a total control system begins with the basic policy decisions described previously – the determination of the financial, marketing and catering policies. Working within these three broad policies of the establishment, the food and beverage department is then able to detail its objectives.

Definitions of management are numerous with writers using different words and phrases to describe the same activity, but if allowance is made for this there is some broad agreement about managers' functions.

First, they are involved in the planning process – setting objectives, making decisions about which direction the organization should take, that is, formulating policies. Second, managers decide how these objectives should be achieved and by whom. This involves analysing tasks and assigning them to individuals or groups. Third, managers are involved in staff motivation in such a way as to move the organization through them in the direction formulated at the planning stage, to achieve the stated objectives. Fourth, managers have a controlling function including the comparison of actual performance to that forecast at the initial planning stage and taking any necessary steps to correct any deviation from agreed objectives. The controlling may be done by observation, by analysis of accounting records and reports or by analysis of recorded statistical data.

These four management functions – planning, organizing, motivating and controlling – can be translated into the functions of the food and beverage manager. In a food and beverage department, the planning process involves the setting of several basic policies: a financial policy dealing with envisaged profitability or cost constraints of the establishment; a marketing policy defining the market to be catered for; and a catering policy defining the main objectives of operating the food and beverage facilities and the methods by which such objectives are to be achieved. Such policies would be decided at a senior level of management. The tasks needed to achieve these objectives would then be assigned to individuals who should receive job descriptions detailing the purpose of their tasks, the responsibilities of the individuals, who they are responsible to, etc. Here food and beverage managers work in conjunction with the personnel department in producing job descriptions and appointing on-the job trainers to help train new staff.

The motivation of the staff of the food and beverage department is an important function of food and beverage managers. This may be undertaken in several ways – for example, by helping individuals who are undertaking common tasks to form into groups so that a 'team spirit' may develop, by encouraging staff-management committee meetings, or at a more basic level to see that full training is given so that job anxieties are reduced for employees from the beginning.

Finally, there is the element of control in the food and beverage department. This involves the checking of actual performance against expectations or forecasts, and in the case of any wide deviations, to locate the problem area and rectify it, and to take whatever steps are possible to prevent the problem occurring again.

The functions of food and beverage managers in co-ordinating the food and beverage department are therefore numerous, and it is important that they should use all the tools of management available to them. An organization chart should be produced showing the position of the food and beverage department within the context of the total establishment. An organization chart presents graphically the basic groupings and relationships of positions, and a general picture of the formal organization structure.

In larger units, departmentalization becomes more apparent. Figure 1.4 shows the organization of a food and beverage department in a large prestigious hotel.

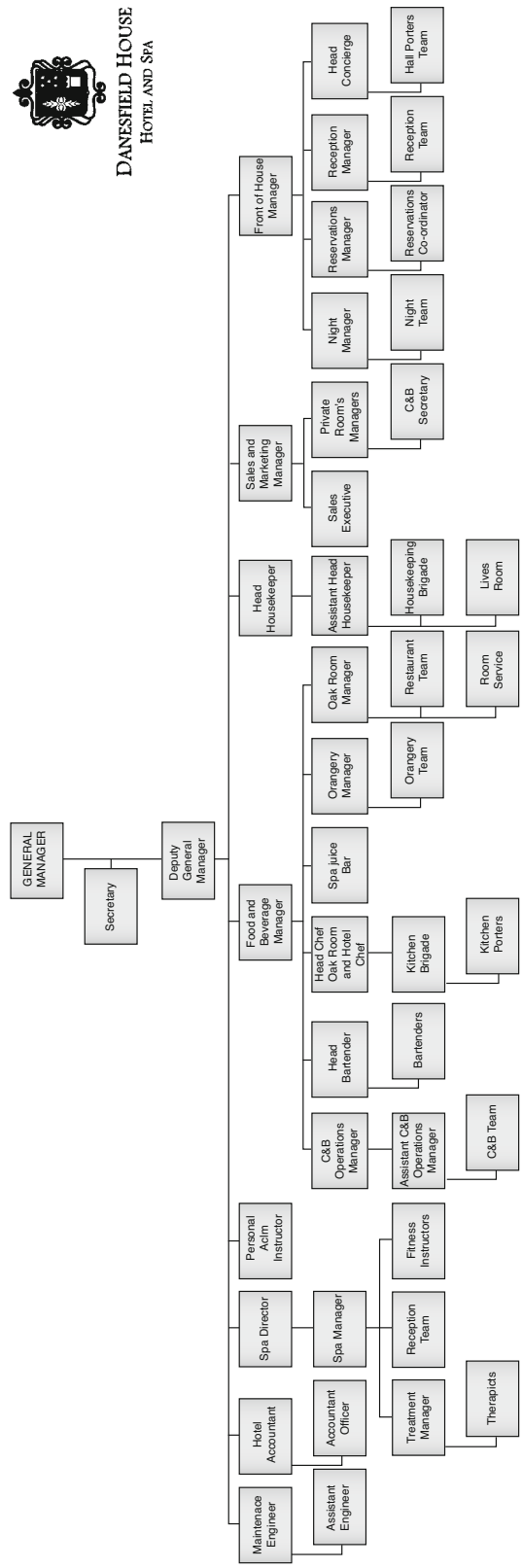

Figure 1.4 Danesfield House Hotel and Spa organization chart

In this example, the food and beverage manager has six subordinate managers acting as departmental heads and then further levels of assistant managers and the operational teams themselves. The food and beverage department can be seen to represent a major part of the hotel's total organization structure but clearly supported by other departments.

Some units are, of course, too small to adopt anything like this type of organization structure. Indeed, in a small privately owned restaurant, it is often the owner who is 'manager' of all departments. In this instance, the proprietor would also operate as the control department, monitoring all incoming and outgoing revenues and costs, but overall the same main activities still have to be covered.

It is also important to supplement the organization chart with a job description. A job description is an organized list of duties and responsibilities assigned to a specific position. It may be thought of as an extension of the formal organization chart in that it shows activities and job relationships for the positions identified on the formal organization chart. An example of a food and beverage manager's job description may be seen in Table 1.4. Some organizations also produce work schedules; these are outlines of work to be performed by employees with stated procedures and time requirements for their duties. Tasks are broken down into a careful sequence of operations and timed. They are particularly useful in training new employees and for lower grade jobs, but have a limited application at the supervisory and management level.

Table 1.4 Danesfield House Hotel food and beverage manager job description

DANESFIELD HOUSE HOTEL AND SPA

JOB SPECIFICATION

DANESFIELD HOUSE
HOTEL AND SPA

Food and Beverage Manager

Reporting to the Deputy General Manager

QUALIFICATION REQUIREMENTS:

1. Excellent reading, writing and oral proficiency in the English language.
2. College education, hotel or business administration degree preferred.
3. Five to ten years in management positions in the hotel and/or restaurant industry.

PURPOSE:

* To service all guests in a manner which exceeds expectations.
* To provide leadership and management for the Food and Beverage Division and integrate its functions with other hotel departments.
* To plan the continued growth and profitability of the division.
* To accept the responsibility for the health, safety and welfare of the restaurants/ outlets, guests and employees.
* To be accountable for the operations' assets and its personnel's actions.