

Beverage Procedures, from Start to Finish

Learning Objectives

After reading this chapter, you should be able to:

- explain how to purchase beverage products profitably;
- receive beverage products with effective controls;
- store beverage products using proper procedures and knowledge;
- establish and enforce appropriate beverage requisition procedures, such as bottle-for-bottle exchange, back-order guidelines, and proper requisition authorization.

In Practice

Myla began her interview with Dana Miller by asking about her background in cost control. Myla went on to ask Dana about the steps she would take to implement control procedures.

Myla: *In your past experience, how did you balance the pressure to make profit and at the same time maintain high guest satisfaction?*

Dana: *It's simply giving the customers what they want at a fair market price.*

Myla: *Okay! Well, if you're doing everything right, yet your actual cost is excessively higher than your potential cost, what would you do?*

Dana: *There is definitely a flaw in the control procedures.*

Myla: *What do you mean? What type of flaw could it be?*

Dana: *If the potential cost is calculated correctly, then any variance could be traced to employees in purchasing, receiving, storage, and maintaining portion control.*

Myla only wished Dana had been hired sooner. Considering all the irregularities Myla saw in her first visit to the bar (described in Chapter 9), Dana would have her job cut out for her.

INTRODUCTION

When selecting and purchasing beverage products, you will need to make decisions while keeping two complementary goals in mind: your profit goals and your guests' preferences and satisfaction. Let's look at two examples to see how these factors affect your real-world decision-making.

Let's say that Absolut vodka comes in both 750-milliliter and 1-liter bottles. Compare their costs: the 750-milliliter bottle is equal to 25.4 fluid ounces and costs \$7.60. Dividing the cost by the number of ounces, we get a cost of \$0.29 per ounce. The 1-liter bottle is equal to 33.8 fluid ounces and costs \$8.40, with a per-ounce cost of \$0.25. That \$0.25 per ounce is not a lot of money if your company sells very little Absolut. If your consumption is high, however, the savings can be significant. Over time, your guests' preferences will tell you if the larger or smaller bottles are called for.

Here's another example: An extensive wine list ties up capital in a large inventory that makes no profit until it is sold. But if your guests' preferences lean toward a wide selection, you will have to weigh the extra investment and inventory. If you don't, you may lose market advantage to competitors who do invest in their wine lists. In this process, consider the food and beverage items that complement one another and will generate the desired profit levels with your target market. In this way, you maximize both guest satisfaction and the chances of good profit.

The important concept here is that beverage profit is an achievable goal, not a residue of operations. In fact, many establishments offer beverages as the primary products, and food is secondary. This is because beverages can be quite profitable when control guidelines are followed, while food service carries an array of distinct costs. Use the menu-engineering techniques discussed in this book to evaluate and standardize your beverage profit making.

There is no industry standard for the amount of markup on beverages, so you must set your own standards for success (profit) and failure (loss) for every item you sell. If your percentages of profit are high but you are not selling enough quantity to reach your profit goals, this can easily translate into loss. On the other hand, selling thousands of units of a beverage product that has little or no percentage of profit is equally damaging to the bottom line. Remember, you go to the bank not with percentages, but with the dollar value of your bottom line. According to Paul Lee, director of food and beverage and faculty member of Monterey Peninsular College, "This is the most misunderstood fact in operations: most managers do not understand profitability." It is a challenge to find the middle ground. However, armed with effective purchasing techniques and a clear-cut pricing strategy, you stand every chance of coming out a winner.

In this section we will discuss how to go about purchasing: the policies you set and the procedures you establish; the routines of purchasing, receiving, and issuing beverages; the inventory records and procedures that differ from working with food products; and the use of inventory figures to measure bar cost and purchasing efficiency. The goal of beverage purchasing is the same as that of food purchasing: to provide a steady supply of raw ingredients for the drinks you sell, at minimal cost, to maximize profits. First we will discuss purchasing.

PURCHASING

Just like food products, beverage products are available at several levels of quality. Unlike with food products, however, you cannot simply select a single product to fit your specifications. With beverages, you are likely to have several quality levels in a single establishment—a number of different vodkas, rums, gins, and other beverage types at different levels of quality and price. Customers expect these kinds of choices when they buy beverages. This is as true for wine and beer as it is for spirits. Selecting many varieties that correspond with your customers' wishes, at the most advantageous prices, is an ongoing purchasing challenge.

In addition, you will have to familiarize yourself with your state and county laws and codes regarding beverage purchases. For example, in one county in Colorado, liquor stores are closed on Sundays. Check in your area for regulations that govern how you make and pay for purchases of alcohol.

Deciding what to buy involves two basic factors: the quality of beverages you will pour and the variety of items you will have available. Let's start with quality. Ask yourself (and other restaurant managers) what level of quality your customers will expect and be willing to pay for. It wouldn't be wise to purchase a super premium cognac or expensive wines for a neighborhood sports bar, for example. However, it would be equally unwise not to offer such items in a fine-dining restaurant. As in all other management matters, you must know and understand your client base.

Also bear in mind the quality of your well brands. Well brands are spirits served to guests who do not request a particular brand. The manager and the purchaser should select well liquors carefully, and then stick with them, to establish consistency in drink presentation. Many managers cut costs by using the least-expensive brands, and they assume that the guest cannot tell the difference. This may be true, and it may not: many bars display their bottles, so a guest who dislikes a drink can probably spot the bottle it came from. Other managers may use a premium brand as the well liquor. The manager might make such a decision out of pride, or he or she might justify the decision by saying that the company would be carrying the expensive brand anyway, to respond to customer requests. While this practice means carrying less inventory, it also means charging more money for what guests assume to be a lower-priced drink. Limiting your selection in this way can cost you sales and even customers. You should target an average or middle ground, based on what your establishment's clientele will perceive as average quality. Then you can set prices accordingly.

Another practice to avoid is using very inexpensive liquors while charging premium prices. You cannot fool your customers. They will not return, and they surely will tell others what you charge for low-quality liquor. Richard Hendrie said it very well: "You have to know who you are selling to and how you got them in door. Don't be short-sighted in your strategy. One sale isn't success. Repeat business is success."¹

Once you decide what to buy, you will have to decide how much to purchase, based on your current and projected sales volume. Unlike most food products, you can sometimes buy partial cases of beverages. Although you will usually have to pay a broken case fee for such a service, it can be cost-effective under certain conditions. Buying partial cases is a common practice, but its advisability will depend largely on the size of your operation and your sales volume. A full case may be too much to carry if you have space constraints, lower sales volume of an item, or cash flow concerns. As with most purchases, in general, the more you can purchase at any one time, the lower your cost will be. Larger purchases allow you to negotiate volume discounts more readily. In the purchasing chapter, this matter is discussed in greater detail.

You must also consider how much liquor to specify in your recipes and to pour in your drinks. Take the Bloody Mary example in the last chapter. This recipe calls for 1.25 ounces of vodka, but perhaps your staff pours only 1 ounce. The guest may notice and become dissatisfied. You may need to set your recipes at a higher amount and adjust the price accordingly. Again, what you're looking for is balance—keeping your customers happy while offering a cost-effective product.

In the two examples below (Figures 8-1 and 8-2), we compare two sets of decisions on quality, quantity, and variety served to show you how your decisions will affect your cost. The same type of chart can also be used with wine, beer, and other beverages. In Appendix you will find a complete list of net unit ounces from different-sized beverage containers, along with a sample worksheet. For these examples we will use two scenarios to show you the difference in profit between two pricing strategies.

Columns A, B, and C of Figure 8-1, under the category *Purchase Data*, list the size, number of ounces, and price for three liquors: well, call, and premium. Well brands, as stated above, are used when a guest does not specify a brand; call is a midrange brand specified by the customer; and premium is a higher-class brand with higher costs (and, therefore, higher prices to the guest). Well, call, and premium categories are listed on the left side of the table. Column D

¹ Richard Hendrie, quoted in *The Liaison / UNIQUE VENUES*, Spring 2005.

Figure 8-1 Scenario 1

	Purchase Data			Sales Data			Recipe Cost Information					
	A	B	C	D	E	F	G	H	I	J	K	L
liquor	size	FZ	cost per btl	sale price	# sold mo.	yield %	cost per FZ	pour amt in FZ	pour cost	total cost	total sales	pour cost %
formula							C/B		G×H	I×E	D×E	J/K
<i>well</i>	liter	33.8	\$12.00	\$2.50	200	100%	\$0.36	1.25	\$0.45	\$90.00	\$500	18%
<i>call</i>	liter	33.8	\$12.00	\$5.00	120	100%	\$0.62	1.25	\$0.78	\$93.60	\$600	15.6%
<i>prem.</i>	liter	33.8	\$30.00	\$8.00	280	100%	\$0.89	1.75	\$1.56	\$436.80	\$2240	19.5%
total					600					\$620.40	\$3340	18.6%

states the price at which the outlet sells drinks made with these liquors, and Column E is the number of items sold in a month. Yield (Column F) in beverage products is always assumed to be 100 percent, unless there is waste or lost beverage, such as happens at times with keg beer. We divide Column C, cost per bottle, by Column B, fluid ounces per bottle, to get the cost per ounce in Column G. Round this to the nearest cent. In Column H we have entered the number of fluid ounces used in a recipe for the drink; Column I, then, is the cost of one pour—Column G (cost per fluid ounce) multiplied by Column H (pour amount in fluid ounces).

Column J, the cost amount for the month, is the result of multiplying Columns I (pour cost) and E (number sold per month). Column K, the total amount of sales in the month, is equal to Column D (sale price) times Column E (number sold per month). Lastly, Column L, cost percentage, is equal to Column J (total cost) divided by Column K (total sales). So, overall, in Scenario 1, you are selling alcoholic beverages at 18 percent cost. This doesn't include any mixers, labor, overhead, or other costs, but we can compare it to a second scenario under the same conditions to see the results of a different pricing strategy (Figure 8-2). The entries that are changed are in boldface type.

Now, let's compare. Scenario 1 represents greater sales, but it also results in a greater cost percentage. This is due to the far greater amount of liquor poured. While Scenario 2 looks better in terms of cost percentages, guests may complain that the drinks they purchased didn't

Figure 8-2 Scenario 2

	C	D	E	F	G	H	I	J	K	L
liquor	cost per btl	sale price	# sold mo.	yield %	cost per FZ	pour amt in FZ	pour cost	total cost	total sales	pour cost %
formula					C/B		G X H	I X E	D X E	J/K
<i>well</i>	\$12.00	\$2.50	100	100%	\$0.36	1.0	\$0.36	\$36.00	\$250	14.4%
<i>call</i>	\$21.00	\$5.00	120	100%	\$0.62	1.25	\$0.78	\$93.60	\$600	15.6%
<i>prem.</i>	\$30.00	\$8.00	240	100%	\$0.89	1.5	\$1.34	\$213.60	\$1920	11.1%
total			460					\$343.20	\$2770	12.4%

contain a fair amount of alcohol for the price: each well drink contains only 1 fluid ounce. Note that the prices of the drinks were the same in both scenarios; this means that the company achieved its lower cost percentage at the expense of the guest's pocketbook and satisfaction. This kind of success may be short-lived.

Remember, you do not take percentages to the bank. The trick in pricing strategy and pour sizes is to balance a higher price (to attain a reasonable cost percentage) and a lower price (to increase sales volume). In the beverage business, sales volume is critical to profitability and success. Keeping your customers coming back and spending more money in such a competitive market is key. The sales volume will also determine your inventory turnover ratio, a topic discussed in detail in Chapter 11.

In brief, your goal is to avoid excess inventory but also to present an image of a reasonable selection. Excess inventory doesn't earn profit; in fact, it is a cost to the operation. There are costs involved in maintaining inventory records, product storage, and capital interest not earned. For many establishments, you will want to limit your choices to popular and well-advertised brand names.

You can implement a product request log, such as the one shown in Figure 8-3, to record guest requests. Guests can make their preferences known to the staff, who then document them. Use common sense when reviewing the log; if you see consistent requests for an item on different occasions, it may be a wise purchase.

Figure 8-3 Beverage Product Request Log

DATE	ITEM REQUESTED	STAFF MEMBER
6-20-05	Coors Light	Nancy M.
6-20-05	Louis XIII	David K.
6-21-05	Coors Light	Henry W.
6-21-05	Absolut Vodka	Jackie S.
6-21-05	Coors Light	Nancy M.
6-22-05	Coors Light	Elaine Y.
6-22-05	Southern Comfort	David K.

In this example, Coors Light is genuinely popular. You should consider making it available. A log like this is much more valid than undocumented reports of requests. When you can see exactly how many people have requested something over a given time period, you can make an informed purchasing decision.

If your guest asks for a brand that you do not carry, you probably will not lose either the sale or the customer if you can offer a well-known brand of comparable quality. However, be sure your staff does offer the substitute—and doesn't give the guest another brand without telling him or her. If the guest calls for a brand, you can be sure he or she knows how it should taste. Any manipulation will cost you trust and clientele.

One of the best ways to limit the number of brands and items stocked is to develop a pre-printed menu. When you list what you have, most guests will find something they like. You can change it periodically or even offer drink specials from time to time, but your primary offerings will be laid out for the guest's choosing.

Where you draw the line on brands and items to stock should depend on your storage space, your clientele, your type of business (club, restaurant, hotel, or other type of establishment),

your business volume, and your cash flow situation. One way to avoid an overabundance of brands is to follow this policy: Never add a new item of unpredictable sales demand without eliminating a slow-moving item from your menu list. You will have to review your sales history to determine what is needed.

You also need to keep up with new products and to anticipate changes in customer demands. You can do this by reading professional journals and by consulting with your vendors about regional and national trends. Do not, however, let anyone (especially sales representatives) tell you what you should buy. Consider their suggestions, but review your own operational needs before making any decisions.

When choosing the individual items, buying beverages is mostly a matter of brand selection. It's a good idea to taste your own mixed drinks using different brands, and even to solicit customer and staff input. Generic liqueurs, in particular, can taste quite different from one brand to another, but expensive imported brands are not necessarily the best, either.

Purchasing Wine

Buying wine is somewhat more complicated than buying spirits. For house wines you can often buy jug wines if your clients will drink them; they are generally cheaper, and the wine will be consistent from one bottle to the next. However, most operators stay away from jug or gallon wines for serving customers. These wines present many problems, including weight, storage, and negative visual impact. Wines served by the bottle are another matter. They are usually much more expensive, so pouring them by the glass is often not cost-effective. In a high-volume business, however, you could negotiate and establish an inexpensive house wine, maybe with a proprietary label in either a 750-milliliter or 1.5-liter bottle.

Remember, too, that wines are very perishable, and if you do not use them quickly they may spoil. This will affect your cost. In many instances the same wine will vary from one year, or vintage, to another; at times the wine's body and flavor will even change in the bottle during storage. The term **vintage** means the yield of wine or grapes from a vineyard or district during one season. Customer demand for wine is less clear-cut than for beer and spirits. Taste wines before you buy them, and then choose according to what you know of your customers' tastes. It is also important to consider the menu when purchasing wine. Experts will tell you that food tastes different when paired with certain wines, so train your staff to guide the customer to a choice that complements the chosen menu item. Be sure to get as much expert advice as you can. You may find helpful information by asking for the opinions of your staff.

vintage The yield of wine or grapes from a vineyard or district during one season. Wine is usually identified as to year and vineyard or district of origin.

RECEIVING BEVERAGES

Taking delivery of exactly what you have ordered—brands, sizes, and quantities at specified prices in good condition—is the definition of good receiving. This is not different from food receiving, except that food products vary in quality and packaging far more than do beverage products. Thanks to the federal government, liquor manufacturers must maintain consistent quality and packaging standards with all brands and types.

With incoming deliveries, your receiving clerk should inspect the following key areas, using your own purchase order rather than the vendor's invoice:

- Verify the quantity, price, and extension
- Verify the vintage of wines
- Check the expiration dates of beer and soft drinks
- Check the seals and condition of bottles to make sure that none are leaking or broken

- Monitor bottle sizes (it is easy to mistake a 750-milliliter bottle for a 1-liter bottle)
- Check the brand against what was ordered

Discrepancies in any of these areas should be communicated to the manager immediately and should be resolved before the delivery is accepted. Such corrections may require returning defective items and adjusting the invoices accordingly. The delivery person may insist that he or she cannot return any items, such as ones from a partial case; you will have to decide whether to return the entire case or keep the case with the defective items in exchange for credit from the vendor. Your decision will depend on how soon the item will be used and when the next delivery is expected. In Chapter 6 you will find a credit memo and procedures for documenting such discrepancies.

Storage

The storeroom is the setting for the third phase of the purchasing cycle. It performs three functions: physical care to maintain quality, inventory maintenance and record-keeping, and security from theft. Think of the storeroom as an off-limits area; those who work there, such as the storeroom clerk and purchaser, should be the only ones who distribute products. No one should be allowed to enter and take his or her own goods. The storeroom should not be left open and unattended. Door locks should be changed often, particularly if a storeroom employee leaves the company. The keys or combinations should only be available to authorized employees.

Each beverage should have a designated place in a logical arrangement, with similar items grouped on adjacent shelves. Stock must be rotated—that is, new stock is placed at the back and oldest stock is used first. In storing distilled spirits, shelving should be sturdy and well braced because cases of liquor are heavy. Sealed cases should be stacked on low platforms or shelves. The general temperature requirement is from 70° to 80° Fahrenheit.

Store wines on their sides or upside-down in their sealed cases. They are perishable—subject to deterioration via light, warmth, agitation, and old age. Wine needs a cool and dark environment at an air temperature between 50° and 70° Fahrenheit. Most experts recommend a constant 55° to 65°, or cellar, temperature. Move bottles as little as possible and handle them gently. Agitating a wine may upset both its chemistry and its sediment. This makes it unservable until the sediment settles again. Since wines have limited life spans, rotating the stock becomes particularly important. The exceptions to this rule are wines that increase in value with age. Your vendor should be able to give you this information.

Wine corks should be moist to prevent cracks or dryness. Cracks might allow wine to leave the bottle or let oxygen enter. Corks should be inspected for leakage both upon arrival and during storage. If you see leakage before receiving a product, reject it. If you find it later, consider discarding it or giving it to the chef for use in recipes.

Beer has the most limited shelf life. Product rotation is therefore crucial to prevent spoilage and waste. Canned and bottled beer should be stored below 70° Fahrenheit in a dark place. Draft beer and unpasteurized canned or bottled beers should be kept refrigerated. Draft beer should be kept at 36° to 39° and should be used within 30 to 45 days, or as specified on the container.

PROPER BEVERAGE REQUISITION PROCEDURES

If you work in a hotel with several food and beverage outlets, each outlet's bartender should remove all empty liquor bottles from the shelves at a specified time, usually at the end or beginning of a shift. These empty bottles become the basis for, and the physical evidence of,

the liquor to be requisitioned. The bartender fills out a **requisition** form, being careful to enter the correct **bin number** (or item number), item description, and quantity required; then she or he sends the empty liquor bottles and the two-part requisition form to the beverage storeroom. In a computerized requisition system, the manual system described above is altered. In such a system, the requisition is entered directly into a computer terminal that is linked to the purchasing system and printer in the storeroom. The purchasing clerk fills out the requisition for either pickup or delivery, depending on your company's policies and procedures. The requisition is then posted or charged to the outlet via the purchasing terminal. In a single-outlet establishment, like a restaurant, the process is the same but on a smaller scale and therefore is a bit simpler.

In both manual and computerized systems, the empty bottles should be sent to the storeroom, where they are checked off by the storeroom clerk to ensure that they are empty, correct, and issued by the company. This is called the bottle-for-bottle exchange system. The clerk further checks that the empty bottles are equal in quantity and brand to the requested bottles. When issuing liquor, the storeroom clerk should ensure that a full bottle is exchanged for a corresponding empty bottle. In this way, the bar's par stock level can be better maintained.

Par stock, or par level as it is sometimes referred to, is the quantity of an item that should be on hand at a given time of the business season. To take this control a step further, attach a point of sale (POS) receipt, from the beginning period when the item was requisitioned to when a requisition is placed, for each item requisitioned. This proves the item was sold and is now being requisitioned to replenish the par stock. The bar should always be stocked with the right number of full, partial, and empty bottles to equal the par levels. Using this system, you can also ensure that no item is replaced if it has not been paid for and recorded in the POS system.

There are some exceptions to bottle-for-bottle exchanges. You may decide to adjust a bar's par levels if consumption volume changes, or you may get a breakage requisition when a bottle is broken. You might also receive an interbar transfer form that accounts for a discrepancy in par levels. These forms, and a description of their use, can be found in Chapter 11.

The storeroom clerk sends the empty bottles for disposal, in the process of which the bottles must be broken. This eliminates the possibility of empty bottles being removed from the trash and used in a subsequent requisition. Standardizing this process guarantees the accuracy and integrity of bar par stock and cost accounting.

Since customers in a hotel may dispose of bottles in their rooms, the requisition of spirits through the room service department should be supported by a sales slip or chit, demonstrating that a full bottle has indeed been sold.

The return of an empty bottle is not required when requisitioning wines, beer, or soft drinks. In these cases, bar par levels are monitored and consistent. For wines, however, it is necessary to submit a POS slip that matches the bin number of the wine being requisitioned. With beer, par stocks should be established by the case. There should be a discernible pattern to the quantities required to restock each type of beer in your bar (or bars, if you have multiple outlets.) In a well managed restaurant or lounge, the outlet's beer requisitions should be matched with sales data from a POS system. While the sales figures may not match exactly the bottles of beer requisitioned, they should be within a minimum variance.

requisition Request for food, beverage, supplies, or personnel.

bin number A specific reference number assigned to an inventory item.

par stock Stock levels established by management for individual inventory items in varying outlets.

Back-Order Guidelines

If the requested brand of beverage is out of stock, the beverage requisition is marked *out of stock* and is returned to the bar or outlet until the item is received and delivered. The out-of-stock item is recorded in a back-order logbook, and the sales slip is retained by the beverage storeroom clerk. When you see a back order, you should check to see if the par level should be raised. When the item is replenished, the storeroom clerk enters the item into the inventory

purchasing system in order to maintain the perpetual inventory. In the accounting for that outlet, the cost of the requisition should be charged to the outlet only when the items are delivered.

Proper Requisition Authorization

The beverage storeroom should have a list of the people who are authorized to requisition beverages. In a larger operation with more than one outlet, establish a time schedule for issuing beverages to each outlet, and stick to it. This confines issuing to times and situations when it can be monitored. In a smaller operation, the manager him- or herself may be the only issuing staff, perhaps reducing the need for a set schedule.

A beverage requisition form should be prepared in duplicate and completed in ink for each and every order. If any changes are required, the first and second copies should be corrected identically and signed by an authorized storeroom staff member. The purchaser and the accountant use the original copy of the requisition for costing. Both copies of the requisition should accompany the merchandise order to the outlet, especially when anyone other than the bartender delivers the requisition. The bartender signs the original after checking that all the merchandise listed on the requisition has been received. The purchasing clerk uses this copy to document the perpetual inventory and a daily record of beverage purchases.

SUMMARY

Following all of the controls in this chapter might seem daunting. Duplicate forms, locked storerooms, empty bottles . . . Is this much control really necessary? Purchasers and others attempting to control costs can testify that, yes, these controls can make or break an establishment. Beverages, as much or more than food, are tempting targets for theft. A fancy bottle of imported rum or an old bottle of wine can be gone in an instant—an expensive instant. You are unlikely ever to find the culprit, but you can initiate controls that help to seal up potential leaks, and you can monitor how your procedures are followed. These are the best bets for your company. In effect, you are trying to create a best-case scenario: How much can your restaurant make under ideal conditions and controls? How far do you vary from those ideals, and why?

CHAPTER QUESTIONS

Critical Thinking Questions

1. What are the primary objectives of beverage receiving? What procedures should be followed to assure objectives are met?
2. For control and customer service, how should a back order be handled?
3. What are the best methods for rotating wine, and why?
4. What impact does customer preference have on actual cost of sales? Please provide data to support your answer.
5. What factors should influence the selection of well brands for a beverage outlet?
6. What are the advantages and disadvantages of automated beverage dispensing systems?

Multiple Choice Questions

- Portion size and control and standardized recipes are essential for:
 - maintaining consistency
 - controlling costs
 - customer satisfaction
 - all of the above

- With incoming deliveries of wine, your receiving clerk should inspect the following key areas, using your own purchase order, rather than the vendor's invoice:
 - Check the expiration dates of beer and soft drinks
 - c and d
 - Check the seals and condition of bottles to make sure that none are leaking or broken.
 - Check the brand and vintage against what was ordered. Including quantity, price and extension.

- What is the pour cost percentage?

	B	C	D	E	G	H	I	J	K	L
Liquor	Number Fluid Ounces	Cost per Bottle	Sale Price	Number Sold per Month	Cost per Fluid Ounce	Pour Amount in Fluid Ounces	Pour Cost	Total Cost	Total Sales	Pour Cost %
Formula					C / B		$G \times H$	$I \times E$	$D \times E$	
Well	33.8	\$12.00	\$2.50	100	\$0.36	1.0	\$0.36	\$36.00	\$250	?

- 14.4%
- 15.2%
- 14%
- 14.7%

- What is the cost per fluid ounce?

	B	C	D	E	G	H	I	J	K	L
Liquor	Number Fluid Ounces	Cost per Bottle	Sale Price	Number Sold per Month	Cost per Fluid Ounce	Pour Amount in Fluid Ounces	Pour Cost	Total Cost	Total Sales	Pour Cost %
Formula							$G \times H$	$I \times E$	$D \times E$	J / K
Call	33.8	\$21.00	\$5.00	120	?	1.25	\$0.78	\$93.60	\$600	15.6%

- \$1.00
- \$.62
- \$.80
- \$.72

5. What is the pour cost?

	B	C	D	E	G	H	I	J	K	L
Liquor	Number Fluid Ounces	Cost per Bottle	Sale Price	Number Sold per Month	Cost per Fluid Ounce	Pour Amount in Fluid Ounces	Pour Cost	Total Cost	Total Sales	Pour Cost %
Formula					C / B			I × E	D × E	J / K
Prem.	33.8	\$30.00	\$8.00	240	\$0.89	1.5	?	\$213.60	\$1920	11.1%

- A. \$1.50
- B. \$1.50
- C. \$1.34
- D. \$2.00

6. If the potential cost is calculated correctly, then any variance could be traced to employees in:

- A. accounting and sales
- B. front desk, purchasing, and storage
- C. portion control and accounting
- D. purchasing, receiving, storage, and maintaining portion control.

7. Wine needs a cool and dark environment at an air temperature between _____ Fahrenheit.

- A. 70° and 90°
- B. 90° and 110°
- C. 50° and 70°
- D. 30° and 50°

8. Draft beer should be kept at _____ and should be used within 30 to 45 days, or as specified on the container.

- A. 36° to 39°
- B. 45° to 55°
- C. 55° to 65°
- D. 26° to 49°

9. What is the total cost?

	B	C	D	E	G	H	I	J	K
Liquor	Number Fluid Ounces	Cost per Bottle	Sale Price	Number Sold per Month	Cost per Fluid Ounce	Pour Amount in Fluid Ounces	Pour Cost	Total Cost	Total Sales
Formula					C / B		G × H		D × E
Well	33.8	\$12.00	\$2.50	100	\$0.36	1.0	\$0.36	?	\$250

- A. \$250
- B. \$40
- C. \$12
- D. \$36

10. What is the total sales?

	B	C	D	E	G	H	I	K
Liquor	Number Fluid Ounces	Cost per Bottle	Sale Price	Number Sold per Month	Cost per Fluid Ounce	Pour Amount in Fluid Ounces	Pour Cost	Total Sales
Formula					C / B		$G \times H$	
Well	33.8	\$12.00	\$2.50	100	\$0.36	1.0	\$0.36	?

- A. \$300 B. \$100
C. \$250 D. \$12

Objective Questions

1. Because well brands are typically the least-expensive brands available in the outlet, it is desirable to purchase whatever brand is currently least expensive. True or False? Explain your answer.
2. The one goal of over riding importance in selecting and purchasing beverage products is your profit goal. True or False?
3. You will achieve maximum success in profitability and customer satisfaction by following industry standards in your mark up on beverage costs. True or False?
4. In choosing the brands of liquor for your well drinks the rule of cheaper is better applies. True or False?
5. Too much focus on profit in marking up your drinks can be counter productive if it sacrifices customer satisfaction.
6. If you don't have the brand a customer requests it is best to supplement a comparable brand serve the drink and see how the customer reacts upon tasting it. True or False?
7. Access to the store room for wines should be left open to the employees so that when the establishment is critically busy filling customers drink requests is not in any way delayed. True or False?
8. Not moving better wines from place to place in the store room improves the effective life and taste of these wines. True or False?
9. When a liquor bottle is empty proper disposal consists of putting the empty in a recycling trash bin to comply with environmental concerns and in some locales regulations. True or False?
10. Expensive bottles of wine or spirits are prime targets of the unscrupulous employee and can when pilfered dramatically affect your operation's profitability. True or False?
11. The goal of beverage purchasing is the same as that of food purchasing: to provide a steady supply of raw ingredients for the drinks you sell, at minimal cost, to maximize profits. True or False?