



THE ALASKA CLUB

Manager's Guide to Concessions Management





10 Best Practices

Our main goal: get the product out to paying customer at full retail price.

1. Order it
2. Check product in
3. Price it & label it
4. Get product out
5. Lock product up
6. Control waste/theft
7. Keep it stocked/displayed
8. Accurate inventories
9. All transfers and invoices coded
10. Perform a financial analysis



Table of Contents

Negatives effects of cost of goods (COG) and profit	1
Cost control methods	1
Ways to maximize revenue	1
Financial analysis	2-3
Counting inventory.....	4
Submitting inventories to accounting.....	5
Pro Shop	6-8
Food & beverage	9-11
DVD	12-14
Janitorial.....	15-16
Pro Shop inventory sheet.....	17
Food inventory sheets	18-19
DVD inventory sheet.....	20
Janitorial inventory sheet	21



Negative Effects on COG% and Profit

1. Theft
2. Waste in food, supplies and labor
3. Employee discounts
4. Low mark up
5. Discounted sale items
6. Employee error
7. Poor inventories



Cost Control Methods

1. Make theft a topic of conversation
2. Keep a waste log
3. Price items correctly
4. Review sales report frequently
5. Watch video
6. Keep storage rooms organized



Ways to Maximize Revenue

1. Keep inventory stocked
2. Reorganize pro shop
3. Keep inventory neat and organized
4. Keep items labeled properly
5. Create displays
6. Creative sales/promotions
7. Train staff and keep them up to date on promotions
8. Motivate your staff, contests
9. Upsell
10. Try new items



Cost of goods (COG):

What is cost of goods?

It simply means the total cost of selling an item. COG is crucial to the success of any concession. It provides a % that measures the profit margin. A higher COG% yields a smaller profit margin. For example: If you buy an apple for \$.50 and sell it for \$1.00 that is a 50% COG. Your profit margin is also 50%. However, if you buy an apple for \$.60 and sell it for \$1.00 your COG increases 60% and your profit margin decreases to 40%.

$\text{Sale price} - \text{COG} = \text{profit}$

How to figure out the cost of goods:

$\text{Total cost} / \text{sales} = \text{COG\%}$

Total cost includes:

What was spent on product and supplies: petty cash, invoices, incoming and outgoing transfers

Inventory adjustment:

The difference between the current month's inventory compared to the previous months inventory.

The adjustment is:

$\text{Current inventory dollar value} - \text{previous inventory dollar value} = \text{adjustment dollar value}$

The adjustment can be a credit or a debit to the total costs.

Mark up percentage

What is mark up %?

This measures the retail price of an item compared to the cost of the item. Mark up % is directly correlated with COG and in determining the net profit goal. Using the example described in COG with a goal of 60% COG and 40% profit margin, an item cost of \$.50 would retail at \$.83.

- How to figure out the mark up %:

To determine retail price = item cost/COG %

Example $50/.60 = .83$

To determine the Mark up % = (retail price divided by item cost) - 1

Example $.83/.5 = 1.66$ $1.66 - 1 = 0.66$ or 66%



Counting Inventory

The Alaska Club conducts monthly inventories on Pro Shop, DVDs, food and beverage, and towels. Janitorial items are inventoried quarterly. If a new item is ordered and received update your inventory sheet to reflect this item and its cost. Update prices on a monthly basis as vendors have automatic increases. When counting your inventory use the prior month's inventory sheet as a guide but do not have last month's numbers listed. You must physically count the merchandise; do not go off of prior inventory counts.

Whenever possible have two people conduct the inventory: one to write and one to count. Be sure and use the same two people each month, if possible. Make sure to count all merchandise that may be in a back room, an office, cabinet, or front desk. Enter all counted items into the inventory sheet. Ensure counts are done per case or per unit. Make sure all formulas are correct and that all totals are calculating properly. Copy and paste the prior month's inventory counts and verify against the "difference" column. Run a sales report to verify items sold.

How to run a sales report: CSI, reports, sales report, sales listing, choose club, choose category, pick dates, detailed listing

Submit in all invoices and petty cash on time for the month it is received.

Inventory sheet templates can be found on the inventory drive under blank master inventory sheets.

Examples of approved inventory sheet formats can be found at the back of this folder.



Submitting Inventories to Accounting

Master inventory sheets are saved on the inventory drive. Make sure to “save as” so you don’t save your info on the original sheet. Save your inventory in the inventory drive in the appropriate folder. Folders are designated by area, year, month, and category. Make sure to include the following in the name of the sheet when you save it - club name, category and month or year.

For example: East DVD 2012

Ensure the format is formatted properly. Always include titles with the club location, inventory category, and month in the headers. Have the date and time stamp in the header and the page number in the footer. Always double check all formulas in the rows and columns. Ensure the pages are formatted properly for printing.

If you have to make changes to an inventory that you submitted and it is after the deadline, make sure you notify accounting and your General Manager.



Pro Shop inventory is counted monthly.

Order it:

Merchandise for the pro shop is ordered by the Pro Shop buyer. The only exception is some tanning products and locks. If items are needed for your Pro Shop contact the Pro Shop Buyer.

Check product in:

Pro Shop inventory arrives to your club in two ways:

- Drop ship: merchandise shipped directly to you
- Transfer: merchandise transferred from another club
- Check merchandise in immediately when it arrives.
- Check the packing list against the purchase order that was e-mailed to you from the Pro Shop buyer. Notify the buyer immediately if there is a discrepancy with the packing list to what is actually received, or from the purchase order to what has actually arrived. A copy for the purchase order will be sent to the Operations Manager via e-mail from Pro Shop buyer that will contain quantities purchased and point of sale (POS) codes. A copy of the purchase order will also be placed on the inventory drive under Pro Shop purchases.

Items transferred are couriered club to club and will have a transfer sheet attached to merchandise and will be posted on the Inventory drive under Pro Shop transfers.

Price and label it:

Pro Shop codes should be printed out on the computer using CSI and the proper bar code labels.

- Labels to use are Avery 5160 and can be purchased from Office Depot.
- To print labels in CSI: inventory, bar code labels. Enter quantities and print. Label merchandise and put out on floor.

Get product out:

New merchandise should be displayed together in a prominent location. Older merchandise from be rearranged to appear neat and organized by size.

It is best to update your pro shop inventory sheet when new merchandise arrives.

Lock product up:

Any merchandise not on the floor should be locked in a secure location with limited access by management only.

Control waste/theft:

Any items that are damaged and cannot be sold should be listed on your inventory sheet in a column listed damaged. It will not be counted as part of your inventory but will be listed to show where the item went. Send all damaged Pro Shop merchandise to the Pro Shop buyer.

Keep it stocked:

Pro Shop should be maintained daily: dusting/vacuuming, etc., and should be part of the club daily inspection. Replenish high selling items like socks, locks, and tanning items.

Accurate inventories:

If you are missing costs or codes go to: I drive, blank master Pro Shop inventory sheet. Ensure you are using the most current sheet. Verify costs on purchase order/transfer to cost listed on inventory sheet and update costs on inventory sheet if needed.

Ensure all transfers and invoices are coded on time:

Accounting will give you a date that all invoices and transfers should be coded and received by for the close-out of the month. It is your responsibility to ensure that this is received by accounting within the appropriate time. It is imperative to ensure that if you are including new product in your inventory that you turn in the invoice so it gets coded to the same month that you are counting it.

Financial analysis:

Most Pro Shop merchandise is “keystoned”, which means that the retail price is double what we paid for it. For example if we buy a shirt for \$5 we would sell it for \$10 (50% cost of goods). Most clubs budget a 60% to 63% cost of goods (financial analysis is covered on page 2). The extra 10%-13% factors in shrinkage and discount sales. It is important to analyze your COG at the end of the month to determine if there are errors in your inventory or a shrinkage problem.



Food & Beverage

Inventory is conducted monthly for all food & beverage and supplies. Front Desk employees at specified club locations are required to have a Food Workers Card.

Order it:

Order food and beverage weekly (or daily for perishables). Do not over order. Keep and analyze the items that sell well. Always remember to order enough product to sell through the weekend. Limit perishable items to ensure that what is order will sell and not go to waste.

Check product in:

Check all products in when they arrive against the packing slip. Mistakes can be made by our vendors. Commonly, an order for another club location may be delivered to your club by mistake. Always review the packing list prior to signing it. If a problem is detected after shipment has been delivered like wrong product, too much product, or damaged/spoiled product, then contact the vendor right away to fix the problem.

Price it and label it:

If it is a new product and retail prices need to be made or a new POS code needs to be established, contact Elisa Samuelson at esamuelson@thealaskaclub.com. This usually requires a 3 day turn order so plan accordingly. Perishable food items need expiration/pull date stickers on them.

Get product out:

Stock product daily. New product should be placed in the back and older product should be placed in the front. Make sure that food items are labeled properly for expiration dates per health code policy.

Lock product up:

All back stock items should be stored in an organized locked room or cabinet. Limit the access to the product. This applied to items that do not need to be refrigerated. Limit refrigerated items to what can be sold at the front desk in a timely manner to avoid spoilage.

Control waste/theft:

Keep a log of all damaged and waste products. Check expiration dates. For best results, inventory product weekly. If possible, put items on sale a couple days before the pull date. Keeping an organized file of damaged/waste items is a good way of identifying items that do not sell. Do not give away expired items; throw them away.

Keep it stocked:

Food that is commonly purchased should be kept stocked throughout the day. Otherwise, refill the floor stock at the end of the day or first thing in the morning. It is also important to ensure the weekend has plenty of stock.

Accurate inventories:

Ensure accurate counting. Make sure back stock is counted. Check every case. Never assume all cases are sealed and full. Label products accurately, POS codes are created by accounting. Update inventory sheet monthly with accurate product costs. Ensure to input the proper quantity (per case or item). Inventory sheet should have a waste column to identify those items that were damaged or spoiled. Waste should be managed to ensure that it is kept to a minimum.

Ensure all transfers and invoices are coded on time:

Code invoices frequently (weekly) and submit to accounting, check for pricing accuracy. It is important to turn in invoices for the month you are counting it in your inventory.

Financial analysis:

Most clubs budget a 55% to 60% cost of goods (financial analysis is covered on pages 2-3). Most items are marked up 100% or more. For example, a bottle of water is purchased for \$0.50 and sold for \$1.00. This would be a \$0.50 COG. Shrinkage and discounted sales are already factored in the profit margin with the 55% to 60% cost of goods (COG).

It is important to analyze your COG at the end of the month to determine if there are errors in your inventory or a shrinkage problem. Tracking your sales throughout the month will help you determine which items are selling and will assist you with making the proper order choices.



Inventory is conducted monthly on all DVD's.

Order it:

DVDs are purchased by the DVD buyer and are delivered to your club every Tuesday.

Check product:

New releases are delivered to each location usually on the day they are released (Tuesday). Occasionally they are sent via the courier the next day or so. There is not a packing list or invoice included with the delivery. It is crucial to ensure the DVDs are put in a secure location until they can be put out on the floor.

Price it and label it:

The cost of the DVDs will be e-mailed to you to use in your inventory sheet.

Get product out:

DVDs should be put out for rent as soon as they arrive. A new DVD sitting in an office is lost revenue!

Print a rental checkout form for each DVD and use the current inventory as a guide for assigning each one a number. Pull an old DVD from the floor if needed to make space. Use the old DVD number if possible and make sure to update the inventory sheet. If a DVD is being pulled to sell, ensure you copy the existing DVD info on the bottom of the inventory in the section "for sale DVDs".

Number the DVD display case and disc. Use tape or another method so the case and DVD are not permanently marked. The display case goes on the rental rack and the DVD is stored in the DVD binder (sleeved case that holds all the DVDs).

Lock product up:

DVDs are stored in the DVD binder (sleeved case that holds all the DVDs.) The case is left at the front desk for easy access when the DVD is rented. When a DVD is rented the member presents the DVD display case of the movie they want to rent and the DVD is removed from the binder and inserted into the display case.

Control waste/theft:

DVDs should be checked in 7 days a week, preferably by a manager. DVDs should be inventoried on a weekly basis to ensure all rental sheets are properly filled out, all past due rentals are charged and for potential employee theft issues.

Keep it stocked:

It is imperative that returned DVD's are checked in every day of the week by a manager or a lead employee. If possible, check them in several times a day.

Accurate inventories:

Ensure accurate counting. Use the rental sheets and compare to the DVD binder. Looking at each rental sheet in order and looking to ensure every DVD is in the case. If a DVD is missing it should be currently rented out on the rental sheet. Look for missing DVD's, improperly numbered DVD's, missed rental charges and other issues. Also confirm that the DVD display case is on the rental display rack for DVD's that are not currently rented out. It is crucial that the proper cost is inputted on the inventory sheet for each item. Make sure to count any DVD's you have for sale. Sometimes DVD's are returned after you already wrote them off as "Missing". Simply add them back into your inventory.

The inventory should be performed before the month ends so any late fees or other charges can be credited to the current month.

Ensure all transfers and invoices are coded on time:

Typically there are not DVD transfers or invoices to code.

Financial analysis:

It is important to analyze your cost of goods at the end of the month to determine if there are errors in your inventory or a shrinkage problem. The only expenses in the DVD concession are DVDs that end up missing, damaged, or sold. It is important to analyze the detailed sales report. The number of transactions for regular, Membership Plus, and Good Life rentals should be compared to the number of late fees transactions. Typically the total number of rental transactions and late fees should be about the same.



Janitorial inventory is conducted quarterly. Towel inventory is conducted monthly.

Order it:

Most supplies are ordered through a vendor. However, some are purchased by management at local stores.

Check product in:

Check all products in when they arrive against the packing slip. Make sure any damaged boxes or items are checked immediately. All flammable items need to be secured in a fire cabinet. Always make sure an updated MSDS sheet is placed in your MSDS book for all products. Any new products should not be put in use until a MSDS sheet is in the MSDS book. Cleaning products or other janitorial products that are brought into the club need to be brought to the attention of the Operations Manager so that a proper MSDS sheet can be printed off. MSDS sheets are available on-line if one is not provided for you. MSDS books are located at the Front Desk of every club location and will be in a Red binder.

Get product out:

Replenish items and organize the remainder of the stock to be stored. Do not overstock items in locker rooms. Keep enough items on hand to replenish through the day or weekend but not so much that it can be taken easily.

Lock product up:

Limit access to back stock products and keep locked in a safe place. Make sure that items like towels are stored in a moisture free area to avoid mold or water damage. All flammable items need to be secured in a fire cabinet.

Control waste/theft:

Ensure accurate ordering. Don't over order or under order. Daily and/or weekly stock checks will keep you informed on items that are running low.

Keep it stocked:

Through daily inspections make sure there is enough product on hand for the members and note items that you are running low on. Again, keep enough items on hand to replenish through the day but not so much that it can be taken easily. This commonly happens with items like Kleenex that can be easily taken from the locker room to be used in other parts of the club or taken for home use. Avoid ASAP ordering by keeping a list of the items that you need to order.

Accurate inventories:

Verify costs on purchase order to cost listed on inventory sheet and update costs on inventory sheet if needed. Make sure to input the proper quantity on the inventory sheet (by case or item). Check your inventory sheet to make sure that the formulas are correct and that you are calculating the items properly, for example adding by the case or by the individual item. When adding additional line items to your inventory sheet make sure it is being calculated in your total. It is best to have the same person count the inventory each month. Always make sure that all backrooms, cabinets, connex's, sheds etc. are inspected for product to make sure that everything has been counted.

Ensure all transfers and invoices are coded on time:

Code invoices in month they are received. If you count it in the inventory ensure that the invoice is turned in for that month. Maintaining an organized file with all packing lists of items received will help in making sure that you code in the invoice properly. Having the packing list will also be a reminder if you haven't received the invoice yet that you will need to request one from your vendor so that it can be coded and paid for in the proper month.

Financial analysis:

Inventories and timeliness of invoices being turned have a significant impact on the financial statements. Accurate counting and input of information are extremely important since they are only recorded quarterly. Double check all formulas and totals calculate correctly.

17

18

19

20

21