

2009's MANAGEMENT MANTRA:

Cut Costs, Keep Quality

There really is no way to put a positive spin on the 2009 F&B story. The economy has been retreating for well over a year, and a robust recovery—not yet in evidence—remains a distant hope. Most working Americans have less spending power, and most of those who have lost their jobs are scraping to get by. In times like these the top performers in the hospitality industry demonstrate their worth.

Santé has asked six of the top restaurant professionals to tell us how they are meeting the challenges of their jobs and helping their enterprises survive for the better days ahead. Their management solutions are working in very difficult economic environments, and their operations are more than merely maintaining business. In brief, here are some common themes:

- When sales are flat or decline, there's a natural tendency to change course, often by cutting quality or service to maintain profitability. That is not the case among those we interviewed. None is conceding his or her core mission to provide unsurpassed hospitality.
- Instead of compromising on the dining experience, our six pros found smart, practical ways to cut costs *and* maintain quality. Cutting product inventories is a common necessity during downturns, but working with suppliers to purchase in bulk and buy smart and implementing cost-saving “green” practices are other ways our professionals meet the economic challenge and advance even non-recession-related goals.
- All recognize the importance of retaining key staff during a weak business cycle and training them week in and week out to be successful salespeople and ambassadors for the operation.
- The six are involved in developing innovative programs that help brand the enterprise, build guest loyalty, and attract new customers.



Read on to become acquainted with these F&B leaders and to learn more about their winning management practices and how to replicate them at your establishment.

A Continent of F&B Challenges



Starwood Hotels & Resorts offers nine distinct hotel brands in North America: Westin, Sheraton, Four Points by Sheraton, St. Regis, W Hotels, aloft, element by Westin, Le Meridien, and The Luxury Collection. As coleader in charge of overseeing F&B support activities for all, **Senior Director of Food and Beverage Michiel Bakker** has more than enough on his plate (and in his glass) to occupy his professional time.

Of course, Bakker gets plenty of help from his F&B team, so he spells out his personal professional agenda for 2009: “Enhance my knowledge of the North American beverage industry, identify success factors for restaurants and bars, and further develop and enhance relationships with our F&B partners.” Starwood continues to expand its holdings in 2009, even as the economy contracts, so Bakker is faced with many management challenges, the most pressing of which, he asserts, are “cost containment and driving/maintaining market share while continuing to deliver distinct guest experiences.” In addition to these tasks, Bakker must develop efficient ways to implement Starwood’s sustainability initiatives.

Management Tests

Containing costs requires daily diligence. Bakker explains that his colleagues and he are always monitoring vendors and “purchasing in bulk so we can get the best price.” Because Starwood’s North American hotels are spread over the continent, Bakker sees his cost-containment options as “based on each property and region.” No F&B budget item

can be ignored. He ponders such questions as, “Is it more cost-effective to chop onions in a particular kitchen or buy chopped onions?” Sometimes decisions come down to looking at waste. “If one-quarter of the product comes back from the dining room, does it make sense to reduce portion size?” asks Bakker, who confesses that it is easier to contain costs in the catering/banquet side of Starwood’s F&B business than in the fine-dining rooms.

Delivering a “distinct guest experience” is a challenge that requires a thorough understanding of each Starwood hotel brand and exercising sound management practices. Bakker cites three bar programs that demonstrate clear distinctions among the hotel brands. At Four Points by Sheraton venues, Starwood has initiated its “Best Brews” promotion, which centers on draft and microbrew beers. Four Points guests and local patrons can taste and learn about a number of featured beers in a low-key, friendly setting. In contrast, Bakker comments that The Living Room, the main bar at W Hotels, is “a focal point of the property—a cutting-edge, high-energy bar experience where design, music, beverage offerings, and even staff uniforms help set the tone.” At W Hotels’ junior brand, aloft, the WXYZ Bar is a “simpler version [of The Living Room] with a signature cocktail menu, housemade infusions, and regular bar promotions.”

To help these bar programs turn a profit, Bakker employs a number of integrated management practices to increase efficiency and lower costs. “We run beverage programs in close cooperation with our partners, working together to reduce the number of distributors [to the best],” he begins. “We concentrate on staff training and service, which helps build sales and repeat business, and we use beverage promotions where it makes sense—for example, beer promotions at Four Points. Finally, we install beverage controls, including secret shoppers, to deter theft and other bad practices.”

Sustainable Practices

Bakker fully supports the company’s position on sustainability, stating, “Our commitment is to be as sustainable as possible considering the expense,” and he continues to implement “green” solutions that are affordable, even during the current weak economic cycle. He bases his decisions on local conditions. For example, he explains options for replacing bottled water: “At some properties, filtering tap water may be the most cost-effective, sustainable solution. At others it might be purchasing locally sourced spring water.” Like many other hotel companies, Starwood has instituted waste reduction and recycling programs, including reducing and recycling cooking oils. Bakker has also examined banquet menus to introduce as many sustainable items as possible.

As a coleader of Starwood’s North America F&B team, Bakker’s goals are clear: “To become known as the best hotel F&B team in North America and the best F&B partner in the hotel industry”—very lofty goals for a continent-spanning job.



MAKING the Connection

Alison Barshak is getting used to running two restaurants at the same time. Both are located in suburban Philadelphia, but they are very different. The first, Alison at Blue Bell, opened in May 2003. “Blue Bell is small and really out of the way,” Barshak says. “Customers have to know where to find it, so I think they like that it is their little secret.” With just 60 indoor seats and 20 outdoor ones, Alison at Blue Bell serves rustic Mediterranean-focused fare for dinner only.

The second restaurant, Alison two, which opened in October 2008, has 120 seats and a menu influenced by nearly every corner of the globe. “We do more Southeast Asian, South American, and Mexican food,” Barshak says. “And there are a lot more menus at [Alison two]. It’s lunch, dinner, a bar menu, and private dining menus.”

What the restaurants share is the philosophy of personal attention. “At Alison at Blue Bell, I would talk to every single customer that came in. There was an open kitchen, and people would see me,” Barshak explains. She was the face of the restaurant, and her being present drove the business. Having two restaurants makes communicating directly with guests more challenging. “I have to think more about how I am making the connection with customers,” she says. Below Barshak shares her thoughts about continuing to serve up a personal touch even as she manages a two-restaurant group.

Using Technology

Barshak’s to-do list usually features two or three technology-related tasks. “I had to get a new iPhone this morning. I have had it since the day it came out. I am not a techie, but I like to stay in contact.” She makes a point of updating her Facebook profile and of posting tweets to her Twitter feed because these methods help her make personal contact with customers. “We had a six-year birthday party at Blue Bell the other day. And there were probably 25 people from Twitter. Some of them I had never met before, but I invited them.”

The technology also allows her to gather feedback from guests and to field requests. “Today I got a message from a customer on Facebook asking us to put Amstel Light on the beer menu. I wrote him back, ‘Of course. Does that mean we’ll see you more often?’ He said yes. People send you messages that way, and it’s great.”

Getting Out of the Restaurant

Posting to Twitter and Facebook and making conversation with guests in person all require that Barshak have experiences to discuss. “I like to travel and do things outside the restaurant so that I have something interesting to say,” she explains. “You have to be genuine, and if I can’t be genuine, I really don’t want to talk to customers.”

Creating fodder for conversation isn’t the only reason to leave the restaurant. It also refreshes Barshak’s perspective. “I find that it’s very helpful to talk to people outside the restaurant business. They see the business from the customer’s point of view. And really, it’s about the customer,” she says. She goes to Paris twice a year with a friend who works in the fashion industry. “I just go to food places in the morning, and then I go to the houses where they buy the clothes in the afternoon. And it is really interesting to see how they pair things. And they have some of the same challenges that I have.” She cites seasonality and marketing, specifically. “It is just nice to see through a different business.”

Hiring Personalities

Leaving the restaurant periodically requires that Barshak retain a top-notch staff, a task that she admits is difficult. “I think it is always a challenge to have the right team. It never ends,” she says. Rather than advertise, a method she admits has brought little success, she uses a person-to-person approach for finding the help she needs. “A friend of mine has a catering business, and he had a whole bunch of resumes. He had interviewed someone he really liked but who didn’t have quite enough catering experience. I called her, and she’s now the manager of [Alison] two. I am thrilled.”

She is careful to note that the right person for the job must have both skill and a social personality. “People want someone that they recognize to take care of them. It is really important that the person that I put in the position [as chef at Blue Bell] was also generous of spirit and enjoyed taking care of the customers and talking to them and listening to them. That’s as important as, ‘Hey, I can cook, and I can make food costs.’”

Budget-Friendly Wine Luxury

PlumpJack Group (Queen Elizabeth I dubbed Sir John Falstaff, Shakespeare's irrepressible character, "Plump Jack") operates more than 13 lifestyle properties in California, including restaurants, two wineries, two resorts, retail stores, and wine shops. The company was founded in 1992 by Gavin Newsom (currently San Francisco's mayor) with the philosophy "to live life out loud," in the spirit of the rotund and irreverent Falstaff. But despite the connection to the circumferentially challenged Sir John, living life "out loud" should not be confused with "living large."

Luxury with Value

The company's venues are designed to provide upscale hospitality, but the wines served in the restaurants are priced to be good values. **Wine Director Gillian Ballance**, who oversees all of the company's restaurant wine programs and all staff wine-service education, notes, "We offer most of our wines at well below 'normal' restaurant prices in order to build strong relationships with our clientele." The PlumpJack lists include "wines with reliable names, small-production wines, and interesting worldly wines. We have a core list of 50 of our most popular wines, which have very low markups."

Ballance must "ensure that selection and pricing are in keeping with the PlumpJack philosophy." To maintain profit margins she relies on "both smarter buying and volume purchases, which are decided by all PlumpJack wine managers." At the same time, she must maintain small-production wine inventories or risk losing these appealing selections. Ballance comments, "I am focusing on the wine program at The Carneros Inn, but I always keep an eye out for restaurant allocations to be shared by all." She confesses, "I'm not going to lie. We try to make up for the profit loss on bottles with our wines by the glass."

Concern with Competition

The current economic downturn makes her job of balancing value and profits very challenging, especially in the highly competitive, wine-centric San Francisco restaurant milieu. PlumpJack Cafes and Balboa Cafes must compete with the likes of classy restaurant wine bars such as A16 and the Mina Group's new RN74, so the company is upgrading while retaining its core mission. Ballance offers, "We closed the PlumpJack Cafe on Fillmore Street earlier this year. We are responding to the neighborhood's needs and will be reopening in December with a fresher look and more dining options, [including] small plates, a return to focusing on 'great wine finds' at reasonable prices, [and] an amped-up wine-bar concept."

PlumpJack's wine-pricing policy does boost customer loyalty, but the company's success is also due to other strategies. Ballance

points to the restaurants' "friendly, family atmosphere and great food—'affordable luxury.' [In addition to] offering more value-driven wines . . . most of our restaurants offer a prix fixe menu with a wine pairing or carafe. Boon Fly Cafe at The Carneros Inn features a \$28 three-course menu with a \$10 carafe of Speare Chardonnay or Merlot. Speare—the name pays homage to Shakespeare—is our new company 'house wine,' which answers the need for a great, easy-drinking wine that retails for less than \$11 a bottle."

Staff Strategy

The company's philosophy of friendly comfort and affordable luxury extends to the staff. Ballance states, "Hilary Newsom (Gavin's sister) runs the company more as a family than a corporation. Employee perks include complimentary tastings, comp nights at The Carneros Inn, and 50 percent off on dining. We are blessed with proximity to wine country and have plenty of trips throughout the year."

"[Besides] ongoing training at lineups every day . . . PlumpJack has something called PJU or PlumpJack University, which organizes several educational trips and events and is open to all employees," explains Ballance. "Under the PJU umbrella is PJU Boot Camp. Offered quarterly, it is a six-hour wine course that I teach, [and it] covers everything from viticulture to proper wine service. Each participant receives a binder chock-full of great information." Training is one of the most gratifying aspects of her job, and Ballance prizes "seeing our service staff grow and appreciate my knowledge and training and knowing that [I am] giving people the tools for success."





GOOD Decisions

Elettaria, a new American restaurant in New York City's Greenwich Village, combines spice-driven seasonal cooking, an inspired wine list, and cultural influences from the owners' ethnic backgrounds. Born in the United States, **General Manager, Sommelier, and Co-owner Evaristo Noel Cruz** nevertheless adds a Filipino edge to the menu, while Chef/Co-owner Akhtar Nawab brings his Indian heritage to the table. But creative cooking and rich cultural heritage are not the only things this duo is good at combining; they have elevated to an art form the careful mix of sound financial management practices and environmental consciousness.

In the current economic environment, Cruz constantly generates ideas to bring in more revenue and spend less. "[I am] trying to [account for] all of the cost factors—what our expenses are—and trying to cut back [without] cutting quality." Saving money is particularly challenging when it comes to food. "The irony is that [food] costs are rising, but everyone is trying to cut back. You have to buy at a certain . . . price range and then figure out how to save somewhere else." Cruz homes in on environmental practices that save him money and increase the restaurant's esteem among the ever-growing eco-conscious members of his clientele.

In the Beginning

The management team's economic and environmental considerations did not begin when the economy began to fail; since its inception the restaurant has focused on cost-effective ideas that are also ecologically friendly. The team incorporated recycled materials into the restaurant design. "One of the biggest features in the restaurant is the ceiling, which is [made of] recycled barn wood from upstate," Cruz

explains. It was quite inexpensive; in fact, the labor to install it was more expensive than the materials themselves.

Like the decor, the menu has always had a sustainable bent. "We try to keep our sources as local as possible," Cruz comments. They shop at the green market and maintain close ties to local farmers. They buy small quantities more frequently to maintain freshness and seasonality. "Since we are a pretty dynamic restaurant with respect to the menu, we don't carry a lot of inventory. And so when new products come in, the staff has to be educated."

"A" for Effort

Educating staff about products and customer relations and motivating them to perform well account for a significant portion of Cruz's efforts at the restaurant. In contrast to many restaurant career-oriented back-of-the-house employees, Cruz finds that most of his servers and bartenders work only to pay their bills until their first-choice career picks up. Cruz values hardworking personalities over experience. In addition, he stresses the connections between product knowledge and superior service and increased tips. "The biggest factor is . . . communicating and letting [the staff] have fun in a professional way," Cruz explains.

Cruz admits that not all his economic and environmental efforts are as time consuming or thought provoking. Many are no-brainers. "We don't throw anything away. We use 99 percent of all of our products. If we fabricate a chicken, the bones don't get thrown out; they go into stock," Cruz relates. "We recycle what we can. If we empty a bottle, we save it, and we return it for a deposit—which a lot of people don't do. But five cents per bottle times the number of bottles that get thrown out over the course of a year—that could be quite a lot of money."

Certifiable

As a member of the Green Restaurant Association, the restaurant has to make several environmental improvements per year in order to remain certified. Meeting the association's standards takes more effort, but it often pays off. "Having to meet these requirements makes me have to research things. I am forced to look at prices. It does force me to look at different products, different sources, different purveyors, price the same product with different people. It definitely is a little more work."

The added effort has led to some less expensive solutions, but Cruz warns that the best environmental choice is not always the cheapest in the short term. "Putting motion sensors in the bathroom is definitely more expensive than just putting a light switch. We compost through our garbage company; they have a program, which is an additional cost. Certain biodegradable products are more expensive than Styrofoam," he says. Yet all are changes the restaurant has elected to make. Are they worth it? "I think so in the long run," says Cruz. "As [green practices] get more popular, it will get easier, because then there will be more sources."

MANAGING A Bar Empire

While other restaurant groups are pulling back during the prolonged economic downturn, the Mina Group is expanding. Founded in 2002, the company now boasts 16 venues spread across the country, opening its latest restaurant this spring, RN74 in San Francisco, the home of Michael Mina's first restaurant. With high-end bar programs in very different cities nationwide, **Beverage Director Noah Ellis**—who is responsible for the hiring, training, and development at all of the Mina Group's restaurant bars and lounges—has to tune into the ever-changing trends of dynamic bar scenes.

Though Ellis considers the task of developing the cocktail list and creating cocktails to match the concept and the audience the most creative part of his job, it isn't easy. Ellis accomplishes this agenda of providing distinctive, top-shelf cocktail programs at each venue in several ways: hiring the best barstaff, stocking the bars with premium ingredients, complementing the chefs' cuisine, and sharing information among locations.

Top People and Products

Ellis hires the best people he can find, because he believes they are critical to the group's bar and lounge success. "For the last eight openings, I've interviewed every bartender



and barback," he recounts. "When we open, I try to find at least one head bartender who is incredibly talented. [I] give them the support they need while staying out of the way so they can operate. . . . I'm truly fortunate to have great people . . . such as Marco Dionysos [Clock Bar, San Francisco], Kevin Diedrich [Bourbon Steak, Washington DC], and Jason Bran [XIV, Los Angeles] leading our bar programs." Ellis also interviews and hires the all-important bar managers, who handle "the nuts-and-bolts stuff—ordering, budgets, staffing, scheduling."

Overall, he looks for people with "great attitude, flexibility, and passion—younger talent who can readily adapt to the Mina Group program" and who respect the work of the back of the house.

"We're a chef-driven company," Ellis points out. "The beverage has to match the food. Mina pushes the envelope for cocktails in a restaurant." The chef-friendly attitude attracts expert advice from the kitchen. "A lot of our chefs are interested in the bar, and we get a lot of help. For example, Lincoln Carson, our corporate pastry chef, developed a terrific rhubarb syrup for one of our cocktails."

Just as the Mina Group chefs work with the best products, so does the barstaff. "I look for spirits that are . . . based on quality," asserts Ellis. "Small-batch spirits are preferable. Additionally, the quality of liqueurs is of the most importance for cocktails."

A Share Market

"The biggest challenge—that I like to consider an opportunity—is the geographical scope of our operation," comments Ellis. "Developing cocktails and working on techniques with staff are both very personal, and it's difficult to work with all of the staff personally when I'm not physically present all of the time." He continues, "The benefit of having locations around the United States, however, is that as I travel to open new restaurants and visit operating ones, I am constantly exposed to new products and techniques that I want to share with all of the other bars."

One of the leading bartender's techniques is double straining (shaking, straining, then using a chinoise to eliminate ice crystals), which improves the mouth-feel of particularly ice-cold, citrus-dominant cocktails. Another involves the use of hand blenders/frothers at several locations.

Even after every location is humming, the job is not done. Maintaining 16 distinct programs and staffs requires constant vigilance. "I am currently focusing on updating all of our programs with what I believe to be the important new trends and products in the industry," Ellis comments. Together with his boss, Patrick Yumul, vice president of operations, he sets revenue-specific budgets, monitors performance, and holds weekly and monthly meetings, often by conference call, to go over any necessary changes.

Ellis concludes, "As far as the bar goes, we've been very lucky. With the slowdown, our bar and lounge business has not suffered." Referring to managing the business operations, he says, "We haven't changed too much." Cocktail perfection, however, is an ever-evolving pursuit.

For Every SEASON

A chef could be bewitched by the breathtaking view from The Spiced Pear, a small gourmet restaurant within The Chanler at Cliff Walk, a 20-room boutique hotel in Newport, Rhode Island. “It overlooks the Atlantic Ocean with an open kitchen. It is a dream place . . . The waves are just crashing on the beach down below us. It’s just gorgeous,” **Executive Chef Kyle Ketchum** describes.

At first, Ketchum was bewitched. He wasn’t even looking for a job when he was offered the position three years ago, and initially he refused. “[But] when I saw the property, everything changed,” he recounts. Although he was enamored at the beginning, it didn’t take him long to realize that there was work to be done. As was the case when he arrived, his challenges still relate to the restaurant’s seasonality.

Reaping the Harvest

“When I came to the hotel, we were probably as opulent as any high-end restaurant could be, serving nothing but Kobe beef and importing as much as we could,” Ketchum remembers. At the very beginning, he sourced ingredients from the purveyors that the previous chef had used, but as the San Antonio native grew familiar with the region, he became adept at using New England’s bounty.

“I have made contact with a lot of local farmers, and [their produce] turns into a lot of what we do on our menu,” Ketchum relates. “Now I try to produce about 80 to 90 percent of everything we do locally. It’s a rarity that we will have to fly product in. We used to call our cuisine ‘continental’ or ‘international/global,’ and now I describe it as ‘contemporary New England’ cuisine.”

Cold Shoulders

New England’s climate may provide excellent produce for the restaurant’s menu, but it doesn’t always accommodate the restaurant’s signature: outdoor dining. “In the summer, we have a terrace restaurant with a patio. That space can do about 250 covers a day. Meanwhile the fine-dining restaurant does 70 to 80.” In the winter, however, the entire establishment averages 100 covers on a busy day.

The location requires that Ketchum adapt quickly in the spring and fall. Apart from private parties and special events, which remain relatively constant throughout the year, he has



to gear up quickly at the beginning of the warm season. He increases everything: the menu, the volume, and the staff. “Then, you immediately have to shrink and be controlling your costs the other six to eight months out of the year,” he explains.

The Staff Shaft

Although Ketchum notes that he has many good staff members, he feels that the seasonal nature of the employment (and state unemployment that supports seasonal workers for the “off” half of the year) decreases many employees’ incentive to take the job seriously. “For our particular location, they may not be willing to work as hard,” he says. “So just finding quality staff is a challenge for me.”

He draws on the culinary program at nearby Johnson & Wales University. “[It] is a good feeder, but, unfortunately, the students . . . can work [only] three months or four months before they have to go back to school. So we are always evolving, every quarter or so, with a couple of new core cooks,” Ketchum relates.

Addressing employee motivation, he comments, “I want my staff to have fun and to get an education out of [the job] and to love to come to work.” His training regimen pays off in the end. “If my staff is happy, I don’t have to work the crazy hours. Because I have taught them well and I have trained them well, they are self-sufficient.”

Locals Welcome

Admittedly, tourists drive a good portion of The Spiced Pear’s business, but Ketchum wants to increase local dining traffic for both special occasions and casual evenings out. “There are a great number of restaurants in Newport that the locals frequent more regularly than ours because they feel we are a little too exclusive for them. I would really like to challenge them to come here more often in the shoulder months, to see if we can still be approachable and just as affordable as the other restaurants,” he says.

To make this happen, Ketchum and his team have created a number of options. “We have a three-course prix fixe lunch for \$18. At dinner, you have a choice. You can sign up for a whole à la carte menu, if you want it, or you can create your own prix fixe for a set price. It is a great value for everyone that comes in here.” Guests can choose the chef’s table as well. “My thing right now—that is just key for any business right now in this economy—is to produce the best overall value for my customers,” Ketchum says. “I just think there is a lot of competition, and everyone has to bring their A game. The economy dictates that the average gourmand diner is going to be more selective.”