



IN-HOUSE VS. OUTSOURCING F&B 2018

Food and Beverage Operations
Consultancy Report provided for the
CMAE by:

EXECUTIVE SUMMARY

The fundamental aim of this report is to contribute towards a greater understanding in the field of golf club's food and beverage operations, to provide helpful, and sustainable recommendations for the 'Club Manager's Association of Europe' (CMAE), and its current membership. This was ultimately achieved by conducting a series of interviews, and questionnaires with golf club managers and supervisors across the UK and Ireland, as they represented the target population for the research. The data garnered from the research was then transferred into a sustainable strategy to enable the membership of the CMAE to understand the factors influencing the decision-making behind operational transition, and ensuring the necessary steps are taken to ensure the "right fit" is implemented.

An interesting finding garnered from the interviews with general managers found that 44% of respondents had once adopted either an in-house or outsourced food and beverage operation, but have since opted for the other method, due to efficiency and suitability for the golf club. The fascinating element to this stat conveys the extent to which food and beverage operations within a golf club is subject to change, and must be treated as an advantageous asset that benefits the club, rather than simply something that remains fixated for a prolonged period. Furthermore, the breakdown of in-house and outsource golf clubs was 11:9; thus, portraying that a food and beverage operation must be suitable for the specific environment, ethos and objectives a club has, rather than simply stating that one is categorically 'better' than the other.

In addition, the responses from the questionnaire also yielded significant results when approaching the financial argument of the operations. When considering averages, in-house clubs corresponded total revenue (TR) of £493,400 and total costs (TC) of £222,800, delivering profits of £270,600. When compared to outsourced golf clubs, the TR average was £229,100 and TC was £136,000 – producing annual profits of £93,100. Although the in-house operation conveys significantly more profit than outsourcing; it also requires a substantially greater level of expenditure, resulting from enhanced financial independence.

The primary objective of the report is to provide golf club managers with a greater level of understanding regarding food and beverage operations, and the pivotal factors that invariably dictate the efficiency of the transition. In addition, it would be recommended that this research is complimented by future qualitative research, due to the volatility of the food and beverage market, and continually changing consumer needs and wants.

KEY FINDINGS

IN-HOUSE VS. OUTSOURCING	
Operating Profit makes up 28% of Total Profits	Operating Profit makes up 46% of Total Profit
Net Profit Margin: 54.8%	Net Profit Margin: 40.6%
Total Cost of Sales = 45% of Total Revenue	Total Cost of Sales = 59% of Total Revenue
£540 of Revenue Generated per Member	£213 of Revenue Generated per Member

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TEAM

A report produced by Sports/Golf Management Students from the University of Bournemouth
on behalf of the Golf Managers Association of Europe (CMAE).

Joshua Chaplin

Jack Fairhall

Leigh Stevens

Rhys Kinsella

Stefan Wasmuht

Jack Gower

James Wood

George Turner

1.0. INTRODUCTION

AIM:

- To explore the current barriers and facilitators that surround the Food and Beverage Industry, comparing 'In-House' & 'Outsourced' operations within Golf Clubs in the UK.

OBJECTIVE:

- To explore the limitations surrounding golf clubs not generating income from F&B.
- To analyse and correlate data collected to provide an insight into the key areas within food and Beverage from a Club Managers perspective.
- To offer recommendations to clubs in the UK to resolve F&B issues and to put in place new initiatives to utilise F&B operations as an integral part of Golf Club income & culture.
- Provide a framework in which clubs can put in place to limit risk and provide F&B not only for the sole purpose of an income.

Rationale

Throughout the life span of golf, there has always been a certain normality in ordering food and drink after you have finished a round of golf. The culture created by a golf club is essential for the satisfaction of the members, and it is up to the golf club manager to make sure these services are provided with gratification.

One of the many difficult decisions facing UK golf clubs is the choice to side with in-house food and beverage, or whether to minimise risk and employ a third party. There seems to be a divide between different golf clubs, and golf clubs' managers. Like most counter arguments, there are

benefits and limitations to both opposing views. Furthermore, as food and beverage plays a pivotal role not just in finances, but member retention. The investigation will try to find the core issues that club managers will be dealing with on a day-to-day basis.

“If you’re losing money or breaking even on food and beverage, you’re in good company. Just don’t lose money for the wrong reasons.”

(Stetz 2014)

In this report, we will be researching the Food and Beverage Operations aspect of golf, on behalf of the CMAE. We will be collecting data, analysing the current industry to identify solutions, and making proposals to satisfy our corporate clients. Each club in the UK will face different circumstances so it is important we cover every aspect of the industry.

2.0. MARKET OVERVIEW

FOOD AND BEVERAGE INDUSTRY

Food and Beverage is a globally exponential market: in the UK alone in 2016, consumer expenditure on food, drink and catering was more than £203 billion (Gov.uk 2017). Food and beverage operations comprises of “establishments primarily engaged in preparing meals, snacks and beverages, to customer order, for immediate consumption on and off the premises” (Government of Canada, 2014). It can come in two methods; in-house and outsourcing, and from a variety of outlets such as: restaurants, food stalls, bars, halfway huts and snack bars (Davis et al. 2013).

IN-HOUSE OPERATIONS

In-House food and beverage refers to a business keeping the provisions of food and beverage within the company, ensuring full control over purchasing, preparation, inventory and maintenance (Davis et al. 2013). An example of an extremely successful in-house F&B operation within the golf industry would be The Grove golf resort in Hertfordshire, offering a variety of unique dining experiences from fine dining to homely cooking in 3 facilities; The Glasshouse, The Stables and Colette's. The Grove compliments luxury golf with quality dining experiences capturing a large audience – where half of their visitors don't even play golf! They are a perfect example of how modern golf clubs can be open to guests outside the membership to increase revenue from their food and beverage in order complement their income from the course itself.

OUTSOURCING OPERATIONS

Clubs can outsource food and beverage in two ways; *completely outsourcing* refers to an entirely different catering company that owns and runs the entirety of the food and beverage operations at the club. On the other hand, specific or *one-time outsourcing* refers to a company that comes in and takes care of the F&B for a certain area or one-time event, such as a golf tournament, or wedding (CMAA 2017). This method is more likely to be used by private clubs at peak times of the season, so they still benefit all year round from golf, as well as their food and beverage outlets. Therefore, there are many reasons that a club decides to utilise an outsourcing operation for food and beverage. Primarily, this is due to a lack of F&B knowledge and skill within the current workforce, which leads to the club opting to employ a third party. Moreover, if the current club isn't profitable, the process of running an outsourced operation can increase revenue streams, through enhanced awareness and greater quality of service - with perceived benefits at little to no extra cost.

“Golf is more than just a sport. It’s a social occasion - and what social occasion would be complete without a little eating and drinking?”

(Chiasson 2010)

FOOD AND BEVERAGE IN GOLF CLUBS

The gross value of the golf industry in the UK was £2.045 billion in 2014, 30% coming from golf clubs, which includes the food and beverage operations at £623 million. The consumer spending by members alone in the same year on food and beverage in clubs was £287 million

(Sports Industry Research Centre 2016). As the food and beverage market is continuously growing, golf clubs have the potential to benefit from the consumer spending. 'Eating Out' is a form of F&B that's growing exponentially, consumer spending on eating out in Europe alone in 2016 was over £655 billion, representing 27% of the global spending and average growth in the market from 2006-2016 was 4.2% and forecasted to grow another 4.9% from 2017-2026 (Cushman and Wakefield 2017). Therefore, if clubs operate the correct method of food and beverage, they can exploit the continuous growth of consumer exposure within the market.

3.0. INTERNATIONAL MARKET

BACKGROUND

The retention of members has always been a prevalent issue for golf clubs; which leads them to construct innovative ideas to attract new members, whilst keeping the existing base content and satisfied. Another subject matter that is predominant in golf clubs is the financing of food and beverage and the persistent monitoring of the member's desires and requirements. Food and beverage can equate to a sizable faction of revenue for golf clubs. Thus, it is crucial to utilise food services to the best of the club's ability.

'If golf course managers and owners were to be surveyed about which of the departments were the most challenging to understand and have control over, the F&B department would likely yield many votes'.

(National Golf Course Owners Association 2017)

A report published in 'Scottish Golf' (Patterson 2015, p2), outlines that members within any given golf club "are limited in number, each of those members has multiple dining choices within the local community and each has only so many dining opportunities in each week". With this being an ever-present concern in British golf clubs, the choice between in-house catering and outsourcing to a professional caterer becomes that much more of a difficult decision.

4.0. CASE STUDY

EDGEBASTON PRIORY CLUB

Established in 1896, Edgebaston Priory Club is considered one of the best private member golf clubs in the Midlands, with an 18-hole golf course in a unique setting, just one mile from the centre of Birmingham. The facility provides an invaluable example of an outsourced club that has mastered its catering operations. A renowned catering service with experience in delivering an amazing variation of food from bar snacks to weddings.



Figure 1: Edgebaston Club House

WHY THIS CHANGE

Rob Bray, the manager at Edgebaston, provided valuable insights to the reasons surrounding this change in approach to operations. He asserted this approach provided a better standard and quality of service for the golf club, in turn helping overall service consistency. He also suggested catering companies can offer expert forms of food and beverage services that would be difficult

to replicate in any other way than outsourcing. Finally, Mr Bray insisted that this method places control into the hands of people that can totally focus on delivering first class food and beverage operation which is key to their membership retention and member experience. Although he mentioned that the constant challenge was defining the food offering to 3000 diverse members falling into distinct groups, however this outsourcing approach makes this challenge easier to tackle. This was seen to reflect with a 40% increase in growth within the last year and this is predicted to continue.

OUTSOURCED

Edgebaston Priory represents a great example of a golf club that has had the luxury of using both in house and outsourcing methods of service and therefore has the ability of hindsight to provide a deeper level of insight to this area. Initially a club that utilised an in-house method of operations now harnesses an outsourced strategy to prioritize service, quality and experience over purely financial rewards.



Figure 2: Example of Dining at Edgebaston

5.0 . INTERVIEW ANALYSIS

One method of data collection conducted was in the form of interviews with general managers, primarily through Skype. The advantages of this were threefold. Conversing with General Managers of golf clubs over the UK and Ireland allowed us to build a positive relationship with our target population, whilst understanding their opinions and attitudes towards the subject matter, and collating a list of figures that positively represent our argument.

Through comprehensive data collection, through the form of interviews – we have been able to collect valuable primary research to find comparisons and distinctions between various golf clubs food and beverage operations, who either function in-house, or through a third-party provider. Thus, the findings that we invariably discover will contribute towards a greater understanding for golf club's decision making for the future, providing reliable insights into managerial decisions regarding food and beverage operations, and the factors that must be considered. Of the interview process itself, 55% of golf club managers operated within an in-house environment; whereas, the remaining 45% outsourced.

STANDARD OF SERVICE

Through analysis of the research from key informants who have chosen to outsource their F&B operations, there is a clear indication that this method provides a better standard and quality for the golf club, as well enhancing the club's service consistency. Fundamentally, the concept of 'service consistency' was raised during the process of interviews as an essential method of enhancing member retention. Furthermore, the utilisation of a catering companies also enables clubs to inject specialised forms of food and beverage service to suit occasions that require high levels of expertise – that the club otherwise wouldn't be able to replicate through another

operational method other than outsourcing (Hemmington and King 2000). This point is reinforced with one respondent stating, “Standards of service were not good enough before franchising”.

RELATIONSHIP MANAGEMENT

The process of brand compatibility, and maintaining a strong relationship with the outsourced company is vital to overall success when operating an outsourced method – when conflict occurs; whether in terms of branding, style, or ethos – this can be both commercially, and financially disastrous (Strate and Rappole 1997). It is therefore key that both the club and the outsourced service complement, rather than complicate, the message the other is trying to establish to its customer base – whilst remaining supportive of any collective goals. This was highlighted as fundamental with informants when discussing franchise agreements as one respondent stated “Having a good relationship with the outsourced company is important as food quality remains high and it doesn’t break down as two separate entities. Then the partnership can agree on pricing with more flexibility on the menu”.

FINANCIAL PERSPECTIVE

Firstly, most companies who used a franchised company to control their F&B operations seemed to find more financial difficulties than those who chose to keep it in-house. A typically discussed strength of in-house operations was the financial aspect. In-house clubs asserted that this gave them the ability to control assets and margins enabling a coordinated approach to increasing turnover. Furthermore, one club who has previously been an outsourcing company voiced the point that initial spending to the external company was extortionately high (£20,000), and that changing operations enabled greater financial flexibility. This viewpoint is further

reinforced with one respondent confirming “The fundamental reason for using in-house operations is the turnover it helps us generate, deemed economically sound”. Therefore, as voiced by another respondent, operating an outsourced operation means that clubs “lose all risk but lose all rewards financially”.

CONTROL AND FLEXIBILITY

The dominant rationale for in-house operations has been an increased level of control it offered. As a result, in-house clubs have greater flexibility to create a product that meets membership demands. In addition, three in-house managers raised the point of immediacy to changes where they could make catering decisions very quickly. This means these clubs can receive feedback from members, and implement these shortly after. One respondent voiced concern regarding the outsourced operation, stating that “it usually takes months with a franchise as they may not agree with the idea”. Thus, in-house operations were seen to “enhance member satisfaction by providing specialist menus to satisfy members”. This was a common theme found with all in-house clubs where they were able to create a delivery of the product based around the customers need, this flexible approach enables management to create a valuable membership orientated focus.

6.0. METHODOLOGY

RESEARCH DESIGN

The primary aim of the data collection process for the study was to ensure the information garnered was representative of the participants' attitudes and opinions, whilst also generating factual statistics that can be utilised to shape future recommendations. Therefore, a mixed methods research design was adopted through the use of interviews to generate qualitative research, and questionnaires to provide quantitative data. Hughes (2016) provides support to this method, describing mixed-methods research as the formula for contributing towards a “cohesive framework”.

ETHICS

The study met the ethical guidelines in place, through the use of both the “Participation Information Sheet” and “Participant Agreement Form” (Please see *Appendices*). The study ensured that every participant read and understood the information relating to the study's aims and objectives, before giving their consent. Furthermore, all participants were briefed before the commencement of the interview process, and were made aware that any sensitive information they divulged would remain entirely confidential between the research project and the participant. Consequently, all participants were made aware of their right to withdraw at any time, and that the information that they previously provided, wouldn't be used at a further stage of the investigation. Finally, there was no deception within the study, and a thorough debrief was conducted at the end of the interview process, regarding how their information will be used, and what they can expect from the researcher at a later date.

PROCEDURE

The interviews were conducted via Skype, and phone calls to general managers of golf clubs in the UK and Ireland, whom represented our target population. Questions within this process referred to the operation their club was currently running, the difficulties they have faced using this operation, and the club's financial figures over recent years. Every interview conducted was recorded whereby notes were transcribed and utilised as a comparison to the findings from the questionnaire.

Additionally, the questionnaires were conducted using Bristol Online Survey, primarily through a mixture of open and close-ended questions. The questionnaire was categorised into three sections: overview, in-house and outsource – where participants answered questions that were applicable to their club. The results from the questionnaire were generated through Microsoft Excel; where averages and trends were calculated. Geldard and Geldard (2008) provide support for the use of open and close-ended questions, as they provide exact answers significant to a study's result, but also enhance the participants level of “scope” (Pg 86).



Figure 3: BOS Site Logo

SAMPLE

The final sample consisted of 20 golf club managers, and 1 supreme commander of a company specialising in food and beverage operations. Participants were identified using a strategy of representative sampling, where a small quantity of golf club managers were used to provide an accurate reflection to be generalised to a larger entity. The study was assisted by Michael Braidwood, the former Director of Education for the CMAE, where golf club managers were identified by their geographical representation, so that a comprehensive generalisation could be established for the UK and Ireland.

As the interview process was conducted first, the study already had a group of participants to complete the questionnaire. From the 20 respondents attained during the interview process, 12 completed the questionnaire. Although this a limitation of the study, this was expected due to the busy nature of the general managers day-to-day schedule.

PILOTING

Prior to distributing the questionnnaire through Bristol Online Survey; a piloting technique was adopted, to enhance its reliability, and ability to yield accurate results. This was subsequently done by a local general manager, who analysed the questionnaire, and gave feedback regarding its strengths and limitations.

LIMITATIONS

A quantitative data analysis was first suggested, however, this was deemed too inflexible to be explained using facts and statistics alone. The fundamental restraint in this study is the limited number of responses we received when collecting data. The minimal amount of responses, on the questionnaire especially, results in a less accurate representation of the sample, damaging the study's validity. Furthermore, interviews were often led by a different member of the group, so it is likely that one participant was subjected to different questions than the other, thus resulting in the findings being subjective or unrepresentable. Although the interview adopted the use of structure in the form of set questions, the conversation was considerably unstructured and thus, participants were asked different questions based on how they answered.

7.0. QUESTIONNAIRE ANALYSIS

Upon distribution of the questionnaire, data was collected from six clubs practising in-house food and beverage operations, and six clubs that used a third-party operator to provide the catering for their respective clubs. As we received an equal amount of responses from clubs using the two methods, we therefore had a reliable platform to build a successful, and valid comparison.

The questionnaire started with a generic overview, through establishing information regarding membership, revenue streams, profit margins and costs; before divulging into more specific questions about the different methods of food and beverage operations currently practised in the UK. This section of the report will attempt to draw necessary correlations from the data collected to help provide a greater understanding of food and beverage operations within the golf industry; encouraged by recommendations for future decision making for general managers, and the factors that must be considered upon approach.

<i>Profit (£)</i>	In-House	Outsource
Operating Profit	76,286	43,250
Profit	270,600	93,100
Net Profit Margin	54.84%	40.63%

Figure 4: In-House and Outsource Profit

MEMBERSHIP

The questionnaire results indicate an initial hypothesis that outsourced golf clubs will tend to have a wider membership, whilst offering a lower membership cost; whether that is a social, or playing membership. Outsourced clubs had an average of 160 member's more than in-house clubs, and their membership packages were also considerably cheaper.

<i>Membership</i>	<i>In-House</i>	<i>Outsource</i>
Number of Members (Average)	912	1073
Social Membership Cost (Average)	£209	£73
Playing Membership Cost (Average)	£1822	£1043

Figure 5: In-House and Outsource Membership

In-house clubs on average offered significantly more expensive social, and playing membership packages in comparison to outsourced clubs. Playing membership costs were on average a staggering £779.60 more than what outsourced would usually charge. This should be taken into consideration when discussing the bar and catering revenue streams as there may be a correlation between what the public are willing to spend on a membership fee, and what they are then prepared to spend on food and beverage within the club. The theme emerging from these figures is that in-house operations often have the capability to charge more money, as the service they are offering is more unique and exclusive, thus supporting why these clubs are likely to represent less members than outsourced clubs.

REVENUE

Although in-house may be a more tasking process, the revenue accrued from it makes the operation financially worth it. The in-house clubs averaged bar revenue of £233,600, and catering revenue of £259,800 – which was £117,300 and £90,600 more than the outsourced clubs respectively. Thus, total revenue for in-house averaged £493,400, compared to outsourced clubs who managed just £229,100.

<i>Revenue (£)</i>	In-House	Outsource
Bar Revenue (Average)	<i>233,636</i>	<i>116,333</i>
Catering Revenue (Average)	<i>259,828</i>	<i>169,250</i>
Total Revenue (<i>including other incomes</i>)	<i>493464</i>	<i>229,166</i>

Figure 6: In-House and Outsource Revenue

This disparity of £264,300 emphasises the extent to which finance is one of the most advantageous elements of operating an in-house operation. Although the demands of running operations entirely independently takes tremendous strain on the golf club, this shows that if the service and good quality is of a high level – customers will continue repeat purchase and thus, profitability will remain a plausible result.

The recurring theme of in-house clubs projecting higher figures continues across cost of sales and operating profit. In-house clubs are consistently achieving better margins due to controlling their costs more effectively, and the cost of sales for catering in outsourced clubs is a much higher percentage of the revenue. It would be beneficial from a business and financial standpoint to develop strategies to try and minimise the cost of sales for these clubs. This would have a

direct impact on the corresponding operating profit for those specific clubs, while there is a mixture of positive and negative figures for the operating profit for in-house clubs, the average figure remains higher than that of outsourced clubs. This is partly down to a small number of clubs doing exceptionally well regarding their operating profit margin, taking revenue, cost of sales and admin expenses all into consideration.

COSTS

Although the revenue aspect of the questionnaire reflects how advantageous an in-house operation can be; the costs are also exponentially higher than that of outsourcing. In-house clubs' cost of bar sales calculated to be £94,500, compared to outsourced clubs' £61,500 – which is a percentage increase of 34.92%. Furthermore, the total costs for in-house clubs averaged £222,800 – compared to outsourced clubs who only represented total costs of £136,000 – a confounding difference of 48%. These figures substantiate the extent to which an in-house operation incurs greater costs, as the club will have greater level of independence. Therefore, all costs, including food and drink expenditures, premises costs, staff wages (and so on) are all paid by the same club.

<i>Costs (£)</i>	In-House	Outsource
Bar Cost of Sales (Average)	<i>94,591</i>	<i>61,500</i>
Catering Cost of Sales (Average)	<i>129,270</i>	<i>74,583</i>
Total Cost of Sales (<i>including other expenses</i>)	<i>222,861</i>	<i>136,083</i>

Figure 7: In-House and Outsource Costs

IN-HOUSE OPERATIONS

There are many positions that need to be considered when staffing an in-house food and beverage operation. While many clubs rely on the food and beverage expertise of a general manager, catering manager, or someone in a similar role within the club - there are several other roles including in-house chefs of various skill sets depending on the size of the operation, front of house, and bar staff.

The participating clubs employed on average a total of 4 food and beverage professionals per club. Recruiting within the industry could be an area that clubs put more focus on in the future as our findings suggested that there was no consistency to recruitment methods when looking for experienced and professional food and beverage staff. More commercialised clubs are now offering pension schemes, sick pay schemes and travel reimbursement schemes to retain staff, however, these clubs are generating significantly more revenue than others which requires more staff and therefore more competitive staff retention strategies. Training towards future qualifications is a great incentive clubs are using that can be mutually beneficial for both employee and employer.

There are two types of clubs that run in-house food and beverage operations – one of which are member led so commercial initiatives are few and far between. These private members clubs do not externally market their food and beverage to non-members, as all business is sponsored by, and for use of, the club's members. On the other hand, some clubs face a constant battle to justify prices closed to the open market as most members view discounted prices as a benefit of membership. Strategies such as a separate member's price list and an external function price list are developed to try and control this whilst maximising the sales mix contribution. A large

proportion of time is spent controlling costs as opposed to generating sales to maintain prices for the membership.

THIRD PARTY OPERATIONS

The revenue generated through the food and beverage departments that are run through a third-party service provider generally make a significant amount less than the in-house operations. The fundamental factor prompting a club to operate an outsourced operation stems from the financial risk involved with in-house – primarily caused by the club being the only source of income. In addition, 50% of the clubs that outsourced their operations have a current contractual agreement of over 5 years. This entitles the clubs to a certain level of stability, allowing them, and the third-party, to focus on delivering higher quality of service – whilst meeting industry standards.

Clubs also have an obligation to review current agreements with such providers to analyse whether the club is receiving the best possible deal, regarding both financial, and catering performance.

On the other hand, clubs that don't regularly evaluate their current third-party agreement should seriously consider adding this process to their annual review. While most clubs will pay a retainer of most commonly between £5,000 - £15,000, if a third-party operator is generating enough revenue, clubs have an opportunity to request a commission which most successful providers will find hard to completely refuse, if not, negotiate with. Therefore, it is important for clubs to try and strive towards a strong business plan using commercial strategy to ensure the success and profitability of the food and beverage department.

8.0. DECISION-MAKING MODEL

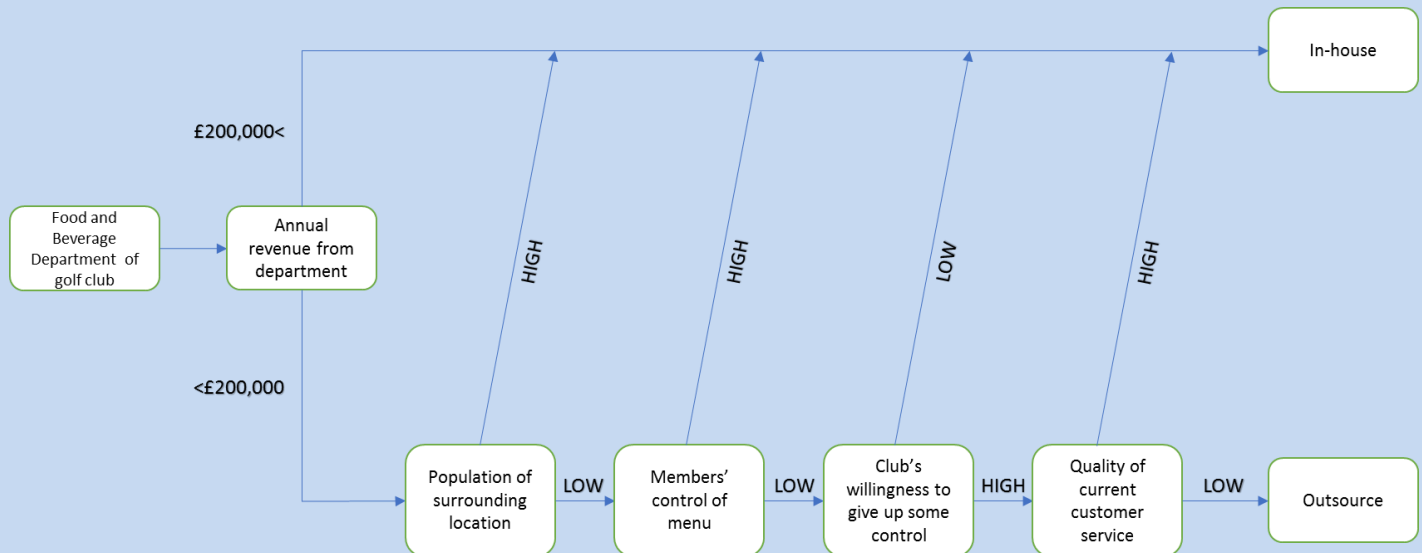


Figure 8: Proposed Model for F&B Decision Making

The fundamental objective of this investigation is to provide managers with indicators to assist them in operational decision-making, to ensure the correct operation is adopted in terms of suitability, and appropriateness.

Using our primary research findings, we have produced a basic model to be used as a framework to meet individual club's needs, which can be adopted by club managers operating within the UK. This will provide them with clear indicators often associated with in-house and outsourced operations, essentially making the decision making for them using researched figures.

As displayed above, the model portrays the pivotal factors that influence operational decision-making. However, its purpose is not simply for those considering operational change, and should be established as a compulsory measure for managers to compare their club against it. The most pivotal factor garnered from the interview process was financial performance – which is where

the “£200,000” figure stems from. This figure was widely acknowledged by interviewees as the prime dictator when considering one operation or the other; therefore, the financial recommendation would preside with any club making annual yearly profits over this figure, an in-house operation could be a more profitable option. On the other hand, should annual revenue be below this figure, a club may face financial difficulty within the department and may be better off outsourcing to an external company to alleviate any financial risk involved.

Furthermore, the location of the golf club can be a detrimental factor in the decision. Our findings suggest a golf club in a highly populated area may have more success using an in-house operation; as people in the area will have a small distance to travel and will therefore be more likely to visit the club purely for dining purposes. This will also give an opportunity to open the F&B department to a wider audience; if the club is a public, rather than private, members club. On the other hand, clubs in lower populated, or rural areas, are more likely to benefit from an outsourced operation, as the club must invest more time in awareness; that the external company will provide; rather than customer loyalty – which is likely to be futile due to accessibility problems.

Furthermore, the membership of a club is also a primary consideration for a golf club manager. The level of control a member possesses over the running of the F&B department (pricing, menu, drink selection, etc.) varies largely between clubs, with members of private clubs generally having more control than those of proprietary clubs. Clubs that possess members with high control over decision-making, are better suited operating in-house, as the club is responsible for all decisions, and thus must ensure members are satisfied – avoiding any potential conflict with an external company. When members possess less control, this gives a better opportunity to

outsource; as decisions can be made between the two companies, with considerably fewer repercussions on member satisfaction. Furthermore, for a club to start outsourcing its F&B department it must be willing to give freedom to an external company when decisions are being made. A negative relationship can cause lengthy arguments and poor decision-making, as well as a reduction in the quality of both service and product.

The final factor is the quality of service a club currently offers in its F&B department. One reason a club may consider outsourcing is to improve the level of service that it currently offers. Many club managers rated their club's current customer service levels less than high quality. An external company may possess the expertise needed to improve this quality, and therefore outsourcing would be good way to improve this. Clubs that already offer a high service quality will have no need for this.

The factors outlined in the model range from service quality, to adaptability measures; and should be regularly monitored to ensure the club is utilising its food and beverage department effectively. Many established clubs (e.g. Gleneagles, Woodhall Spa and Royal St Georges) are in remote locations yet still draw high levels of revenue due to having other attractions on site that directly impact the F&B department. However, aside from the rare exceptions like these - most clubs can utilise this model, and allow them to operate as productively as possible for the future.

9.0. RECOMMENDATIONS

MENU/DRINKS OFFERS

Menu choice is a fundamental option for capitalising on member and guest expenditure, however the type of menus differs from public and private clubs. Public golf club members consume meals that are traditional and lower in cost, for example burgers, hot dogs and sandwiches are all top sellers whereas private club members tend to enjoy ethnic food, especially western dishes as well as local produce as well as extensive wine and liquor lists; both of which come at more of a cost (Chiasson, 2010). By altering menus to stay relevant and current with members dining desires you can attract a new crowd of golfers to your course and entice current members to dine at the club rather than anywhere else (Chiasson 2010). Introducing themed night like curry night, steak night etc. as well as special events such as wine and whiskey tasting can also attract more custom (Chiasson, 2010); Holtzman, 2018).

EVENTS AND PARTIES

Clubs can offer a unique or tailored dining experience specific to each event motivating members and their guests to spend in the food and beverage sector. Private events such as birthdays and weddings require certain outlets of food and beverage from snacks and bars to full dining, all of which bring revenue and custom. Corporate events entice local businesses to your club for golf days, board meetings, events and dining experience. These methods increase revenue of food and beverage operations as more customers are at the club spending on food and drinks as well as increased green fees (DeLozier 2018), corporate golf days are notorious to bring an increased revenue to the beverage operations, especially those of the golf cart on the course (Blais, 2017).

SOCIAL MEDIA

Social media is one of the best and most prominent platforms to advertise and market products and services (Neti 2011). Organisations across all industries are investing resources into this area. It is clear to see how social media has taken control of a lot of companies marketing strategies (Perumal et al. 2017), and now even in the traditional setting of a golf club, managers are using these digital platforms to increase sales in both golf, F&B Departments, and other services. Social media is the most creative way to create a competitive food and beverage brand while increasing awareness to ensure the public and members take full advantage of the club's range of services. These digital media platforms are easy to set up and run, and can be an imperative tool to market the club's offerings.

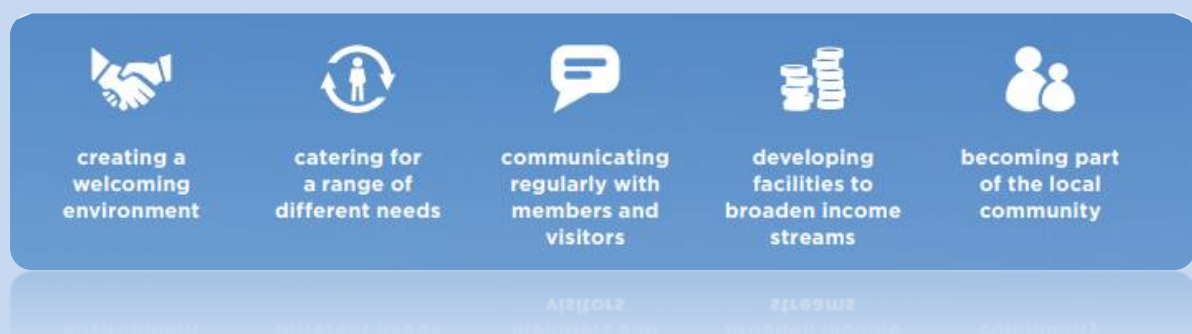


Figure 9: England Golf Survey Key Considerations

- Menu/Drinks Offers:** Differentiating the menu or prices can enhance the club's unique selling proposition, and can lead to greater brand exposure for the club. By conducting this change, through 'themed nights' or 'specials', this can be valuable to both in-house and outsource clubs.

- *Events and Parties:* Whether the club is private or public, in-house or outsourced, events are an efficient way of generating commercial and financial gain. The distinction between private and public would be that for the former, these events would be strictly for members only, whereas the latter would broaden this scope to the public
- *Wedding Business:* Like when a club offers events and parties, weddings will be available for individuals dependent on whether the club is private or public. Outsourced clubs will often host weddings rather than in-house, as they possess more staff, and are more equipped to handle the necessary steps in providing the perfect day.
- *Golf Competitions linked with Meal:* Clubs will often prosper if they frequently offer members or visitors a “special”. For visitors, this is likely to include a round of golf, and a bacon roll, for less than the cost of a normal round – which would be offered a few times every month. On the other hand, when hosting “Member-Guest” packages, clubs will offer members a discounted rate for the round,

followed by a three-course meal and presentation. This strategy ultimately enhances commercial awareness, and turnover for the food and beverage department.

- *Technology:* Clubs must ensure they utilise technology within their food and beverage departments. This can be used enhance the club's productivity, by documenting orders, and food wastage – and improve employee relations, such as clocking pay roll to ensure staff are paid correctly.
- *Lateral Service:* For clubs to enhance member and visitor satisfaction, they should utilise the strategy of lateral service, and training their staff on different departments to broaden their knowledge and skills. This may be pivotal when the bar/lounge is busy, and the club requires the help of their front of house, or kitchen staff.
- *Open to Public as Public House:* Some clubs that are in rural areas may wish to advertise their food and beverage separately to consumers. This can be done by

promoting it as a ‘Public House’ or ‘Pub’, to offer those in these areas with

another option for food and drink; where a visit would be based on the club’s food

and beverage, instead of for golfing reasons

10.0. THE RIGHT FIT

When looking to Outsource with a franchise company its vital that the company you choose has the same incentives and a similar mission statement to the club. Therefore, discussing contracts, the club and third party must develop a good relationship based around key goals and values. For example: A low cost public club isn't going to want a high-end brand franchise group providing luxury service, and vice versa for a high end private club not wanting a low-cost franchise selling 'pub grub'.

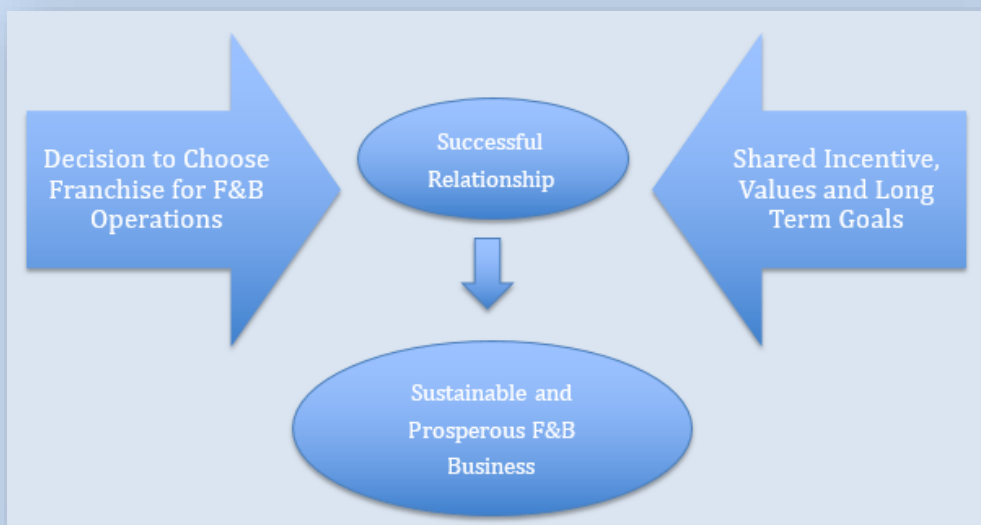


Figure 10: Our "Right Fit" Model

11.0. CONCLUSION

The findings from our research have determined that while there is no ‘right way’ when choosing between in-house and outsourcing, there are key considerations that should be considered, which has lead us to create recommendations, as well a model for general managers to consider when deciding what F&B operation is most suited to their club.

Throughout this study, we have discovered that F&B is an integral part of a golf club’s operation, providing sustainability and service for members which can be more prosperous than generating a financial income in terms of membership retention and attraction.

Managers who may lack industry knowledge may sometimes overlook the importance of member retention through this service quality, but using our model can enhance the success of their golf club as a business.

Along with the tools, the CMAE provides for young managers we feel that our model can be utilised in the industry as legitimate framework for future decision-making. Overall, we believe that that this report, combined with previous research will aid managers in creating a more sustainable and a more attractive club for future members.

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13.0. APPENDICES



Participant Agreement Form

Full title of project: CMAE in house or outsource food and beverage operations

Name, position and contact details of researcher: Jack Fairhall - Team Leader,
j7699602@bournemouth.ac.uk

Name, position and contact details of supervisor: Dr Tim Breitbarth – Principal Academic (Sport Management),
tbreitbarth@bournemouth.ac.uk

I have read and understood the participant information sheet for the above research project.	✓
I confirm that I have the opportunity to ask questions.	✓
I understand that my participation is voluntary.	✓
I understand that I am free to withdraw up to the point where the data from the questionnaires and interviews are processed and become anonymous, so my identity cannot be determined.	✓
During the interview, I am free to withdraw without giving reason and without there being any negative consequences.	✓
Should I not wish to answer any particular question(s), I am free to decline.	✓
I give permission for members of the research team to use my identifiable information for the purposes of this research project.	✓
I understand that the questionnaires will be compared with other sources of data from other Clubs.	✓
I understand taking part in the research will include being recorded (audio) but that these recordings will be deleted once transcribed.	✓
I agree to take part in the above research project.	✓


 Name of Participant


 Date


 Signature

Name of Researcher

Date

Signature

This form should be signed and dated by all parties after the participant receives a copy of the participant information sheet and any other written information provided to the participants. A copy of the signed and dated participant agreement form should be kept with the project's main documents which must be kept in a secure location.

Figure 11: Participant Agreement Form Example

Participant Information Sheet	
<p>Consultancy Project; CMAE in-house or outsource food and beverage operations</p> <p>Your organisation has been invited to take part in a research project. Before you make a decision on whether to partake, it is essential you understand why and how the research is being conducted. Please take time to read the following information. You're more than welcome to discuss with others if necessary. Please ask us if there is anything that is not clear, or simply something you would like more information on.</p> <p>We are a team of final year undergraduate sports management and sports management golf students undertaking the unit of consultancy in sport. The project we are completing will have a direct impact on the Club Managers Association of Europe (CMAE) membership, as it will help to understand the responsibilities, opportunities and risks clubs face of in-house and outsourcing food and beverage operations. This research will then be used in future by CMAE when advising and educating club managers around Europe on the possible options in food and beverage operations, including in depth analysis of the positive aspects to different systems and any limitations that may arise.</p> <p>Your club has been chosen to take part in the research through deliberation with Michael Braidwood, CMAE Director of Education, and Debbie Goddard, CMAE Association Manager. They believe your experience of in-house / outsourcing food and beverage operations is fundamental to the outcome of this project.</p> <p>We feel it is worth noting that participation in this research is entirely out of your own discretion, and that refusal to take part will involve no penalty or loss to an individual or organisation. If you are happy to proceed then please complete the participation agreement form and send back a signed copy before you submit any information to us. You have the freedom to withdraw at any time. Reasons for withdrawal do not have to be declared, and will not adversely affect you, or your organisation.</p> <p>Empirical data will be collected from Tuesday 24th October until the 30th of January 2017.</p> <p>Hopefully many of you will have contacted already regarding the project, whether that was a quick introduction over the phone or just over email. The next step will involve a short phone interview (for those who have booked in with us already) followed by the questionnaire. The interview is completely optional and we understand that participants are extremely busy within the workplace so all the time you will dedicate to this project is greatly appreciated. As we are under time constraints from the university, we would appreciate it if you could complete the questionnaire at your earliest convenience.</p> <p>We will require you to share information on your organisation's structure as well as food and beverage operations. The type of information we will require will be figures, statistics and opinions on your company's operations and performance. The collection of data is important as we are aiming to gain in-depth information of both in-house and outsourcing food and beverage clubs to form a conclusion of efficiency, pro's and con's as well as opinions from managers of which works best.</p>	<p>All data that is collected will remain anonymous and the report that is created will be available as of February 2018. If you would like a copy of the report that we submit simply request it from us and we will send it to you directly. It will include a number of different statistics and critical discussion regarding food and beverage operations. The CMAE membership will use the information to advise club managers of Europe resulting in more successful organisations.</p> <p>All the information we collect about you, and your organisation, will be kept strictly in accordance with the Data Protection Act 1998. Your identity won't be compromised in any report, publication, or results garnered from the research without your consent. All personal data relating to this study will remain confidential for 5 years from the date of research publication. Bournemouth University will hold all information about you and your organisation in hard copy in a secure location, as well as on a Bournemouth University password-protected online network. We will restrict access to your personal data to those individuals who have a legitimate reason to access it, for purposes for which it is held by us. The information collected about you may be used in an anonymous form to support other research projects in the future and access to it in this form will not be restricted. It will not be possible for you to be identified from this data. In some circumstances, the nature of the research will make it difficult to safeguard confidentiality of data.</p> <p>The results of the research will be for use of the CMAE, to allow them the ability to advise the clubs in Europe that are part of their association. They can use these findings to advise clubs on whether using in-house, or outsourcing, is the most profitable and efficient process for a country club in the modern day. The results are likely to be published in February 2018, where they will belong to the CMAE for future use. A copy of the publication will be accessible later in 2018. You will not be identified in the publication without your consent.</p> <p>The audio and or video recordings of your interview will be used for analysis and the transcription of those recordings will not be published. If you wish not to be recorded during the interview, please make us aware prior to the interview. Nobody will be able to use the recordings however we will reply them to gain data relevant to our project.</p> <p>Contact information for future information: Jack Fairhall j7699602@bournemouth.ac.uk If you have any concerns regarding this study, please contact researchgovernance@bournemouth.ac.uk. If you decide to take part, you will be given a copy of the information sheet and a signed participant agreement form to keep. Thank you for your consideration to take part in this research</p>

Figure 12: Participant Information Sheet

Consultancy: CMAE Food & Beverage Sourcing 17/18

0% complete

Page 1: Page 1

Section 1: Overview Information

Does your club run an in-house, or outsourced Food and Beverage operation?

☐ In-House
☐ Outsourced

Does your club operate as a private, or public golf club?

☐ Private
☐ Public

How many members does your club currently have?

What is the cost of the club's "social" membership fee?

Figure 13: Bristol Online Survey Template

What is the cost of the club's "playing" membership fee?

This part of the survey uses a table of questions. [View as separate questions instead?](#)

To what extent would you consider the following areas of importance to the membership? 10 being 'Very important', 1 being of 'No importance'

Please don't select more than 1 answer(s) per row.

	1	2	3	4	5	6	7	8	9	10
Food and beverage quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employee service quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Physical environment quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Section 2: Financial Information

This part of the survey uses a table of questions. [View as separate questions instead?](#)

What were the most recent annual turnover figures for the following operations.

	£
Bar	<input type="text"/>
Catering	<input type="text"/>
Other	<input type="text"/>

What platforms does the club use to source experienced Food and Beverage specialists?

What strategies does the club have in place in order to obtain a commercial approach towards Food and Beverage Operations?

Section 4: Outsource (if applicable)

What is the length of term of the club's current 3rd Party Operator Agreement?

☐ 1 Year
☐ 2 Years
☐ 3 Years
☐ 4 Years
☐ 5+ Years

When was the last time you amended your 3rd Party Operator Agreement?

What do you know or estimate the 3rd Party Operators annual income from food to be?

Do you "receive a commission" or "pay a retainer/subsidy" to the clubs current 3rd party operator?

☐ Receive a Commission
☐ Pay a Retainer/Subsidy
☐ None of the Above

If you receive a commission, what is the annual value, and how is it calculated?

If you pay a retainer/subsidy, what is the annual value, and how is it calculated?

Finish ✓

In-House & Outsourcing

Section 3: In-House (if applicable)

Does the club currently employ any Food and Beverage professionals? If so, please elaborate on their position(s) below.

What is your current annual cost of employees?

One of the greatest challenges of operating an In-House Food and Beverage unit is managing staff turnover; what strategies does the club have in place to maximise staff retention?