



Maximizing the Potential and Results of Food and Beverage Operations

by Craig Pendleton

Every casino has some type of food and beverage operation. Yet many are not maximizing the potential use of the outlets to effectively affect player/guest experience and provide the greatest financial return to the casino and ultimately to the tribal ownership.

It is important to understand the challenges that face most casino food and beverage operators. Most F&B operations do an effective job of providing a dining/beverage experience for the player and fulfilling the amenity needs of the casino property. Beyond that there are typical limitations that prevent dramatic and strategic use of the outlets.

Often there is:

- A lack of integration of the food and beverage department into the total casino plan (i.e. “stay in your lane and make the food and drinks”), often in areas such as the marketing plan and fulfillment of the casino mission statement.
- A lack of understanding or familiarity of what and how the outlets can be used, beyond simply making and providing food and beverage based upon managements’ past experiences.
- A philosophy pervasive in the industry that food and beverage makes very little money or is a loss leader and due to this, efficiencies cannot be improved to increase gaming revenues, increase F&B sales revenues and reduce costs to generate more profits.

Areas of Greatest Challenges with Casino Food and Beverage

Department/Outlet Identity – A properly defined purpose of the casino food and beverage department and how it can work most effectively for marketing and the total player experience is necessary. Outlets do not exist just to provide food and beverage products, they have a higher purpose of retention, return and increasing the frequency of visitation of players. Outlets are a key element in making players want to return for another chance in the casino versus going to the competition. Outlets, the products served and the guest service experience, must be unique and exceed offerings provided by the competition.

Cost Control and Operational Efficiencies – Most properties have a tremendous opportunity to improve the effectiveness in

purchasing, sales generation and cost controls of food, beverage and labor. Few have the proper metrics/Key Performance Indicators (KPI) available in real time that can allow operators to manage the outlets and make adjustments on an immediate basis. Looking at yesterday’s sales and labor numbers are not enough to make proper ongoing decisions and adjustments to business and results. P&L statements are an “after the fact” tool when it is too late to correct losses and poor results.

Development and Training of Staff – Many casinos do not have specialized training materials and processes that fit the unique attributes of the food and beverage staff trainees. Frequently programs are not in place to train food and beverage staff at the pace that leads to long term staff members, reduced turnover and development of future management.

New Project Development – Food and beverage operators are frequently not involved or invited to provide input during the concept development process. Areas without proper input during the planning steps typically include layout/design efficiency, finished product, measuring effectiveness and establishment of a 12 month plan for new outlets. Often the strategic plan does not effectively plan the use of outlets in expansion other than adding more capacity or diversity of offerings. Rarely are operational consultants who specialize in tribal casinos engaged for design, layout and project management.

Why Aren’t Casinos More Effective in These Areas?

- Given the best motives people repeat what they did yesterday if they truly believe that they are doing the best thing.
- Working “in the trenches” does not provide a viewpoint from a 30,000 ft. perspective of new ideas and successful options used by leaders in the industry. Often great ideas and new innovation are not occurring within the direct casino geographical marketplace and operators do not have exposure to these ideas and practices.
- Day to day operations absorb enough time that new ideas, new projects and innovation are forced to the backburner when something more urgent comes up.

What are the Solutions?

Help needs to come from all corners, including outside daily operations and sometimes even casino senior management.

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This involves the coordination of brainstorming, collection of industry innovation and planning. Operators must be involved in this process to provide input and have a voice in the process. They will have to live with the end result. Philosophically and emotionally people own what they create. They must buy in to the final result.

Most properties are wary of allowing people to scrutinize operational practices due to past experiences and insecurities. There are imagined territorial boundaries and often operators do not believe a new perspective is the right option. This misses the point of what is best for the player and casino.

The process involves change to improve and move forward and is not solved in a short period of time. Suggestions and plans must be continually used and not considered a one-time tool. The results of changing the approach and planning can have a substantial improved effect to guest service, player experience enhancement, staff retention and casino financial results.

What is best for the casino player is what is best. Anything else is off target for the goals of the business.

Planning leads to improved results for casino food and beverage operators. Exposure to new ideas and resources outside of the business will open up new opportunities to maximize the potential and results of food and beverage operations. ♣

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