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The Future of Draft

Steve Anaka from Bevchek explains how gasoline and website technology are changing the way we manage bars

An exclusive interview by Ian Foster of Sculpture Hospitality
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bevinco bevinco ^{mobile} beychek

17 Ruin Ten Imperial IPA 23 Blueberry Mint

Why your pour cost on draught beer is too high

– and your beer sales are too low

Steve Anaka explains how flow meters allow an operator to match up every beer poured to the sales report, all in real-time

An exclusive interview conducted by Ian Foster

Draft beer flow meters have become the industry's hot new topic. The industry leader is Bevchek. Their flow meter allows an operator to match up every beer poured to the sales report, all in real-time. Ian Foster interviews Bevchek's Steve Anaka.

Foster First question, Steve. What is a flow meter?

Steve Anaka: The Bevchek flow meter is a small device which sits inside the draft beer lines allowing us to track beer flow in real time to the hundredth of an ounce.

Foster: How did you get into this business?

Steve: In 2004 we provided a brewmaster to several brewpubs. We needed to track the flow of beer so we could figure out where we needed to make more beer. Once soon realized that by adding sales information, we could track every beer poured.

All of us at Bevchek had worked as managers and bartenders and we all knew that draft beer is a black hole for restaurants because it was difficult or impossible to know how much beer was been wasted or over-poured or given away. So as we started to track this stuff, we saw that there was actually a solution to help managers just like us to manage their beer properly.

With Bevchek, you can see the beer that's actually flowing through the lines and whether it is being rung up correctly. With this new insight, the staff can be held accountable – in real-time. Within a minute of a bartender pouring a draft beer, the operator can log onto their Bevchek website and see exactly how much was poured and whether or not it was rung up.

| Flow and Sales Details | | | | |
|------------------------|--------|-----------|--------------|--------------|
| Time | PLU # | Size Name | Vol Poured | Vol Sold |
| 12:11 PM | 600756 | PINT | | 14.50 |
| 12:12 PM | | | 12.52 | |
| 12:16 PM | | | 4.46 | |
| 12:37 PM | | | 13.07 | |
| 12:56 PM | 600756 | PINT | | 14.50 |
| 2:07 PM | | | 14.59 | |
| Total: | | | 44.64 | 29.00 |

16.98oz pour =
2-1/2 oz over-pour

Pint not rung up

Foster: Now be honest here, Steve. When you were a bartender, did your friends ever get free pints?

Steve: Ha, ha. Well, I like to think I kept that to a minimum. But that has been the way of the restaurant world. We are trying to change that by getting the bartender to understand that it's the owner's money that is coming out of that tap. And that the bartenders will be held accountable for that.

Foster: Isn't the problem simply that draft beer is so hard to track that the owners don't realize the extent of the losses?

Steve: Exactly! Our biggest challenge is to help owners understand that there is a problem. Simply shaking kegs isn't an effective accounting practice. The margins on draft beer are large enough that bar owners still made money even with some losses.

The problem is that the losses are huge. A Brewers' Association study found that loss rates are typically between 20 and 24%. That means that more than one in five pints of draft beer is lost due to waste, spillage, and theft. There isn't any industry in the world that would accept that level of loss. Imagine if a car dealer was missing one out of five cars off the lot!

And why would you accept that when you are selling a product that is three times more profitable than gasoline? The petroleum companies track their product down to 1/1,000 of an ounce. Why wouldn't a pub owner want better accountability?

Bevchek will uncover those hidden losses, but more important is that we give you the tools to eliminate that loss and make more money. Bevchek clients typically see a reduction in their purchases of 15 % even while their sales increase.

Foster: What if a bar owner said to you, "Look Steve, your flow meters sound great but I don't think my losses are quite that high."

Steve: That's a common response from well run organizations. But there's always opportunity for improvement. The best operations we've ever seen still run losses in excess of 12%. In 99 out of 100, though, the losses are over 20%. And we've seen plenty with losses above 35%. One owner couldn't even believe the data at first – but ultimately that year they made an extra \$280,000 in one location!

Bevchek's goal is a loss rate of about three percent. We call that a healthy loss rate because the bartenders are pouring nearly perfectly, but the guests are getting what they paid for – and so is the bar owner!

If we have an owner says that "This isn't worthwhile because I don't think I'm losing any beer," we can actually send our Sculpture Hospitality partners into the bar to audit the bar losses to make sure that Bevchek is going to be a worthwhile investment.

Foster: I also heard that you can monitor the temperature in the cooler. Is that correct?

Steve: Yes. We are collecting data every 60 seconds on both pours and sales and also temperature. So if your cooler temperature is too high, Bevchek can shoot you an alert so that operators can adjust what they're doing on the fly instead of serving warm beer.

Or if your bartenders are not ringing in beer, we can send a message to the manager on the floor and they can walk up and actually ask the bartender why they hadn't rung it in yet. Because it's real time information, you can collect money from a guest before they leave the bar.

And if you have a bartender that you're concerned about, you can look at a custom shift report and see how much beer is missing just for that individual bartender.

Foster: Are you telling me I could run a report that just showed me what happened, say, from midnight till closing?

Steve: You can run a report that showed you from midnight to 2:00 AM. You can query from eleven to five for your day bartenders. You can query from four to eight for your swing bartenders, and then from eight to midnight for your night bartenders.

You also get automatic notification if any beer is poured after you are closed.

Foster: Does anybody ever sort of bristle at the idea of “spying” on bartenders?

Steve: Owners and operators are often concerned about making the bartenders the enemy, and that's a reasonable concern. But it's all in how you approach the system and how you look at the actual information.

We suggest actually giving bartenders access to the system. So they can look at their own reports to see how they're doing. We've actually had companies where the bartenders have started competitions between themselves to see who can pour better.

This is the sort of detailed information you can expect from the Bevcheck system:

DASHBOARD DRAFT ENTERPRISE INVENTORY TEMP. SETTINGS TRAINING

Inventory Inventory History Spillages Edit/Refill Line Cleaning Cleaning History

Type: All Draft Beer Unit: Oz (ca) Gallon

| Containers | | | | | | |
|-------------------------------------|--------|------------|--|--------------|---------------|-------------------------------------|
| Name | Size | in Storage | in Use | Total Volume | Value at Cost | |
| Abita Andygator | 68.41 | 0 | <div style="width: 35%;"><div style="background-color: orange;"></div></div> 35% | 24.49 | \$28.63 | Volume Edit History |
| Abita Jockamo | 68.41 | 0 | <div style="width: 60%;"><div style="background-color: orange;"></div></div> 60% | 41.05 | \$45.00 | Volume Edit History |
| Abita Macchiato Espresso Milk Stout | 68.41 | 0 | <div style="width: 95%;"><div style="background-color: orange;"></div></div> 95% | 65.61 | \$81.52 | Volume Edit History |
| Abita Purple Haze | 136.83 | 0 | <div style="width: 87%;"><div style="background-color: orange;"></div></div> 87% | 119.34 | \$113.39 | Volume Edit History |
| Abita Rootbeer | 68.41 | 0 | <div style="width: 86%;"><div style="background-color: orange;"></div></div> 86% | 59.45 | \$60.83 | Volume Edit History |
| Abita Turbodog | 68.41 | 0 | 0.00 | 0.00 | \$0.00 | Volume Edit History |
| Abita Xmas Ale | 68.41 | 0 | <div style="width: 85%;"><div style="background-color: orange;"></div></div> 85% | 58.80 | \$63.80 | Volume Edit History |
| Abita Orchard | 136.83 | 0 | <div style="width: 86%;"><div style="background-color: orange;"></div></div> 86% | 118.91 | \$39.11 | Volume Edit History |
| Bell's 2 Hearted | 68.41 | 0 | 0.00 | 0.00 | \$0.00 | Volume Edit History |
| Blue Moon Belgian White | 136.83 | 0 | <div style="width: 85%;"><div style="background-color: orange;"></div></div> 85% | 117.54 | \$120.26 | Volume Edit History |
| Blue Point Hoptical | 136.83 | 0 | <div style="width: 7%;"><div style="background-color: orange;"></div></div> 7% | 10.79 | \$13.33 | Volume Edit History |
| Bud Light | 136.83 | 0 | <div style="width: 63%;"><div style="background-color: orange;"></div></div> 63% | 86.49 | \$60.05 | Volume Edit History |
| Coors Light | 136.83 | 0 | <div style="width: 87%;"><div style="background-color: orange;"></div></div> 87% | 120.03 | \$83.34 | Volume Edit History |
| Dogfish Head Pumpkin Ale | 45.52 | 0 | 0.00 | 0.00 | \$0.00 | Volume Edit History |
| Goose Island 312 | 136.83 | 0 | <div style="width: 66%;"><div style="background-color: orange;"></div></div> 66% | 91.05 | \$93.17 | Volume Edit History |
| Goose Island Matilda | 45.52 | 1 X | 0.00 | 45.52 | \$108.01 | Volume Edit History |
| Green Flash West Coast IPA | 136.83 | 0 | 0.00 | 0.00 | \$0.00 | Volume Edit History |

DASHBOARD DRAFT ENTERPRISE INVENTORY TEMP. SETTINGS TRAINING

DAILY HISTORY

Date: 01/04/2014 Search

Unit: Oz (ca) Litre

| Beverage | Total Poured | Total Sold | Total Variance | Total Underpour | Total Overpour | Total Not-rung-in | Details |
|----------------------|-----------------|-----------------|----------------|-----------------|----------------|-------------------|---------|
| Coors Light | 785.17 | 780.00 | -5.17 | 39.60 | 44.77 | 0.00 | >> |
| Creemore Springs | 17.26 | 18.00 | 0.74 | 0.74 | 0.00 | 0.00 | >> |
| Heineken | 220.82 | 219.00 | -1.82 | 1.34 | 3.16 | 0.00 | >> |
| Miller Genuine Draft | 203.51 | 201.00 | -2.51 | 4.14 | 6.65 | 0.00 | >> |
| Molson Canadian | 427.65 | 417.00 | -10.65 | 30.37 | 22.02 | 19.00 | >> |
| Murphy's Irish Stout | 151.90 | 162.00 | 10.10 | 18.52 | 8.42 | 0.00 | >> |
| Rickard's Red | 270.29 | 225.00 | -45.29 | 3.06 | 11.17 | 37.18 | >> |
| Rickard's White | 116.32 | 120.00 | 3.68 | 7.13 | 3.45 | 0.00 | >> |
| Totals | 2,192.92 | 2,142.00 | -50.92 | 104.90 | 99.64 | 56.18 | |

Foster: How much do flow meters cost?

Steve: There is a one-time installation fee but the monthly cost is only \$175

Foster: What's the return on investment for the restaurant owner?

Steve: The Return-on-Investment is pretty much always over 100%, which means that the bar owner makes back at least double the cost. The break-even is between 70 and 80 days. Essentially if we can save you one pint per day we're even. If we can save you more than one pint a day you're making money, every single day.

A bartender who routinely over-pours beer by a couple of ounces is costing you money. If we can have your bartenders pouring properly, about 80 % beer and 20 % head, about an inch off the top, if we can get them to do that you will save 2 ounces of beer per pint. Which means you save a pint for every seven pints poured.

This doesn't even count losses when the bartender collected the money but "forgot" to ring it in, or when the bartender's friends come in and drink your beer for free all night long. Every ounce saved above a pint a day is pure profit for you.

Foster: I've heard a lot of horror stories about broken flow meters. Let me ask you a straight up question here. Are your flow meters made in China?

Steve: Our flow meters are not made in China. They are made in America. Well, some of the assembly is done in Canada, so maybe made in North America is more accurate (ha, ha).

The Bevchek flow meter has a wheel inside of it. This wheel has two magnets that are spinning around on top of the beer. It isn't a turbine that the beer pushes so there is really nothing that would wear out.

However, one important thing to note is that if a customer has any problems with any of our hardware, Bevchek provides a lifetime warranty. If a Bevchek flow meter is failing, we can actually send you a wheel for free and in less than five minutes your bar manager can quickly and easily swap the flow meter out with no loss of data.

Foster: It costs me nothing, basically?

Steve: It costs you nothing.

Foster: Wow.

Steve: For our competitors' flow meters, if a flow meter fails, you actually have to send a proper beer technician to pull the flow meter out and install a new one in, which costs money - and takes time - while they are waiting, they don't have any visibility into what is going on in their beer system.

The difference is that Bevchek's flow meter is designed for beer systems, and that's critical. Our flow meters do not cause foam, they are extremely robust and accurate to better than 1/30th of an ounce.

Other flow meters are designed for the fuel industry, for pumping gasoline. Those flow meters work too but they're not made to withstand the hardships of a beer system over time. There is CO2 being pushed anywhere from 12 to 40 PSI with nitrogen in some blends. This is a very dynamic environment. There's gas moving, there's line cleaning, beer flowing under pressure, and we have to make sure that the hardware itself can survive the rigors of day to day use.

Foster: Management teams are they're pretty busy in most restaurants. I don't know how much time they have to spend looking at reports.

Steve: All of us have worked in restaurants. We understand that. Our goal to have a manager use Bevchek for 90 seconds a day or less.

Our system is designed so that a manager who just spends those 90 seconds each day has all the information they need to ensure that they are maximizing every single drop out of those beer taps.

Foster: Now if you're pulling sales isn't that going to cause some PCI compliance issues?

Steve: That's a good question. The PCI compliance has to do with the way that credit card information is being handled. Bevchek's software is installed into the point of sale system but doesn't come anywhere close to the credit card information. Our software doesn't actually "pull" any information, it just listens. The point of sale chooses what to give us. Bevchek software takes that data, encrypts it and sends it off to the website and no information ever goes from the website back down to the restaurant.

Foster: Can anybody else see my sales data? Anybody at all?

Steve: Your information is held in our privately secured servers which are in Vancouver Canada. No one will ever look at that information without your expressed authorization and being in Canada makes it very hard for any government agency to review that data.

Foster: Craft beer is exploding these days

Steve: Yes it's been tremendous to watch. It's very similar to the way that wine expanding here twenty years ago. And as your guests become more passionate about different taste profiles and brands, they will actually seek out those products. Bevchek offers a Menu system that allows a bar owner to put a digital beer menu on their website or on a tablet or by scanning a QR code on the menu with a smartphone. With this option, a guest can see which beers they have on tap and even how much of each product they have available.

I love IPAs so if I can look at the website of my local bar and see what IPAs they have, that makes me excited. If I can see how that they are almost out of Green Flash IPA, I know I better get down there before it's gone! Most of these systems cost \$10,000 and up. But Bevchek clients are already tracking all the data so we can do it for \$1,000 for software work and \$50 per month.

Foster: Do you have plans to offer Bevchek outside of North America?

Steve: The expansion of Bevchek into Australia, New Zealand, Sweden, Norway and the UK is already underway.

Foster: What can a restaurant or bar operator do next if they want to learn more?

Steve: Our partners at Sculpture have offices in almost every market. Call 1-888-238-4626. A Sculpture analyst can drop by your establishment to answer your questions and figure out how much more money you'll be able to make.



About Bevchek

The Bevchek System, developed by Bevchek Inc., is a unique beer inventory control management system designed for the hospitality industry. It provides operators with detailed product information including beer flow, beer temperature, and beer menu information – all integrated with real-time sales information. For more information visit <http://www.bevchek.com>.