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Mr. Bolger

Insurance
Preventing and Managing Food and Beverage Risks

By [Christopher Bolger](#), Senior Risk Manager, Venture Insurance Programs

Despite the revenue and guest comfort they provide, food and beverage amenities can be a major source of headaches for hotel executives. Beyond the workers' compensation impact of slips and falls in the kitchen, food and beverage operations present some of a hotel's most significant risks – from devastating fires and employee theft to the major liability exposure associated with food contamination and serving alcohol. Hotel executives can limit their exposure by implementing a thorough risk management program with proven safety and training initiatives, as well as ensuring they have adequate insurance coverage for all their food and beverage risks. The result can be a safe and profitable food and beverage operation that provides value and pleasure for guests.

The Perils of Liquor Liability

Liquor sales are an important part of a hotel's business, but carry significant risk. Though alcohol-related deaths have dropped in the U.S. over the past ten years, alcohol kills around 14,000 Americans annually. In 40 states, dram laws hold businesses responsible (to varying degrees) for injury or damage caused by an intoxicated person to whom they have served alcohol. Such cases have resulted in multimillion dollar lawsuits against businesses.

The key to limiting your hotel's exposure in this area is proven employee training programs plus thoughtfully designed protocols for all staff. In fact, many insurers require a hotel with liquor liability risks to implement training programs and some offer discounts to hotels with training in place.

Staff should receive training in selling and serving alcohol, focusing on the skills they need to handle intoxicated people. Two common and respected alcohol service training programs are TIPS (Training for Intervention Procedures) and SMART (Serving Managers Responsibility Training). Have relevant current staff undergo this training program. Then provide to new hires, along with any other orientation programs you have in place.

Additionally, make sure you have written procedures for serving alcohol and guidelines for "cutting off" guests who appear intoxicated. Part of your training program will be proper enforcement and implementation of these rules. Plus, your bar should have a call-a-cab procedure for getting home safely any customer who is not a guest of the hotel. If you have a nightclub, bouncers should be trained on the safest and most effective procedures for removing intoxicated and unruly patrons.

Employee Theft and Fraud

Employee theft and fraud continues to be a source of significant losses for a hotel's food and beverage operations. While many thefts are small, over the course of a year or years, small thefts can add up to significant losses.

There are a number of factors contributing to this risk. Many of the employees in a hotel's food and beverage operation handle large amounts of cash each day, making it easy to

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Best Practices for Cultivating Guest Satisfaction and Retention

By [Michelle Wohl](#), VP of Marketing & Client Services, Revinate

With the high cost of working with OTAs and the growing challenge of acquiring your own new customers, hotels are quickly realizing that they need to focus their efforts on driving customer satisfaction and capturing guests' attention and loyalty at every stage of the travel process, from inspiration to post travel. By focusing on driving guest satisfaction, you improve your chances of having guests book directly with your hotel during the inspiration phase of travel or when they return to your city in the future. With the distraction of mobile devices, social networks and the always-connected nature of life today, engaging guests and forging strong connections isn't always easy. But to be successful, hoteliers need to figure out how they can drive the highest satisfaction possible, whether pre, during or post stay. This article covers some best practices for driving guest satisfaction at every stage of the travel cycle. [READ MORE](#)



Start with the Guest, and with an Attitude

By [Jonathan Barsky](#), Partner, Market Metrix

At Market Metrix, we've worked with hundreds of brands. We've noticed that the brands with the highest levels of loyalty and retention have something in common: a clear understanding of who they are and who they are trying to serve. They know what part of the market they own. They have an attitude and provide a unique, memorable experience to their guests. Here are a few examples: [READ MORE](#)

siphon a few bills here and there. Plus, between the bar and the kitchen, there are many big-ticket items that are easy to pilfer, from top shelf liquor to lobster tails.

But aside from outright thefts such as these, employees may also commit fraud. For example, a restaurant employee fills a guest's order twice, but the hotel only receives one payment. This is a common way employees may pocket cash without anyone noticing. Many hotel restaurants handle coupons or comp slips. Employees can misuse these, applying them to a check without the guest's knowledge and keeping the difference for themselves.

Though your hotel may be performing well and your staff appears trustworthy, hotel executives must be alert to the risk of theft and fraud. You can manage this risk with the right procedures and policies.

- Start with hiring practices, including thorough background and reference checks for all employees, contractors and vendors.
- Make your environment safe for whistleblowers, ensuring all employees know who to turn to with information about theft or fraud. Some larger organizations even set up 24-hour whistleblower hotlines.
- Have a company-wide fraud prevention and detection policy with buy-in from upper management. Monitor food and beverage transactions for irregularities and have a procedure for investigating discrepancies.
- Provide training to prevent over pouring.
- Establish an acceptable food cost analysis for the restaurant and pouring cost analysis for the bar (calculate by the costs of goods sold divided by the sales during the same period) and review monthly. Too high a percentage can indicate wasted product or theft.
- Implement regular, two-person inventory checks, both to count inventory and deter theft.

Finally, do not hesitate to act if you suspect fraud, but be careful not to act out of anger or haste. This is why we recommend having procedures and policies in place—it is easier to react with a map in hand and when employees know the consequences in advance.

Your Biggest Exposure - Fire!

Fire is a huge property risk for hotels. In fact, it is the biggest source of liability exposures for the industry—with food and beverage operations as the largest source of risk. Stoves with multiple burners and ovens can lead to gas leakages, while deep fat fryers cause difficult-to-control fires when hot oil spills.

Even in an unpredictable kitchen environment, you can take measures to prevent fire and have the best possible outcome in the event a fire strikes:

- Spend time training all kitchen workers on equipment that commonly starts fires and in fire prevention strategies, such as keeping oil at the appropriate level in deep fryers and dressing sensibly for the kitchen.
- When gas ranges are a part of their jobs, teach employees to detect gas leakage.
- Ensure kitchen staff can operate a fire extinguisher. Schedule regular maintenance and inspections on the kitchen area, kitchen equipment, fire extinguisher and sprinkler systems.
- Conduct fire drills to familiarize staff with evacuation procedures; use these as an opportunity to check all fire exits are marked and unobstructed.

These same risks can lead to expensive and traumatic workers' compensation claims, whether spilled oil causes a kitchen worker to slip and fall or they are severely burned when operating a deep fryer.

Mitigating Food Contamination and Spoilage Risks

Though food contamination and spoilage is not a common insurance claim for hotels, it can be costly if one or many guests are sickened or fall severely ill. This risk increases during power outages. In addition, an increase in food allergies is forcing food service operations to rethink the definition of "contamination."

The U.S. Food and Drug Administration (FDA), Centers for Disease Control (CDC) and other regulatory agencies have extensive food safety procedures, with which you are surely familiar. But how do you ensure your staff is practicing food safety procedures? A recent series of studies from the CDC found that kitchen staff was not taking proper measures to prevent cross-contamination. In fact, fewer than half of kitchen workers surveyed were washing their hands after handling raw ground beef.

This is another case where training is your frontline defense. Implement a training program and written food safety procedures, and train employees as soon as they start in the kitchen. Training and certification programs like ServSafe Food Handler Training can make sure your staff is knowledgeable and demonstrates to guests that you are proactive about food safety.

If you do have a case of food borne illness emerge from your hotel, you can respond appropriately if you have a communications process in place. Reports that your food sickened guests can cause lasting damage to your reputation, but you can mitigate this by



Sneaking a Peak at Other Industries

By Holly Stiel, President, Thank You Very Much Inc.

Customer Service Magic: How Other Industries Make it Happen. For years, our industry has been providing the model for outstanding customer service. The proliferation of concierges is just one example. Let's turn the tables and take a page or two from companies in other industries! This article explores what two service superstars are doing to create unique customer experiences. Their commonalities include generating positive emotions in their customers, strategic use of technology and an insistence on authentically warm, friendly personal contact. Basic principles, when applied creatively, make satisfied customers into loving fans. For more of the latter, other's tricks of the trade can be leveraged to our great advantage. [READ MORE](#)



Delivering the Customer Service Management System's Promise to Your Target Market

By Marco Albarra, Founder & President, Remarkable Hospitality, Inc.

The hospitality industry welcomes and needs to be creative and innovative to continue its survival, more so with its talent. Hospitality and customer service are very important to seeing a brand experience become efficient in the market. We do need to do our best to improve and keep retention rates of employees as high as possible. If not we risk not hitting realistic figures in our financial statement, because if there is inconsistency, in the workplace and day to day operations, then the guest will ultimately have to pay the ultimate price. [READ MORE](#)



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communicating about food borne illness outbreaks and through your hotel's follow-up and prevention measures.

Getting the Right Insurance Coverage

Good risk management programs can reduce your risk and make your workplace safer. But in case of accidents, you need to be sure you have the right insurance coverage for all your food and beverage risks with high enough limits to protect you in the event of a series of small claims or a large claim.

Start by ensuring you have sufficient liquor liability coverage and remember a large claim can erode your primary insurance limits and require umbrella liability limits. Umbrella liability is the extra layer of coverage that sits above all your policies and provides an excess layer of protection. Make sure your umbrella extends over liquor liability to protect you in the event of a costly lawsuit.

Next, check you have sufficient employee dishonesty limits and fraud coverage. As discussed, although dishonest employees often take only small amounts of money or property at a time, if the fraud or theft is unchecked, it can add up over weeks, months and years. With the right insurance coverage, you can recover this loss so it does not have a major impact on your bottom line.

Also examine your general liability and property policies to look for coverage gaps. For example, make sure you are covered for food contamination and spoilage—these are not always standard. If food contamination is the fault of a supplier (meaning you), you will want general liability coverage for product recalls. Finally, make sure you have business interruption insurance with adequate limits to protect you if your kitchen is shut down for an extended period of time. Be aware of the time element on the policy. This dictates the waiting period to trigger coverage (24, 48, 72 hours are examples). Food and beverage operations are an important profit center, so you need to protect your short- and long-term revenues related to it. Make sure your coverage covers all income loss and extra expenses, and takes into account all aspects of income from your food and beverage operations.

Of course, every hotel has slightly different risks depending on its unique mix of food and beverage amenities. Talk to your insurance agent or broker to ensure you not only have an effective risk management program in place, but also insurance that covers all your risks.

Senior Risk Manager for Venture Insurance Programs. Mr. Bolger has specialized in hospitality risk management since 2007 and is responsible for improving the risk performance of Venture's hospitality clients by reducing the frequency and severity of claims, analyzing loss reports to identify trends by industry or location, and improving loss ratios in order to improve pricing for the hotel and profitability for the insurer. Overseeing all risk management operations, including the claims adjusting teams, Mr. Bolger ensures proper proactive claim management and loss control procedures are in place with the overall goal of minimizing the overall cost of risk. Mr. Bolger can be contacted at 800-282-6247 ext. 242 or Cbolger@ventureprograms.com [Extended Bio...](#)

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Hotel Sustainable Development: Integrating Practices for the Environment and the Bottom Line

The term "sustainable development" was first coined in 1987. In a report entitled, "Our Common Future," the Brundtland Commission defined sustainable development as follows: "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs." This definition immediately caught on. In the business world, it is sometimes referred to as a triple bottom line – capturing the concept that investments are profitable, good for people and protective of the environment. Within the hotel industry, companies have taken an active role in committing themselves to addressing climate change and sustainability. Hotel operations have realized that environmentally sound practices not only help the environment, but can lead to cost reductions, business expansion, and profit growth