

# LESSONS LEARNED: F&B AUTOMATION REDUCES POST-PANDEMIC LABOR REQUIREMENTS

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Perhaps of all industries affected by the pandemic, food service took the biggest hit, losing 75% of its workers. In the aftermath, **food service operators are finding it difficult to hire** since many of the laid off workers moved to other career paths while some simply found unemployment benefits more lucrative than their foodservice jobs. Many were looking for remote work, which of course is difficult in food service.

Hard lessons were learned during the pandemic. Operators, forced to live on take-out revenue, streamlined their menus to enable them to operate with less staff while reorganizing kitchen stations to provide for social distancing. Managers took on additional responsibilities. Some operators invested in technologies to allow online ordering and payment. Given the new approaches, **some do not intend to hire back to pre-pandemic levels at all.**

According to a July 16, 2021 Wall Street Journal article, during the Covid-19 surge in May of 2020, as the travel and hospitality industries were cratering, Jim Risoleo, the chief executive of Host Hotels & Resorts Inc., a large owner of Hyatt and Marriott hotels, described the pandemic “truly as an opportunity to redefine the hotel operating model.” He said the hotel chain planned to reduce management staff by 30% in 2020 in its food and beverage department and said the **changes would be permanent.** The following month at restaurant and entertainment chain Dave & Buster’s Entertainment Inc., Margo Manning, COO, indicated customers were provided with digital tablets to order food and drink, allowing managers to **schedule fewer servers.**

These hard lessons have a way of changing our perspectives. In this case, it forced food service operators to pivot and retool their operations to accommodate the new reality. In doing so, they have discovered new ways to do business with less labor. **By investing in automation, they save on labor costs** – not to mention the myriad of other benefits.

So how can F&B automation help? Front of house technologies can reduce wait staff, but what can be done about back of house? We still need chefs, purchasers, receivers, line cooks and dishwashers. The more business we do, the more of them we need. But if we consider time savings associated with enterprise-level comprehensive F&B back-office automation, it may be possible to do these jobs with less people.

**Chefs:** Consider the labor savings from automation. Recipe costing functions can virtually eliminate all the time chefs take to do that job. New recipes can be costed as quickly as they are built. Catered events will not require any of the chef’s time to calculate costs. Mobile devices cut inventory time by 75%. Production planning reports improve kitchen efficiency and relieve chefs of doing this manually or in person.

**Outlet Managers:** Mobile devices allow requisitioning in real time without paper forms. The same mobile capability allows requisitions to be turned into transfers on the spot. Usage and profitability reports allow more control over costs and menu offerings.

**Purchasers:** Bid sheet imports eliminate time spent on the phone calling vendors for pricing. Shopping lists can be created from reorder reports and instantly turned into purchase orders. Purchase orders are converted to invoices and distributed to proper G/L accounts instantly. Transactions are exported directly to the accounting system for payment.

**Receivers:** Mobile devices allow receiving using scanners. Orders can be received accurately in a fraction of the time and immediately reconciled against the purchase order.

**Accountants:** Time savings are obvious since many of these tasks no longer need to be performed manually. No need to maintain and print inventory forms or enter associated data. Inventories are extended in real time and errors can be corrected immediately. Transfers are assigned to appropriate accounts and summarized for instant journal entry. Invoices are automatically distributed to the appropriate accounts and imported into the accounting system.

**Managers:** Cost of sales, contribution analysis, usage analysis, variance reporting, menu engineering and business intelligence-based analytics provide numerous ways to instantly analyze performance and profitability in real time. No need to wait for monthly P&L’s to determine status.

Adding up the time savings and residual benefits, it becomes clear how this type of system – implemented properly – can provide the means for operating with reduced labor. And while systems of this type are not inexpensive to implement, once in place the cloud-based subscription fees can be very affordable on an ongoing basis. The return from enterprise-level, professionally implemented F&B management systems can easily reduce operating costs from 2-5% of sales as well as reducing labor costs at the same time, allowing operators to weather most any storm. Taking advantage of lessons learned from the 2020 pandemic prepares operators to scale up or down profitably for any future twists and turns.

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