

# THE NEW F&B TRIPLE THREAT: INFLATION, STAFFING AND SUPPLY SHORTAGES

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You showed true grit surviving the pandemic shutdown phase, but now you have to deal with its side effects. Shutting down the economy resulted in a labor shortage, supply chain problems and what appears to be runaway inflation. The good news is people are returning to eating out, but the bad news is there's nobody to serve them, half the items on the menu are out of stock and the rest have gone up in price! So how do you address these new threats? Automation is the answer, providing a clear path you can follow to maintain margins, introduce flexibility in the menu and increase productivity, thereby requiring less staff to do the same work you did at full strength before the pandemic.

## Addressing the Labor Shortage

Companies always strive to improve efficiency. Most do this by first replacing manual functions and processes with automation. Factories added robots. Warehouses added automated forklifts. Food service operators installed kiosks, web-based reservations and take out systems. Clubs saved significant labor hours with tee time systems. These systems reduced the need for as many employees or perhaps freed up existing employees to do other tasks. In short, automation is the path to higher labor productivity with the same or fewer labor hours.

F&B management systems that combine mobility options, procurement automation, integration with distributors, POS integration, recipe costing and menu analysis have the potential to significantly reduce labor hours required. For example, our clients claim that using a mobile scanner for inventory cuts inventory time by 60% or more and produces instant inventory extension reports, saving time for both culinary staff and the accounting staff. Using the same scanner to receive goods based on purchase orders generated by the procurement side of the system not only reduces receiving time, but also allows instant reconciliation of purchase orders to invoices and quoted pricing – addressing both the labor and the inflation issues. Integrating the invoices into the accounting system saves accounting staff time. No more coding invoices and entering them into the A/P system.

Recipes are costed automatically in real-time, eliminating the time it would take the chef to do that work for both the menu and any catering events. Reorder to par reports that can automatically result in purchase orders using the best bid pricing save significant time on the procurement side and play into the mobile reconciliation and A/P integration processes. Each of these approaches reduce labor hours, freeing up staff to perform other duties as well, perhaps even filling multiple positions.

## Addressing Inflation and Supply Chain Issues

Inflation and supply issues are felt on the menu. Costs of ingredients escalate, making some menu items unprofitable. Things get further complicated by the lack of supply of some ingredients, which requires removing menu items (at least temporarily) or changing the existing recipe to use something else. Automation helps with both conditions.

With regard to inflation, real-time recipe cost calculation makes it possible to alert management when recipe costs exceed acceptable margins for menu items. These "Red Flag" reports provide time for the decision making process to take place before much damage to margins is done. Chefs can experiment with portion sizes, adjust garnish or simply raise menu prices for affected items.

Supply issues might require more drastic measures. Having multiple sources for supplies is key, but in the event the item is unavailable from any source, changes to the printed menu may need to be made. It is never advisable to leave items on menus that are unavailable. This seems to be happening more frequently on wine menus than for typical food items. It is frustrating for guests to order something only to be told it is unavailable. They don't care what the reason may be. Once again, current recipe costs and the ability to construct and cost new items on the fly using real-time information can be extremely helpful in avoiding the downside of supply chain chaos. Combining the knowledge of supply issues with Menu Analysis and Menu Engineering reports can provide insight into what changes can be made on the menu without significant guest impact.

## Is This the Right Time to Invest in Automation?

Systems that can perform these functions need to be implemented by seasoned experts and include comprehensive staff transition and system training. Assuming you have funds available for this type of investment, now seems like the perfect time. Damage control has been the theme for this pandemic and certainly for its aftermath. It is the best approach for successfully navigating through this triple threat. And if it can help get you through this, imagine how implementing now helps the long term outlook – which based on the unimaginable situation caused by the pandemic, could be just about anything!

**"AUTOMATION IS THE ANSWER, PROVIDING A CLEAR PATH YOU CAN FOLLOW TO MAINTAIN MARGINS, INTRODUCE FLEXIBILITY IN THE MENU AND INCREASE PRODUCTIVITY."**

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