FOOD AND BEVERAGE CONTROL TECHNOLOGY

Breaking the Spreadsheet Habit

By Bill Schwartz, CHTP

First things first — software does not control food and beverage costs. Regardless of the type of software — from spreadsheets to full-blown F&B management systems, control cannot be purchased. Instead, it is a combination of processes, procedures, observation and action — all of which require people. Software simply reduces the labor requirement and improves the speed and accuracy of the reports produced from which action can be taken.

It is also important to note that some types of software are better suited to certain tasks than other types of software. Using a software package for a purpose it wasn't specifically designed to handle can be challenging to say the least, and may even create more work than it saves. By the same token, using software that was designed for general purposes (ex: spreadsheet software) for a specific purpose (ex: F&B control) can be just as challenging and time consuming.

Traditional food and beverage control, at least for the past 20 years, has been comprised of three elements: profit and loss statements; MBWA (Management By Walking Around) and miscellaneous spreadsheets.

The introduction of food and beverage management software makes the P&L Statement less critical, gives managers some specific things to look for while walking around, and typically replaces the spreadsheet component almost entirely. Speaking of traditions, while P&L statements and hands-on management have been used for hundreds of years, spreadsheet software showed up far more recently. Spreadsheet software was invented in the 1980s, and most users didn't start using them until the 1990s.

Fear of Side Effects

Why is it, then, that spreadsheets appear to be a hard tool to replace for many in the food and beverage department? Today's club and hospitality-grade food and beverage management systems produce most, if not all of the reports food service operators and controllers generate with spreadsheets. Perhaps managers and controllers don't understand the capabilities available to them through these systems. Perhaps they feel these systems will take more of their time. Perhaps they simply fear change. Even worse, perhaps they are stealing, and fear they may be caught by the new system!

Then again, it may be a cost issue. Since the more sophisticated F&B management systems can start at $30,000 and go up from there, many controllers and managers may feel the cost exceeds the benefit. Perhaps they continue to use spreadsheets because they are afraid to spend the money or can't justify the expense. But if they understood the average savings was 3 – 5 percent of annual F&B revenue — a savings much higher than the cost — would they continue to resist?

Maintaining the status quo is far more comfortable than the stress associated with learning new ways of doing things. But change is inevitable. No controller would consider going back to a manual accounting system. Closer to home, no food and beverage manager would consider throwing out their spreadsheet software in favor of multi-column forms, legal pads and calculators. Yet these technologies met with resistance when first introduced as well.

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Why Change? If It's Not Broke

When it comes to inventory control, perhaps the most widely-used spreadsheet is the inventory form. Inventory items and associated counting units are listed in some pre-determined order (usually alphabetic by item type) and columns are provided for entering the quantity and the current cost. The spreadsheet multiplies the quantity by the cost to get the extended value, which is summed for subtotals and grand totals. Some spreadsheets also calculate percentages.

Food and beverage systems replace these inventory spreadsheets with customized inventory forms and inventory extension reports. Inventory forms are automatically generated by the system in a wide variety of sorted orders and sequences. Forms can be produced alphabetically by location, in shelf order, or a combination of both. Additionally, hand-held mobile devices eliminate the forms altogether and allow operators to scan and instantly count items as they are encountered. Once counted, the data is already in the system, eliminating any need for further data entry.

Inventory extension reports are produced on demand, also in any number of sorted manners, depending on who needs the information. They use cost information calculated by the system using FIFO, last cost or weighted averages to determine the extended value of each item. They allow for items to be counted in one unit and reported in another. And they can be sorted by group, profit center or G/L account. In all cases they are summarized to conform to the accounting department's specific needs.

Another popular type of spreadsheet is used for ordering. Sometimes the same form is used for receiving as well. Inventory systems have specific functions for forecasting orders, building shopping lists of all items required and then automatically distributing those items to individual vendor purchase orders. In many cases, these purchase orders can be transmitted directly to the distributor to be filled. Specific receiving forms can be produced from the purchase orders, and invoices can be reconciled easily against the purchase orders and receiving forms. In addition, items can be printed in the same order as the distributor's invoices, as well as by group, or other convenient method.

Still more spreadsheets are used to build reports for accounting and management. In all cases, specific data must be placed on the forms in order to develop the report desired. Some operations use literally dozens of spreadsheets to collect data and produce the necessary reports, and changing the order of things, adding and deleting, keeping track of current cost information and other routine spreadsheet maintenance tasks can take significant amounts of time.

Because inventory systems use a database approach to building reports and forms, data is never entered more than once or transferred from one place to another. Information is available on request, and multiple approaches to report sorting, summarization, date ranges, item selection and a variety of other reporting options are typical with these systems. This type of functionality would be unlikely in most spreadsheet applications.

Excuses, Excuses

So what keeps controllers from chucking the spreadsheets and moving to a comprehensive, automated system? The answer varies from company to company, but the list of reasons is small:

❶ Familiarity with current approach — comfortable
❷ Unfamiliarity with new approaches — uncomfortable
❸ Unwilling to invest in new systems — too expensive
❹ Unwilling to learn new systems — scary and time consuming
❺ Invested significant time and effort in current system — pride
❻ Unwilling to spend the time required to implement new system — no extra work
❼ New system could point out problems — job security

Interestingly, these seven reasons for maintaining the status quo are typical of almost any new undertaking involving new systems and technologies. These same issues arise when clubs and resorts consider new POS systems, property management systems, general accounting systems, and other similar products. They may in fact have been the very reason people took so long to go from manual columnar forms to spreadsheets! The same factors they had to overcome to implement a spreadsheet system may be holding them back from the next step forward.

Knowledge is Power

The seven concerns mentioned above (including the lack of willingness to invest) can all be traced back to lack of knowledge. So the question becomes how to identify the concerns and get answers. The best way to identify the concerns is to get the people together who will be using the product and allow them to ask questions. Some of those questions will be answered by in-house staff. Those remaining questions, assuming they are related to the proposed approach, should be listed.

Software developers and technology consultants can answer most of the questions related to the introduction of new technology. This is especially true for questions of fact. On the other hand, vendors and consultants may not be the best place for answers when it comes to questions of functionality, time savings, quality and payback. Those can be answered probably more objectively by existing users of the new technology.

In the end, the worst thing that can happen is allowing the fear of change to keep the organization from moving forward. If they haven't already, in the next few years, food and beverage management systems will replace spreadsheets for that purpose in the majority of clubs and resorts. Regardless of the reason for putting off a decision to change, continuing to use the existing spreadsheet approach as opposed to today's better, faster, stronger inventory control systems costs clubs and resorts between $30,000 and $60,000 per $1 million in annual F&B revenue. Unfortunately, they don't have rehab programs for breaking the spreadsheet habit. Perhaps working together in groups to get the answers and calm the fear would work. After all, when rehab is unavailable, group therapy can be a good alternative! ■