F&B Cost Control in the Palm of Your Hand?

by Bill Schwartz

Cell phones, iPods and other handheld devices have become a way of life. This was not the case less than 10 years ago, but today most people won't leave home without their cell phones or portable music devices. They are a comfortable and increasingly necessary part of everyday life, and have reached nearly universal acceptance. Actually, acceptance is too weak a term. People now demand access to these handheld wonders, and use them all day, every day.

This trend actually bodes well for casinos trying to manage and control their food and beverage costs. Desire for handheld technology and willingness to use it can result in significant improvements in F&B control, simply as a result of providing a tool people actually enjoy using. According to Allen Poag, Comptroller for Soaring Eagle Casino and Resort in Mt. Pleasant, Michigan, "Soaring Eagle Casino & Resort recently moved from a paper-based to a mobile scanner-based food & beverage process for receiving, inventorying and purchasing. The acceptance of the handhelds by our staff has been outstanding."

Consider two key F&B control tasks traditionally handled manually:

Physical Inventory – Forms are prepared using spreadsheets or other tools and then printed. Next, the printed forms are taken into the various storage areas as counting commences. Items are identified on the shelf, located on the form and counted - preferably in the unit on the form. Items not on the form are written in and counted in some unit. Once all the inventory forms are completed, they are typed into the spreadsheet of inventory system. Inventory extension reports are then printed which typically reflect errors in counting or in units, and must be corrected prior to finalization. Many times items are added as new that actually were on the form only with a different name. These items must be removed or consolidated. Finally, new items are added to blank forms in preparation for the next inventory. Lots of steps! No wonder nobody wants to do this job.

Receiving – A critical control point, since every dollar of food and beverage cost comes through this function. Most operations lose 2-3% of sales as a result of poor performance here. Assuming they exist, purchase orders are typically provided for check-in purposes. Items - many of which are highly perishable - must be counted to see if the correct amount was received based on the purchase order, and then compared to the invoice to see if it reflects the same amount. The price is typically also compared. Changes are noted on both documents. If purchase orders do not exist, goods are received against the invoice itself, which is the vendor's document and may not correspond exactly to the order that was placed. Invoices must be distributed to various general ledger accounts,

which is a task performed either by the receiver or by someone in the accounting department. Finally, someone in the accounting department needs to enter the invoice manually into the accounts payable system for payment. Once again, there are many steps and numerous places for errors to occur.

Making a job more fun helps get it done!

When young children don't want to do something their parents feel is in their best interests, many parents try to find a way to make the experience more enjoyable or rewarding, so the kid will end up doing the right thing after all. Interestingly, some operators have used the same approach to get these key control jobs done properly and perhaps even enthusiastically. They use technology and incentives to turn a control weakness into a strength.

Thanks to cell phones and iPods, the introduction of handheld scanners in the workplace is now seen as natural and enjoyable. In some casinos, scanners have become indispensible. Using them for the F&B inventory, receiving and transfer processes actually encourages proper execution of these tasks, and makes the work enjoyable at the same time.

Consider the same two tasks with mobile devices:

Physical Inventory – The inventory data is automatically downloaded from the inventory system to the hand held. Staff has the option of simply scanning things as they see them, calling up items by name, or stepping through a previously sequenced list, or all of these at the same time. They can enter inventory quantities in more than one unit – for example three cases and four cans – as opposed to calculating the number of cans or cases if allowed to use only one unit. It takes less than half as long as the manual method used to take for most operations and comes with a couple other bonuses. The numbers are more accurate because the person counting is the person entering the data, and the inventory does not require entry from the form since it's already in the system.

The fun part is the instant gratification of interacting with the device, taking inventory in any order they like, complete flexibility with units and maybe even a bit of laser tag. No more flipping pages to find things, writing things onto the bottom of the form, typing all the numbers in after the inventory is taken, and then correcting numbers that were wrong – mostly due to incorrect units.

Receiving – Purchase orders are automatically downloaded to the hand held devices. When the goods arrive, receivers simply call up the PO on the device and begin scanning (or looking up the item on the PO if no bar code exists) and counting. They can easily see what should be there on the PO and the devices can keep track of any changes that are made

as well as any items that might have been missed. Items can be counted in any convenient unit, and automatically added together if multiple boxes of the same item exist. For example, if there are two boxes with varying tare weights, the receiver enters the weight on the first box, followed by the weight on the second. The device adds the two weights together for a single (and correct) total amount, eliminating the need for calculators.

Once the goods are received, the device can print a reconciliation report identifying differences between the goods actually received, the PO and the invoice. This reconciliation report can be used to judge receiver performance, as well as instantly identify problems with orders. The PO is then used to automatically create an invoice, which is instantly distributed to the appropriate G/L accounts. A transaction file is prepared with all that day's invoices and imported directly into the accounting system for payment. No muss - no fuss - and huge labor savings. But the best part is the receiver is forced to go through the orders and do their job properly. And the even better part is they may actually enjoy doing it, now that all the manual parts have been eliminated.

"The handhelds are the building block of getting information from multiple areas into one system in a timely and accurate manner," says Poag. "Eliminating manual input processes is saving significant amount of inventory control labor hours along with decreasing the amount of written and key entry errors. Soaring Eagle is continuing to increase the use of the handhelds in all areas of the F&B process."

The previous examples are only two ways these devices can be used. In some cases, they can also be used for ordering, requisitioning, transfers, waste tracking and many other data-entry tasks previously performed on terminals. Keep in mind they do not operate as stand-alone products. It is not possible to simply buy a handheld scanner and start taking advantage.

The devices are part and parcel of food and beverage inventory systems. Most of the software resides on the server, while only the data collection tools reside on the handheld devices. Each software manufacturer offers different capabilities with these devices, and some don't offer them at all. Be sure to evaluate the handheld options as you consider F&B inventory systems, because you just might find the handhelds are the most important component of your entire F&B control system. After all, if data entry is accurate and fast, and the folks doing the work enjoy using the tool, F&B control can truly be within reach! ♣

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