FEATURED ARTICLE

The Path to Perfection:
Approaching the Perfect Food Cost Part 3

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If you missed my articles in the last two issues – parts 1 and 2 of this series (e-mail me if you would like a copy), we discussed the concept of running a perfect food cost. We defined perfect food cost as the cost required to provide exactly the amount of food required to meet the legitimate need for it during the period in question. And we discussed the path to achieving, or at least getting closer to the perfect food cost. The last article dealt with the procurement section of the path, and this article takes the next step by dealing with inventory management.

The main focus of inventory management is to reduce the potential for variance – the use of more food than required – by focusing on the things that cause variance. The list of causes is fairly short, and consists primarily of waste, theft, spoilage and over-portioning. Software can be very useful in identifying the specific items that are overused, but takes significant discipline with recipes, sales and yields in order to provide accurate results.

In club foodservice environments, maintaining the recipes required by these systems, along with the fact these recipes look more like parts lists than cooking recipes requires expertise not generally found in foodservice staffs. Instead, the expertise is typically provided by companies that develop and implement this type of software. Usage studies, popularity studies, yield studies and manufacturing cost accounting principles combined with a strong understanding of foodservice practices are required to build these recipes. Without the reports provided by professionally implemented F&B systems to identify specific item variances, operators must rely on the disciplines described below to keep variances in general to a minimum. Even with a system, these disciplines are key to keeping things from becoming issues in the first place.

Waste can be controlled by slowing down the preparation processes, with a focus on yield as opposed to production. For example, cleaning and trimming vegetables can create significant waste that adds up over time. By focusing on maximizing yield, waste can be kept down. Another way to reduce waste is to identify it as it happens. Using clear Lexan bins for trim waste and requiring managers to examine it prior to disposal keeps the focus on yield. Using flexible batch sizes based on demand and time of day is also helpful. My mantra is "you can't manage what you can't see", so I encourage the use of waste sheets for returns and discards at closing along with clear trash bags hung from wire frames as opposed to opaque trash cans.

Spoilage can be identified in multiple ways, chief among them being waste sheets, frequent walk-in inventories (looking for poorly wrapped items or excess perishable inventory), and maintaining the lowest possible perishable item inventory levels. This plays back to relying less on par levels and more on better forecasting, along with a willingness to split cases and pay slightly more for produce and highly-perishable items. A "fresh is best" policy promoted to members alleviates the concern about running out.

Over-portioning accounts for 30-50% of all variance. This can be avoided to some extent by better recipe education, close monitoring of portions coming off the line, digital scales and proper scoop and portioning utensil sizes that "max out" at the correct portion.

Finally, theft can be reduced by limiting access to expensive proteins, locked back doors, trash bin monitoring and kitchen, storage area and parking lot cameras. Key item tracking – counting key items at the beginning and end of shifts and comparing usage to ideal use based on portion, yield and sales keeps theft control even tighter. This particular function is well-suited to F&B software.

Combining and maintaining these disciplines will result in lower variances and lower food costs. The next steps on the Path to Perfection deal with culinary processes and tricks, followed by report analysis and action planning. Stay tuned!

About the author: Bill Schwartz is the founder and CEO of System Concepts, Inc. (SCI). Based in Scottsdale Arizona, SCI is a food and beverage procurement and inventory management consulting firm and the developer of the FOOD-TRAK System, which is widely used in club operations around the country. Bill can be reached at 480-951-8011 or bills@foodtrak.com.