



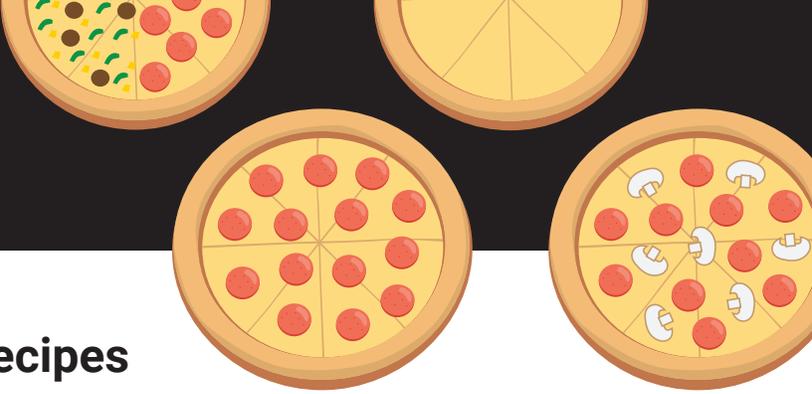
# Controlling Food Costs with Inventory Software



The struggle to achieve lower food costs plagues many restaurant owners. And unfortunately, this problem is only getting worse, with 90% of restaurants facing higher food cost percentages than the previous year, according to the National Restaurant Association.

Having sufficient inventory controls will go a long way in bringing your operating costs down to an acceptable level. Here's how inventory software can help you reduce food costs and how you can best utilize its full potential.





## Readily Available Standardized Recipes

Without properly defined recipes, your inventory system isn't of much use. Enter the wrong quantities or input incomplete recipes, and suddenly your final numbers will be off-target. So before you get started with onboarding a new inventory system, you should consider implementing some standardized recipes for each menu item.

Standardizing recipes is especially important for expanding franchises. As Joel Siemens, an owner at Ricardo's Pizza explains, "You should have everything laid out, like your recipes and how you want things done. Try to have that as clear as possible before you get started, especially if different owners are running that new store."

A detailed standardized recipe card should include:

- **Item Name:** Match the name listed on the menu to avoid confusion.
- **Total Yield:** State the volume or weight of the completed recipe and the number of portions that it produces.
- **Portion Size:** List specific quantities or weights to ensure even distribution.
- **List of Ingredients:** Include the name of ingredients and required amount.
- **Mise en Place:** Explain the various equipment needed (i.e. tablespoon, can opener, spatula, etc.).
- **Procedural Instructions:** Provide step-by-step directions on what the cook needs to do and the order of how to do it.
- **Cooking Methods:** Include the type of cooking, the temperature, and the amount of time required to make the dish.
- **Plating Instructions:** Provide a detailed breakdown of how to plate the dish and what garnish (s) are added.
- **Special Notes:** Add any information covering location-specific details or other clarifying information.
- **Photos:** Have a visual representation of the item's appearance if everything has been done correctly.

Once you've created these standardized recipes, they should be made readily available to your staff and also synced with your inventory system so that it can more accurately track your ingredient usage.

*"SpeedLine has really helped the consistency of our product with the make tickets function and ingredient weights. The ability to plug in the formulas of your combos, like how much pepperoni goes on a pepperoni pizza, and have that right in front of somebody is huge."*

**- Chris Garcia, Frankie's Pizza.**

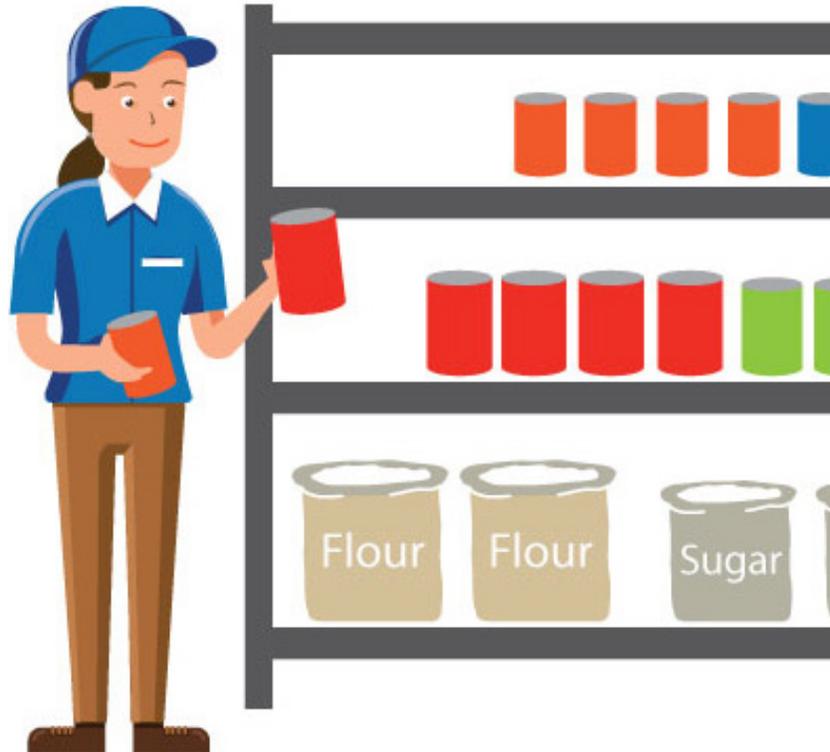
Unlike most restaurant inventory systems, SpeedLine Inventory does not require you to define a recipe for every possible combination, which comes in handy for menu items such as create-your-own and half-and-half pizzas. Instead, you can set up a topping matrix to calculate topping usage, which takes into account the pizza size and the number of toppings on the pizza.

To create a topping matrix for pizzas, you specify how many ounces, slices, etc., should be used for each topping, based on the size of the pizza and the total number of toppings. If you allow your customers to design their own pasta dishes or salads, you can add topping matrixes for those too.

## Integrated Unit Conversions for Ingredients

Units of measure (ounces, boxes, etc.) are a necessary component of any inventory program. You may buy an item in one unit of measure (Purchase Units) but stock or count it in another (Stocking or Count Units) and use yet another unit of measurement in your recipes (Usage Units). That's what makes unit conversions such a vital inventory tool.

For example, a restaurant might purchase soft drink bottles in cases that contain 12 packs with 4 bottles each. If the soft drinks are received by the case, counted by the pack, and used by the bottle, the conversion from Purchasing Unit to Counting Unit would be 1 case = 12 Packs. The conversion from Counting Unit to Usage Unit would be 1 Pack = 4 Bottles. Having an inventory system that can automatically account for this is extremely important.



When you set up SpeedLine Inventory, you can choose which units of measure are most appropriate for your operations. For example, one restaurant may account for pepperoni by the slice, while another may weigh it by the ounce.

Keep in mind that some units of measure may yield more accurate results. Since dry goods and chopped vegetables may compact when measured by the cup, weight measures are preferable for these ingredients.

Some ingredients may require yield testing to set up an accurate unit of measure conversions. For example, a case of iceberg lettuce may weigh 30 lbs when it comes off the delivery truck, but after washing and trimming, the weight drops to 24 lbs.

The same applies when meat is purchased untrimmed. Some restaurants find that buying meat in controlled weight portions saves time and reduces waste.



## Consistent Portion Control Measures

An inventory program aims to control food cost by closing the gap between actual usage (how much food you use) and ideal usage (how much food you should have used, based on your recipes and sales). To close this gap, you must follow your recipes as closely as possible and ensure that your staff use scales and measuring cups. The more vigilant you are about portion control, the better control of food costs you have.

According to ReFED, the food loss nonprofit organization, this is a huge ongoing problem, with pre-consumer food waste accounting for approximately 4% of food sales in restaurants. This waste occurs before your dish ever arrives in the customer's hands. More often than not, this takes the form of food trimmings during the prep stage or misuse of ingredients on the line.

When staff get too comfortable or aren't trained properly, they might start eyeballing ingredients instead of proper portion control tools. And while they might think they know what they're doing, chances are they don't. You can even do a little test with your kitchen staff where you grab a scale, get them to pick up what they think is 1 ounce of pepperoni, and then set it down on the scale to see what it weighs. Even if they're off by only 0.01 ounces, but you regularly make 50 plus pepperoni pizzas each day, then that's half an ounce of pepperoni wasted every single day.

To reduce this type of food waste, you should supply scales, measuring cups, and ladles throughout the kitchen. You will also want to spend time training your staff until portion control becomes second nature. Rewarding your cooks for meeting food cost targets may be an excellent way to motivate them to measure ingredients meticulously.



To support portion control and make it easier to train staff, some POS systems enable you to print weights on your make tickets. It is particularly handy if you have variable items on your menu, such as create-your-own pizzas. The make ticket shows that the correct amount of pepperoni to use on a large 1-topping pizza is 5 ounces, while only 3 ounces should go a large 4-topping.

Even the best inventory software will be relatively useless without these measures in place. So before you go dishing out money for an upgrade in your inventory management tools, you should first do whatever you can to tighten up your portion control on the line.



## Frequent Stock Counts and Rotations

Every second that goes by from the delivery truck to the customer's plate, your ingredients are at risk of being wasted, spoiled, or stolen. That's why inventory processes should control how the food is used and how it is stored and counted.

### Stocking

To minimize spoilage, you should organize your storage in such a way that products don't stay hidden in the back. Crowded, messy areas act like black holes for missing ingredients and make it difficult to conduct counts. Make sure stored food is wrapped correctly, covered, and labeled with a date to reduce the chance of spoilage.

Have a First-In, First-Out (FIFO) rotation policy in place for your stock, where the products with the earliest received date are used before more recently received products. The best way to maintain this policy is to have your staff stock new items at the back of the fridge or freezer.

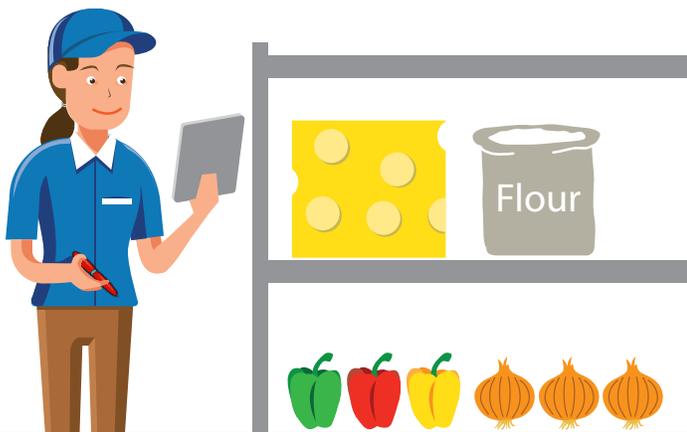
You'll also want to keep a close eye on how much stock you have on hand at any given time.

After all, the more money you have tied up in inventory, the greater the potential for loss. With the proper inventory software, you can order more frequently and accurately because you'll know exactly what you're using and can more accurately predict what you need.

### Counting

Regular physical stock counts are necessary for the smooth running of your inventory program. Physical counts help determine your actual usage (number of units missing from the last count) and then compare against your ideal usage (amount of product that should be missing, based on your total sales).

You can print count worksheets from your inventory software and enter the numbers into the software when finished counting.



How often should you count? The recommended inventory period is one week, with all individual product counts within that week combined to create a snapshot of your stock for that entire period.

And even though your inventory period might be a full week, your staff should be conducting counts at every open and close. Regular counts will help you better identify the source of any potential food cost issues.

## Choosing the Best Inventory Software

Suppose you lack the proper manual inventory processes (stock counts, product rotation, portion control, etc.) in your restaurant. In that case, you should give yourself at least a month or two to strengthen your systems before moving forward with the inventory software installation. But once you're ready to take the next step, you'll need to know how to identify the best source of inventory software for your restaurant.

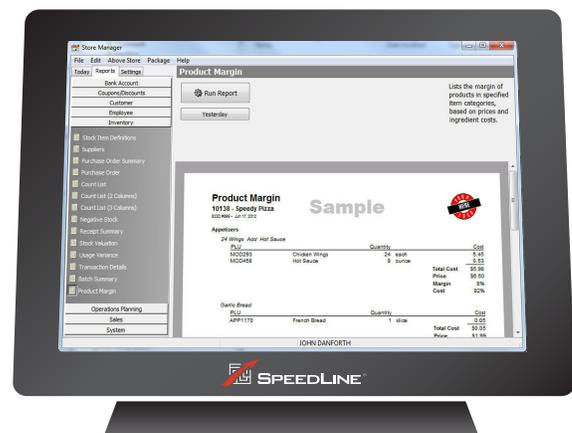
The first place to look will be your POS provider. If you're happy with your current provider or have found one that you're considering switching to, then it's worthwhile to inquire about their inventory software. If they have one, what exactly is it capable of doing? What third-party programs integrate with it? What is its added cost? These are all questions you'll need the answers to before you can make any decision.

Another essential factor to consider is the type of restaurant the inventory software is built for. A generic one-size-fits-all structure might be a good solution for your basic cafe or dessert shop. However, when you get into the more complex businesses like pizzerias, suddenly, you'll need your inventory program to have some very specific capabilities. That's why SpeedLine Inventory, designed for the pizza industry, is ideal for any pizzeria out there.

*"SpeedLine gives us new tools to speed up delivery service and control food costs in our restaurants."*

**- Fatih Ilcin, Uncle Fatih's**

Once you've found the perfect inventory software and put it in place, you'll have current, accurate information about the cost of sales at your fingertips. Not only will you be able to identify and track inventory variances, but you will also have invaluable knowledge to protect your margins when you price your menu items and specials. With inventory software, you'll know whether you can price an offer to beat the competition down the street and still make a profit.



**Speedy Tip:** The Sales Mix tools in SpeedLine allow you to better set promotional offers by running a report on the fly to see recipes at the latest costs.



If you'd like to learn about other ways that SpeedLine can help you better manage your inventory and other areas of your restaurant, then feel free to give us a call at 1-888-400-9185.



Check out our full range of POS features for any pizzeria by visiting our website today.



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