

POS profit-building tip #1: Control food costs

"There are endless ways to lose money in the restaurant business, and one of the most vulnerable areas for squandering big dollars is in dealing with food. Potential profits are lost due to spoilage, theft, over-portioning, waste, unrecorded sales, and a host of other reasons."³

As you know, many food prices have increased dramatically; the price of eggs jumped an average of 29% in 2007 and another 14% in 2008.⁴ Meat, dairy, cereal and bakery products all cost much more today.

And it's not over yet. The U.S. Agriculture Department forecasts food prices will go up 3.5 to 4.5% in 2009, on top of 5 to 6% increases in 2008. Some economists expect food to jump as much as 9% in 2009.⁵

Since food adds up to almost one-third of a restaurant's costs, sky-high prices are a major headache for everyone in the industry.

One way to control food prices is to maintain a perpetual inventory of key food items.

This inventory must account for all deliveries, all sales, and all physical counts done at frequent intervals, probably weekly. You must take charge of these counts to avoid any possibility of monkey-business.

A POS system with the built-in ability to track inventory can greatly reduce the effort to maintain these counts. With a modern, integrated system, you can run real-time inventory reports as often as you like. Even once a shift is not too often for expensive foods like meat, chicken, seafood, cheese, and other dairy items.

Then investigate any significant differences between these reports and your inventory counts. Make kitchen staff accountable for properly recording any waste, burned, or on-the-house meals.

It's also critical to manage your food suppliers diligently: Check all deliveries against orders, check prices against quotes, push back against unannounced increases, and order efficiently to take advantage of quantity breaks without risking spoilage.

A good inventory system will support these efforts, and help whittle down food costs over the long haul. Some loss on food is inevitable in any restaurant; but the more you reduce this loss, the better your profits will be. Even saving 1% on food costs will make a big difference to your bottom line... enough to pay for a POS system upgrade in short order.

3. Jim Laube, "Special Report: The 10 Common Practices of Highly Successful Independent Restaurants," [Restaurant Startup and Growth](#), retrieved December 15, 2008 from www.restaurantowner.com

4. "Paying More for a Plateful" chart, [The New York Times](#), November 26, 2008

5. Andrew Martin, "Food Prices Expected To Keep Going Up," [The New York Times](#), November 27, 2007