

Food & Beverage - Restaurant Prime Cost Savings - By Joe Dunbar

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With the government now announcing a recession (vs. slow growth scenario), we can officially start looking for more ways to cut costs. Will the consumer continue to spend 48% of their food dollar in restaurants? Maybe. But a slip to 40% would mean a 17% cut in volume for the industry.

Our mailbox is loaded with coupons here in metro Washington DC. Anywhere from a \$1 off to free sandwiches, entrees and desserts. Lots of 10% off coupons.

If you are experiencing a 20% drop in food sales, your storage areas may have some newly freed capacity to take advantage of during the downturn. Try to schedule fewer production batches on your popular batch recipes. For example, an Italian concept could produce enough marinara sauce on Thursday to last through the entire week. Most places produce enough for the weekend. Since you would be making roughly the same amount as before, only the usage on the line would change. You could save an entire production run. This labor cost saving is significant.

Try to look for other activities which may reduce your fixed labor costs. You'll still need to clean everything each day so look elsewhere: napkin/silverware wraps could be handled 4 times a week by wait staff prior to meal service instead of daily. Shelf stable mixes and prep may be handled on busy days only.

Restaurant employees often yearn for the elusive two days in a row off. What's wrong with 3 in a row? In my college years, they scheduled me 10 hours a day every day. Good way to save for school but not much time for a social life. You may be able to cut down on overall pay, overtime, and the number of missed shifts (employee illness and emergencies). It never hurts to ask your employees directly.

Utility costs are going nuts all across the country. Try an extra degree on the thermostat during hot months and one less in cold months. Every little change adds up to more dollars. It's good for the environment too!

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