

Food & Beverage - Improving Staff Number Skills: a key to cost cutting - By Ken Burgin

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If staff don't understand the logic or basic maths behind cost cutting, you lose an opportunity to find even more ways to improve efficiency.

And you may have resentful followers rather than a supportive team. Never overestimate the mathematical ability of your staff!

Do they understand these basic number concepts?

There are only 100c in a dollar. If 33c goes on food, 40c goes to labour and 10c goes to rent, that only leaves 17c to cover everything else including profit. Do they think this is good or bad? What is their understanding of the figures in your business? Most staff have a totally unrealistic idea of the cost of running a business...until you tell them.

The Calculator is your friend. It's time to improve basic skills -- in the management workshops we run, as many as 50% of the group will struggle with basic figure and calculator use. Buy some large cheap ones and show everyone how to do basic calculations. Download the Basic Calculator Instructions from the Download Library.

Almost half your staff can't do a percentage or really understand the concept. They understand how to do 10% off at the CD shop, but can they work it out if food costs \$3.40 and you sell the item for \$11.50? If you ask the Supervisor to cut wage by 6%, does she know how to reach the target?

The difference between Fixed and Variable Costs. Some costs are the same each week (like rent and insurance) and some are variable (like food, gas and electricity). The concept of Breakeven Point is not hard to understand when it's explained carefully to people.

Per-Head Spending tell us about sales success. Is it available for staff to measure performance? Some staff only see the total figure, but it's more illuminating when broken down into food, side orders, beverages etc. How does last week compare to 3 months ago?

Yield Calculations show the real cost of a serve. How do they work? Start with a whole fish or strip of meat and work out the usable product and cost to put it on the plate. Or a bottle of wine that's only had 3 glasses poured from it. Costing scales are a great assistant here.

How to work out Return on Investment. Whether it's justifying the cost of repairs instead of replacement or spending on a new fryer, fridge or advertising in a wedding magazine. Staff concerned should be able to justify their recommendation with figures that show how quickly the cost will be recovered.

The reason for Stocktaking. Why do we do it? It's a critical part of the Profit & Loss equation, but often becomes a tedious routine. Do they understand stock variations, stock turnover rates, how to identify slow-moving stock items etc?

Markups, markdowns and discounts. If I discount a \$10 pasta by 10% then increase the new lower price by 10%, why is the result is different? Will a 2-for-1 discount deal really make me money?

The idea behind the 80-20 Rule Staff find this fascinating and can readily suggest items that have are not 'earning their keep'. See Applying the 80/20 Rule to Hospitality

How is Staff Performance measured? Just saying that 'he doesn't pull his weight' is too vague - it's time for sharper productivity measures eg 'a server should be able to handle 20 covers in the restaurant on their own' or 'a salad hand is able to prepare vegetables for full day of service within 3 hours' or 'bar staff must be able to do a minimum of \$800 sales per hour from their till on Friday night'.

FINALLY, what do 'good results' actually look like? What is an acceptable food or wage cost percentage? What stock levels are satisfactory? It's surprising how often staff can hit the target if it's clearly stated and they're given the tools and encouragement.

Smarter staff help you reach cost cutting and sales improvements targets faster and with less effort - keep educating!

Profitable Hospitality offers management and cost-control systems (Manuals & CD-ROMs) for restaurants, cafes, hotels, bars and clubs. The systems are based on the extensive consulting and operating experience of CEO Ken Burgin, and enable busy owners and managers to set up complete operating and cost-control systems in minutes, not months. Profitable Hospitality also runs regular management training workshops in the areas of kitchen profit & efficiency, restaurant marketing and functions management. A free monthly e-newsletter keeps you up to date on the latest industry management issues. www.profitablehospitality.com.

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