

Manage Rising Commodity Costs

We're in an inflationary marketplace, and commodity costs continue to rise with no end in sight.

How can you manage and control your costs without cutting the quality of the products that you serve?

Here are a few steps that can have an immediate impact to your bottom line ...

1. Schedule a business review with your key account contact at your primary supplier. Ask them to come prepared to that meeting with:
 - a) A descending dollar amount of your purchases for the previous quarter.
 - b) Listing of your top 10-15 highest volume items, as well as several alternatives in the same quality parameter at a reduced cost.
 - c) Cost comparison of your current costs for these items and the alternatives, extended out for the quarter.

Decide on which samples you would like to see, and ask your supplier to let you know if they have manufacturer deals on these items that you can participate in. They have the ability to work with key manufacturing partners to find ways to offset costs.

2. Take a look at the number of deliveries per week your restaurant(s) need. If you are willing to reduce deliveries, are they willing to reduce your cost/mark up? Increasing their drop size increases their profitability and should be able to flow through to you in greater efficiencies and cost savings.
3. Are you able to consolidate your purchases and reduce the number of suppliers you have? Consolidation of suppliers can reduce internal costs that are intangible and sometimes hard to define ... such as reducing labor costs by spending less time ordering and receiving products, as well as having less checks to issue which also saves you money!
4. Have your produce specialist from your primary supplier or your dedicated produce company do a walk through of your storage. Explain what you use each product for. They may very well be able to suggest alternative products to use at a lower cost without affecting quality. Great example: using Sunkist lemons for iced tea. Try using choice instead ... at a lower cost.
5. During the walk through ... ask your produce specialist to review how you are storing products and suggest ways to store more efficiently. Example: storing fresh orange juice in your walk in at the coldest area (on the wall that lines up with the freezer) will extend shelf life and ensure you are serving a great quality product.



Enlist the ongoing support of your primary supplier partners to take an active role in managing the rising costs as well as the success of your organization!

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