

Decrease the Drought's Impact on Your Food Costs

We have all seen the [news](#) on TV and in the papers about the drought this summer, and expect to be feeling the pinch with rising prices at some point soon. We are aware that this will be a worldwide issue, as the US is a major exporter of some crops that will be affected. It's important to be prepared as we are not expecting this to be a short term issue.

Here are some factors to anticipate:

- Only a small portion of the corn crop will be available for harvest. Initially, beef prices are expected to go down as herds are reduced more quickly in anticipation of the shortage of feed.
- We are expecting to see the first increases in the dairy and poultry categories.
- Beef is expected to rise in price later in the year and into 2013.
- If the drought continues, soybeans will also be affected.

What can you do to minimize the impact to your business?

The bottom line is that if you have a strong distribution relationship in place, now is the time to engage that supply partner. Contact them and request a meeting to discuss how your supplier can help.

When meeting with your supplier, be sure to consider the following:

- Are there manufacturer contracts available that can help to offset the cost of your main ingredients?
- Work with your primary supplier to revisit some of the ingredients utilized by your business. There may be a way to offer some level of price reduction and protection without affecting quality. Your supplier can help you source those products and provide samples.
- Many broad-liners have software programs available to analyze your food cost, and most can provide that to their customer partners at no charge. Enlist your supplier's help in getting this benefit set up so that you can keep a close handle on things.
- Work directly with your supplier representative on any upcoming menu changes. Remember ... the earlier you are able to get your representative involved in this aspect, the better. Your supplier can help you anticipate the increases and work with you to incorporate this in your menu planning.

It's fairly well recognized that the impact could be felt by all for some time. Working with your supply partner can help mitigate the effects.

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