

Protecting Profit While Maintaining Meat Quality

One of the more frequent questions being asked by restaurateurs right now is how to protect profit margins while maintaining quality, especially with what we're experiencing in the beef market right now. Some facts surrounding the state of the market may be in order first.

Most of us know that there has been a fairly large reduction in cattle supply. Comparing last month to last year at this time, we're probably looking at about a 12% overall decrease.

The largest factor in the decrease is due to where we currently stand in the cattle cycle. It's also been greatly exasperated by the drought in the north and south this year.

To put this into numbers, 12% equals about 1.5 to 1.6 million heads of cattle down, which is now translating into higher prices. Some meat experts that I've spoken to recently are predicting that any major relief probably won't arrive until close to the first quarter of 2014.

Of course, "demand is king." That factor could greatly alter this equation. As with wholesalers, if beef prices at the supermarkets continue to remain high, demand may drop significantly (along with prices) as consumers move to other proteins.

So, what do we have to look forward to? Cattle weights appear to be increasing, especially with the additives mixed in with the feed. Larger cuts will be available. However, the packers aren't contracting.

Here are suggestions to offset higher costs without affecting quality.

- Stay in close contact with the key players at your meat company. When these supplier representatives see the market taking a slight dip, be sure to encourage them to buy in on your behalf.
- Offer "counter seasonal" menu items. Beef products are trending in price the same way they do every year, so tenders and rib-eyes will be high for the holiday season. Porterhouse and strips will go down in price, and are where you may find the best deals. Reverse those trends.
- Work with your supplier to find under-utilized cuts, like flat iron steaks or by-products from a larger customer.

Bottom line: work closely with your meat supplier to keep up with the latest market news and trends to determine the best protein decisions for your menu. And as always, let us know if we can help with any questions or assist you in any way.

Lee Plotkin, President

L.P. Enterprises, Inc.

1701 N. Collins, Suite 1050 | Richardson TX 75080

TEL (972) 744-9882 | FAX (972) 744-9881 | CELL (214) 693-2302

lee@leeplotkin.com