

Cut Costs through Aggressive Purchasing and Inventory Management Techniques

I'm certain that most, if not all of you have been greatly impacted in some way by the rising costs of commodities and supplies. Most of these costs are expected to continue their rise. It's been brutal! Supply cost increases coupled by reduced guest counts are making it tough.

What can you do to remain profitable? This month, let's explore where opportunity can be found for relief without cutting quality.

A few of the largest areas of impact have to do with the **intangibles** that can be difficult to track. These are areas of cost that are rarely noticed by operators, yet have a tremendous impact to the bottom line.

Did you know that...

- Many restaurant companies cut an average of **1,560** checks to their vendors, per year... per restaurant
- At an average cost of **\$15.00** per check (which is the time spent by their accounting person or an outsourced agency)
- That's **\$23,400** in annual costs (per restaurant)
- Just to PAY their supply invoices.

I had no idea... so a while back I polled several of my current and past clients, and this is what they told me.

Were you aware that ...

- These same growing restaurant operations reported that their restaurant staff spends an average of **1,108** hours per year... per restaurant
- Ordering and receiving products from their vendors
- At an average labor cost of **\$13.00** per hour
- That's **\$14,404** in annual costs (per restaurant)
- Just to order and receive their food and non-food supplies.

(Drop your own numbers into the equation to see what you are actually paying.)

I would suggest that you take a page out of what many of the larger restaurant chains have been doing to combat rising costs. One of the keys to survival during these tough economic times has been the consolidation of purchasing.

Consolidating as much as possible can result in greater use of buying power with suppliers and manufacturers. This will result in lower overall costs and reducing the number of delivery trucks that show up at the back door. It also means less time required by staff spent on ordering and receiving products and less checks cut. These key areas of cost reduction can translate to your operation as well.



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