

Fight inflation challenges

How food cost management can help

The average price of food in the United States surged 9.4 percent in the 12 months ending in April. That's the highest increase since April 1981, according to inflation data published in May by the U.S. Bureau of Labor Statistics. While the Consumer Price Index increased 8.3 percent for the year ending in April, a slight decrease from the previous month's 40-year-high, restaurant menu prices have continued to climb.

At a time when consumers are seeing significant increases in their grocery spending, restaurant operators face the challenge of making restaurant food feel like a worthwhile expense. While it's a good time to scrutinize costs throughout your business to find ways to do things more efficiently, reviewing your food costs is an ideal place to start. There are a number of tactics you can use to keep food costs under control without compromising the experience of a dish. Consider how making these adjustments could impact your bottom line:

Adjust portion sizes: Your menu should be assembled to maximize profits, so understand where expenses may be lurking. Your guests may not notice (or mind) a small reduction in the size of your ribeye steak as much as you think they will: One survey found that 86 percent of the chefs said diners would notice if they reduced portion sizes by 25 percent, while 60 percent of diners said they wouldn't.

Elevate prices where you're offering a better experience: You might take a lower-priced menu item and weave in a premium ingredient that makes the dish feel like it's worth a few extra dollars. At the same time, make sure any premium ingredients are going into your main dishes, not in sides where they may be overlooked.

Use better-value ingredients where guests are less likely to notice: While premium ingredients are best left to your entrées, your side dishes are optimal spots for your pantry workhorses. Are there other parts of your menu where
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Foodservice CEO

Contain insurance costs through better risk management

At a time when it can feel like so many business costs are beyond your control, it's especially important to monitor and manage the ones within your grasp. Insurance costs are among them. While the business insurance market has been hard for some time, rate increases have moderated across most regions and lines of business in recent months. As Insurance Business Magazine reported, insurers who have grown their premiums primarily through rate increases will be looking for other ways to improve their financial performance. Businesses that can demonstrate the best risk management practices will be in the strongest position to get the insurance protection they need and prevent premium increases due to claims. Below are some of top foodservice business risks that generate claims. How well are you limiting your exposures in these areas?

Accidental fires: On average, there are more than 7,400 restaurant fires each year, according to the National Fire Protection Association. But you can significantly reduce your risk through employee training, cleaning practices and equipment monitoring. Ensure regular cleaning of your cooking equipment to prevent the build-up of grease. Train employees to store flammable materials far from heat sources and ensure they know how to respond quickly and how to evacuate in case of fire. Monitor your automatic sprinkler and extinguishing systems, as well as your alarm system, to ensure you are in the best position to limit human injury and property damage.



Slips, trips and falls: You can contain the risk of these common injuries for staff and guests alike by cleaning up spills as soon as they occur and using signage to warn of hazards, keeping indoor and outdoor walkways clear of debris, marking uneven flooring or pavement, and using slip-resistant flooring and other materials to improve traction.

Other on-the-job injuries: Restaurant work is physical work, so ensure your staff understand how to properly lift and carry heavy items, operate kitchen tools and equipment safely, and what protective equipment to use to minimize the risk of burns.

Mechanical equipment: While competing expenses may make it tempting to delay regular servicing and upkeep of equipment, ensuring those tasks happen can prevent larger expenses for equipment replacement down the line. Train your team on the proper operation and cleaning of equipment, and check ventilation to help your equipment run without generating excessive heat.

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How are you investing in 2022?

To be sure, the prospect of recession has been dampening restaurant operators' optimism in recent months, but according to data from the National Restaurant Association, operators continue to plan for capital spending. The association's latest Restaurant Performance Index found that 63 percent of operators said they plan to make a capital expenditure for equipment, expansion or remodeling in the next six months. While that was down from 71 percent who reported about making similar plans last month, it still represented the sixth-consecutive month with a result above 60 percent.

How has the roller coaster ride of the past two years affected your connection to your guests – and as a result, your plans to invest in your restaurant in the coming months? A study from TD Bank found that restaurant operators' top investment plans for 2022 involve technology to streamline mobile ordering, as well as real estate changes to better accommodate guest preferences for food ordering and collection.

In the bank's study of 251 U.S. restaurant franchise owners and operators, more than half of respondents said they planned to invest in mobile ordering capabilities, nearly half in delivery services, 45 percent in technology including a new POS, digital signage or in-store tech, and 37 percent in alternative payment methods.

Real estate footprints are getting an update too. While only 15 percent of respondents said they plan to reduce the number or size of their franchise locations, 55 percent plan to add more space for order pick-up, 45 percent plan to add drive-thru locations, and 43 percent plan to add an outdoor on-site dining space.



Insurance (from page 3)

Foodborne illness: It only takes one food safety slip-up to cause a foodborne illness that generates a claim, not to mention reputational harm to your business. Ensure your staff receive ongoing training about proper food preparation and storage practices, temperature monitoring, sanitizing of food preparation surfaces, and handwashing and personal hygiene.

Car accidents: Many operators are weighing the financial pros and cons of bringing delivery in-house. If you operate an in-house delivery team supported by company vehicles, ensure you're screening potential drivers' safety records closely and providing ongoing safety training to reduce the risk of an auto insurance claim.

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Inflation

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lower-cost staples can be used to fill the backdrop of a plate while keeping your menu costs down? Could you easily swap in a pre-made dressing or sauce from a supplier that reduces your labor costs?

Steer guests toward your highest-profit options:

Consider how you can use server training, strategic menu-item placement or promotion of an item as a limited-time special to entice guests to try your premium offerings.

Offer value: At a time when your more budget-conscious guests may be scaling back, provide them with some wallet-friendly options. Wendy's, for one, has been focusing on highlighting its value offerings as inflation has affected spending.

Limit the extras: In addition to finding more economical packaging options, ask guests to proactively opt into plastic cutlery, napkins, individually packaged sauces and other extras that your team might otherwise include in to-go orders automatically. If you normally bring bread or salad to the table at the start of a meal without question, first ask guests if they would like it – or perhaps upscale those items and offer them as starters priced à la carte. Your guests may see these changes as less of a sacrifice than a practical means of cutting back on waste and extra calories.



For more help fighting inflation contact Team Four today.

Stop one source of food safety error



Human error generates great expense in the restaurant industry. A recent report from FoodDocs indicates that on average, human error costs the service industry around \$30 per order. One widespread mistake is incorrect order taking, which can trigger anything from a negative review to a severe allergy from a guest. It's also preventable if you reinforce some manual and tech-driven checks. Advise staff to confirm verbal orders when they are placed (and also when they are served). If you're using a tech-based system to take orders, make sure the final screen lists the items clearly for the guest's review, along with any substitutions