



A FRESH APPROACH TO FOOD AND BEVERAGE COST CONTROL

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Learning Objectives:

- Understanding the impact of food specification to the overall impact of cost and overhead
- How a fresh look at menu engineering can save hours of labor each week
- Learn about menu integration and ways to reduce the food prep time required each day
- Acquire an understanding of how menu plans affect the entire operation

LESSONS FROM THE PAST TWO YEARS

Staffing is at its lowest levels in foodservice operations. It has had a huge impact on levels of service as well as menu execution. Many operators are running menu plans that were established when staffing levels were more manageable. Now that we are two and a half years into a pandemic and all that it has brought on, management must respond by retooling their operations, beginning with menu and recipe development that can be executed with fewer people in the kitchen. Recipe execution has to be based on culinary skill sets, the number of Full-Time Equivalents (FTEs) and the equipment available to produce food.

The other situation that has caused disruption in operations is what is going on with the supply chain. Many products are in short supply or even unavailable, including both food and non-food items. Operators are receiving food substitutions or nothing at all due to out-of-stock situations on a regular basis. Supply disruptions are causing a ripple effect of events within an organization, including disappointed customers.

On top of the rising Cost of Goods (COG) is the fact that pay scales have seen their largest increase ever in order to match hourly and salaried rates of competing companies in the same market segment or geographical location.

As a result, operators find themselves in the toughest situation of their careers. For many, the truth is simply that the current situation will not get better any time soon, and the reality is that labor supply will continue to be short and the cost of goods will remain high for the foreseeable future.

The first place to start is getting real about menu plans and recipes. All foodservice concepts begin with a menu concept. The key is to get back to basics by looking at your operation with a fresh set of eyes and come up with a menu plan that you can afford, can execute, and that will make your customers happy. After all, the result of happy customers is the ability to pay the staff and monthly expenses.

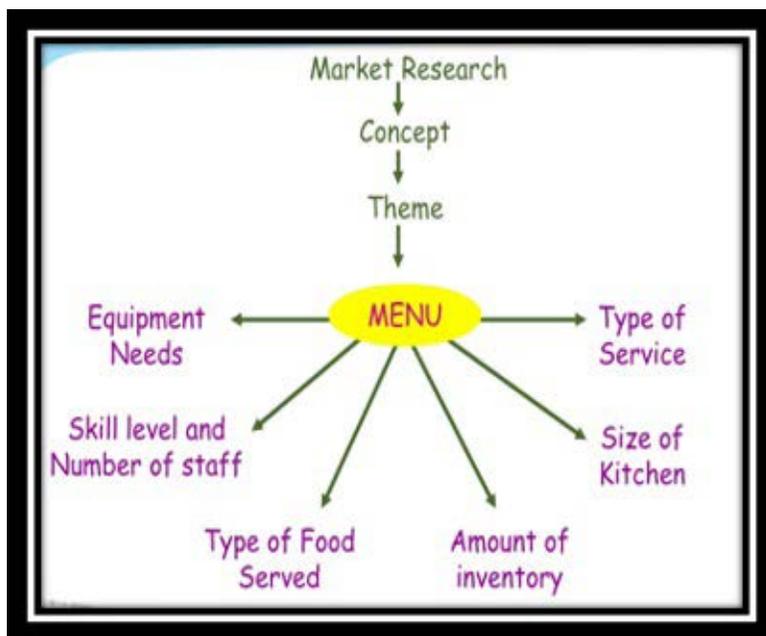
DEFINING FOOD AND BEVERAGE COSTING

Let's begin by providing the definition of Food Cost:

In order to cost out a recipe, one must calculate the actual cost of each item listed on a recipe, including the trim, its yield and the waste generated in food prep or production. You might only be serving 4 ounces of chicken breast on a plate, but how are you buying it? Some operators buy random-sized chicken breasts, some buy it with the bone-in or skin-on and others buy it portioned and Ready to Use (RTU).

If you are specifying product based solely on the price per pound or ounce, then you are missing a much bigger picture. In today's environment, the question we must ask is: "What is the total cost to produce that 4-ounce chicken breast, including food cost, yield, labor cost, equipment and facility costs?" Managers and chefs today must wear their finance hats and look at all the expenses required to produce a menu and execute a recipe.

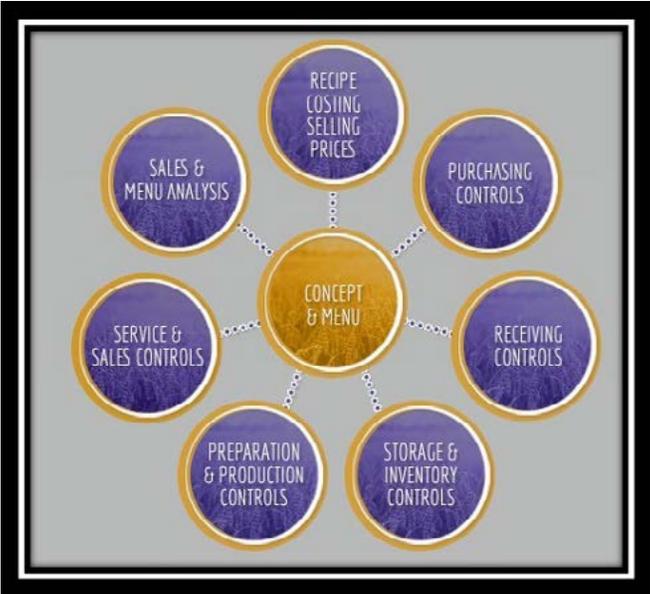
The chart below is a graphic that shows the process involved in creating the menu plan. Notice that it all begins with market research. As an operator, knowing and understanding what your audience wants and what they are willing to pay for their meals is critical to the process. Menu plans based on what the chef likes to prepare and not what the market audience wants is a path to poor sales.



Operation managers who rely on menu plans and recipes coming from a corporate office or a third-party service should always review these plans based on what their local market research and historical information is telling them. What is popular and cost effective in one market is not always true in another. In order to be successful operators, managers and chefs should take full responsibility for the menus and recipes provided to them and be experts of their locations. After all, who knows their operations better? Who knows the skill sets of their teams, the type of equipment in their kitchens and what their customers like the most and are willing to pay for? Menus provided by others can be a good starting point for some, but it should be owned by the local operator and adjusted to meet their needs.

CYCLE OF COST CONTROL

The graphic below demonstrates all the things to consider and understand for an effective concept and menu plan. Each of the points around the menu are skill sets and processes that a manager and a chef need to master.



- A. In order to price or cost out a recipe, one must know how to build and scale a recipe with all its ingredients and measurements. But that is only part of the equation. Food and product specification is the other piece that plays a huge part in costing out a recipe.
- B. Once a recipe is complete with actual costs, the next step is to build the shopping list and inventory list of ingredients. This is where Purchasing Controls come into play. We often hear the term "locked order guide." The purpose of this is to ensure the correct food specification is being ordered for the menu. The other reason locked order guides are common is so that the Group Purchasing Organization contract that helped determine the price of the item is honored and the promised volume for the organization is adhered to.
- C. Goods Receiving ties back to the order guide and the need to make sure that all the products received are correctly specified and are received in good condition. It is an important part of the Hazard Analysis and Critical Control Points (HACCP) plan.
- D. As part of a successful HACCP plan, Food Storage is critical. Once received in good order, food and supplies should be stored as soon as possible using "First In, First Out" for all items ordered, including both food and non-food items. As part of best practice, an accurate inventory should be kept and done each month. This helps with keeping inventory levels at the correct level and provides better ordering processes each week. Maintaining neat, clean and orderly storage areas for food, paper goods and chemicals helps lower waste and reduces the time it takes to find inventory items.
- E. Food Preparation and its control should include daily and weekly production sheets based on the number of meals to be served each meal period. This should be done for every position in the kitchen. Providing accurate numbers to the volume of food prep provides operators the ability to reduce food waste and wasted time preparing too much food. Commonly prepped food items can be consolidated to one person and shared with the team. As an example, grilled chicken breasts might appear on several menu choices, but only one of the cooks gets them ready for mealtime.
- F. Service and Sales control has to do with making certain the Front of House (FOH) staff are experts in knowing the menu and what the portion sizes should be. FOH staff are part of the quality control step that helps make certain customers receive what was ordered at the level of quality expected.
- G. Tracking what guests order and understanding what "sells" are critical to both inventory and food cost control. Periodic Automatic Replacement (PAR) is an inventory control system that tells you what levels of inventory you should have in stock in order to fulfil demand. The history of what was served will help operators with setting correct PAR levels for all inventoried items in order to deliver the promised level of food and service quality.

EXECUTING A FOOD AND BEVERAGE COST CONTROL PLAN

As one creates their menu plan based on the principles above, the impact on labor and equipment use must be considered. The "MOP," or Method of Preparation, section of a recipe is often left up to interpretation by a cook. Therefore, it is critical to the success of a recipe that we not only specify every item on a recipe to ensure consistency and performance of a product, but the MOP provides the cooks with a documented way to execute a menu item at their location using the necessary level of labor and equipment to prepare it. Operators must have enough expertise to know if their teams has the ability to execute a recipe. It sounds simple but in actual fact, many cooks don't follow recipes, and many don't read the MOP or even understand specific words that might be used in a recipe. Often, a recipe was never tested at the location using the available food specification, level of labor available or even the equipment on-site. If the menu promotes grilled chicken but there is no actual grill in the kitchen, the cooks may or may not serve chicken to a guest's liking.

As new recipes are reviewed at the unit level, each recipe should be tested and reviewed. Is there enough staff to chop the onions or do you need to purchase onions that are sliced or diced and RTU? Does the specification of protein used need to be trimmed or marinated before it is cooked?

Recipes are like puzzles where all the “pieces” must fit together in the right sequence and each individual piece has the ability to provide a complete product. By using an example of a common recipe, we can see and learn how each selected ingredient and each step in the MOP has either a positive or negative impact on labor, food cost, customer satisfaction and, ultimately, the bottom line.

THE TALE OF A NIÇOISE SALAD

Niçoise salad is a common enough menu offering in many different types of operations. It is a popular entrée salad that has a good balance of greens, protein and carbohydrates. But a niçoise salad served in one location versus another location can look and taste very differently. Let's have a look.

The ingredient list for a traditional niçoise salad would include:

Red-Skinned Potatoes – Sounds easy enough, but do you know how many varieties of potatoes there are? There are over 4,200 varieties of potatoes. Every size, shape and color are available. When specifying the potatoes for this salad, a number of questions must be considered. What is available in my market? What color would work best for my audience? Red or white? Or purple? What color would my customers consider correct? How much prep must be done to prepare the potatoes? Will this product be used in other recipes such as a mash or a potato salad? Do you have equipment to process the potatoes or are they prepared with a knife? Who will prep the potatoes? What cooking method will be used to cook the potatoes? Steamed? Roasted? Boiled? Do we use an ice bath to shock and cool the potatoes or is there a blast chiller available? Should you buy a product already washed and cut? What is the best way to hold the potatoes on the line during service? Or is my labor level so low my only real choice is to purchase a high-quality potato salad?

Thin Green Beans – As with potatoes, there are a number of green bean varieties that will work in this salad. What green bean is available from my distributor? Is this a seasonal salad or is it going to be available all year, so the supply must be year-round? Or will this salad only be available when haricots verts are available from the local produce supplier? Or grown in the community garden? Will a frozen green bean provide a solution when labor is the consideration? Can you buy a ready-to-use green bean that is clean and trimmed with no added prep time?

Eggs – Hard-boiled eggs are part of the niçoise salad. They can be sliced or quartered depending on your style. The question to ask is do you have the time and manpower to steam or boil fresh shelled eggs, cool them and remove the shells? Should you cut them at the time of service or have them all cut and ready due to the volume? How will you hold the eggs, and how much should you have on hand? Do you make a lot of egg salad or go through a lot of hard-boiled eggs and want to combine this step of the recipe with the pantry prep cook production sheet daily, twice per week or once per week? Are there hard-boiled eggs on the breakfast menu?

Cherry Tomatoes – As with most fresh produce, tomatoes have a wide range of varieties and availability. The time of year and your growing zone will often determine the best specification of tomatoes to be used in this recipe. Some key questions to ask are how do I get the maximum yield from the tomatoes I use in the kitchen? How much do the tomatoes need to be processed, and how much do we need on hand? Are there other menu offerings that can use the same specification as the one on this niçoise salad? Small Cherry or Plum tomatoes can often just be washed and have their stems removed in order to serve them. Larger ones need to be split down the middle or into quarters. Large tomatoes will need to be chopped. The overall menu concept will help provide the answer to what type of tomato works best for your operation.

Radishes – Radishes can be ordered in different ways. It is best to meet with your produce specialist to choose the right one for your operation. Specifying washed and sliced radishes could be an option in your market. The other thing to consider if buying whole radishes is the type of food processor you have to slice all those radishes.

Tuna – If you ask Julia Child which tuna to use in a traditional niçoise salad, her recipe specifies a high-quality canned tuna packed in olive oil. It is a delicious choice, but it can be very expensive and may not be what your audience would prefer. Tuna can be canned, packed in a pouch, ordered fresh or frozen. It can be specified in portion sizes from 3 ounces to 8 ounces. Also take a look at all the grades and types available. The question one must ask is what is the labor impact in preparing a piece of tuna or opening a can or pouch? Do we serve it warm, room temperature or cold? And if you live in an area where other types of fish are more abundant or locally enjoyed, tuna might not be the right spec. It could be salmon or trout. A grilled wild salmon niçoise salad could be a home run at your location. In this case, the question of whether the cooks can prepare the fish properly should be asked.

Olives – Black niçoise olives are the preferred olive spec for this salad. But does that mean you must only use this olive for your salad entrée? Maybe your audience only likes green olives. Or canned black olives. As with most food products, olives come in many varieties and can be very expensive or very inexpensive. The only one who can determine the right olive spec for your operation is you based on cost, availability and what you know your audience will expect.

Extra Virgin Olive Oil – Nothing else really tastes like olive oil. And it can be very confusing to decide what specification to use. There are hundreds of olive oils on the market. When it comes to olive oil, the operator must determine the best specification to be used in their operation that can be used across the menu mix and that will provide the flavor profile that meets their customers' expectations. All while making certain the cost is in line with the desired food cost.

Dry White Wine – As with olive oil, there is an endless selection of white wines. As one looks for a specification, the question of where else the white wine will be used in other recipes needs to be asked. Is there enough volume needed throughout the operation to where it makes sense to have bottles of wine in stock? Is this wine going to be used only in the dressing? Are you better off eliminating the wine, the olive oil, fresh herbs and the Dijon mustard and just buying a good dressing that can be used on the niçoise salad and offered as a white wine vinaigrette on other salads on the menu?

Dijon Mustard – As with the example of the white wine, will you use a Dijon mustard elsewhere on the menu? Is it a good idea to carry this mustard in inventory for just one recipe? Can the deli use this mustard on sandwiches, or do your customers only request a brown deli-style mustard? Or only yellow mustard?

Fresh Thyme – Using fresh herbs is always a treat in dishes. There is nothing like the punch of fresh herbs to elevate any meal. The questions to ask are: What quality is available to you? Is it available year-round? How is it packed? Can you get the yield out of the package in order for the cost to be justified? Do you have the manpower and equipment to process fresh herbs? Maybe the fresh herb is just used as a garnish to promote the look and flavor you are trying to convey in an entrée.

SALAD ENTRÉE MOP

Before the MOP for a niçoise salad can be written, the questions and considerations outlined above must be answered and addressed. There is a lot to unpack here but in the end, it is the skill of the manager, the chef and the team working together with your distributors and equipment providers to create the MOP of a recipe. Considering the amount of labor required to prepare an entrée is a key piece in the recipe puzzle. Do you have the staff with the right skill sets to prepare this dish? Can they be trained to do so? How much speed scratch ingredients do you need to bring in in order to find the right balance of labor and COG? Do you have the right equipment and smallwares to execute the recipe in a timely and efficient way?

The MOP will also have a direct impact in the production sheets for each position in the kitchen and can even affect the FOH team. As an example, do the servers dress a salad instead of the cooks? Job Descriptions and Job Flows all tie back to the menu concept. Can a vacuum sealer help preserve prepared foods so the preparation for some menu items can be done in bulk only once per week? Can all the vegetable prep for the week be done on a slower day of the week so the focus on the other days is only on execution? Can soups be prepped in advance so that production only has to be done two times per week? In the case of the niçoise salad, can the dressing be made

ahead of time and not only used in the salad but cross-utilized in a breakfast potato dish? Did you decide to use an individually quick frozen green bean that can also be used in a stir-fry entrée? Are the eggs coming in already cooked, and could they be sold as a grab'n go item for a quick protein snack for customers? If you decided to use a 4-ounce serving of grilled tuna on the salad, can it be prepared ahead of time with grill marks from the charrill and finished in the combi, followed by placing them in a blast chiller for storage on the line?

As one can see from this one recipe example, there are many things to consider that have a direct impact on the COG and the amount of labor required to prepare it. It forces operators to evaluate the skills of the kitchen staff and decide if the equipment and tools are available to produce the food. Another thing to consider with job flows and responsibilities are the costs to hire for that position and whether you are getting the most out of that investment. Is the \$18 per hour invested in ways that will make more potential income for the operation, or is that person's time spent preparing food that is not selling or doesn't have enough margin to make it a viable menu item? As an example, baked goods typically have a low food cost. Therefore, is it a better idea to pay someone to make fresh baked goods and offer more desserts to sell, or is it smarter to buy the baked goods and resell them versus bringing in bags of onions that need to be peeled and cut?

A classically prepared niçoise salad is very labor intensive if each ingredient is purchased fresh and processed. The resulting salad entrée should be delicious, and customers should be willing to spend a lot more for such an entrée. The question will be, do you have the staff, the skill sets and clients willing to pay a premium for such a salad entrée? If not, then using convenience items to build the salad would be more viable in the end. The resulting recipe would need to reflect that.

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