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- Top Chefs
- Trends
- Center of the Plate
- Sides
- Desserts
- Beverages
- Equipment
- Food Safety
- Interior Design

HOME » FEATURES » 10 TIPS TO TRIM THE FAT

10 TIPS TO TRIM THE FAT

Apr 1, 2011 12:00 PM, By Megan Rowe



Looking for ways to boost your bottom line?

If you're reading this, good news: Chances are you've weathered a brutal economic storm. Business may not be back to prerecession levels, but you've kept solvent in part by scrutinizing your expenses. We've collected some ideas that may help you get through the recovery and beyond.

1. Shop around for online reservations services

OpenTable has been the subject of much debate in the last year. Many operators object to the business model, which requires them to foot the bill for the service, but say they can't live without it. Still, OpenTable is not the only game in town. Applications that allow guests to book directly on a restaurant's website are one way to bypass this juggernaut, and there are alternative websites that provide one-stop shopping and booking with less downside risk for the operator.

If you'd like to see a well-considered discussion of the subject from an operator's point of view, visit <http://insidescoop.sfgate.com/blog/2010/10/18/is-opentable-worth-it/>.

2. Use it or lose it

Yep, this is Foodservice 101, but it's easy enough to stray from some basic good practices: create an efficient menu, order carefully and make the most of the product you bring in. "One third of the items on the menu should be signature dishes and one-third of the items should be popular/traditional dishes. The inventory and by-products of the ingredients used to create both the signature and popular dishes need to be used to create the final one-third of the items, so there is little or no waste," says **Arlene Spiegel**, a New York City-based restaurant and hospitality consultant. Such a plan can save five to seven percent of food costs, she estimates.

MEDIA BAKERY



FORAGER: Chez Henri's O'Connell scours local stores for ethnic ingredients.

Nose-to-tail cookery is perhaps the ultimate way to keep a lid on food costs. "Never throw away any piece of an animal," advises **Scott Anderson**, chef/owner of Elements in Princeton, NJ. "You can use bones, innards, skin and especially roasted or grill bones (from steaks, chicken, anything) to make the best stock ever...dark, deep, flavorful. It's a great base for a soup or gravy for stews; it freezes, is always in season, and goes with vegetables, fish, meat, anything." If you serve lemonade, zest the lemons for other uses before squeezing them. Save stems from broccoli and parsley for stock.

Local sourcing can help trim your food costs; it can also ensure a longer shelf life for perishables. "Sure it can be bothersome. But so can watching the dishwasher throw the produce that you bought four days ago into the trash. When you buy local, you get it closer to the harvesting," says **Andre Neyrey**, senior v.p. of restaurants/retail for New York Commercial Real Estate Services. **Paul O'Connell**, chef at Chez Henri in Cambridge, MA, shops for obscure ingredients in local ethnic shops, saving on delivery costs, possible order errors and turnaround time. He buys chipotle chiles in adobo in the Latin section of the supermarket near his house, and he finds large bags of basmati rice, banana leaves, tamales, tamarind paste and Korean condiments at specialty markets.

"Plan specials for the whole week according to the latest produce or vendor product specials," suggests Neyrey. "Generally speaking, you can create specials with a lower price point (and customers love this) while still maintaining a better profit margin. It's a win-win."

3. Make green from going green

By now, everyone knows that creating a more environmentally friendly operation can be profit-friendly as well. Even baby steps can have a noticeable impact. Consider these tips from **Dan Schneider**, founder of SIB Development & Consulting:

Properly programmed digital thermostats can ensure that you're not overheating or overcooling the facilities, especially when the restaurant is closed. Only designated staff should be able to control these thermostats.

Watch for fluctuations in utilities bills each month instead of paying your bills



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 - Street Smart
- Editorial**
 - Do Customers Get Bread or Not?
- Tricks of the Trade**
 - 6 Tips for Dealing with Employee Disputes
- Rising Star**
 - Joshua Smith
- Well-Equipped**
 - The News from NAFEM



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automatically. A spike can indicate a problem that needs to be repaired or wasteful practices to curtail.

Install window shades in dining rooms for use during warm months and peak sunlight hours.

Determine the minimum temperature for the hot water tank and set the unit at that temperature.

Break down boxes being recycled. Left not compressed, they will quickly overflow your containers and add to the cost for removal.

If you don't know where to start, try scheduling a professional energy audit, which you can do through your energy provider or a private contractor. Auditors look at every piece of equipment, processors and suppliers to unearth potential savings. According to the Green Business Bureau, the average savings from a commercial energy audit is approximately 30 percent.

Other changes that may involve an up-front investment can pay for themselves long term. One big move is to consider switching to LED lighting; doing so saved two Denny's franchisees more than \$13,000 a year in electricity. Another chain, Burgerville, launched an employee-led recycling and composting initiative that is expected to yield more than \$100,000 savings a year on trash hauling fees.

4. Tackle credit card processing fees



If you do a lot of credit card transactions, those processing fees can add up. "The lack of transparency and regulation in this industry makes it very easy for credit card processors to mark up these fees to an alarming rate of profit," says **Robert Livingstone**, president and founder of Ideal Cost. His company and others like it work on behalf of merchants to negotiate these costs down, sometimes by 20 percent or more.

5. Put your equipment to work for you

Is your menu all over the map, or do you stick to a handful of food preparation styles? **Sam Hazen**, who planned the massive kitchens for Tao's New York and Las Vegas locations, put a great deal of thought into how his equipment would best accommodate the volume and variety of food they needed to produce each day. He did the same at his newest restaurant, the 50-seat Veritas (see p. 32). "Count the number of dishes on the menu that require use of each piece of equipment," advises Spiegel. "Adjust the items by changing the method of preparation to balance both staff and cooking station usage."

FEE RELIEF: Are you paying too much for credit card transactions?

Two units — the freezer and a Cryovac-style food packaging machine — give you the ability to stock up on good deals. "Recently I needed a special so I took out some veal chops I had cut up, seasoned and sealed earlier. I pan seared them in brown butter then finished them off with a brandied mushroom cream sauce," says **Steven Waxman**, chef/owner of Trax Restaurant & Café outside of Philadelphia. "Last week I got a good price on filets so I bought them, cut them up, seasoned them and Cryovaced them. Meat keeps longer and if you marinate it right, it tastes much better."

6. Join the crowd



Thinking about changing your logo or revamping your website? Consider crowdsourcing. Websites like crowdspring.com put clients in touch with designers who can develop menus, signs, logos, taglines, websites, apps, signage and more. The restaurant owner specifies a budget and a deadline, and vendors submit their ideas. That's how one "bustaurant" sourced a wrap for the vehicle, another one found someone to design a corporate identity and a third got help with its food packaging.

7. Look at all the tax angles

Like any business, you need to make sure you are reducing your tax burden as much as possible. Are you throwing away good food instead of donating it? As long as you are within health department boundaries, your donations spark goodwill and a writeoff. And if you're buying equipment this year, you can take advantage of recent legislation providing unusually generous depreciation

allowances.

8. Work on your relationships

Are you on good terms with your vendors? How about your employees? Getting to know these two key groups better can help you save in two ways. "If the restaurant's manager knows the driver delivering product, he/she will be an extra set of eyes and ears," says **Kevin Armantrout**, a Ruth's Chris Steak House franchisee in Indianapolis. As for your staff, he thinks the better you know them (and vice versa), the lower your turnover will be. "Take one day a week and spend five minutes with whomever you can," he suggests. "Schedule it as part of the day, or it won't happen."

By the way, you might reconsider some relationships that you started up during better times. Landscaping, maintenance and cleaning are commonly outsourced tasks that can be brought in-house. Neyrey suggests asking three questions about each: "Is it necessary? Is it cost-effective? Am I saving or wasting?"

9. Maximize your labor efficiencies

Labor, one of your biggest line items, can always stand a little tweaking. You probably already cross-train some of your staffers, but maybe it's time to think outside the box here. **Stephan Rodriguez**, a restaurant and HR associate with virtualworkteam.com, says there is no reason a delivery driver can't help prep and/or wash dishes in between deliveries. He suggests training both at the front and back of the house.

Similarly, reforming your restaurant's scheduling habits can pay off. Neyrey suggests staggering start/end times,



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MEET AND GREET: Vendor and employee relationships help encourage loyalty.

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especially for servers. "By staggering employees and by using cross-over employees — from breakfast to first out for lunch or lunch to first out at dinner — you can save up to anywhere from 15 minutes to an hour per employee. All while still having all hands on deck for the rush."

10. To fight rising expenses, double up

Food prices are creeping up. How do you counter inflation? At Cakettes, a small coffee shop in Warren, MA, rising food prices were behind a decision to open a second store. "When we bake a batch of muffins, we can't put less butter in them to save money, but we can make three times as many units in just a few extra minutes," reasoned owner **Chris Dagger**. How to sell that excess product? Open a second location.

With the cost of gasoline on the rise, don't be surprised to see delivery charges spike as well. Can you consolidate some of your deliveries? "If you have a good system in place, you can double up on orders," Armantrout observes. As he points out, "\$50 a week equals \$2,600 a year."

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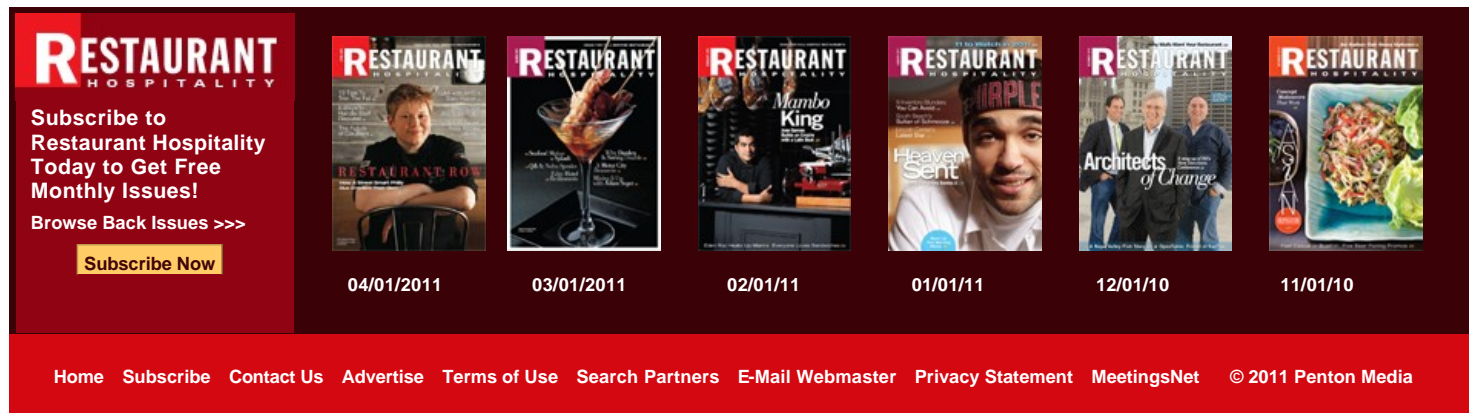
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