

5 TIPS

TO CONTROL
YOUR FOOD SPEND



ORDERLY

Food spend... it's one of the Big 3.

And that means it's really important that you get it right.

As a restaurant, 1/3 of your budget goes to food spend... and by default that makes it a big ticket item in your budget, but it's more than that... it can also be a business killer if you don't manage it closely.

The reality is that food prices have steadily risen... [the NRA says by 25% over the past 5 years](#)... and sadly this has translated into shrinking margins for everyone.

So when you talk about managing food spend... it's do or die for restaurants.

Controlling your food spend isn't a choice... it's a necessity. Figure out a way to manage it properly or risk the fate of closing your doors for good.

So how do you maintain that coveted 30% or less food cost when it seems like everything is working against you?

We've got you covered...

Here are 5 must-have tactics for gaining control of your food spend. These tips will help your restaurant keep costs low, stay competitive, and turn a healthy profit.

1 - Track Your Food Spend Weekly & Pay Attention to Supplier Pricing Weekly

There's no better way to get control of your food spend than by keeping an eye on your spend and pricing.

It sounds so simple, but we're constantly amazed how many restaurants don't have a handle on weekly spend or even track pricing.

While that may sound daunting considering the 500+ items you have on hand... it's not as hard as you might think.

Let's start with 80/20 rule. 80% of your costs are driven by 20% of your ingredients. Manage those right and you're on your way.

Build a list of the top 20 items you purchased by dollar volume over the last three months.

Now let's compare pricing. Next to the ingredient, list the spend amount. Then list the first month's cost and the last month's cost.

Calculate the difference in how much the price has changed.

For example, say the price of chicken rose from \$1.39 to \$1.44 per pound over a three-month time period.

It's a \$.05 increase... not a big deal, right? Wrong. A few pennies may not seem like a lot of money when you eyeball it... but when you add it up, it actually represents a 16% increase.

And if you're spending \$20,000 a month on chicken breast... yeah, 16% is a BIG number.

Just getting a 10% price break on chicken will save you a significant amount of money... and this compounds, since you're stopping future price increases on this item by addressing the problem.

And that's just one item... do this on 20 items and those price breaks are significant. It adds up.

2 - Know Your Recipe Costs, Price Your Menu Profitably & Check It Monthly

Now that you're getting a handle on spend, it's time to price the menu for profitability.

[Recipe plate costing](#) is a necessary part of running your restaurant.

Understanding what your dishes cost allows you to create a dish that is both culinary genius and a financial delight. So spend the time and do the work.

You need a profitable menu... and recipe plate costing gets you there.

That being said, recipe plate costing can be complex.

So those who use it to manage their food costs have to realize the down-to-the-penny accuracy it promises... well, just isn't going to happen all the time.

In the day-to-day of a real restaurant... the server drops a plate, the chef adds extra cheese, and the kitchen manager misreads an order....real life happens in the kitchen.

All that to say recipe plate costing has its place... but you have to give it wiggle room as far as accuracy.

And not only do you have to be flexible to make recipe plate costing work, you're also going to have to be consistent with updating it... at least as often as the dishes on your menu change.

Knowing your recipe costs and pricing your menu can be a challenge... but the effort is well worth the increase in profits.

3 - Buy in Bulk

That half case... it's costing you more than you think.

When it comes to controlling food spend, hands down you should be buying in bulk whenever you can.

This means taking a consistent inventory so you know how much you use of each item from week to week... and then ordering in bulk when it's appropriate.

Purchasing bulk orders of any item will always mean you are paying less.

But that means you have to look at the pack size you order - and count during inventory - to assess whether it's worth it to buy it in bulk.

It may seem like a no-brainer...

But many restaurants only take advantage of this tactic for larger items like french fries, condiments, and paper supplies.

What you may not realize is that by purchasing bulk on other items... you can save even more of your hard-earned money.

4 - Have A Formal Quarterly Review With Your Suppliers

Suppliers don't provide restaurants with any standard price charts or indexes... it's a mysterious - but accepted - oddity of the restaurant industry.

But that's good news for you... it means all your prices are negotiable.

That's why it's so important to regularly meet with your suppliers... to negotiate price relief on your most important items.

In fact, we recommend sitting down with your suppliers at least once every three months to have a practical conversation about pricing.

You can use these [7 bulletproof steps](#) to guide the conversation.

Your goal by the end of the meeting will be to ask for price relief on important items and items with a high percentage of increase...

Because that's where the money savings comes in.

In fact, by implementing this simple tactic... you can save thousands of dollars a quarter on your food spend and dramatically increase your margins.

5 - Look for Waste Intentionally

Food represents a third of your budget... but on average, full-service [restaurants waste 3.11%](#) of their food.

There's no getting around it... food waste can kill your profits.

Which is why you need to be intentional about locating waste and stopping it.

It's true you can't do anything about the food you throw out after the plates come in from the dining room... but you can certainly get a handle on waste before the food even hits the plate.

First, stop the over ordering frenzy.

Many managers over order food because they don't want to be responsible for running out of a dish during a busy shift.

While this is understandable, it can lead to items going bad faster than you can use them.

Another contributor to restaurant waste?

Perishable items not being used up fast enough due to slow business or decreased popularity with customers.

The best way to track and stop both kinds of waste is to take consistent inventories.

Counting what's on hand every week will show you right away if someone is over ordering or if you're holding onto other items longer than you should be.

And that allows you to make money-saving changes right away to use up that extra stock.

It's true that you're always going to have waste at your restaurant... but by intentionally looking for it, you can reduce the impact it has on your bottom line.

Controlling Food Spend Doesn't Have to Be So Hard

When you look at the numbers plaguing the restaurant industry, it's easy to be overwhelmed.

Don't be.

Controlling your food spend is a simple matter of making a few changes in how you run your restaurant... and you can start by implementing these 5 practical tips:

1. Understand your spend and know your prices
2. Know your recipe costs and price your menu profitably
3. Buy in bulk
4. Meet with your suppliers regularly
5. Look for waste intentionally

There's also a way to fight back... as it turns out... there's an app for that.

It's called the [Orderly app](#) and it's designed to manage your food spend automatically and show you supplier pricing automatically... so you can always get the best deal.

It provides a national & local view of price trends on over 100 of the most popular ingredients restaurants are buying... the top stuff you're buying.

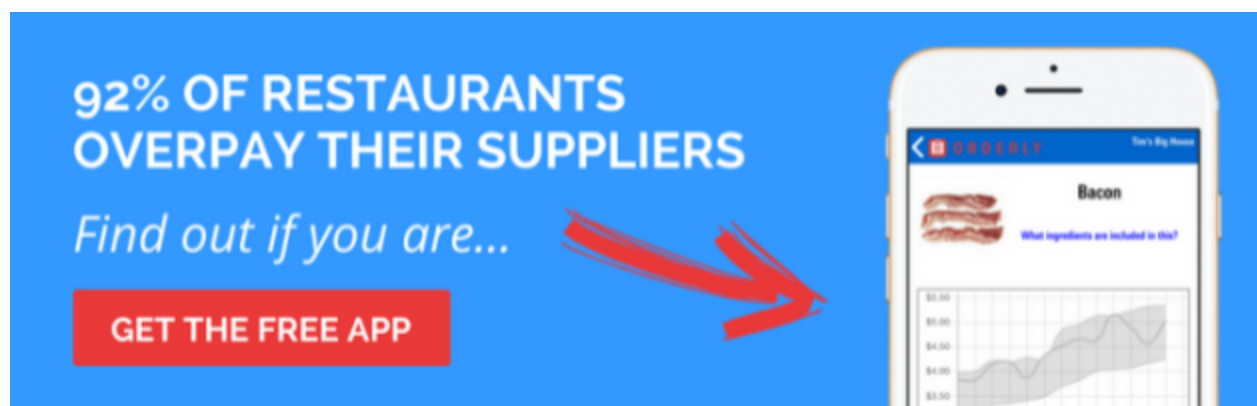
And it shows you real prices restaurants are paying their suppliers in your local market.

And what that means for you is that now you'll know if you're overpaying for eggs, onions, ground beef and other items.

And you'll have the hard data you need to negotiate better pricing with suppliers.

It's really the best way to get control of your food spend.

Download the free app today!



92% OF RESTAURANTS
OVERPAY THEIR SUPPLIERS

Find out if you are...

GET THE FREE APP

ORDERLY

Bacon

What ingredients are included in this?

\$0.00
\$0.50
\$1.00
\$1.50
\$2.00

The image is a promotional banner for the Orderly app. It features a blue background with white and red text. On the right side, there is a white smartphone displaying the app's interface. The app screen shows a price trend graph for 'Bacon' with a y-axis ranging from \$0.00 to \$2.00. A red arrow points from the 'GET THE FREE APP' button towards the smartphone.