

# Offset Rising Staff Costs With Menu and Purchasing Excellence

How technology can increase  
your bottom-line



# Introduction

**With staff costs growing higher and higher, it can seem impossible to turn a profit. To operate a successful business, restaurants must examine opportunities to run more efficiently and reduce costs.**

The right technology is critical. Integrated purchase-to-pay and inventory management systems with robust data and analytics functionality can help save you time and money, while allowing you to spot (and take advantage of) important trends.

This guide outlines five ways you can use technology to cut admin and run more profitably. From engineering your menu and optimising purchasing to managing inventory and generating valuable reports, these solutions can help grow your bottom line.

## 1. Recipe & Menu Engineering

### Why it's important

It's vital that your food and menus deliver profit. Menu engineering is the science of the profitability and popularity of menu items with the goal of increasing profit per guest. When used effectively, it shows potential cost, waste, sales and profitability, which enables you to refine (or replace) particular dishes.

Consider using specific recipe and menu engineering software to test ideas in a trial area (without affecting your current dishes), while automatically updating costs and nutritional information.

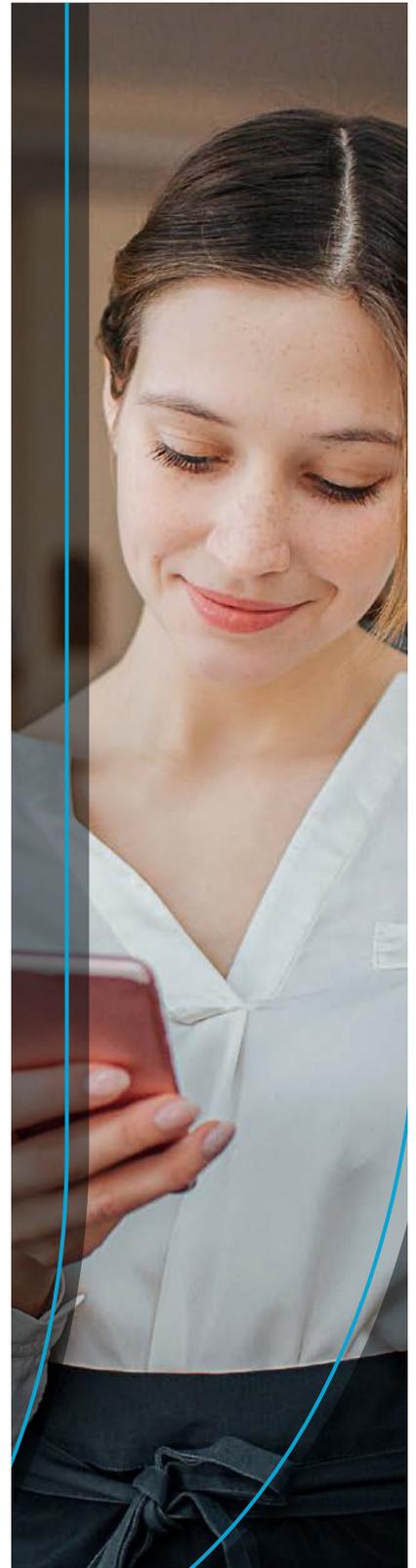
### What it can do for you

#### Provide insight into your menu.

- Gain an understanding of your best sellers vs. your most profitable dishes – and see how fluctuating ingredient prices make a difference.
- Identify areas for savings and improvements by examining menu performance and using 'what if' scenario-building tools to see what impact changes could have – before you make them.
- Perform a historical sales mix analysis, allowing you to create restaurant menus and recipes that are both popular and profitable.
- See the impact of swapping ingredients. Understand how different options will affect the cost of creating dishes and the potential margins, allowing chefs to find creative options that also make financial sense.

#### Give customers what they need to know.

- Update your online menus instantly, so prospective guests have all the information they need when they're deciding where to eat out. Visiting websites and apps is an essential part of this process and automatically publishing menus online helps you maintain a competitive advantage and increase sales.
- Improve the customer experience by providing everything customers want to know about your menu, including allergens and nutritional information, helping to build trust in your brand.
- Allow for customisable views, so guests can filter menus to exclude allergens or to see how ingredient substitutions will affect nutritional values.



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## 2. Optimised Purchasing

### Why it's important

As a hospitality business, the goods that you buy are a direct reflection of your business – you need high-quality items with timely delivery. You should also order wisely, according to need and within pricing agreements.

### What it can do for you

#### Eliminate rogue purchasing.

- Stop making costly ad-hoc purchases from multiple local suppliers. Weekly orders from a smaller number of approved suppliers is less expensive and provides an opportunity for discounts when spending thresholds are met.
- For multiple site businesses, use procurement technology to lock down supplier lists, ensuring that all your locations can only purchase from specified companies. This will deliver a consistent brand experience, while helping you save.
- Use your ordering system to set the supplier delivery schedule, so that any order placed outside the schedule can be rejected and you avoid paying additional delivery fees.

#### Remove inaccuracies from the entire purchase-to-pay process by eliminating paper.

- Automated three-way matching of orders, invoices and goods received notes eliminates paper-based manual processes. This ensures that you only pay for the goods that you've ordered - and only in the quantities that have been delivered. It means you only need to manage by exception, saving you time.
- Using mobile technology to handle goods receiving at the place the goods are delivered eliminates the need for rekeying data into the system, which saves time and reduces errors.

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## 3. Inventory Management

### Why it's important

After labour, the highest cost in a hospitality business's P&L is food and beverage, so counting stock or inventory is an essential part of every operation. You need to know what you've bought, returned, and sold. Good stock accounting should also link to invoice and credit management, so you can understand the total value of your stock at any given time. This will allow you to generate precise numbers for the cost of goods sold, profit and revenue.



## What it can do for you

### Buy only what you need.

- Connect back-office activity with front-of-house demands. Build accurate forecasts (supported by precise stock counts) and integrate with POS feeds.
- Report stock counts on a weekly basis. An integrated system can deliver fast and accurate reports and produce an efficient, precise stock valuation for each location.

### Eliminate paper processes.

- Identify variances and measure the real performance of an outlet with a solution that helps with stock accounting.
- Reduce human error by using a mobile solution to eliminate the need to print count sheets and rekey data.
- Enable staff to count inventory even when there's no mobile signal or wi-fi network. Allow data to be entered off-line and then uploaded to the system once they're back on the network.

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## 4. Supplier Management

### Why it's important

It's critical to choose the right suppliers and negotiate good purchasing deals with them. It's just as important to manage the ongoing relationship, making sure all parties are communicating and working toward common goals.

### What it can do for you

#### Encourage collaboration.

- Get suppliers invested in your success. Develop and strengthen partnerships by working together in trust and good faith, with regular communication.
- With the right relationships in place with key suppliers, you can not only ensure you are paying the best prices for contracted products and services, but you can also negotiate things like fixed pricing agreements or agreed delivery schedules.

#### Understand supplier performance.

- Track how your suppliers are performing with balanced scorecards.
- Learn which suppliers are consistently late or delivering poor quality products, and which are exceeding expectations.
- Help build better relationships with suppliers that consistently meet your needs.



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## 5. Manage Waste

### Why it's important

According to WRAP 18% of all food bought by the hospitality sector is wasted. In restaurants, this happens for a variety of reasons, including out-of-date stock that needs to be destroyed, items dropped or spilled, and food left on the plate by customers. Finding a solution that can help better manage and reduce waste can positively impact your profitability.

### What it can do for you

#### Start tracking waste to identify where savings can be made.

Gain a good understanding of exactly what food is being wasted and why. Do guests regularly leave a particular dish unfinished? Perhaps the portion size is too large and can be adjusted. Is there an ingredient that frequently goes past its expiry date before it can be used? This could indicate that you're ordering too much. What previously seemed like a one-off instance may emerge as trend. Insight here will allow you to make changes, reduce waste, and save.

#### Take out the guesswork.

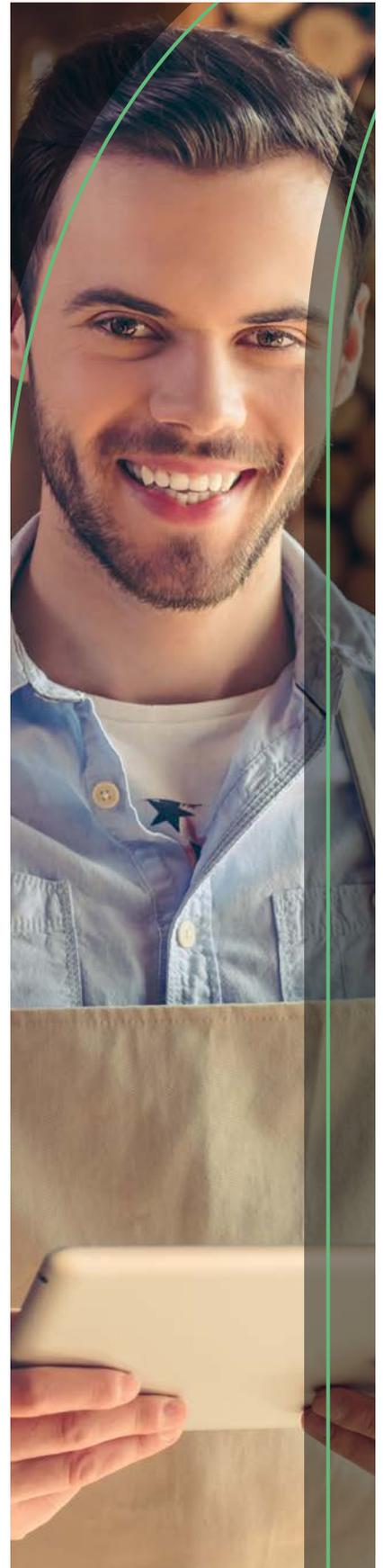
- Learn what's selling and what isn't with reliable reporting, so you can adjust your menus without removing guest favourites.
- Reveal the sweet spots – the dishes that your customers want and that make you money – by plotting profitability against popularity
- Exert tight control over your stocking policy to ensure that there is a close connection between sales and purchasing.
- Ensure that the products you're ordering are what's actually being sold. Procurement technology virtually eliminates purchasing of products that are not needed for your current menu.

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## Conclusion

With all the demands of running a hospitality business, you've got a lot on your plate. Examining where improvements can be made in your purchase-to-pay and inventory processes will help you increase profit without compromising the guest experience. Using technology to power many aspects of your operations is a smart decision that increases both your efficiency and your bottom line.

Contact us if you'd like to talk about how Fourth can help you offset rising staff costs by increasing your profitability.



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## About Fourth



Fourth provides end-to-end, best-in-class technology and services for the restaurant and hospitality industries. Their procurement, inventory and workforce management solutions, coupled with the industry's most complete data and analytics suite, give operators the actionable insights they need to control costs, scale profitability, improve employee engagement, and maintain compliance. Since its merger with US-based HotSchedules, Fourth serves more than 7,000 customers across 120,000 locations globally.

A close-up photograph of a chef's hands in a kitchen. The chef is wearing a white chef's coat with black stripes. One hand is holding a knife, and the other is holding a white plate. The background is slightly blurred, showing a wooden cutting board and a brown paper bag.

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