

## Operational Cost Controls

### OPERATIONAL CONTROLS

Restaurant needs to exercise control in a number of areas. Budgetary control is used to help achieve these objectives. Contact your KFS representative with any questions you may have.

*Main operational areas include:*

- The quality of food and beverages.
- Employee costs and performance. (*Labor*)
- Control of utilities and building.
- Control over sales and cash. (*Accountability*)
- Operating expenses.

### ENERGY SAVING TIPS

*Below is a list of tips and suggestions that can be helpful with utility & restaurant operations.*

1. Implement an equipment startup/shutdown schedule - making sure that each piece of equipment is started or shutdown at a certain time every day. Make sure this schedule is closely followed by management. (*Very Important - Post A Sign*).
2. Make sure that all exhaust fans and hood systems are shut down, and not left running when equipment is shut down. (*Post A Sign*).
3. Set all outside building and parking lot lights on timers. (*Remember Daylight Savings*)
4. Install plastic curtains on all freezer and cooler doors.
5. Make sure all filters and compressors are kept cleaned and changed on a regular basis. The use of a chart/schedule is recommended for this.
6. Monitor all temperatures in coolers and freezers. Always check for ice "build-ups". *Monitor these temps daily.*
7. Make sure all thermostats in dining room areas are checked regularly and kept locked.
8. Check and repair all leaky faucets. (*bathrooms, prep areas, dish room*).
9. Check all pilot lights on equipment, make sure they are set at the proper height and are burning efficiently.
10. Use microwaves - They use significantly less energy than other equipment, and are great for thawing and reheating.
11. Remember to use good preventive maintenance, have all equipment checked on a regular basis by keeping this schedule in place this will prevent major breakdowns and costly repairs.

### STAFFING & MANAGEMENT

TIP -Multi-tasking - This is very important, it helps reduce labor during down times and/or when restaurant is short handed. Ask your KFS representative for more labor tips or if you have any questions regarding staffing & management.

1. Time clock usage - Don't allow employees to clock in any earlier than five minutes prior to shift start time. (*Remember minutes turn into hours*).
2. Reduce ordering errors - Train your wait staff to repeat orders back to customer. This will ensure that your guests receive exactly what they ordered and help prevent misunderstandings, mistakes, time and waste. (*This is also a good time for the server to offer any new appetizers or specials that might be available*).
3. Regular break times - Scheduled break times should be closely monitored. Break times are an added expense, but days off due to stress and tiredness can cost far more.
4. Managers - A restaurant manager is an employee who should lead by example as a valuable team player and coach. A manager should never stay locked out of sight in an office during busy times, or stand alone "barking" out orders while the rest of the staff is running to keep the business from falling behind.
5. Vacation and sick days - This task can become difficult as you rely on key employees. The use of teaching multi-tasking really comes in handy when scheduling for vacations and covering sick days. Remember, long term employees who have accrued vacation and sick day benefits, have done so by giving a lot to your business. To help

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minimize the effect of key employee's taking time off during busy times. Try offering an extra day or two off if they take their vacation during the more convenient times during the year.

6. Make sure you have a system in place for employee meals and beverages that are consumed during breaks. Monitor this closely and do not deter from the proper procedure. *(Important)*.
7. Ensure that all guest checks are numbered; accountability for this is very important and should never be overlooked!
8. Make sure all voids and over rings are accounted for at the end of each shift. Have one person held accountable for this task. There should never be any "missing" checks.
9. Make sure key employees and all managers know where all shut-offs and certain breakers are located at in case of an emergency. Make sure they have a general understanding of how to shut off or "flip" all key switches. This will save major repairs.
10. Lock office - limit access to office areas to help prevent the loss of information and/or monies. All keys should be stamped and numbered and try to limit the number of keys to be given out.

### **SALES & CASH CONTROL**

*Below are some tips and suggestions that may helpful with sales and cash control.*

1. Always have good accountability of all cash that is being handled on a daily basis. By having only certain staff handling the monies you greatly reduce the risk of theft. Keep good records of cash register or pos receipts and compare against daily and nightly deposits.
2. Make sure that all employees are aware of the proper procedures for handling all monies.
3. Have nightly bank deposits if possible. *(Twice daily deposits are sometimes needed)*.
4. Have a safe in place on premise if possible. Make sure the combination is only given to key managers or employees.
5. Keep good records of all credit card transactions and credit card tips on a daily basis. The fee's related to accepting credit cards need to have special attention in relation to deposits and checking balances.
6. Make sure all cash "boxes" are counted and re-counted with the cashier after each shift. This would be a manager or owners job. *(Remember it's your money)*.
7. Having numbered guest tickets or checks documented with each server before starting shift will also help prevent theft due to meals being not accounted for at end of each shift. These tickets can then be checked against guest slips from kitchen AND the register sales. *(Important)*.
8. "Z" or "X" out the cash box during the day, this will show how sales are in reference to time of day and let the staff be aware that you are keeping track of money.
9. Never leave cash register open or left unattended during business hours.
10. Leave only a small amount of money in business during closed times.
11. Security cameras in place over all cash registers are great deterrent for theft. This also comes in handy if a theft does occur. *(They are not as expensive as you may think)*.
12. Do not leave large amounts of money in cash box during busy times. A manager should be responsible for removing the cash and placing it in a safe until closing procedures have started.
13. Keep in mind, that if your employees are aware that you and your managers are always checking the cash accountability they will be less inclined to think about theft.
14. KEEP GOOD RECORDS AND HAVE GOOD PROCEDURES IN PLACE.

### **OPERATING EXPENSES**

Keeping good records of all daily operational expenses is the best way to track and control your business. If tracking and recording is not done a daily or no longer then a weekly basis your profits and losses will accumulate faster than what it may appear. This in turn will have a major impact on food costs and labor. If keeping good records is not one of your strong points KFS recommends that you look at hiring a C.P.A. or public accountant who could help with all your records. This is money well spent in the long haul of doing business.

*Below is a list of operating expenses that may be useful with your day to day operations.*

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### SALARIES & WAGES

- Preparation
- Service
- Administrative
- Purchasing and storing

### EMPLOYEE BENEFITS

- FICA
- Federal unemployment tax
- Workmen's compensation
- Group insurance
- State health insurance tax
- Welfare plan payments
- Pension plan payments
- Accident and health insurance premiums
- Hospitalization, Blue Cross, Blue Shield
- Employee meals
- Employee education and instruction expenses
- Employee Christmas and other parties
- Employee sports activities
- Medical expenses
- Credit union
- Awards and prizes
- Transportation and housing

### OCCUPANCY COSTS

- Rent - minimum or fixed
- Percentage rent
- Ground rental
- Equipment rental
- Real estate taxes
- Personal property taxes
- Other municipal taxes
- Franchise tax
- Capital stock tax
- Partnership or corporation license fees
- Insurance on building and contents

### DEPRECIATION

- Buildings
- Amortization of leasehold
- Amortization of leasehold improvements
- Furniture, fixture and equipment

### DIRECT OPERATING EXPENSES

- Uniforms
- Laundry and dry cleaning
- Linen rental
- Linen
- China and glassware

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- Silverware & kitchen utensils
- Auto & truck expense
- Cleaning supplies
- Paper supplies
- Guest supplies
- Bar supplies
- Menus and wine lists
- Contract cleaning
- Exterminating
- Flowers & decorations
- Parking lot expenses
- Licenses & permits
- Banquet expenses
- Other operating expenses

#### MUSIC AND ENTERTAINMENT

- Musicians
- Professional entertainers
- Mechanical music
- Contracted wire services
- Piano rental and tuning
- Films, records, tapes and sheet music
- Programs
- Royalties to ASCAP, BMI
- Booking agent fees
- Meals served to musicians

#### MARKETING/SELLING & PROMOTION

- Sales representative service
- Travel expense on solicitation
- Direct mail
- Telephone used for advertising and promotion
- Complimentary food and beverage (*Including gratis meals to customers*)
- Postage
- Advertising
- Newspapers, magazines and trade journals
- Circulars, brochures, postal cards and other materials
- Outdoor signs
- Radio and T.V.
- Programs, directories and guides
- Preparation of copy, photographs, etc...

#### PUBLIC RELATIONS AND PUBLICITY

- Civic and community projects
- Donations
- Souvenirs, favors, treasure and chest items

#### FEES AND COMMISSIONS

- Advertising or promotional agency fees

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### UTILITIES

Utility usage can be controlled and at times reduced with proper procedure and training in place. Having your staff trained with the use of checklists and training can greatly reduce energy consumption during high volume times of business.

- Electric
- Natural gas
- Water/sewer
- Removal of waste
- Other fuels

### ADMINISTRATIVE & OFFICE EXPENSES

- Office stationery, printing and supplies
- Data processing costs
- Telegrams and telephone
- Postage
- Dues and subscriptions
- Traveling expenses
- Insurance - general
- Commissions on credit card charges
- Provisions of doubtful accounts
- Cash over or (short)
- Professional fees
- Protective and bank pick-up services
- Bank charges
- Miscellaneous

### REPAIRS & MAINTENANCE

- Furniture and fixtures
- Kitchen equipment
- Office equipment
- Refrigeration
- Air-conditioning
- Plumbing and heating
- Electrical and mechanical
- Floors and carpets
- Buildings
- Parking lot
- Gardening and grounds maintenance
- Building alterations
- Painting, plastering and decorating
- Maintenance contracts
- Autos and trucks
- Other equipment and supplies.

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