

Profitable Hospitality Members-only Resource

Menu changes to combat rising food costs

Learning to budget is a crucial skill for any small business owner, and is a skill that you will perfect with time and experience. However, there are a handful of factors that you will have no control over.

From increasing rental costs to the success of your competition, some things are out of your hands. Rising food and produce costs is one issue that most restaurant owners also think is impossible to control – but there ARE ways to work around it.

Sure, you can't prevent your supplier from hiking up their prices. But you can use these ten tips to keep your food and produce costs in check.

Re-jig your menu

Your menu is the guide for customer's to be prompted into what to order. Curate the menu to suit the needs of either cheaper products, or increasing spending.

Add in new low-cost items to counteract increases in high-cost items, or encourage the customer to spend more on side dishes or entrees.

For example, if veal prices have gone up, a better sales script could persuade customers to add a side order of (low cost) greens or salad. Or, swap out an expensive item like seafood in a Mexican dish for a budget item like dried beans.

...But don't be dramatic

Menu price changes may be needed, but need to be done with care and backed up with plenty of information for the staff who will handle customer questions.

Some items are more sensitive to price changes than others – do you know which they are? If a price increase is unlikely to reduce volume, make the change now.

Get rid of the filler items

Trim down your menu to exclude the low-profit items that don't sell much, but are kept on to add variety or extra lines on the menu.

At the same time, cut out the high volume items that steal sales from the rest of the menu because they are underpriced. Classic example? Chicken parmas. Everyone loves a parma – but they will detract from other low cost menu items such as steak and chips, or spaghetti bolognaise.

Reconsider your portion sizes

Australians have a real issue with over serving their customers. Take a look at your standard serving sizes of expensive items such as fresh fish, lean red meat, or exotic ingredients – and see if it can be trimmed down.

Similarly, know where your food is going. Did you REALLY sell the correct 24 portions from that fancy Torte, or was one eaten by staff, one cut too small and the last two were dry and unsaleable? If it cost \$24 and you sell it for \$5 per portion, that's 20% food cost and \$96 profit on the whole item. If you lost 4 serves, food cost is now up to 24% and the profit is only \$76.

Buy in season

If your supplier has raised the cost on certain items, make time to discuss with them local alternatives, or seasonal costs. Certain fresh fruit and vegetables are ridiculously expensive out of season, yet still appear in staple menu items year round.

Keep your menu flexible so you can built it around what's in season, and what's priced well. Maintain good communication with your supplier so that you have advance warning on what you can and should be purchasing.



Smarter, more efficient equipment

Reduce your wastage by opting for modern equipment that uses to maximum from each food item.

From simple items like a 'tomato witch' to dice them perfectly, electronic scales, dishwashers that use less water and chemicals, exhaust fans that adjust their speed as needed, combi-ovens that reduce shrinkage of cooked meats, or big stick blenders to make soups & stocks by the bucket; make sure your kitchen is equipped with low-wastage items.

Rising food costs might not be something you have control over, but the way in which you reflect it in your menu and how you handle the food is entirely in your power.



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