

Implementing BOH Systems: Intense Work Up Front Yields Better Results

By Mark Kelnhofer, MBA

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Being in numerous restaurants and attending many tradeshows and events, one can find without any difficulty restaurant operators that either do not have their cost proactively identified or a formal menu engineering process. We are in a unique industry where we are dealing with a true art. The creativity, flavor profile, quality and presentation all play an important role in our decision making processes when we are developing a menu. We also should have the numbers related to our menu items to determine profitability. Too many times the left analytical side does not marry up to the right creative side of our thought processes. The goal of any systems is to automate this process to allow the operator to have access to more data and better means to manage the business. What we choose to use is an important decision.

Many operators turn to Excel as a tool to use for recipe costing, menu engineering and other aspects of managing the business. Excel is a great tool for many things, however, generally speaking not a supply management tool. The primary reason for this is the level of detail involved in the creation and maintenance of the data. The initial creation of the data between Excel and other systems are fairly comparable. There is a level of complexity that exists for both. The advantage of actual systems is the ongoing maintenance and management is much easier to execute. The real question becomes one of why is it so difficult? Although each operator and concept may have different needs in the systems, let's take a look at some of the areas that are involved with the initial setup of a system:

General Accounting Data: In many cases, a system will have the ability to create an accounting chart of accounts (COA) in order to code recipes, inventory items and expenses to eventually report against. Items that may need to be maintained are income statement and balance account descriptions, the general ledger coding for those accounts and possibly profit centers (BOH/FOH).

Conversion Tables: The number of pack sizes and the corresponding math to convert those packs sizes in many cases can be huge in size. This becomes important not only for perpetual inventory systems but also for proper costing. In many cases, this is where many errors in costing occur. Incorrect pack sizes assigned to a purchased item or incorrect math that is related to the pack size. As we all know, pack sizes for the product we purchased are not consistent from vendor to vendor.

Vendors and Order Guides: The vendors that we are utilizing and their warehouses need to be maintained with their associated order guides. Pack size even with the same exact vendor may be different. Order guides need to be specific to the vendor and markets they serve. In many cases restaurant operators utilize a number of purveyors including typically a primary food vendor and other local vendors such as seafood, bakery and produce. Secondary vendors may also be part of the database such as Restaurant Depot or Costco.

Recipes: Depending on the level of detail that the operators desire, this can be a huge undertaking. It is recommended that the recipe database and the level of detail be built over time. There are quite a few data entry points that exist on a recipe and in many cases cannot be uploaded due to the detail. Areas may include not only the ingredient detail, but also yields, prep times, cook times, tools and equipment, utensils, food safety, nutritional, methods and photos. Another thing to consider is the level of

detail to capture the full process. If a line cook or a chef's hands are on the process, a recipe really should be created to account for the cost. As an example, "Diced Granny Smith Apples" accounts for taking each to a weight. It is a very simple process, but one where a cost is incurred.

These are the basic areas that need maintenance in order to implement systems. Beyond that we may have larger capabilities for production and ordering, invoice processing, menu engineering, and other areas that also may have some set up. All of these areas rely on the basic information and data to be in place. This is a lot of work for an operator to take on! However, the long term benefits are huge. Even with the basic of systems you have a better means to assign proper costing for inventory valuation and recipes. The accurate recipe costs can then be utilized to assist in driving profitability on the menus. The documented recipes also become a tool to train and develop back-of-the-house personnel to increase quality and consistency of each menu item.

As stated before, Excel was never meant to be a supply chain management tool. Those who attempt to do it will find that due to the amount of data entry points and formulas needed, it is nearly impossible to get to the level of detail and accuracy that most systems can provide. With any system (and yes, even Excel) there is a large investment of time and cost required to set up the initial database. The long term benefits of reduced costs and increased profitability far outweigh the initial development costs.

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