

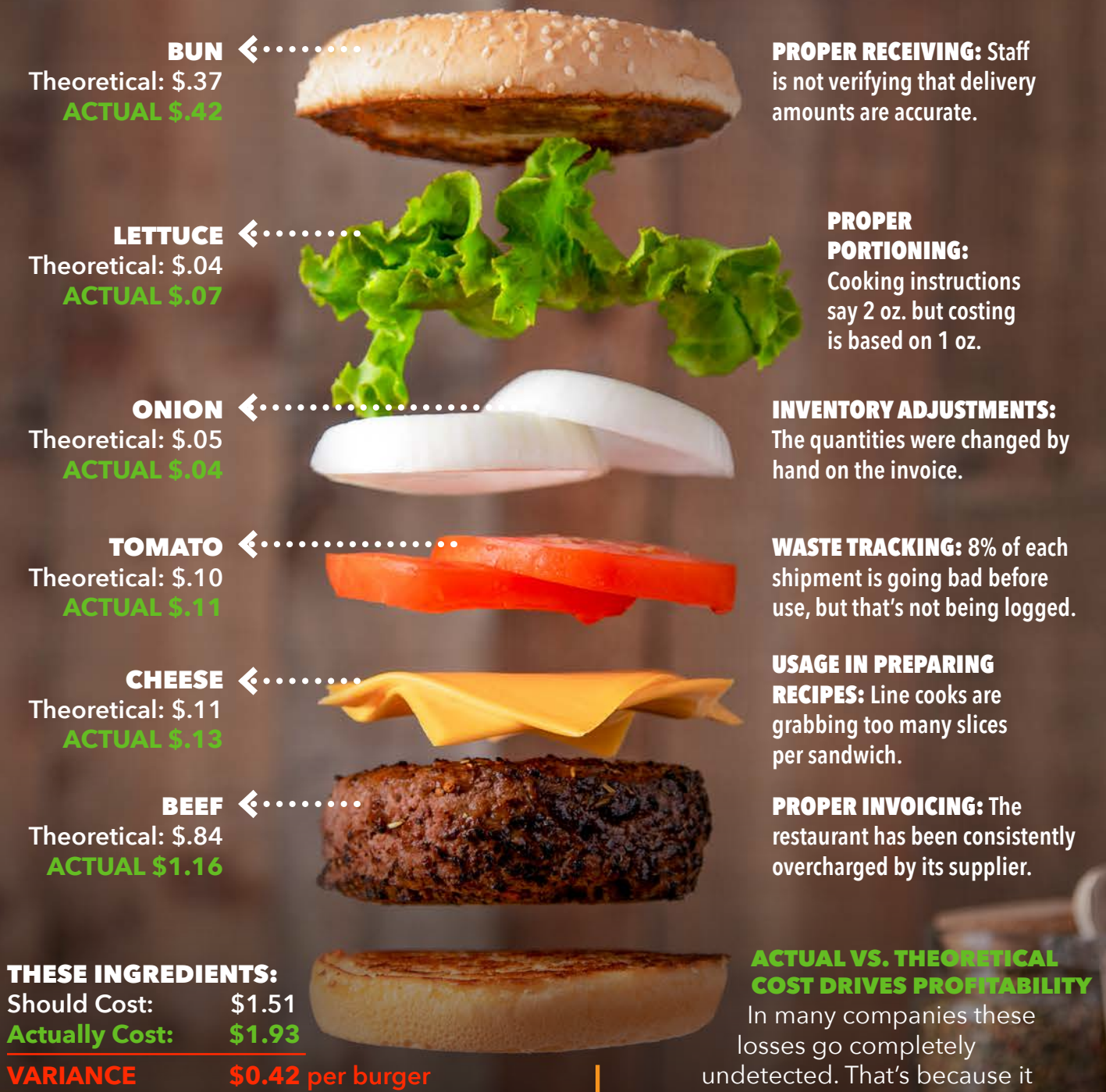
# HOW FOOD COST VARIANCE IS TAKING A BIG BITE OUT OF YOUR PROFITABILITY

## YOUR RESTAURANTS ARE OPERATING EFFICIENTLY – RIGHT?

You can't really know, unless you're tracking a key data point: How your actual food costs compare to what those food costs SHOULD be, a metric known as Actual Vs. Theoretical Cost Variance. Food cost control lies at the heart of profitability for multi-unit restaurant chains.

Consider this cheeseburger. Here is what a given location might expect to pay in a week using local suppliers for each of its ingredients, and then what it actually spent:

Using Food Costing to Answer the Question: Why? Once they know what the variances are down to the individual ingredient, restaurant management can identify and fix the causes:



**SO FOR 575 CHEESEBURGERS A WEEK:**  
 Should cost: \$868.25  
 Actually Cost: \$1109.75  
 That's a loss of \$241.50 per week and \$12,558 a year for one location, for one menu item.

- PROPER RECEIVING:** Staff is not verifying that delivery amounts are accurate.
- PROPER PORTIONING:** Cooking instructions say 2 oz. but costing is based on 1 oz.
- INVENTORY ADJUSTMENTS:** The quantities were changed by hand on the invoice.
- WASTE TRACKING:** 8% of each shipment is going bad before use, but that's not being logged.
- USAGE IN PREPARING RECIPES:** Line cooks are grabbing too many slices per sandwich.
- PROPER INVOICING:** The restaurant has been consistently overcharged by its supplier.

**ACTUAL VS. THEORETICAL COST DRIVES PROFITABILITY**  
 In many companies these losses go completely undetected. That's because it requires collecting and analyzing lots of accurate data per ingredient for every location: local prices, beginning and ending inventory accounts, ingredient amounts per recipe, waste tracking, inventory tracking and real-time tracking of ingredient costs.



CrunchTime's back office platform automatically tracks Actual vs. Theoretical Cost Variance, so you can quickly address profit leaks and **drive profit dollars to the bottom line.**

Visit [CrunchTime.com](http://CrunchTime.com) to learn more.