

typical breakdown would be china/glass/silver/etc. annually, linen semi-annually, food quarterly and beverage monthly. High-cost items, however, are still tracked on a monthly basis, along with spot checks of other key items. Smaller operations that do not have warehouse facilities, and therefore have less control over inventories, still complete physical inventories on a more frequent basis. The most important thing to remember is that I/P systems that rely on requisitions and invoices to monitor costs can only tell you what should be happening. The only way to determine what is actually happening is to take a physical inventory.

MENU ANALYSIS

Many systems include a menu analysis module that will adjust the cost of prepared recipe items based on the latest (or averaged) cost of ingredients. This is definitely worthwhile, but requires careful thought during system implementation to make sure that you don't try to micro-manage every possible detail. Recipe pricing and menu analysis are tempting areas for refining cost controls, but if overdone can quickly bog down the users in a never-ending round of data entry and maintenance. This applies especially where a chef has significant flexibility in menu choices, although frequent changes in product pack sizes also make keeping up with recipe changes burdensome. The preparation instructions for a recipe may include more detail than is practical to cost (one pinch of salt, one pinch of pepper: these are consumables, whose cost can be allocated as a small add-on to all recipes) and managers must keep an eye on what's really worth tracking. Overall cost percentages are clearly the key figures to watch, but nevertheless the main recipe items in typical menus should be costed on a periodic basis to keep an eye on whether their pricing is still appropriate.

Properly applied, however, these systems can be of immense value in identifying not only waste but specifically where waste is occurring. Assuming recipes and yields are entered properly, each time an individual portion of an item is sold, the menu management system will deduct one portion's worth of each recipe item from inventory. At the end of a given period the menu analysis system can tell management how much of each item should still be available in inventory. When a physical inventory is conducted the amount actually on hand can be compared to the amount that should be on hand to determine exactly what is being wasted and in what quantity.

Because recipe entry is often seen as requiring a daunting data entry effort despite the extra returns it brings, some vendors include entry of a given number of recipes as part of the system implementation. It is certainly worth doing periodically for common and high-priced dishes as a spot check on prices, especially on brunches and buffets. Casinos in particular see recipe pricing as a vital part of their cost control. Even if the vendor does not offer this service, it is a worthwhile investment of labor as it need only be done

once and updated only as menu items change. The menu analysis system itself will track changes in price (assuming pack sizes do not change).

Banquet costing is simpler since there are more fixed menus. Giving the sales managers access to the menu costs can be a great help when a client is negotiating prices, since they'll know how low they can go and still return a profit. The banquet checks, however, will still need to be run through the POS to track sales against production.

Retail POS systems, in contrast, are very tightly integrated with I/P systems, both for stock control and due to the higher count of different items sold. Retail POS workstations are frequently populated with new items received for sale in the I/P system, which generally does not happen with F&B systems. However, with a growing number of outlets offering retail items, clothing and other souvenir merchandise, there's a movement towards combining retail and F&B items on the same system. This is especially so in stadiums, but it's handy in resorts, too, so that logo-wear and spa product sales can be as tightly integrated with a guest's folio as F&B and room charges. As a result, F&B modules are being integrated with I/P more often.

CENTRAL PURCHASING

Central purchasing arrangements are still a mixed bag. Multi-property operations clearly benefit from leveraging their purchasing volume to maximize discounts; the difficulty lies in defining common item standards for geographically diverse properties. This isn't so much of a problem for general items but local F&B variations are common, making it difficult to accumulate significant volumes. Even if a chain has standard mixed-drink recipes, for example, the actual brand available for a particular ingredient can easily vary from region to region. Consequently many chains' centralized systems tend to focus principally on non-F&B items, as do the hotel-sponsored purchasing companies such as Avendra and Birch Street.

Nevertheless, even without wide commonality of individual items central systems can make a major contribution to operating efficiency by consolidating spending in various categories for the chain as a whole. They also help track and therefore manage the various outlets' compliance with national contracts, a major concern for chains. One property taking a good deal from a local vendor may jeopardize significant discounts if it results in the chain falling short of its quantity commitments to the national provider. It's not unknown for outlets in a small regional cluster not to be allowed to place orders at all, and be restricted to sending requisitions to a corporate purchasing office for action.

As consolidation continues in the industry both between hotel operators and between vendors, procurement standards for regional operations — or even corporation-wide — will become more common, driven by the demand