

The truth of the matter is that even if your volume has increased over the last year, increasing net-net profits should always be your number one priority. While you may not have any control over the weather, the outcome of the World Series, or the price of gasoline, you should have control over what happens within the walls of your food service operation. *Successful businesses have systems in place to ensure control, and ultimately, profitability.*

When Ray Kroc started McDonald's his goal was not to have the best hamburger in town, just the best system. Systems work in every food service operation.

Restaurants	Fine Dining	Casual Dining	Quick Service
College	University	Health Care	Corrections
Business	Industry	K-12 School	Long Term Care
Catering	Military	Clubs	Vending

Commodity pricing is the norm for the food service industry. Lettuce is \$12.00 a case one week, \$26.00 the next. The Yellowtail Tuna you special ordered at \$6.00 a pound comes in at \$6.50--did anyone catch it? Foam cups are a petroleum-based product, and they mirror pump prices.

The bus boy you have checking in deliveries is best friends with the driver of the produce company. The waitresses and cooks get together for cookouts at least once a week and rave about the filets. The chef spends all morning getting the lunch specials prepared, punched into the POS and prepping the wait staff----yet makes up a price off the top of his head.

When food cost goes up, the GM blindly throws darts for a couple of days and then it's back to business as usual. Food Service Directors agonize over whether or not to feed a tenth grade student who has forgotten his/her lunch money-- yet will serve 10,000 lunches and not know if the cost of the Type A lunch is 65 cents or 85 cents.

My name is Robert Sloop, CEO of Kaizen Management LLC. We are a food service software systems provider, consultant and integrator for both retail and institutional food service. In my thirty years as CFO of some of the most renown multi-concept organizations and implementing food service-restaurant software systems and providing back office solutions for restaurants, I am amazed at how much money is left on the table every day--and I'm not talking about tips.

What I am talking about is **SHRINKAGE**. Shrinkage is **LOST PROFITS**. In the hospitality industry this number in dollars often **exceeds the net-net profit** of the operation.

Shrinkage, by definition, is the difference between what you used today in your operation and what you should have used based on your plan. In a perfect world you

would get paid for everything you used and your employees would ensure that the customer only received what he or she paid for. No mistakes, no over-portioning, no spoilage, no theft, no short weight deliveries..... food service *nirvana*.

Shrinkage robs owners and operators of what is rightfully theirs. **The median shrinkage we have found in operations is 8.4% of sales. That amounts to \$84,000.00 per year in a million dollar operation.** More than enough to pay someone to do nothing but find out the who, what, when, where and how shrinkage is occurring. Failure to control shrinkage often results in a "business closed" sign for retail restaurants or "food service management contracts" in institutions.

Finding this \$84,000.00 is not for the undisciplined. It's not for the folks that ended up right here, right now who are looking for something for nothing. If you did an Internet search for "free or cheap inventory, menu and/or restaurant software," please hit the "Back" button and shop elsewhere.

A. Your tables are filled every day and you have a 30-minute wait on the weekend. A short week for you is 80 hours and there still isn't enough money to pay the bills. (But all your customers shook your hand and told you what a great meal they had!)

B. You bought one of those "cheap" restaurant software packages that "did it all" and despite diligently entering data 10 hours per week the numbers don't add up and you are wasting your time. (Was it REALLY cheap?)

C. Your owner told you to search the Internet and find him a "silver bullet" some software package that did it all including taking out the garbage for \$500 including training and support. ("Silver bullets" only work in Werewolf movies.)

Finding this lost profit is a lot of hard work up front. **What we have to offer is a whole lot more than menu planning or inventory control or restaurant software. More than software we offer a system and finance model that is proven successful.**

The system is based on a control formula and the software is called Compeat. If you are truly interested in protecting your investment and taking home more money at the end of those long arduous days, read on.

**T**he Compeat software, originally written in 2000, has undergone numerous revisions, but the controlled accounting principles remain unchanged. This institutional restaurant software is logical, addresses all of the nuances of food service and makes users money by providing a system to measure their operation by. But it's not free.

Cheap? That's a relative term. If implementing this solution brings an extra 8% of sales to your bottom line in 2010 it's probably "cheap". **Our average system is from \$5000 to \$20,000-but an operation doing only \$500,000 should return the investment in less than 6 months.**

Put in perspective virtually nothing you purchased for your business last year will return your investment as quickly as implementing the Compeat system in your operation. As one of my original clients claims **"It was the best business decision I have ever made."** Another client with 22 restaurants globally calls it, *"a grand slam."*

Our company provides you the game plan to implement the solution. We are your trainer, coach and if needed, pinch hitter. Food service is a tough business and you better believe if you work with us, we're going to be tough on you. What's does that mean?

Well, the last six people I spoke with on the phone about how often they take inventory replied "occasionally" or "not often enough". All six had a full service bar and \$10,000.00 plus in inventory. When asked how often they would count their wallet with that much cash they replied "at least once a day". *Obviously*. If the value of your inventory isn't important to you, the owner/manager, how important is it to that \$7.00 per hour bus boy? Only need and opportunity separate an honest person and a thief. Compeat can be the "lock" that keeps honest people honest.

**W**ho in your operation has the most to gain from implementing the Compeat system? The same person who has the most to lose if costs are not kept under control. Many operators ask, "What should my food cost be"? The answer is, **"How much profit do you want to make"**? As a food service operator you probably work 60-80 hours a week and deserve to make a good return on your investment.

A restaurant chain in New York City needs to run a 26% food cost in order to make a 16% return. A family dining operation within walking distance of my home, used to run close to 40% food cost before implementing the Compeat software. They now maintain <27% and return 19% to the bottom line---and have increased sales in each of the last five years. Your food cost needs to be one that allows you to make a good return on your investment. **The first principle of the Compeat software system is "Planning Your Profit".** .

Look at the median meal cost, set a goal and find the combinations that work without compromising quality or perceived value. In food service, perception is reality.

**T**he system works. The system works so well that **your restaurant will begin to benefit from Compeat from day one**. The systems implemented in the first 30 days result in and create a tremendous difference in control, both real and perceived. If someone thinks you know, then you know.

In the food service business, **the value of perceived control, with close to or at minimum wage employees, is priceless**. The numbers the Compeat system produces are the real control--the processes and systems implemented to obtain the information is the perception.



The more systematic the approach, **the more consistent your operation becomes, the more time you have to discover the nickels and dimes that are left on the table (not tips)** or in the garbage cans. Since every item on your menu has a planned food cost you might find a nickel on the french fry plate(s) as one of my clients did. Not a big deal but this nickel was served 2200 times a week and \$5200.00 annual savings was pretty good payoff for a couple of hours of hanging out in the kitchen with a scale. The solution to this over portioning problem?: change the plate size. (Ever notice how fast food restaurants hand over a package of fries that is overflowing? That's a standardized portion presented as a perceived extra value!)

The Compeat difference is the system. The system of planning-setting targets-counting-computing-reporting-interpreting-problem resolution is driven by the software procedures. It isn't a point of sale system or an accounting package It's the bridge.

Without this bridge, you are forced to swim across the river rather than drive. If you are a strong swimmer, you make it to the other side through sheer hard work, determination and perseverance. If not, you may be treading water, floundering or going down for the first time.

If you're looking for the bridge that takes you from where you are right now to the profitability highway **don't buy software.....buy a system.....one that ensures profitability.**

If you are ready to explore the system further, here is your first step..

**Call us today** and we'll explore how Compeat will fit in your operation. **1-917-282-0124.**

**What would an 8% improvement in net-net profit bring to your bottom line?** How soon do you want to get control of your operation, spend less time and increase net profits?

We have a system to recover lost profits and look forward to sharing it with you.

Call us today 1-917-282-0124 and in six months you'll look back and realize that this phone call was "One of the best business decisions I've ever made."

Robert Sloop

Chief Executive Officer

Kaizen Management LLC

