

# Treasure Hunt 7 Ways To Find Hidden Money

Mark Wagner

There's money hidden in your restaurant. It's all in the processing and waste management. Consider these key steps to finding hidden funds:

1. Cutting cost is pure profit. The average restaurant produces a pre-tax profit margin of less than 5 cents on every dollar of sales. Controlling or cutting an expense is a huge way to produce more profits than trying to leverage or increase sales. For instance, if you sell \$100 worth of food and drinks, that is \$100, less expenses and taxes. But if you cut an expense or cost by \$100, it produces a 100-percent bonus to your profits (\$100). Every dollar saved on an expense equates to additional new revenues of \$20. Now that is an incentive for finding hidden money.

2. Source carefully to reduce waste. An important step of waste management and recycling is to review purchasing practices and buy in bulk when possible. Avoid over-purchasing because it leads to spoilage and waste. Inspect all deliveries for accuracy, and manually weigh items if you purchase them by weight. Many deliveries include unusable meats and perishable goods. If you reduce the amount of waste being produced or packaging material used, you can lower your disposal costs.

3. Smash the trash. Denise Fugo, CEO of Sammy's Restaurants in Ohio and National Restaurant Association President, contends that a lot of potential profit can be earned—or lost—through the back door. "One of my favorite distributors taught me three profitable words: Smash the trash. The owners of five fast-casual restaurants reviewed their trash processes and found that if you can densify the trash without electrical/hydraulic compaction—this gets you into trouble with your hauler for weight issues—in clear liners, your management team can inspect them very easily and less frequently than moving trash cans. This eye-opening event for the owners led them to reduce their costs by 65 percent from \$1,100 to \$275 with an internal waste deflation system," she said.

4. Control the back door and keep your expensive items under lock and key by a manager at all times. The primary reason the back door is opened in every restaurant is to move trash and recyclable materials. During the day, the back door should never be the access point for employees. During trash and recycling runs, inspect every bag of trash and box. Always use clear liners for ease of inspection. Remember, trash can be used to smuggle valuable goods. Many managers have fired employees for stealing during trash and recycling runs. A manually operated compactor located in the restaurant can help reduce trash volumes and trips out the back door and eliminate the movement of trash cans to the dumpster. The National Restaurant Association states that on average 3 percent of sales is stolen per year from restaurants, so \$1 million of sales could see a loss of \$30,000 in overall profits.

5. Recycle or divert as many items as possible from the dumpster to save on waste-hauling expenses, landfill fees and taxes. Recycling costs are normally 10 to 25 percent the cost of trash for the same volume. All boxes must be broken down to eliminate hiding spaces for theft and wasted space in the dumpster. Whole boxes fill the dumpster with air, leading to excessive pickups. If possible, add single-stream or mixed recycling to your cardboard container. Single-stream systems can include number 10 cans, plastic jugs, aluminum, glass and paper products, as well as cardboard. This can help reduce the size of the expensive waste hauling container or eliminate a day of service and costs. If your area does not have single-stream, you can create a Contractor Appreciation Day and give away 5-gallon pails to the first five or 10 contractors who ask for one. Do this on a Monday, which is usually a slow day.

6. Don't over-prepare food. Most food that's thrown away ends up in landfills, where it can cause negative environmental impacts. Wasted food also hurts a restaurant's bottom line with higher food costs. If possible, dispose of your food or organic waste via a recycling program.

7. Show your employees how much things cost. Post the prices of items that are normally broken or lost, such as forks, spoons, knives, ramekins, napkins and glassware. This will make your team members aware of the price of losing such items in the trash.

The hunt is on for more profits in your restaurant. You just have to look in the trash, recycling and processes.

Mark Wagner is a business owner, as well as a speaker and writer on subjects related to sustainability, waste management and recycling within the restaurant industry.