

smartspending



FOOD & WINE

Kitchen Cost Cutters

Forget the celebrity chef. The new star in the kitchen is the guy counting the beans—literally. Introducing the restaurant “efficiency expert.”

By Neil Parmar

When it comes to dining out, Kevin Moll is the kind of frugal patron restaurant owners would love to see more of. The father of two from Denver always passes on the cream and sugar. He never pours a blob of ketchup next to his fries. Even better, after enjoying a plate of barbecued ribs, he usually prefers to wipe his saucy fingers with a cloth napkin, since the cleanup job would require at least three of the paper variety. And don't even get him started on carbonated beverages. This is a guy who prefers cola a little watered down.

With hard times still taking

a bite out of restaurant profits, more Kevin Molls are turning up at their tables—not as patrons but as professional nitpickers. The 50-year-old CEO of National Restaurant Consultants is one of a burgeoning wave of efficiency experts who focus on restaurants, checking for unused half-and-half and testing the syrup level in fountain drinks. While no one tracks the number of these professionals in the restaurant field, the Labor Department says there are now some 678,000 efficiency gurus working to cut waste and maximize profits across a wide range of industries, double that



from a decade ago. Moll and his food-service brethren do it by carefully pricing out a kitchen's every move—like making ranch dressing every three days instead of daily, which can shave prep time by 15 to 18 minutes. They help fine-tune recipes to economize on ingredients. (Taking olive oil out of the marinara sauce saved one chain \$17,000 a year.) And they “engineer” menus to spotlight the highest-margin offerings. Forget soda; iced tea costs a restaurant as little as a nickel a glass.

The \$566 billion restaurant industry is anxious to save as many shekels as it can—preferably

without diners noticing a difference. Even with the uptick in some sectors of the economy, the dining-out industry is lagging, as it tends to do in bad times. According to surveys from the National Restaurant Association, 58 percent of the country's restaurant owners, on average, have reported a drop in same-store sales every month for the past year. Industry veterans like Lloyd Gordon, who has been consulting for the past 46 years, say times have never been tougher. Restaurant sales typically dropped 20 percent during past recessions, he says, but they've plunged as much as 50 percent in some parts

of the country today. “A lot of restaurants are bleeding,” says Dean Small of Synergy Restaurant Consultants in Laguna Niguel, Calif. “In some cases, they're hemorrhaging.”

And so they turn to Moll and his ilk, whose secret sauce of savings tactics can be traced back decades. The modern-day efficiency movement, largely thought to have originated in Japanese car factories after World War II, took off on these shores after American giants like Motorola and General Electric began famously boosting profits with similar practices in the 1980s and '90s. Other industries

took note—and a growing cadre of consultants followed. If you've traveled in the past few months, you've probably noticed their handiwork: disappearing mini shampoo bottles in the hotel bathroom, fewer complimentary magazines in the airline seat back. Such ideas might seem like small potatoes to some, but Moll and his team of experts have come up with enough tips and tricks to fill a 175-page bible on how to run a profitable eatery. For his clients, the often-tiny cuts add up, generating savings or revenue-boosting ideas that goose margins, on average, by 15 percent. "Operating a restaurant," reads one passage of the guide, "is a game of pennies."

Moll learned, when running his own bar and grill two decades ago, that managing an eatery is like navigating "a boat full of holes." And the trim, java-fueled consultant—running on four to five cups daily—is nothing if not a time-is-money, tight-ship kind of guy. He records any passing work inspiration ("note to self") on his cell phone, even while walking

his dog. In his clutter-free office, the only papers visible are arranged in a compact stack, perfectly parallel to the edge of the desk. And while driving his pristine white Cadillac between tightly scheduled appointments, he admits that he's called the city's 311 hotline more than once to report street garbage that needs removal. Clearly, no detail is too small.

It's an attitude that comes in handy in his work, like when Moll and his firm recently helped launch Organixx, a casual, quick-service eatery in downtown Denver. To project an eco-friendly vibe, it features not only the requisite recycled napkins but also bamboo tabletops, a hardwood floor made from recycled furniture scraps, and compostable straws and utensils. (Deliveries are often made via skateboard.) Diners have more than two dozen menu items to choose from, but many end up ordering the Asian stir-fry salad, a mix of veggies, crunchy noodles and tofu, chicken or beef, drizzled with toasted-sesame vinaigrette. The most popular salad on the menu, it's also one of the most

profitable. "It doesn't happen like that by accident," says Moll.

Remember the old home-buying adage "location, location, location"? Relying on studies that track "eye flow" across menu pages in elaborate arrow-filled diagrams, Moll counsels his clients to spotlight higher-margin items in prime menu real estate. The Asian stir-fry, with ingredients that cost as little as 24 percent of the menu price, holds pride of place at the top right corner, while the grilled salmon burger (cost of ingredients, \$2.78; price, \$9) is intentionally buried at left center, the menu equivalent of Siberia. "The menu drives everything," says Moll—from an eatery's decor to the length of time it takes to execute a single dish. In fact, some potential recipes at Organixx have been vetoed just because they couldn't be put together by a cook standing in a single spot, with all the ingredients within arm's reach.

Indeed, the biggest cost cutting usually happens behind the swinging doors. To help keep food costs within a healthy 24 to 35 percent of overall expenses,



Cutting Corners

While restaurant closures have accelerated in recent months, some eateries are weathering the storm by trimming costs—in ways consumers may not have noticed. And it's not just sprigs of parsley that are disappearing from dinner plates. Some of their strategies:

Honey, They Shrank the Snacks. Don't feel embarrassed when you polish off the complimentary bar nuts. Consultant Victor Giellisse of the Culinary Institute of America says he helps bar operators reduce costs by using smaller snack bowls.

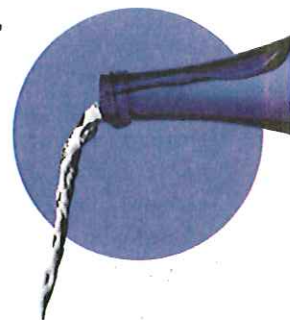
Free Bread Is Dead. Most restaurants build the cost of "freebies" like the bread basket into their menu prices. But some establishments are starting to bill for them. Company, a New York City pizzeria, adds

separate charges for items like bread (\$3), butter (\$2) and mixed olives (\$4). A spokesperson says that helps keep other prices down.

Turning Off the Tap. As water-drinking patrons have already noticed, waiters often up-sell bottled stuff—marked up, on average, 192 percent. (Note: Pellegrino costs restaurants 30 percent more than Perrier.) But

more eateries are holding back the tap water, hoping thirsty diners will pony up for pricier beverages.

Food Swap. Shifting ingredient prices can play havoc with menus. When the price of sea scallops went through the roof a few years ago, one chain



Moll brought in an on-site drill sergeant. Mary Putman, who paces the kitchen prep area, pokes at plates to make sure bread crusts are intact and salad mounds don't lean too far to one side. When red peppers triple in price, she buys more zucchini to sub into the stir-fry and salads. If a line cook takes more than six minutes to prepare an order, she points sternly at her watch. Most important, she makes sure they're measuring every ounce of food instead of just eyeballing ingredients. Constantly nagging them to "quit heaping the scoop," Putman says a big part of her job "is pulling food off the line."

Which may leave some diners, well, a little hungrier than others. While all of Organixx's sandwiches cost \$9, some are a little less generously proportioned. Eyeing the egg salad? You'll get an eight-ounce scoop. But order the rock shrimp salad and your filling weighs only five. (The reason? Moll's firm suggests that each dish cost between 22 to 30 percent of what it ends up selling for—and eggs are cheaper than shrimp.) Erwin Chang, the owner

of Organixx, acknowledges "it's a very delicate decision" to change the portions, but it's not hard to see his point of view as he describes the challenges of running a restaurant in this economic climate—especially when all those organic ingredients and other green touches come at a premium.

And hey, at least he's not holding back on the water. That's a strategy Moll recommended to another of his clients, Mici Handcrafted Italian, a cheerful, contemporary joint half a mile down the road from Organixx. Eager to expand to a second location, this family-owned pasta and pizza eatery hired National Restaurant Consultants to help shave operating costs. But Mici's owners were loath to change or cut back on menu items like its famed hand-rolled meatballs, so Moll had to turn to the eatery's beverage lineup to find savings.

In addition to tweaking Mici's wine list, Moll came up with a 10-point game plan for fountain drinks. Selling some 13,000 units a year, sodas still weren't delivering any profit, according to co-owner

Michael Miceli—even though they typically cost the restaurant only a dime a glass. Some of the most effective moves Moll recommended include cutting out the middleman syrup supplier and offering only one size drink instead of three. Goodbye, costly cups.

But one tip comes with a spritz of controversy: Don't automatically serve patrons water, so they're more likely to order soda, beer or wine. Helen Rosner, who blogs about the restaurant industry at MenuPages.com, calls the practice "one of the craftiest I've heard of"—and says she's seeing more eateries do it. Victor Gielisse of Culinary Institute of America, on the other hand, calls it "the socially responsible thing to do given our environment today." For his part, Miceli simply says, "We ask them what they want to drink. If they want water, we give water." It certainly hasn't hurt the bottom line; implementing this and other tips from Moll's 32-page "operations analysis" has goose revenue by 50 percent a week. In the world of kitchen cost cutting, that's more than a few pennies. **\$**

responded by substituting cod on its otherwise shellfish-laden skewers. "That's how the game is played," says Skokie, Ill., restaurant consultant Lloyd Gordon.

Policing the Sugar. Soda generally costs restaurants about a dime a serving. To max out their margins, many calibrate their soda machines to get just enough sugar (9.5 percent) to flavor the drink, but no more than 12 percent. Pros testing the syrup-and-fizzy-water mix sometimes use a "refractometer" that, when held up to the light, displays the percentage of sugar.

The Lonely Entrée. Most diners expect an entrée to come with a vegetable and a starch. But experts say more restaurants are unbundling their meals and selling

sides à la carte. That \$6 serving of broccoli with hollandaise costs the restaurant just \$1.50.



Portion Patrol. Noticing more restaurants offering a fixed-price menu? Although the bundled price for three courses seems sweet, the typically smaller portions may leave you hungry. "If consumers measured what they were getting, they would probably be concerned," says Stephen Zagor, of the Institute of Culinary Education in New York.

Tea Without the Twist. Order the iced tea (average markup: 4,400 percent) and you'll help line the owner's pocket. And these days, more eateries are losing the lemon. At about 10 cents a wedge, they cost about twice what the drink itself does.

