



3 Effective Ways to Control Your Restaurant's Costs

A MarginEdge Guide to Better Profitability in 2023

Protecting Your Margins is More Important Than Ever

We get it. The restaurant business has always had razor-thin margins, but today's challenges are ones many of us have never experienced all at once. High inflation rates, supply chain disruptions, labor shortages, and increasingly unpredictable customer behavior compound daily, shrinking those margins even more.

When your restaurant faces lean times such as these, your best defense is to control costs to boost revenue. The question is, what does this look like for your business? Does it come from shorter operating hours, different ingredients, or higher menu prices? Maybe a combination of these?

While these tactics are certainly options, they're only short-term fixes that can have a longer-lasting negative effect on your reputation, customer retention, and your business in general. **We've got a better approach.**

Read on to discover 3 ways to cut your restaurant's costs and strengthen your business no matter what challenges may come down the road.

1.

**Understand
changes
within your
cost centers**



From labor to ingredients to supplies, the cost of doing business is up across the board. It used to be the goal for restaurants was 60% prime costs, 30% of which accounts for food. Not anymore. According to recent data from accounting firm [KitchenSync](#), the cost of olive oil, alone, has nearly doubled in the past 2 years. Labor costs are also up roughly 15% and account now for closer to 35% than the 25% to 30% standard.

And while turnover has always been an issue for the restaurant industry (even pre-COVID), those rates are still increasing today. Every lost employee equates to even more money spent on finding and training new staff.

With costs fluctuating daily, waiting for monthly P&L statements is no longer an option. You need to evaluate sales, labor, and cost of goods sold (COGS)

weekly at the very least, but ideally daily. Knowing what your actual costs and revenues are in real-time enables you to budget smarter. This hard data can show you where spending is needed most and where you can afford to save.

Chef Geoff's Deluxe Hospitality →

The team ensures vendors adhere to agreed-upon pricing with real-time invoice tracking for every order. They get alerts when order totals don't add up or prices go up without notice, giving them real-time oversight of both inventory and purchasing. This keeps costs down for the hundreds of ingredients the group uses across its nine restaurants.

2.

**Keep
everyone
on the
same page**



Acropolis Green Taverna, Multiple Locations | Tampa Bay, FL

Sales and cost data are usually tracked by multiple people in your business, depending on its size. Supply purchases, POS sales, inventory, invoices, and product orders all impact your margins. Not having this information at your fingertips when making budgeting and purchasing decisions can be detrimental to your bottom line.

A powerful industry specific solution like MarginEdge nestled between your POS and QuickBooks Online solves this issue. It combines data from all sources into one place, ensuring your data is mapped consistently. This approach gives you direct visibility into all the information impacting your business without needing access or training on your company's accounting system.

One simple interface can give both you and your accounting team access to the same information at the same time.

With this kind of actionable data in your hands on a daily or weekly basis, you and your team can make real-time decisions, keeping your margins healthy. Managers can better evaluate why and where they were off in sales and what that means for the rest of the period, identify sources of waste, and come up with ways to take meaningful action to keep COGS down.

Burger 21 →

They use weekly inventory data and continuous purchasing data that maps invoice data by product (not by individual vendor item), combined with daily POS sales data to cut food costs by 2% throughout all its franchises. This data has been so powerful to the franchise's bottom line, they now conduct weekly inventories.

3.

Upgrade your accounting software



Denizens Brewing Co., Multiple Locations | Maryland

If you want to try either of the previous strategies, upgrading your accounting software is a must. The right tech stack can bring together all your sales, COGS, and labor data together – seamlessly.

Automation is a real game changer for the industry, as it greatly reduces time spent on crunching numbers and enables access to reporting needed to keep costs under control. It reduces the number of hours your team spends on chasing down and analyzing data from multiple sources, resulting in lower labor costs – enabling everyone to focus more on revenue-generating activities.

If you currently have more than one system tracking inventory, developing costing for recipes and menus, collecting POS data, invoicing, etc., consider upgrading to an integrated solution. Look for one that is built out of integrated agile/specific applications that pass data back and forth seamlessly and automatically. It's crucial to have

your tech stack integrate with a financial management system that's easy to understand and report from, and can supply the information you need wherever you need it.

Denizens Brewing Co.



MarginEdge + QuickBooks Online took the time and labor out of entering data, expenses, and reporting by upgrading their accounting and inventory management. Not only do they get true, real-time data that directly impacts their margins, the new automation reduced the amount of time spent on paperwork from 2 days to 2 hours.

Start Controlling Costs with MarginEdge

Ready to get started with these tips? MarginEdge, a platform made by restaurant people, for restaurant people, combined with QuickBooks empowers you to manage your business down to the line-item detail with seamless invoicing, cost analysis and management, as well as customizable inventory entries.

MarginEdge is an integrated, affordable solution used by thousands of restaurateurs across the U.S. and Canada. It brings an end to the POS-download-and-accounting-upload headache. Instead, you gain a complete picture of your business across locations with tools your staff uses throughout their shift.

And with QuickBooks Online Advanced integrated you get custom reporting, automated back-office workflows, customizable permissions, additional customization and flexibility when you integrate with over 650 cloud applications.

**Secure Your Bottom Line Today with
MarginEdge + QuickBooks**