



GLOBAL EXPERTS WEIGH IN ON RESTAURANT INDUSTRY CHALLENGES AT SIAL FOOD HUB

👤 Amy Bostock © April 14, 2016

MONTREAL — Ten foodservice industry experts from Canada, France and Switzerland came together yesterday at the SIAL Canada show to help restaurant operators address the issue of foodservice costs.

“Profitability is on everyone’s lips but there’s no magic formula to success,” said moderator Robert Dion at the opening of the SIAL Food Hub. “The goal today is to help you arrive at a higher level of understanding of the challenges the industry faces.”

The panel, which included Doug Fisher, president of Toronto-based FHG and newly minted Restaurants Canada president and CEO Shanna Munro suggested that the old “times-three” costing model (food costs x 3+selling price) is broken and offered up new methods of cost calculation to help produce better price-setting and, as a result, greater profitability. “If new restaurants continue to follow the “times-three” model, they will die,” warned panelist Christian Latour, CEO, Sherpa International Inc.

Food costs, labour and rent were identified as the top challenges facing operators today. “Today’s restaurateurs have to be able to cook, count and manage people,” said Pierre Moreau, director, Groupe Restos Plaisirs in Quebec, adding that human resources has become both the most important and hardest to control element of running a business.

Following are some highlights of the discussion.

Managing Costs

According to Richard Scofield, president, Les Rotisseries St-Hubert, when operators manage costs, they are often not understanding costs and making cuts that are detrimental to the operation. "They need to look at the impact the cuts have to their business long-term by understanding their customers and their business model."

But in order to understand the customer, a restaurant must first understand its offerings and identify who it wants to have an impact on. "When you are determining your financial model, be careful that you keep customers in the equation," cautioned Bernard Boutboul, CEO of Gira Conseil in France.

This is crucial because in many cases, customer satisfaction is a more important measurement than costs, says Bernard Arouze, CEO of the Research Centre of Gastronomy. "Customer satisfaction needs to be measured because repeat customers offer you higher profit margins."

Menu

The topic of menu creation was addressed as well, with the majority of the panelists agreeing that menu analysis was key to success, since "75 per cent of the time, 20 per cent of menu items represent 80 per cent of sales," said Fisher. "Streamlined menus and costed, standard recipes go hand-in-hand with at least monthly inventory in order to determine your average cost of sales."

The next step, he said, is to compare actual and theoretical food costs. "While the gap should be one to 1.5 points, more often the difference is probably more like five points."

Scofield recommended inventory be weekly rather than monthly. "Otherwise it's too late to identify losses and you've lost a lot of money. You need feedback within days so you can react to problems that have occurred."

Stephane Beauchemin, regional operations director at Groupe Compass Quebec Ltee, steered attendees towards restaurant technology, such as POS systems, to help gather these results quickly.

Rent

Moreau called rent the "often forgotten cost" for restaurant operators, pointing out that as availability of suitable locations decreases, rents go up. This has created what he called "destination restaurants" — locations opening up in less pricey suburban areas.

Shanna Munro shared some numbers that raised some eyebrows: in Canada, restaurants are paying an average of 8.2 per cent of sales figures to rental costs. Ontario and B.C. pay the highest rents, with 9.2 to 9.3 per cent while Quebec sits at 7.4 per cent. "You need to do your due diligence when it comes to signing a lease," she warned. "You need to understand what you're signing since often these are 10 year or more commitments."

The panel also tackled marketing costs, the price of restaurant décor, culinary technology and the importance of data during the three hour session. A white paper of the panellists' recommendations will be drafted and made available to all foodservice professionals.