

Smarter Inventory Management:

Optimizing Costs and Driving Higher Profits

bar & restaurant

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Smarter Inventory Management: Optimizing Costs and Driving Higher Profits

Introducing Smart Inventory Tools

In the competitive restaurant industry, effective inventory management is paramount. It's more than just counting stock; it's a strategic process encompassing the systematic tracking, storage, and control of all food, beverage, and supply items—from procurement to consumption. The goal? To optimize availability, minimize waste and spoilage, and maintain precise cost accounting. Crucial to profitability, inventory management directly influences food costs, operational efficiency, and customer satisfaction.

Traditionally, manual inventory methods have been the norm. However, these ways of tracking stock are often plagued by inefficiencies and errors. The time-intensive nature, lack of real-time stock visibility, challenges in tracking yield and waste, and obstacles to informed purchasing all contribute to higher food and labor costs, ultimately resulting in lost revenue.

Enter smart inventory management tools, which provide automated and data-driven solutions to these persistent challenges. Among these innovative platforms, MarginEdge and Freepour stand out as a powerful combination. MarginEdge offers a comprehensive suite for invoice processing, recipe costing, inventory tracking, and reporting, integrating seamlessly with point-of-sale (POS) systems and accounting software. Freepour, specifically designed for beverage inventory, provides precise tracking via a connected scale, eliminating manual counting and significantly reducing discrepancies in liquor and wine inventory.

To fully appreciate the transformative potential of smart inventory tools like MarginEdge and Freepour, let's dive into the limitations of traditional methods and explore how these advanced solutions enable restaurants to overcome these obstacles, gain enhanced control over inventory, reduce costs, improve operational efficiency, and drive enhanced profitability.



The Drawbacks of Traditional Inventory Methods

Traditional restaurant management often relies on manual processes and fragmented systems. Inventory might be tracked using spreadsheets or even paper ledgers, ordering is frequently done through phone calls or in-person visits with multiple suppliers, and cost analysis involves significant manual data entry and calculation. These traditional methods, while familiar, can actually cause setbacks and limitations to what can be achieved.

Manual data entry can lead to costly errors as well as wasting time on repetitive tasks. Without real-time inventory insights, businesses face stockouts that lead to lost sales and customer frustration, as well as overstocking that ties up capital and increases spoilage, especially for perishables. Food waste, a critical issue, often results from inaccurate forecasting, poor storage, and insufficient shelf-life tracking. These inefficiencies escalate costs, compounded by difficulties in tracking and controlling expenses across food, beverage, labor, and utilities. Identifying cost-saving opportunities remains a challenge without robust data and analytics.

Are you managing numerous ingredients with varying shelf lives and measurements? Trying to predict demand that fluctuates based on any number of things, including weather, time of day, or specific hour? Add to this recipe complexities, portion management, and waste monitoring, and you have an untenable situation. Restaurant inventory management presents significant challenges. A lack of integrated systems hinders the ability to obtain accurate insights, leading to difficulties in making informed purchasing decisions, minimizing waste, and maximizing profitability. Does this sound familiar? Thankfully, there's a solution.

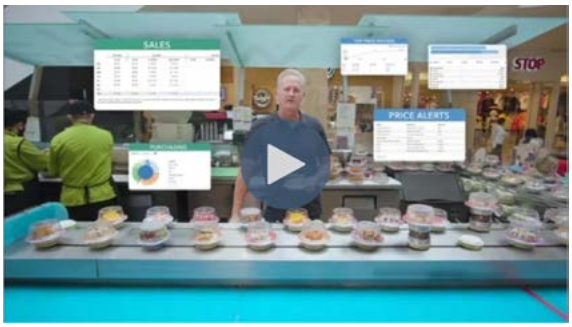
Restaurant inventory management presents significant challenges.



Unlock Your Restaurant's Potential with Smart Inventory Tools

Smart inventory tools leverage technology to streamline and optimize the inventory management process for restaurants and bars. These tools go beyond basic counting and tracking, offering advanced features such as:

- **Automated Data Collection:** Integrating with point-of-sale (POS) systems and scales to automatically record sales and usage data, minimizing manual input and reducing errors.
- **Real-time Visibility:** Providing up-to-date insights into stock levels across all ingredients and products, allowing for proactive decision-making.
- **Demand Forecasting:** Utilizing historical data and trends to predict future ingredient needs, helping to prevent stockouts and overstocking.
- **Variance Tracking:** Automatically comparing theoretical usage based on recipes and sales data with actual inventory counts, highlighting discrepancies and potential issues like waste or theft (you can download our free food waste log template here).
- **Reporting and Analytics:** Generating comprehensive reports on inventory valuation, turnover rates, and cost of goods sold (COGS), enabling better financial management.
- **Mobile Accessibility:** Allowing staff to perform inventory counts and access inventory information from mobile devices, improving efficiency and flexibility.
- **Integration Capabilities:** Connecting with other restaurant management software, such as accounting and labor scheduling platforms, for a more holistic operational view.



WATCH VIDEO:

How it Works: MarginEdge Restaurant Management Software

MarginEdge + Freepour

MarginEdge + Freepour offers a comprehensive solution for restaurant and bar management. This integrated software provides detailed control over inventory, tracking all incoming and outgoing stock. It aims to eliminate inventory discrepancies and deliver precise operational transparency.

As a leading restaurant management software platform, MarginEdge offers robust inventory management features, including centralized recipe costing, invoice processing with line-item detail, perpetual inventory tracking, and in-depth reporting and analytics. It gives operators granular visibility into their food and beverage costs, identifies areas for improvement, and makes data-driven decisions to maximize profitability. MarginEdge's strengths lie in its ability to connect financial

data with operational data, providing a clear understanding of how inventory impacts the bottom line.

Freepour specializes in automated beverage inventory management. Using a smart scale, Freepour accurately tracks usage from every pour in real-time. This eliminates the need for manual tracking of beverage consumption and significantly reduces discrepancies caused by things like spillage, over-pouring, or subjective inventory measurements like guesstimating by eye. Freepour provides precise data on beverage sales and usage, enabling operators to optimize their drink recipes, identify popular items, and minimize loss due to waste or theft.



Synergy of the Solution

MarginEdge + Freepour offers a best-of-breed solution by integrating the comprehensive food and beverage management capabilities of MarginEdge with the precise, automated beverage tracking of Freepour. This integration provides several key benefits:

- **Holistic Inventory Visibility:** Combining detailed food inventory data from MarginEdge with real-time beverage consumption data from Freepour offers a complete picture of all inventory within the establishment.
- **Enhanced Accuracy:** Automation through Freepour cuts back on human error in beverage tracking, complementing MarginEdge's accurate invoice processing and recipe management.
- **Reduced Waste and Loss:** Precise tracking of both food and beverages helps identify and address sources of waste, spoilage, and theft, leading to significant cost savings.
- **Improved Profitability:** By optimizing inventory levels, controlling pour costs, and gaining better insights into product performance, the package empowers operators to improve their profit margins without added effort.
- **Streamlined Operations:** Automation and integration reduce the time and effort required for manual inventory tasks, freeing up staff to focus on other critical areas of the business.
- **Data-Driven Decision Making:** The wealth of accurate and timely data provided by the combined platform enables operators to make informed decisions regarding purchasing, pricing, menu engineering, and staffing.



Smart inventory tools like those offered by MarginEdge + Freepour are essential for modern restaurants and bars looking to optimize their operations, reduce costs, and improve profitability. By leveraging technology to automate tracking, provide real-time insights,

and facilitate data-driven decision-making, these tools empower businesses to thrive in a competitive environment.

MarginEdge revolutionizes restaurant operations through its interconnected suite of intelligent tools. Smart scales streamline inventory management by providing precise measurements, eliminating manual estimations and reducing discrepancies (if you're not ready for a full RMS system, you can use our free bottle weight calculator here). Automated invoice processing removes the burden of manual data entry, accurately capturing crucial information from vendor invoices and seamlessly integrating it with purchasing and inventory systems. Beyond this, the platform's integrated digital count sheets, featuring real-time product pricing, allow for efficient and accurate inventory counts, providing an up-to-date understanding of stock levels and valuation.

These features collectively transform how the restaurant industry can work by addressing key challenges related to inventory control, cost management, and operational efficiency. The precision offered by smart scales and digital count sheets cuts back on waste caused by spoilage or inaccurate stock assessments. Automated invoice processing prevents overspending due to data entry errors or discrepancies, while the real-time pricing insights embedded in the count sheets support informed purchasing decisions, avoiding costly overordering and ensuring optimal stock levels.

The benefits of this integrated approach are substantial.

1. Reduced food waste directly impacts profitability and sustainability efforts. Preventing costly overordering optimizes cash flow and storage space.
2. Actionable insights derived from accurate data empower managers to refine purchasing strategies, negotiate better vendor terms, and respond proactively to demand fluctuations.
3. Streamlined inventory processes free up valuable staff time, allowing team members to shift their focus from tedious administrative tasks to enhancing the customer experience, ultimately driving satisfaction and loyalty.

These efficiencies can lead to significant reductions in operating costs, boosting the bottom line and making for a more resilient and profitable business.



Real-World Examples

Now let's take a look at how MarginEdge and smart inventory systems are changing the game for restaurants—making things run smoother while boosting profits. We'll hear from owners who've tackled tough problems and used these tools to improve their operations.

> "Rolling out new stores with MarginEdge has been a lot easier than it used to be with other systems."
>
> *— Ryan Johnston, Director of Accounting and IT for Burger 21*

Burger 21 Case Study:

Facing the difficulties of handling growing invoice data and ensuring uniformity across a growing number of locations, Burger 21 aimed to find a more streamlined and precise approach to invoice data processing. Their previous reliance on manual invoice entry was not only time-consuming but also prone to errors.

By implementing the MarginEdge software Burger 21 significantly improved operations. They were able to establish consistency throughout their franchise locations by tracking inventory at the individual product level, a method that proved to be a major advantage over organizing by vendor or region.

According to Ryan Johnston, Director of Accounting and IT for Burger 21, "Rolling out new stores with MarginEdge has been a lot easier than it used to be with other systems."

By monitoring costs at the product level from the initial stages for new franchise locations, Burger 21 obtained valuable insights into their overall business expenses. Additionally, they achieved a 2% reduction in food costs and realized consistent savings through the use of MarginEdge software for conducting weekly inventories.

Johnston further elaborated on the impact of these regular inventory checks, stating, "Since MarginEdge provides such meaningful data powered by inventories, we started taking them once a week. It is a huge pain, but if you do it, you'll save a lot of money, so we do."

Cranes Case Study:

Chef Pepe Moncayo's restaurant, Cranes in Washington D.C., navigated the pandemic challenges successfully. Despite opening just before the COVID-19 shutdown, Cranes increased daily sales by an amazing 1,000%. Pepe leveraged the closure to implement MarginEdge, providing both his kitchen staff and financial personnel with real-time operational and financial insights. This system allowed for better decision-making, cost optimization, and inventory management.

Pepe says, "For the first time in running a restaurant, I really feel that I know exactly what's going on in all the financial and organizational parts."

Cranes received a Michelin star and continued success, with Pepe prioritizing service and hospitality. He credits MarginEdge and community support for their resilience and growth, finding its financial tracking crucial for understanding and managing his restaurant's performance.

Getting Started with Smart Inventory Tools

Implementing new systems requires careful planning and execution. Selecting the appropriate tools is critical; this involves assessing your current infrastructure, identifying your specific needs (e.g., inventory management, point-of-sale, labor scheduling), researching available solutions, and considering factors like scalability, cost, and user-friendliness. Seamless integration with existing systems is crucial for avoiding data silos and ensuring operational efficiency. This may involve working with vendors to ensure compatibility and potentially developing APIs or utilizing middleware for data exchange.

Staff training is another critical component of successful implementation. Comprehensive training programs should be developed to ensure all employees understand how to use the new tools effectively. This may involve creating training materials, conducting workshops, providing ongoing support, and establishing super-users within the team to assist colleagues.

Anticipating and addressing potential concerns proactively can cut back on employee resistance and ensure a smoother transition.



A robust technical support system is crucial for any smart program. For example, MarginEdge provides comprehensive support services, including unlimited access to support teams, webinars, online resources, and personalized one-on-one training during onboarding, ensuring users have the assistance they need. Common concerns such as the learning curve, potential operational disruptions, data migration challenges, and system costs can be effectively addressed through open communication, clear explanations of the benefits, and a well-defined support plan. Furthermore, establishing contingency plans for unforeseen issues is essential for a successful rollout.

What's Next?

Modern inventory tools, with their current capabilities for automation, real-time tracking, and detailed analytics, already significantly improve restaurant operations. However, these tools are just the beginning. As technology continues to evolve, the future of inventory management is poised for even greater advancements. Looking ahead, the future of inventory management tools in the restaurant industry will be characterized by increasing sophistication and integration. Artificial intelligence (AI) and machine learning (ML) will play a growing role in predicting demand, optimizing inventory levels dynamically, and identifying potential supply chain disruptions.

Deeper integration with suppliers and other technology solutions will create a more connected and efficient ecosystem for restaurant operations. Embracing these advancements will empower restaurants to navigate the complexities of the industry, improve efficiency, and achieve sustainable growth.

Get Started With Smart Inventory Tools

Bar and restaurant owners can boost profits and efficiency with solid inventory control. By keeping close tabs on ingredients and supplies, they cut down on waste, avoid excessive orders and spoilage, and always have what customers want ready. Smart inventory practices, including tech tools and data insights, really help. They paint a clear picture of what's being used, spot ways to save money, and make daily operations smoother.

For restaurants, utilizing modern inventory management tools is incredibly valuable. These systems grant immediate insight into stock levels, streamline the ordering process with automation, deliver informative reports on inventory patterns, and seamlessly connect with other essential restaurant management software like POS systems. Implementing these advanced technologies allows restaurants to make smarter purchasing choices, enhance the accuracy of their predictions, and, in the end, boost their profitability.

As technology advances, so too does the potential for inventory management solutions to revolutionize the restaurant industry. This paves the way for exploring the powerful integration of MarginEdge's restaurant management software and Freepour's innovative beverage control system.

Schedule a personalized demonstration or consult with our sales team to see how MarginEdge's restaurant management software and Freepour beverage control system work together. Discover how this combined solution can streamline your operations, optimize inventory management, reduce costs, and enhance profitability for your bar or restaurant.

Contact us today to take the first steps towards a more efficient and profitable business—with MarginEdge and Freepour.

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