

# controlling labor cost

If there were a magic wand that would take care of kitchen labor cost, we chefs would have been millionaires years ago. As one of the most critical aspects of a chef's performance, the control of this ever-growing necessary evil measures a professional chef's business acumen.

## Kitchen Labor Cost 101

With the minimum wage being raised to a point at which entry-level employees will now make more than twice what I made as a fledgling cook, the kitchen's profitability will more than likely be created—or demolished—according to the chef's ability to manage labor cost.

When chefs meet with their employers, partners, or accountants to discuss the business at hand, labor cost—a chief number in the profits formula—is bound to come up. But there is no definitive number or percentage for labor, despite what we are taught in culinary school, CE seminars, and OJT. Owners, backers, and money people lay down the costs based on their own agendas and profitability forecasts.

How does a chef juggle the ownership's need for profitability with the employees' needs for subsistence? Truth be told, this is a business balancing act that no degree of culinary skill can help with. The modern chef does not just cook well; he or she also has to be a social worker, HR director, disciplinarian, educator, and financial wizard. Here are some labor-cost-management tips for chefs.

**Understand your enterprise's operating philosophy.** Whether you are an owner or a hired gun, you must be in tune with your concept's financial goals. Is your establishment dedicated to maximum profit, to balancing profit with employee welfare, or to sharing of earnings, even allowing employees extra hours on occasion? Each entity is different, and understanding the mission is imperative from the outset.

**Utilize historical data when scheduling, and schedule to forecast expenses.** POS systems are now available that readily store historical data. Patrick Wilson, CEC, PC III, CCA, executive chef, and club manager of the Saint Andrew's Golf Club of New York,

notes, "Operations now have sales forecasts that can be matched to costs, having tracked past periods of operation. We can then project future costs based on historical data and an estimate of anticipated volume and costs." A chef is greatly aided by this data when scheduling, which is *the* frontline forecasting tool.

**Train all your cooks well.** Training bolsters productivity, and expanding food knowledge among the kitchen staff cuts down on such things as food waste (which improves your food cost as well) and increases efficiency of movement. The more work one cook can do, the fewer cooks you need.

**Cross-train your star employees.** Even though you aim to train every cook in the same way, you quickly recognize your key players. If you cross-train your stars, they can work two stations in the off-season or on slow nights, assuring them hours and saving on your labor at the same time.

**Promote from within.** Studies have shown that replacing a trained manager sets back a standard restaurant an average of \$23,000; to replace an hourly employee, the costs can top \$2,000. If you have a sous chef or an hourly cook in your kitchen, you'd better read that last sentence again.

**Consider prefabricated speed-scratch foods as an alternative.** Prefabricated foods may be a bit off-base for many chefs, but they can be a viable solution for reducing the number of man-hours needed to create your finished product. Of course, food quality must meet your standards, and price, which will be higher than normal, must not outweigh your labor savings.

**Provide your cooks with current industry information.** I assign foodservice publications to my cooks and ask them to read industry-specific information at least 15 minutes every day. With this short daily burst, you won't believe how much more relevant and timely knowledge your staff will possess in just two months.

As one can see, while labor cost starts with philosophy and forecasting, it ends with the very practical application of age-old techniques such as training, promotion, and the constant assessment and adjustment of your labor controls. With such controls in place, a kitchen can run as a thrifty machine, perhaps giving you the chance to play with your food again.

► Paul Suplee, CCC, PC II, is a chef, author, and speaker. He currently oversees operations of two major restaurants in Ocean City, Maryland. He is a columnist and the author of *The Heart of a Kitchen: Quips of a Rambling Chef* ([heartofakitchen.com](http://heartofakitchen.com)).