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IN-DEPTH GUIDE

STOCK CONTROL AND MANAGEMENT

How to control and manage your community pub's stock to maximum effectiveness



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This guide has been produced as part of Plunkett Foundation's support for rural communities looking to save or set up a service through community ownership.

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It complements Plunkett's core advisory service; for further help and support on setting up a community business, or if you would like to find out more about the benefits of becoming a Plunkett member, please email **info@plunkett.co.uk** or call us on **01993 810730** or visit our website at **www.plunkett.co.uk**.

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Plunkett would like to thank Power to Change for its support in helping rural communities access the resources and advice to help set up community businesses.

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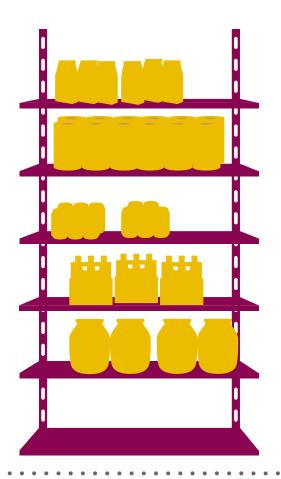
INTRODUCTION

If you are looking to launch a community-owned pub or are already up and running, sensible stock control and management will be key disciplines to master, in order for your business to survive and thrive.

Community pub businesses trade primarily through buying and selling goods, particularly perishable food and drink. This is known as consumable 'food and bar' stock and will usually amount to at least 80% of your stock on the premises. The remaining 20%, which often gets overlooked, will be other consumable stock types, used in the production of food and drink, ranging from napkins to cutlery, glassware and crockery, to toilet rolls. Although hopefully never consumed by the customers, chemicals (cleaning products) are also a considerable part of this 20%.

A community business must be profitable in order to reinvest back into the local community. In its simplest form, the pub business is all about the process of efficiently turning purchased goods (raw material stock) into marketable finished products (sellable stock) and services, at a profit. The control of stock and the science of pricing go hand in hand and both are key to this being done successfully.

This guide will help you to master stock control and will also provide your management team with the tools and processes to enable your pub to operate as smoothly and profitably as possible.



1 FOOD STOCK MANAGEMENT



You have managed to keep open and re-launch a wonderful pub and now it's time to please the community and public with great food. However, by its very nature, food (both raw and finished product) is expensive, perishable, difficult to store, prepare, cook and serve. Of all the areas in your pub business, this is where a balance of skill and processes is needed the most, in order to safely avoid losses and stress (let alone illness!).

Your team (whether employed or volunteer), will need clear roles and responsibilities in order to ensure that food stock is managed efficiently. Most chefs will be great at cooking but may not understand the admin and the skills that are needed to avoid expensive mistakes. Simple procedures and safeguards can be put in place to avoid these mistakes and to make the chefs' job a lot easier.

Your food business has four key stages where stock needs to be managed:

- Ordering
- Receiving deliveries
- Storage
- Preparation and service.

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Ordering

TOOL 1

FOOD ORDERING CHECKLIST

<insert your pub name/logo>

Procedure being followed? (YES/NO)	Procedures	Action / Comment	Person responsible	Date to complete procedure
	An approved supplier list / order form has been created and is in use at all times, with agreed prices for all produce			
	Dish and produce specifications are used in the ordering process and suppliers are aware of all specification details			
	Dish and produce specifications also include suitable substitute items			
	When requested produce is out of stock or not available, suppliers have suitable substitute produce at same or lower prices			
	Alternative value-added, pre-cut and pre-portioned produce is costed and considered			
	Nominated and key supplier lists are benchmarked and put out to tender either seasonally or at least annually			
	When competing suppliers are tendering for produce items, all quotes are received in writing , preferably email			
	Travel, minimum order and delivery charges are considered in the tendering process			

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OOD O	RDERING CHECKLIST CO	NTINUED		
Procedure being followed? (YES/NO)	Procedures	Action / Comment	Person responsible	Date to complete procedure
	Additional factors, not just price, are considered, such as quality of produce, congruency with food concept, consistency, traceability, credit terms, minimum order size, supplier delivery procedures, etc			
	All suppliers are checked for produce quality and references before being approved			
	Par levels [*] are established and adjusted on all key produce items, based on current menu demand and delivery frequency			
	Current stock levels and par levels are always used to determine ordering quantities			
	Bulk ordering and overstocking in return for quantity discounts are avoided, unless part of an agreed strategy			
	Person placing orders does not also have sole involvement in receiving deliveries			
	Chefs and ordering persons do not receive any produce or gifts from suppliers , unless previously agreed with business owner			
	Orders are placed in good time and by email if possible			
	Orders are never made without documentation – price, quantity, signature and substitute or additional notes			
	Additional procedures:			

*Par levels: the minimum level of stock you need to keep to meet demand

Ordering

Danger zone examples:

- Over-ordering
- Ordering from wrong supplier
- X Miscalculating quantities
- Under-ordering
- 😢 Not agreeing produce prices
- 😢 Not providing produce specifications to suppliers
- Over-reliance on fresh (perishable) produce

Solutions:

- Stock par levels
- Checking of stores
- **Fridges**
- Order sheets with supplier contact details
- Menu and recipe specification sheets
- Identifying demand and sales trends
- Communication with front of house
- V Fixing purchase prices, using buying groups
- Supplier produce specs weights, packages, trimming, frozen or fresh
- Could it be frozen instead?

Receiving stock deliveries

TOOL 2

....... FOOD DELIVERY CHECKLIST <insert your pub name/logo> Procedure Procedures **Action / Comment** Person Date to being responsible complete followed? procedure (YES/NO) Delivery driver access route and drop off point is restricted to a pre-agreed delivery area, avoiding trading and storage areas Receiving of deliveries is restricted to specific hours, preferably before service, with as few distractions as possible Delivery door is locked if possible, except during deliveries **Overnight deliveries** are eliminated or minimised to avoid theft by public and absence of receiving procedures. A key or access to the building is never given to overnight delivery drivers Procedures are in place if overnight or out-of-hours delivery is unavoidable, such as a lockable storage container or an empty, hygienic, out building. All deliveries left are accompanied by a driver signed delivery note and checked for discrepancies as early as possible Non kitchen management and/or owner regularly attends deliveries and receives produce, following set procedures

	ELIVERY CHECKLIST CO	NTINUED		
Procedure being followed? (YES/NO)	Procedures	Action / Comment	Person responsible	Date to complete procedure
	Receiving of produce is carried out day-to-day by trained kitchen staff , preferably not the same person who is ordering			
	Staff are made fully aware of all receiving procedures, potential problems and remedies			
	Produce and goods specifications are readily available and used to check goods being received			
	Staff receiving deliveries understand their responsibilities to the business, including accountability of clearly checking and signing delivery notes, no matter how small the delivery			
	Any problems and delivery discrepancies are documented and notified to management daily			
	Receiving area is always kept clean, tidy, checked for any staff personal belongings and containers and has restricted access			
	Produce is inspected for temperature, condition, date and quality			
	Produce is inspected for consistency with agreed specifications			
	Produce is counted and compared to the delivery note and order			
	Produce purchased by weight is weighed on regularly tested and accurate weighing scales			
	Packaging and containers are removed before produce is weighed			
	Delivery vehicle is periodically checked for cleanliness and temperature			

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OOD DELIVERY CHECKLIST CONTINUED					
Procedure being followed? (YES/NO)	Procedures	Action / Comment	Person responsible	Date to complete procedure	
	Delivery boxes and containers are inspected for condition				
	Delivery boxes and containers bearing the address details of another customer are either returned immediately or, if essential, are retained and notified to management				
	Delivery discrepancies and problems are immediately brought to driver's attention				
	Invoiced prices of deliveries are compared to ordered and quoted prices				
	Returns and over/short deliveries are always signed for by driver and if possible a credit note is signed for by the driver before leaving the premises				
	Checked-in produce is date- labelled and put away in designated storage area immediately, following storage procedures checklist				
	All delivery notes are checked and put in appropriate file immediately				
	All delivery notes and invoices are matched and entered into kitchen back-office system daily				
	Additional procedures:				
	·				

Receiving stock deliveries

Danger zone examples:

😢 Unreliable staff receiving deliveries

😢 Deliveries unchecked

- 😢 Deliveries during closed hours
- Deliveries short on stock
- 🔀 Replacement items, not to spec, higher cost, poorer quality
- 🔀 Deliveries left out, perishable
- 😢 Deliveries at wrong temperature, perishable
 - Other stock items in temptation's way for suppliers

Solutions:

- Senior staff only receiving and signing for deliveries
- Oeliveries checked and compared to order sheet
- Deliveries in open hours or prep hours only
- Checking of stores
- Accurate counting and weighing of all deliveries
- Replacement items returned or sanctioned only by Head Chef in advance
- 父 Delivery point agreed with drivers; cold room or chilled area available
- Thermometer-probed deliveries and delivery vehicles
- 父 Separated delivery areas, clean and tidy; deliveries put away asap

Stock storage

TOOL 3

FOOD STORAGE CHECKLIST <insert your pub name/logo> Procedure Procedures **Action / Comment** Person Date to being responsible complete followed? procedure (YES/NO) All food stores are **clean and** organised. Staff cleaning rotas and procedures are followed at all times Any spillage or breakage is cleaned up immediately and documented in Wastage and Allowance Sheet Security is paramount. Access to storage areas is restricted and stores are locked with only managers having access to keys Stores are always locked when not in use, ie being stored after delivery, counted or being issued for food preparation High-value produce is not stored close to storage area doors Stock sheets are arranged in the same order that products are positioned on the shelves in the storage room Produce is stored immediately after deliveries are received and documented Stock is always rotated, with incoming produce and containers placed underneath or behind existing produce in storage area

	Procedures	Action / Comment	Person	Date to
being followed? (YES/NO)			responsible	complete procedure
	All produce and containers are clearly date-labelled , using agreed procedure, as it is stored			
	Storage areas are arranged for easy access and quick and accurate produce identification			
	Fast-moving produce is stored in quick-access locations			
	Storage shelves are clearly labelled to indicate produce locations			
	Covered containers are used for all produce			
	Potentially hazardous raw produce (meats, seafood, poultry, dairy) is stored and refrigerated separately at a constant temperature, or close to the fan and away from constantly opening and closing doors in walk-in cold rooms			
	Hazardous raw produce is never kept above prepared food and is never dripping			
	Refrigerated storage is always kept at 5°C or below			
	Freezer storage is always kept at -18°C or below			
	Vegetables and fruits are not close to fans and cold-air blasts			
	Produce is kept on appropriate shelving and never on the floor			
	Frozen produce is thawed separately and never in the same trays or pots			
	Seafood containers are drained of water and regularly re-iced			

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Procedure being followed? (YES/NO)	Procedures	Action / Comment	Person responsible	Date to complete procedure
	Chemicals and cleaning products are never kept in food-storage areas			
	Staff personal items , clothing and bookwork are never in food-storages			
	Produce is rotated and only used on a first-in, first-out basis			
	Produce is used sparingly , with only enough for immediate preparation and cooking being removed from storage areas			
	Produce for non-food production purposes (ie owners' meals, transfers of fruit for bar) is only removed from storage with management permission, and is documented immediately on Wastage and Allowance Sheet			
	Additional procedures:			

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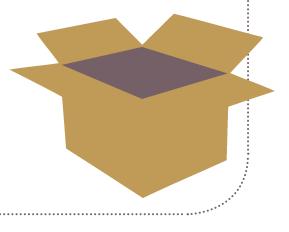
Stock storage

Danger zone examples:

- Stores disorganised and messy
- 😢 Stores unsecure, unlocked open to theft
- 😢 No stock sheets being used or no regular stock counting
- 😢 Stock not put away immediately when delivered
- Stock not being rotated
- Stock and containers not being date-labelled clearly
- 😢 Produce being removed too quickly from storage areas and not being used sparingly
- 😢 Spillages, breakages and out-of-date produce not being documented

Solutions:

- Storage areas must be cleaned and organised, procedures followed daily
- Stock is cash!' Security is paramount; lock and restrict access '
- All stock should be listed. Weekly internal stock counts should be used as a basis for ordering. Arrange listing in same order as on shelves
- All stock (especially perishable and valuable commodities) should be safely and securely stored; perishables need to be refrigerated asap
- Rotate stock religiously, daily, and use 'first in, first out' system
 - Use one-date labelling system as agreed in your Food Safety Management System (FSMS)
- Use produce sparingly, taking from storage only enough ingredients needed for the day's service or immediate preparation and cooking
- Any wastage, spillage or stock thrown away and not sold must be documented on Wastage and Allowance Sheet



Food Wastage & Allowance Sheet

Date (week commencing):



Note: ALL food not sold at full retail price MUST be documented on this sheet

Codes: A=Proprietor, B=Staff, C=Complimentary, D= Other(detail)

	Qty	ltem	Weight	£	Code			
			grit	-	Code	Reason	Employee	Recorded
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ned N	lanager: nager:							
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Food preparation and service

TOOL 4

FOOD PREPARATION & SERVICE CHECKLIST <insert your pub name/logo> Procedure Procedures **Action / Comment** Person Date to being responsible complete followed? procedure (YES/NO) Basic food hygiene is practised by all kitchen staff, allowing efficient and safe production with minimal waste Prep tools and equipment are clean, working and accessible for all duties Measures and portioning tools are used in all preparation areas Management regularly carry out equipment and portion tool audits and check that staff are trained in their use Weighing scales are used and checked regularly for accuracy No eating whatsoever is allowed in prep areas Beverages consumed by kitchen staff team are from kitchen stores, and separate from bar area and bar stores There is no staff feeding on or off premises without management consent Knives and equipment blades are regularly sharpened and maintained **Rubber scrapers** are used to get all the content out of storage and cooking containers

Procedure being followed? (YES/NO)	Procedures	Action / Comment	Person responsible	Date to complete procedure
	Cleaning products and hand sanitising solution are close to hand and used to keep prep surfaces clean and to wash hands			
	All recipes are standardised , costed and documented for all dishes, preferably copied onto recipe cards			
	Recipe cards are either on display on the walls or easily accessible and kept up to date for all dishes			
	Prep cooks are trained to get the maximum yield from products and to minimise waste			
	Prep par quantities are calculated based on current demand			
	Daily and shift prep lists are delegated to staff, given and discussed in detail prior to start of each shift			
	Prep lists are realistic and jobs standardised to allow efficient planning and control			
	All prep cooks are thoroughly trained, multitasking and working to set procedures in an organised manner			
	Batch recipes are taste-tested during prep and before being used			
	Quantities of produce issued into dish production are controlled and based on production par levels			
	Frozen products are properly thawed in advance			
	Refrigerated products do not sit at room temperature any longer than necessary			
	Containers of prepared produce are date-labelled			

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	REPARATION & SERVICE	FOOD PREPARATION & SERVICE CHECKLIST CONTINUED					
Procedure being followed? (YES/NO)	Procedures	Action / Comment	Person responsible	Date to complete procedure			
	Containers of individual portions are date-labelled						
	Staff members are not permitted to eat left-overs or mistakes						
	Kitchen rubbish bin contents are measured and inspected by management and transparent bin liners are used in the kitchen						
	All wasted and extra prepared product is recorded in the Wastage and Allowance Sheet						
	Core dish portions are counted and produce line checks are made, reconciling with recorded orders and actual sales of each dish every day						
	A procedure is in place to ensure that all hot dishes are served hot and returned food is minimised						
	A procedure is in place to ensure that all cold dishes are served cold and returned food is minimised						
	Customer order tickets are treated with urgency and returned or cancelled food is minimised						
	There is a target delivery time on customer-order tickets for each dish						
	Management is made aware of late deliveries on target ticket times and any returns or order cancellations						
	Waiting staff are able to communicate effectively with the kitchen						
	Quantities of key produce lines ordered and used are compared with quantities of key product and dish sales						

Food preparation and service

Danger zone examples:

- 😢 Faulty preparation, cooking and measuring equipment mistakes and poor-quality food
- Lack of staff training in procedures, cooking skills and avoidance of waste
- 🔀 No standardised recipe portioning and measuring inconsistent menu item quality and quantities

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- 😢 Inaccurate or rarely used weighing scales
- 😢 Inaccurate prep lists, badly calculated quantities (under or over prepping)
- 🔀 Refrigerated products sitting at room or 'danger zone' temperature for too long
- 😢 Wastage and over-prepped product not documented
- 🔀 Food returned from customers due to wrong service temperature
- Cancelled or returned food due to slow food service and delivery

Solutions:

- Maintain all kitchen equipment so that it does the required job quickly and efficiently, with minimal wastage
- 🏹 Train all staff to multitask, cook and serve efficiently, avoiding waste and mistakes
- Standardise recipes and methods ('spec sheets'), document and record; display recipe cards and dish photos on walls to ensure correct portion sizes and product consistency for customer and ultimately reduce mistakes and wastage
- Weigh as much as possible; calibrate scales; test portion weights are to spec, regularly during preparation and service
- Ensure 'prep lists' are realistic, clear and discussed clearly with staff every day and to the demands of the business, avoiding over or under prepping
- Restrict amount of product on counter tops during service by reducing menu size and simplifying dishes, improving fridge access or using ice baths – these practices will prevent perishable produce being unsafe or wasted
- Any produce or prepped dishes not being sold at full retail price must be documented on Wastage and Allowance Sheet
- Ensure hot food is served hot and cold is still cold! Accurate front-of-house communication and fast service will reduce items being returned to kitchen or sold at a discount
- Steady flow rates of customer orders to kitchen, communication, training and staffing at realistic levels will ensure food is served and delivered well and promptly. Adopt target ticket times

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2 BAR STOCK MANAGEMENT



We've all heard of stock-control issues in pubs, usually associated with bars. The truth is, every pub and bar business is open to stockmanagement challenges. Problems are more often than not down to human error and a lack of management procedures than more sinister causes. Although bar stock is by its very nature simpler than food stock to control, there are numerous danger zones which need to be addressed – not least because alcohol is involved. As with food though, a balance of skill and processes helps avoid losses, distrust, finger pointing and stress (let alone loss of profits). Often, fewer people are involved in serving drink to the customer than food. However, simple procedures and safeguards can be put in place to avoid costly mistakes.

Your bar business has four stages where stock needs to be managed:

- Ordering bar stock
- Receiving deliveries
- Storage
- Preparing and serving drinks.

Ordering bar stock

Danger zone examples:

Over-ordering

- 😢 Ordering from wrong supplier
- 🔀 Miscalculating quantities
- 🖸 Under-ordering
- 😢 Not agreeing drinks prices

Solutions:

Establish stock par levels – eg study stocktake or sales reports and estimate a maximum of two weeks of stock in hand on as many drinks categories as possible

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- V Draw up fixed-order sheets for each supplier, including agreed prices, size of bottles, etc
- Order correct quantities to agreed par levels, by having well-organised, visible and countable stores
- Avoid under ordering and expensive emergency trips to the supermarket by anticipating busy weekends or bank holidays that will affect your par levels
- Allow time for accurate stock counting and ordering. Always be prepared and never be pressured by telesales teams. Email orders or try to phone through first thing in the morning without distractions
- Drinks prices shouldn't fluctuate as much as food, but ensure you have agreed drinks price lists from all your suppliers.
 Negotiate the best deals you can, fix purchase prices, think of using the purchasing power of buying groups

Receiving deliveries of bar stock

Danger zone examples:

- 😢 Unreliable staff receiving deliveries
- 🔀 Deliveries unchecked
- 😢 Deliveries during peak trading hours
- 😢 Deliveries short on stock
- 😢 Replacement drinks, not to spec, higher cost, poorer quality
- Deliveries left out, unsecured, in sunshine or warm temperatures
- 😢 Other stock items in temptation's way for suppliers

Solutions:

- Only senior staff to receive and sign for deliveries
- V Deliveries checked (including one tick for each item/bottle/keg/case) and compared to order sheet

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- Deliveries away from peak trading times will allow you to receive stock properly, count and check cask ales for Best Before dates, etc
- Uninterrupted checking of deliveries as they are put in cellar is essential and will eliminate short deliveries
- Replacement items returned or sanctioned only by Manager in advance (they are rarely at agreed price)
- Delivery time and point agreed with drivers in advance (straight to cellar for casks and kegs). Allow enough time for stillage and venting and to avoid excessive fobbing and ullage
- Never give cellar keys to suppliers. Keep valuable items such as spirits locked up and out of temptation's way. Check all empties before being collected

Storing bar stock

Danger zone examples:

- 😢 Stores and cellar disorganised and messy
- 😢 Stores unsecure, unlocked open to theft
- 😢 No stock sheets being used or no regular stock counting
- 😢 Stock not put away immediately when delivered
- 🔀 Stock not being rotated
- 😢 Spillages, breakages and out-of-date produce not being documented

Solutions:

- Storage and cellar must be cleaned thoroughly, and organised cellar-management procedures followed daily
- Stock is cash' and drinks are especially tempting. Security is paramount; lock and restrict access to cellar and stores
- All stock should be listed, with regular internal 'line checks' carried out on fast-selling and valuable drinks. Use external stocktakers on a monthly basis and use their stocktake reports and stock sheets to help establish sensible par levels and ordering – arrange listing in same order as on shelves
- All bar stock should be put in cellar, stores and refrigerators asap
- Rotate stock religiously, weekly, and use 'first in, first out' system, especially in bottle fridges and with cask ales
- Any wastage, spillage, dropped bottles, ullage or stock not sold at full price must be documented on Bar Wastage & Allowance Sheet

Preparing and serving drinks

Danger zone examples:

Faulty racking, refrigeration, cooling or dispense equipment, leading to mistakes and poor-quality drinks

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- 😢 Lack of staff training in procedures, pouring skills and avoidance of waste
- 😢 Wrong glassware, measures
- 😢 Inaccurate order-taking for drinks at bar or table
- 😢 Wastage and allowances not documented
- 🔀 Drinks returned from customers due to wrong product, quality or temperature
- 😢 Theft of cash or stock at point of dispense

Solutions:

- Maintain all cellar equipment (yourselves or through supplier cellar services) so that it does the required job cleanly, quickly and efficiently, with minimal beer fobbing and wastage. Clean all beer lines weekly to achieve the perfect pint
- Train all staff to multitask, take drinks orders at tables or bar and serve efficiently, avoiding waste and mistakes
- Avoid branded beer glasses that are 'lined', which can be over-filled. Try to restrict free pouring of spirits and wines. Standardise cocktail recipes and methods ('spec sheets'); train staff on correct glass and measures for each drink to ensure appropriate pour, presentation and product consistency for customer and ultimately reduce mistakes and wastage
- Enter drinks orders onto the till immediately and before pouring, especially for customers who are buying large rounds of drinks. Ensure staff carry an order pad at all times, repeating the order back to the customer at the table. Make sure staff do not keep orders in their heads while they pour or serve another customer
- Any drinks not being sold at full retail price must be documented on Wastage and Allowance Sheet

continued

Ensure all drink is served in a controlled manner, professionally and courteously. Overstretched bar staff will inevitably make mistakes: serve drinks in dirty glasses that aren't accepted by the customer; pour real ales too quickly; drop bottles and glasses; or allow spirits, wines or beers to splash over the sides of the glass. Being busy doesn't always mean being profitable!

Very few pubs and bars are immune to theft or dishonesty. Poor recruitment (how often do you really follow up references for bar staff?), induction, training and monitoring inevitably ends up with a member of staff taking advantage of your trust. CCTV is an accepted deterrent nowadays, but so is asking staff not to carry cash, keep bags and coats in changing areas away from the bar, and for you to check on the amount of errors or voids they enter onto the till in any session. Staff are often tempted to take the cash for tables or groups paying in cash and not enter the order onto the till; or to discount friends and relatives, 'borrow' stock at Christmas or birthday times or even steal notes from the till if not being watched. Restricting till access is the industry norm, as is carrying out till counts twice a day, and getting your staff to sign House Rules or a declaration that bad or dishonest practice amounts to gross misconduct and is a dismissable offence

Bar Wastage & Allowance Sheet



Note: ALL drinks not sold at full retail price MUST be documented on this sheet Codes: A=Proprietor, B=Staff, C=Customer 'Goodwill', D= Ullage E= Service errors F= Goodwill G= Kitchen

Record
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3 OTHER STOCK MANAGEMENT



All stock is money tied up and this includes 'consumables' that are not food and drink, and 'non consumables'. Overstocking and under-stocking are just as bad as each other, so the same processes should apply here as for food and drink items.

Consumables

Consumables (used by the customers) include, among others:

- Napkins
- Toilet rolls
- Table candles
- Table linen
- Comment cards
- Soaps in toilets

Non consumables

These are often referred to as sundries or loose catering:

- Cutlery
- Glassware
- Plates and crockery

4 STOCKTAKING INTERNALLY AND EXTERNALLY

The best way to have real control and testing of your pub's stock management is to have regular stocktakes, ideally by an independent stocktaker (there are hundreds across the country). In addition, you or your management team can carry out regular stock counts and checks on key lines of bar product yourselves. Head Chefs are often expected to carry out their own weekly stocktakes on all food stores when working in managed chain pubs, restaurant groups and hotels.

A stocktake is a regular verification count and valuation of your stockholding, ideally with an opening stock and closing stock for any period of time. Without a stocktake, gross profit calculations are only an assumption, rather than an accurate measurement. You will also need a precise record of all purchases during the period and all sales, preferably itemised from an Electronic Point Of Sale (EPOS) till. The stocktake result should give you a discrepancy figure.

Ultimately, good stocktaking will allow you to monitor and gauge your stock management, increase gross profits, reduce waste and control allowances. You don't need expensive software to control your stock or to help you do stocktakes, although there are plenty of stock-control software solutions on the market. Most pubs (communityowned or not) should have relatively low stock levels. It is important to keep a check on these levels: too much stock in hand will tie-up your money and invite theft and waste.

FACT

Stock is CASH kept in your stores, freezers and cellars – cash that could otherwise be used for paying staff wages or other deserving suppliers.



5 IDENTIFYING AND AVOIDING STOCK LOSSES

Proactive stocktaking and adoption of day-today procedures will identify stock losses and help you to avoid them, thereby alleviating the stress and conflicts caused by such losses (and the consequent decrease in profits). The savings made will enable you to plough additional much-needed funds into your community services.

"It's not enough to know the numbers. You need to know why the numbers are what they are and how to make them better." John Pickup, Neenton Community Society, The Pheasant at Neenton

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Internal in-house line checks and regular stock counting will go a considerable way to identifying, measuring and, it is to be hoped, preventing some stock losses. However, professional stocktakes, especially 'deficiency' stocktakes, will identify any lines of stock where there are deficiencies and irregularities over the whole spectrum – carried out by an external expert and with total impartiality.

Usually a poor stocktake result (one that identifies significant stock losses) will be caused by a combination of numerous circumstances and poor practices, which can be minimised and in the best cases completely avoided by tighter controls and procedures.

Common causes of stock losses or a loss in gross profit

Below are listed just some of the causes of stock or Gross Profit (GP) problems, with either food or drink. Rarely is a sudden drop in GP due to a single cause; a combination of factors is more often to blame.

Stock holding

Before you order more product, is there too much stock on hand and is it as secure as it could be? Food perishes, and drink in temptation's way often disappears. Establish par levels for all stock and alter as seasons and peak trading times change. A kitchen often needs more stock on a Saturday than on a Monday, and a country pub needs more 'wet' stock holding during July than in January. Stores must be clean, organised and listed, with product rotated on a 'first in first out' basis and sensible par levels set, so as to avoid excessive stock being stored. Depending on time of year and frequency of delivery, good practice for most pubs is to limit wet stockholding to the equivalent of two weeks of sales of each line ('days stock in hand') at any one time. Fresh food being more perishable, with most suppliers delivering daily, stocks can be as low as the equivalent of two-to-three days' stock at any one time. Check freezers and cellars for excessive stock. Not having too many 'wet' products or too large a menu really helps. See the Food Storage Checklist above.

Ordering

Are you over-ordering or tempted into overstocking due to volume discounts? Ordering the correct product from agreed suppliers, at preagreed or negotiated prices from regularly updated order sheets and templates, is good practice – as opposed to letting individual staff members order 'off piste' without checking stores first. Poor purchasing practice is usually one of the largest single causes of avoidable wastage and GP loss. **See the Food Ordering Checklist above**.

Invoicing and cost price increases

Have there been any new suppliers replacing the usual? Recent price increases on key products? Budget increases in duty, replacement product swaps or incorrect invoices which haven't been checked? Have you chased up a credit note for a short delivery or has it been forgotten? Prices rarely go down in your favour. Sometimes running a busy pub means that essential admin is put off for another day and important pounds are lost.

Deliveries

Do you have tight procedures for receiving and counting deliveries and are these being carried out on a daily basis? Keep order sheets and reconcile with delivery notes and invoices. Try to receive deliveries away from peak trading times like lunchtimes. Most suppliers will deliver on routes which are most economic and convenient to them but most awkward for you, at times when you can't count and weigh stock, check delivery notes or quality.

See the Food Delivery Checklist above.

Portioning procedures and controls

Are all chefs portioning correctly and following documented recipe portion sizes? How consistent are cuts and weights of meat and fish? Proteins are usually the most expensive elements in a recipe. Are all dishes made to a documented spec and chefs trained to prep and serve consistent portion sizes? Check the amount of food left on customers' plates or see if they are ordering desserts, before you decide on main course portion sizes.

Are all bar staff trained and pouring drinks accurately, to the right measure? How full are the 'drip' trays and are they recorded separately so you know which beers are fobbing more than others and not achieving the required yields? Are spirits being 'free poured' or measured in optics and thimbles?

See the Food Preparation & Service Checklist above.



Waste

Inspect all kitchen rubbish bins inside and outside the kitchen on a regular basis. Not only will you be able to see what's not consumed by customers, you can also discover what your chefs are cutting off and trimming. 'Old school' chefs will use up almost everything and waste very little. However, common poor practice is to waste unnecessarily, store too much to avoid running out of items on vast menus, prepare too much and not document the amount that perishes or goes off.

Mistakes happen and dishes get burnt or made up to the wrong recipes. Even the best chefs rarely disclose all their mistakes, but these must be documented as much as possible on a wastage and allowance sheet, so that you can calculate the amount lost to 'natural' wastage (such as vegetable and meat trimming) and inevitable errors or food that needs to be binned after power cuts to fridges.

Similarly, do you pick up used casks of beer before they leave the cellar, check bins behind the bar for mouldy lemons and limes or dig around the backs of fridges for out-of-date or gone-off tomato juice cartons? Waste must be recorded daily and given to your stocktaker. If it's not documented, then the amount of missing stock or lost sales revenue will be a contentious grey area.

See the Bar Wastage and Allowance Sheet above.

Allowances

Allowances are usually made for 'allowable' items that aren't sold at full retail price. These will include staff food, food and drink that has been discounted (eg either through promotions or as a goodwill gesture to customers who may have had a legitimate complaint); the few cloudy pints in the bottom of each ale cask that can't be sold; cask losses due to venting and tapping ('ullage'); keg and cask products poured through the lines each week when line cleaning, etc. All these will contribute to reducing your sales yield. As with wastage, it's crucial to identify and document allowances on the day they happen, using a Wastage and Allowance Sheet, and to measure exactly rather than make fixed allowances or % guesstimates.

TODAY'S ALES -DUKE OF MA EARL SOHAM BREWERY VICTORIA BITTER--A LIGHT COLOURED MALTY BITTER. WOODFORDE'S BREWERY NORFOLK - DARK ALE MR BEES BREWER SUFFOLK HONEY BEER.

Pricing

Like so much in hospitality, pricing is a blend of art and science. The art is in negotiating purchase pricing with your suppliers and gauging your pricing competitively against the nearby pubs – whilst providing enough value for money to delight, rather than disgruntle, customers (by the way, you're never going to please everyone, especially in a community-owned pub!). The science is in accurate costing, calculation of target and gross profit, and setting realistic selling prices. Pricing should be part of a *value:profit* strategy and it's a crucial responsibility to ensure that profit and social ethos are balanced.

Sales records vs stock records

Do you regularly check recorded sales and the difference between opening and closing stock levels of your key product lines to see if they match 100%? If you've sold five steaks but ten are missing, or recorded sales of three boxes of a favourite bottled beer, but four are missing, then you have a problem. Unrecorded sales can often be put down to staff or technical error, but they could have been deliberately missed off the till or voided, which ultimately could be theft.

Sales mix

Has there been a recent shift in the sales mix, ie are your less profitable drinks or menu items selling more than in previous months? This can have an unexpected and huge impact. Some GPs on menu items or drinks can be miscalculated. Even if they previously had low impact on margins achieved, this can cause chaos as soon as seasons change and cost prices increase (due, for instance, to produce unavailability in harsh weather conditions). Changing emphasis on parts of a menu or food types can have a dramatic effect on profitability.

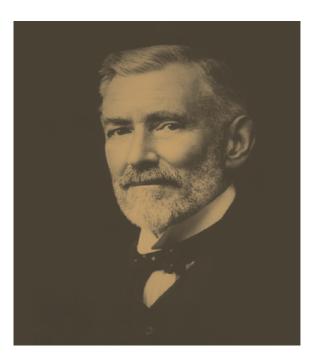
Theft

Last but not least, most pubs are prone to theft at some stage and from many different directions. Theft can come from suppliers (short deliveries and dishonest drivers), customers (taking advantage of staff and insecure stores) and of course staff members. With a lack of deterrent policies and procedures in place, staff can take advantage. Often this starts with nibbling on food in the kitchen or taking the odd soft drink or coffee without permission whilst working on the bar. Ultimately, it can lead to stealing valuable stock (such as bottles of spirits for family and friends at Christmas time) or taking money from the till or tips to supplement their weekly income.

In summary

Over time you will be able to check monthly performance with internal checks and balances, as well as the external help of a professional stocktaker. Always compare the results of real wastage and allowances against forecasted wastage and allowances and keep asking yourself whether or not your pub business can achieve consistent or improved gross profit.





About Plunkett Foundation

Established in 1919, Plunkett Foundation helps communities to take control of their challenges and overcome them through co-operation and collaboration. We support people, predominantly in rural areas, to set up and run community businesses: enterprises that are owned and run democratically by large numbers of people in their community. They help people to tackle a range of issues such as isolation, loneliness and poverty, and come in many forms including shops, cafés, pubs and land-based initiatives, and anything in between.

If you share our values, ask us about becoming a member

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business in community hands