# Business Growth Hub

# Hospitality sector

## Top 5 tips to reduce costs, improve efficiency and increase revenues

Factsheet

How can you improve the profitability of your business? Here are some top tips on ways in which you can reduce your costs, improve your efficiency, and increase your revenues. Some of the suggestions are quick and easy to implement and some are more costly and time-consuming. If these suggestions have inspired you to make some changes, please contact us to see where we may be able to support you at **bgh@growthco.uk**

## Reduce costs

### 1. Reduce your waste

Use prep lists and specifications to ensure consistency and prevent over portioning. Keeping a wastage record will provide accurate information to work with. To ensure freshness of goods, use the principal of first in- first out. To avoid using newer stock first and therefore reducing food going off ensure your store or fridge is well organised.

### 2. Review your procurement practices

List the top 20 items you buy in: whether that's disposables, cleaning products or food & beverage.

Negotiate with your current suppliers and look for alternative suppliers, without compromising on quality, service and delivery.

Even saving 1 or 2p on your packaging could mount up to thousands of pounds in savings over a year.

### 3. Check your inventory

Set par levels for your stock. This will make it easier for your teams to order stock, as they'll have a guide. Just set a minimum and maximum level for the products you buy. For example, if you usually use a case of mixed peppers each day, the minimum par level would be 1 case and maximum would be 3 cases, as you know they'll only stay fresh for that long if you don't use them. This will also help by not tying money up in stock that is not yet needed.

### 4. Perform preventative maintenance

Ensure that critical equipment is well maintained to avoid costly repair bills and service outages which may lead to customer dissatisfaction.

### 5. Reduce your energy bills

Consider your energy sources including electricity, steam, and fuel. Check your facilities and equipment such as boards, transformers, generators, motors, compressors, and pipelines and repair every leakage and source of energy loss.

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## Improve efficiency

### 1. Invest in your staff

Conduct regular training in subjects ranging from leadership and accounting to basic computing and IT literacy.

Keep staff motivated with a well-designed induction programme, regular training, good communication and incentives.

Well trained and experienced staff will work efficiently and competently.

### 2. Start measuring

Decide on some key measures within your business, set targets for them and record your performance against these. Investigate root causes of poor performance and take action to prevent them from recurring.

### 3. Make your data work for you

As well as knowing your sales numbers it's important to drill down into all of your figures.

You can use real data to drive your business decisions to help you reduce costs, keep your customers happy and increase your revenue.

### 4. Digitise

Consider using digital inventory software and performing regular stock takes. This will provide a snapshot of gross profit on a weekly or monthly basis allowing you to control your business and react much quicker to any issues around profitability. A Property Management System software can automate and accelerate important processes from taking bookings and communicating with guests, to managing specific reservation requests, etc.

Using a staff management programme can also help you manage rosters and communicate with your team in an efficient manner.

### 5. Remove unnecessary steps from your processes

If there are tasks which are taking up a lot of time, assess whether there is a better way to do them or if they can be automated (or even eliminated).

Involve your staff and encourage them to continuously look for ways to improve existing processes.

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## Increase revenues

### 1. Know your margins

A simple costing and product specification can ensure you're not wasting time and energy on things that don't make you a lot of profit. A good benchmark in hospitality is to aim for all products to make around 70% margin. This isn't to say you can't sell things at a lower margin, but there should be a balance across items.

Promote your higher margin dishes through social media or instore.

### 2. Upsell and cross sell

Encourage customers to buy a premium product (upsell) or buy an additional complementary product (cross sell).

### 3. Build customer loyalty

Encourage and build repeat customers. You can incentivise repeat business by offering discounts and offers and keeping in contact e.g. through social media and newsletters.

### 4. Ask for feedback

Collect feedback from your guests to help maintain a positive relationship and resolve any problems in a timely manner.

### 5. Benchmark against your competitors

Check what your competition is doing and offer something with added value!

Business Growth Hub

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