



Taking The *Xpress Way* To Inventory Cost Control

Looking At The Big Picture – Actual Costs

For many, inventory is just another task on their To Do list – something to “check off” at the earliest opportunity. This can be due to a lack of recognition and appreciation for three important facts:

- 1) Labor and Inventory are the “Big Two” when it comes controllable costs. Of the two, Inventory often provides the greatest opportunity to quickly impact profitability.
- 2) Most operations already have better control over their Labor costs than they do their Inventory costs because operations typically have far more inventory items and recipes than they do employees to manage.
- 3) With the right tool kit and game plan most operations have room to lower their on hand levels by 25%+ and realize a 1%+ decline in inventory costs within just 90 days – and that’s serious money!

Because they lack the right tool kit, some managers naturally focus their efforts more on labor controls and less on inventory – avoiding the area where they could most easily, most substantially and most immediately impact their store’s profits.



Increase Sales

There are only two ways to increase profits – raise sales or lower costs. If a store is netting a 10% profit margin and wants to increase profits by 1% of sales next year, they will need to increase overall sales by up to 10%. Or they can cut inventory costs by just 1%. Both can increase profits but one is working harder and the other is working smarter. Imagine the returns from working both harder and smarter!



Cut Costs

Controlling and lowering inventory costs and on hand levels represents the best defense against rising wholesale inventory prices. The last thing you want to do in a highly competitive market is pass along price increases if they can be avoided. Cutting on hand levels and reducing inventory shrinkage can give your store the margin you need to not get stuck between a rock and hard place.

That’s exactly what “The Xpress Way To Inventory Control” is designed to do!

Your License To Drive The *Xpress Way* – Rules of the Road

‘Inventory for Accounting’ Versus ‘Inventory for Control’: Managers sometimes don’t see the difference between two very different forms of inventory reporting. There are two main distinctions between ‘Inventory for Accounting’ and ‘Inventory for Control’.

Count Frequency: The first major difference is count frequency. A store that conducts monthly ending counts is only generating enough information to complete a standard P&L accounting report. By the time they know what their costs were, it’s too late to take action. Stores interested in applying inventory reporting for cost control will necessarily count more frequently, typically weekly. This way the store gets feedback multiple times within the month – in time to make adjustments that can impact the month-to-date P&L. It’s a simple fact: the most profitably run F&B operations conduct weekly inventory reporting.

Line Item Reporting: The second major difference is to track costs at the item level and not just the category level. This requires recording every item purchased on every invoice and not just grouping purchases by category (Food, Liquor, Beer, Wine, etc.). A category cost of sales report is like taking your temperature with a thermometer – it will tell you if you’re running a little high but it won’t be able to tell you why.

Will taking inventory more frequently and tracking invoices to the item level take more time? Sure. But it’s about **Return on Investment**. That’s where the **Xpress Way** comes into play. With a faster, easier and more accurate approach to conducting weekly inventory reporting, your store can move from taking inventory for accounting to using inventory reporting to implement smarter cost controls targeting specific problem items that are impacting your profitability!

Xpress Way users count inventory on their smart phones cutting count time in half and electronically import their big truck deliveries speeding invoice entry time!

Avoid The End Zone Mentality: When it comes to inventory, managers have been taught to record their purchases, enter their counts, and then look at their cost percentage. If the cost percentage is within goal levels – ballgame! Hit the showers. You’re done with inventory until next cycle, right? But what if the end result looks good because of a count error? Maybe you over counted an item or forgot to include an invoice making your results look better than they really were. You’d be setting your store up for a ‘wash back’ next reporting cycle. We call this the Inventory Cost Roller Coaster and as long as you are riding this up one week and down the next you can never rely on or use your inventory reporting – not for inventory control and certainly not for ordering. Human error during the inventory process is inevitable. The bottom line is that you have to take the time required to trouble shoot your purchases and counts to find and fix mistakes. If you don’t, for all your time and efforts you’ll end up with “GIGO”: Garbage In = Garbage Out.

The Xpress Way makes it fast and easy to find and fix every possible purchase and/or count entry error within minutes of the ending count.

Think Daily Versus Monthly Or Weekly: Even with operations that conduct weekly full inventories, managers will often only pay close attention to the month ending numbers. To them the weekly ups and downs are less important than the final month end measurements. But by then it’s too late to impact costs. If your store suffers from the End Zone Mentality, your primary goal is to get to a number that is “acceptable” or “reportable”. Most stores won’t think about inventory again until the next time they have to report costs. This is Inventory Accounting, not Inventory Control. Inventory Control is about making the effort required to get the most accurate and reliable information so that you can use that knowledge as a road map to help you drive down costs and ending levels. The **Xpress Way** is about focusing on inventory cost control every day of the week by pinpointing specific items and areas that are pushing your costs higher.



With the Xpress Way, reporting on your inventory costs is not the end of the process, but the means to an end – lower costs and ending levels!

Less Is More: When it comes to on hand inventory levels Less = More. Less stock means faster count times as there is less to count. It also means more accurate counts as there is less to miscount! The cost control battle can be won or lost during the stock ordering process. Shrinkage (theft & waste) is an opportunistic infection. When and where you overstock, you can be certain your store will over use. From over prepping and spoilage to carelessness and the potential for theft, over stocking is not just a symptom of cost control problems, it a primary cause of high inventory costs. Keep your cash in the bank and not on your storage shelves!

The Xpress Way's 'Quick Order' and 'Excess Ending' reports make shaving on hand levels by 25%+ within 60 days a realistic goal.

Look Forward: Driving Profitability Versus Reporting On It: Operations drives profits. Accounting reports on profitability while Operations is driving the car. Accounting sits in back taking notes on how well you've been driving. But Operations cannot afford to be caught driving while looking for too long into the rear view mirror. Your job is to focus more on what is in front of you than what is behind you. Take Labor costs. Most operations know each morning what their labor cost was yesterday and period-to-date. With this daily feedback management can make adjustments to the remaining schedule to assure goal levels are achieved. ***That's an example of using daily feedback to impact future costs.*** With the ***Xpress Way*** your goal is to generate accurate and reliable reporting that will pinpoint specific items and areas for you to take daily action on during the upcoming inventory cycle.

The Xpress Way shows you how to track high cost/high loss items on a daily basis and how to target and reduce over stocked items without creating shortages!

Why The Xpress Way Works

The ***Xpress Way*** works where most others fail because of our unique and highly effective training program and support resources. These training tools have evolved over more than two decades of working with Food & Beverage managers from all types of operations all across the world. We use a time proven combination of one-on-one training, online training videos, FAQs (Frequently Asked Questions), and detailed documentation resources.

No two operations are exactly same. No two managers learn at the same pace. No two people learn best in the exact same way. A one-size-fits-all approach simply won't work. Neither will a cram course training marathon. Sadly, all too many helpdesks secretly ascribe to the "RTFM" philosophy when it comes to customer service ("Read The Freaking Manual!"). The rest charge an arm and a leg for each and every request for assistance. This is a symptom of an overly complex program or weak support resources and that's definitely not the ***Xpress Way!***

The Xpress Way understands the time constraints and varying skill sets of F&B managers and offers a customizable package of training and support to meet each stores' needs.

The Xpress Way Bottom Line

Start with the basics (***Xpress Basic***) and build your way to higher levels of reporting as your skills improve. Next your store can master the process of accurately entering line item invoices and conducting more frequent ending counts as well as Trouble Shooting your work to instantly flag and fix any and all remaining human error (***Inventory Xpress***). At this stage you will have the reporting in hand to target specific problem items and areas where you are overstocked and where you can improve costs. Once you have mastered ***Inventory Xpress***, you can build to even higher levels of reporting and control like tracking key item variances on a daily basis (***Xpress Daily***) or even build a full ideal cost recipe database (***Xpress Menu***). The key is start with a solid foundation and, like a pyramid, add each level of higher reporting and control on top of your mastery of the previous level.



The Xpress Way builds progressively on a solid foundation one step at a time to the ultimate in inventory cost control – item variance and ideal cost reporting!