

## Inventory Control

### Outline:

#### I. Introduction

- a. Welcome, and introduce the topic.
- b. Discussion about proper inventory control.

#### II. Methods

##### a. FIFO – first in first out

1. First in first out refers to using products that were received earlier first before using the ones that were received at a later date.
2. First in first out ensures that the products obtained earlier, and therefore have an earlier expiration date, are used first.
3. Rearrangement of the products on the shelves is important to maintain this.
4. Example: canned food shelf – tilted shelves for easy slide front and stock from back

##### b. Labels for Expirations

1. Keeping track of open dates/expiration dates ensures inventory is used in a timely manner
2. Keep in mind the shelf life of a product after it has been opened
3. Example: a can of tomato soup after it has been opened today would be labeled for 4-5 days later as its expiration date, so it would be labeled Nov. 22, 4 days from now
4. A labeling gun is a convenient tool and can label both the open date and suggested expiration date
5. Example: pictures on board

##### c. Purchasing

###### 1. Par Stock Method

- a. Par level = average amount used per [period of time to redeliver] + some extra (in case some weeks use more than average)
- b. Keeps enough stock on hand until next order is delivered  
VARYING reorder amount but REGULAR delivery interval

###### 2. Minimum/Maximum Method

- a. Reorder when stock reaches the minimum amount
- b. Should be used with inventory that can be reordered and received quickly
- c. May be used for products that aren't used up as regularly
- d. VARYING delivery intervals but REGULAR reorder amount

d. Alphabetical Order (ABC system)

1. A - outstandingly important
2. B - of average importance
3. C - relatively unimportant as a basis for a control scheme.

e. Logs (Perpetual and Periodic inventory)

1. Perpetual inventory describes systems of inventory where information on inventory quantity and availability is updated on a continuous basis, usually via a computerized system.
2. Periodic inventory is a system of inventory in which updates are made on a periodic basis.

III. Why is inventory control important ?

- a. Inventory helps us know what's on hand.
  - b. It can help reduce food waste
  - c. It can prevent the hidden cost of food such as waste, spoilage, overstocking and theft, all of which can cause the restaurant or company more money
  - d. Inventory helps maximize the money spent on food products
  - e. When know what's on hand, it becomes easier to management waste and money spent
- 1) Inventory help identify and correct problems when they arise
    - a. Making inventory checks a routine can help the company stay organized and prepared for when problems arises; quick action can be taken
    - b. Organizing the inventory sheets to align with the location of the products can make tracking items easier; the person taking inventory doesn't have to run back and forth between locations to find items
  - 2) Monitoring inventory can help optimize cross utilization
    - a. Cross utilization is beneficial in food service because if multiple dishes uses the same ingredients, fewer items will need to be in stock.
    - b. Cross utilization reduces the amount of space taken up in storage
    - c. If there is too much stock of one ingredient, that ingredient can be integrated into other dishes to prevent from wasting it
  - 3) Inventory control helps with menu planning and recipe development
    - a. Understanding what ingredients will be needed to develop a recipe allows and what is going to be put onto a menu will help decide what will need to be in inventory
    - b. Using the minimum amount of products while maximizing products produced is key. I

IV. Example

- a. Subway labeling example

### **References and their summary**

*Foundations of Restaurant Management and Culinary Arts, Level 2.* National Restaurant Association, 2011. Pearson Education. <[http://www.pearsonhighered.com/assets/hip/us/hip\\_us\\_pearsonhighered/samplechapter/0132175274.pdf](http://www.pearsonhighered.com/assets/hip/us/hip_us_pearsonhighered/samplechapter/0132175274.pdf)>.

Information was taken from page 122-123 of the text. This section of text goes over the concept behind the par level method of inventory control. It also provides an example and guides on how to set the par level according to each particular institution.

*Puckett, Ruby. Issuing & Inventory Control: Developing an Effective System.* June 2007. Association of Nutrition and Foodservice Professionals. <[http://www.anfonline.org/Publications/articles/2007\\_06\\_System.pdf](http://www.anfonline.org/Publications/articles/2007_06_System.pdf)>.

The article comes from page 28 of the text and discusses the different methods of ways to control the amount of stock on hand, such as minimum/maximum and par stock level. This particular text was used specifically to describe the minimum/maximum system of inventory control.

*Dhoka, Dinesh. "ABC Classification for Inventory Optimization."* IOSR Journal of Business and Management 15.1 (2013): 38-41. Web. Nov.-Dec. 2013.

In this journal Dhoka talks about how the inventory classification and why is very important to manage inventory efficiently. One of the most popular concepts mentioned is how methods of inventory can ensure that efficiency and can be maximized with least effort. In this paper the focus is to check if some assumptions for ABC Analysis are taken for granted. It is also a method that deals with classification which deals it inventory optimization and inventory forecasting, and products need to be classified appropriately.

### **7 Tips to Improve your Restaurant's Inventory and Reduce Food Waste**

This article explains the importance of inventory in a food service facility and how to best optimize inventory methods. Methods include: assigning an inventory team, training employees well on the basics of inventory control, making inventory check- ups a routine, keeping track of what is on the menu and investing in management software.

<http://www.gfs.com/en/food-service-distribution/blog/business-solutions/7-tips-to-improve-your-restaurant's-inventory-and-reduce-food-waste>

### **Inventory Management and Tracking (Ch. 2)**

Chapter 2 of this manual explains the importance of customer service and its relationship to inventory control. Inventory is important for controlling stock and being able to deliver food products that are fresh to satisfy the customer's needs.

<http://www.gfs.com/en/food-service-distribution/blog/business-solutions/7-tips-to-improve-your-restaurant's-inventory-and-reduce-food-waste>