HOW TO ANALYZE AND CONTROL FOOD VARIANCE

Last Modified on: 2/27/22

Part of **“CONTROLLING FOOD COST”** Procedure

This document shows the steps necessary to analyze variances, find the biggest offenders, and correct those offenders through systematically weighing and tracking those items.

* **Step 1**: IF inventory was completed 100% accurately, and all food orders/transfers have been checked for accuracy, then continue. If not go back to those documents first.
* **Step 2**: Log into the Cloud
* **Step 3**: Open up “Reporting”
* **Step 4**: Click “Inventory” then select the “Usage” report
* **Step 5**: Select last week’s dates Monday-Sunday in the criteria
* **Step 6**: Download the file to a pdf, then print the document
* **Step 7**: Highlight all items in the “Variance” column with a variance greater than 10%.
  + To calculate 10% look at the “ideal” column and move the decimal place one spot to the left to get 10% of the ideal usage. If the variance is greater than that number highlight that line item.
    - Ex: If the store ideally should have used 472.098 lbs of Mozzarella cheese 10% would be 47.2098 lbs. If the variance column is higher than 47.2098 then the mozzarella line would be highlighted.
* **Step 8:** Once every line item greater than 10% in variance is highlighted pick the 10 most expensive items from the highlighted group.
* **Step 9:** List the top 10 items and calculate the dollar amount in overuse per line item.
  + To calculate the dollar amount of overuse, take the number in the “Cost” column divided by the “Used” column to get the cost/unit. Then multiply by the “Variance” column to get the dollar amount of overuse for that line item.
    - Ex: If the store actually used 80.000 lbs of wings and the ideal usage is 27.000 lbs this leaves a variance of 53.000 lbs of wings which is greater than 10% (10% of 27.000 lbs is 2.7 lbs). $240.40 (Cost column) divided by 80.000 lbs, then multiplied by 53.0 lbs (the variance column) equals a cost of $159.27 in overuse.
* **Step 10:** Communicate the top 10 overused items and their costs to the team and post in the store.
* **Step 11:** Of the top 10 items pick 3 to be weighed out for the week.
* **Step 12:** Team Members weigh every pizza that is ordered with 1 or more of the 3 items.
  + Do this for every single item with that topping for the entire week.
* **Step 13:** Pick one of those 3 items and do an “item” variance check throughout each day along with Mozzarella checks.
  + Enter these into the DMR each shift.