

Look Before You Leap



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Revised July 2009

I'm sure we all heard as children the cautionary phrase, "Look before you leap." We usually heard this after we had just done something that got us in a mess. And usually after a moment of reflection, we would realize that our mess was totally avoidable had we done a little thinking and planning ahead of time. It is human nature to simply act and react without being pragmatic in our approach to a situation.

In the foodservice business, it is particularly easy to go through the motions of operating a foodservice facility without stopping to occasionally take stock of the process. However, there are several occasions when the situation hands you an opportunity to reflect and evaluate your equipment purchase. Some of these situations, for example, are building a new restaurant, the addition of a new menu item, complete kitchen remodel, replacement of an unreliable piece of cooking equipment, a need to improve productivity and performance, and replacement of a broken piece of equipment.

Anytime one of these situations presents itself, it is time to look at all of your evaluative considerations. When you are in the "heat of battle" it is hard to take the time to examine all of your many purchasing decision options, especially if you don't have a guide to help you develop the kind of questions that need to be answered before you make your purchase. Waiting for a piece of equipment to "go belly up" is not a good time to do all of your research. It is best to do your research, and determine if there is a better way to cook your food products, while everything is operating properly. Old equipment may be costing you sales and should be replaced long before it dies on the job. A one-, three-, and five-year plan should be developed that would initiate a planned replacement game plan. I hope that some of the following considerations will help you look into all of the issues involved in your next equipment purchase before you leap into a decision.

The following is a list of considerations and questions that will help guide you through the evaluation process so you can make the most optimal equipment decision for your business:



How will the piece of equipment cook my food?

- **Quality** - Will the quality of my product be the same or better than expected? This includes flavor profile, texture, moisture, color, and other aesthetic considerations. Food quality is king, and the only way to make this determination is to take a test drive on demo equipment with your food product. Manufacturer's representatives are happy to arrange a demo for you.
- **Yield** - Will the yield be the same or more? Look at the newer cooking technologies that allow for faster, more thorough cooking with less shrinkage, therefore increasing the yield and reducing your food cost.
- **Consistency** - Will the consistency of my food be the same at the end of a rush as it was at the beginning? In many cases the newer technologies have better recovery than the older unit(s) you are replacing. It is always a good idea to test drive several pieces of equipment to put them through their paces, thus ensuring your selected equipment item will produce the consistent quality you are looking for from the beginning to the end of a rush.
- **Productivity** - Will the new equipment item(s) produce more food per hour than the old one did? The speed of throughput is one of the most important things to consider. It is the determinate that most affects table turn and drive-thru times. It is noteworthy that there are major differences between electric and gas appliances. So, just because you are replacing a gas appliance (other than charbroilers and ranges) doesn't necessarily mean that you would replace it with same. We recently helped a drive-in hamburger operator reduce his drive-thru time from 2:37 to 2:09 by influencing him to buy equipment with greater throughput capacity.



What is the real cost of the new equipment item?

- **Purchase Price** - What is the real purchase price? The lowest price may be, in fact, the highest price. The real price includes a whole host of other variables such as the labor component, energy cost, uptime or reliability, and productivity. The correct balance between purchase price and performance should be weighed before a real decision can be made.

- **Installation Cost** - What is the installation price? Installation price includes removal of the old equipment, the delivery, uncrating and setting in place of the new piece, and the electric, gas, ventilation, or other mechanical requirements needed to make the new piece operational within code standards.

- **Maintenance Costs** - What will be the cost of preventative and routine maintenance for this new equipment item? Operators tell us that the hidden cost of maintenance is sometimes greater than the purchase price of the item. For example, one chain spends more than \$500 per thermostat per year maintaining and replacing broken griddles in their chain. These costs do not include the cost of downtime, which affects sales.

- **Other Hidden Costs** - What is the cost of lost or slow sales? Another hidden cost is the cost of lost sales from slow performance. For example, if the piece of equipment happened to be \$1,000 cheaper but had lower productivity, it may in fact cost the operator more than \$100,000. Recent Quick Service Restaurant studies indicate that a reduction of 10 seconds in drive-thru time can add \$100,000 to the bottom line.



How will the new equipment item increase sales?

- **Throughput/Productivity** - Will the new equipment item produce more product during peak hours? It is advisable to ask your dealer or manufacturer's rep to help you determine the maximum productivity of the equipment item you are considering. They can arrange for you to test drive both electric and gas items, so that you can compare and contrast performance. A perfect example of this is an operator who was considering the purchase of a 3-foot griddle for a hamburger operation. They were convinced that it was the best one because they had seen it at a competitor's operation. They certainly should know better, right? Wrong. After some consultative investigation they discovered that the griddle they believed was the best, and they were prepared to buy, only produced 184 quarter-pound frozen hamburgers an hour. Whereas, a competing model with different fuel would produce 228 hamburgers an hour. This was a whopping difference of 43.6 more hamburgers per hour at \$4.75 per hamburger, and two rush hours per day = \$150,354 additional sales per year. Needless to say, they purchased the higher-production griddle.



What is the impact of the piece of equipment on labor?

- **Ease of Operation** - Is it user friendly? You will want to know that the proposed equipment item will be easy to use, easy to clean, and will be embraced by your staff.

- **Training** - Are there any special training issues? It is a good idea to include one of your cooks who actually operate your equipment in the discovery process. They will learn how to operate the item. Then they will teach the staff.

- **Safety** - Will this equipment item be less likely to burn or

injure my staff? All cooking equipment needs to be treated with respect. Nothing is 100 percent safe, however, some items are safer than others. Some manufacturers add additional insulation between the heated surfaces and the operator. In most cases this added insulation bonus comes at no additional cost.

- **Health** - Will the new equipment item reduce emissions or other harmful by-products of the cooking process? One of the most distressing by-products of the cooking process is the excess heat added by the cooking equipment to the kitchen. Even air-conditioned kitchens can be as hot as 90 degrees with high humidity, which saps the energy out of your production staff. Care needs to be taken to select equipment that minimizes kitchen heat.



What is the Impact on Maintenance and Upkeep?

- **Uptime/Reliability** - As addressed earlier, is the piece of equipment I am replacing constantly needing repair or maintenance? The cost of downtime simply eats the bottom line out of profitability. When a piece of equipment breaks down at the height of a rush hour, it cripples the process. Service staff cannot adjust for excessively long service times when their orders are not coming up in the window. I have been in operations when this has happened and have observed the chaos that ensues. Wait times increase, table turns increase, wait staff tips decrease, customer satisfaction goes in the tank, and most importantly, the restaurant's sales and profitability suffer.

- **Lifeservice** - How many years can I expect the item to last before it needs to be replaced? Cooking equipment today is under greater load than ever, because restaurants are staying open 24 hours per day. It is almost impossible to predict how long a piece of equipment will last. An oven in a church may still be functionally operable at 25, whereas a 10-year-old oven in a fast food restaurant may be on its last legs. Rebuilding equipment can lengthen its life, but it is not really economical. Labor cost to change out a cracked fry pot can be around \$2,500, almost as much as buying a new fryer. The solution to avoiding spending good money after bad money is to specify and buy a fryer that won't need a new fry pot.



What is the impact on other systems?

- **Air-Conditioning** - Will this proposed item add heat and humidity to the kitchen work environment? Kitchens are hot enough already, and if they can be made to be more comfortable, worker productivity will increase, and employees will be less stressed. For each additional 12,000 btu of waste heat per hour you put into your kitchen with cooking equipment, it can cost you more than 11¢ per hour in electricity to offset that heat with air-conditioning. This may not seem like a great loss, but it can add up to thousands of dollars per year. There are cooking equipment items that are more efficient and produce dramatically less waste heat.

• **Environmental** – What is the impact of my proposed purchase on the environment? A thorough examination of the impact of the new piece of equipment on air emissions, ventilation, water, and sewage issues are of high concern. Restaurant patrons are beginning to expect the businesses they frequent to be good stewards of the environment. In addition to doing something good for the environment, there are savings for the operator. For example, there are many new boilerless steamers that consume less than three gallons of water per 3-hour shift compared to 180-plus gallons consumed by water-hungry boiled units. This can amount to a water and sewer bill difference of more than \$900 per year. It is also an un-necessary load on local water supply in draught years.



What are the operating costs?

• **Labor Costs** – How will my proposed equipment item reduce or hold my labor costs in check? The new piece of equipment should be as easy, or easier, to operate than the older one. In practice, we consult with our customers to achieve operational efficiency for their businesses, and it is one of our goals to help them improve their processes and help them reduce unnecessary labor requirements. One of our favorite manufacturer's reps allies always tells his demo participants that the most expensive equipment in the kitchen is a set of tongs, spatula, or long-handled spoons, because they require a human on the other end to operate. More automated functionality requires less labor.

• **Fuel Costs** – What effect will my equipment purchase have on my utility bills? This is a question around which many operators base their entire decision. As discussed throughout this article, there are many more important considerations. In a recent survey conducted by the National Restaurant Association, they determined that labor and food costs in a typical foodservice operation are 31 percent and 32 percent respectively. The energy

component was only 2.7 percent of revenue, with about a third of that attributable to the cooking process, or approximately 8/10ths of a cent per dollar of revenue. As you can see, energy is important, but it is one of the smallest budget items of concern.

To some of you, this may be the beginning of a journey into specifying cooking equipment. To others, it may be a refresher. But in either case, it is not complete until it is put into practice. I hope that this checklist will help you think through many of the issues that surround your future equipment purchases. In short, the perfect piece of equipment to specify is one that:

- Produces the best flavor profile
- Has the highest productivity and throughput capacity
- Is easy to use, safer to operate, and easiest to clean
- Is the most efficient
- Is the most reliable ensuring up-time
- Has a long service-free life
- Doesn't add heat to the kitchen, and is easy on air-conditioning costs
- Has the lowest emissions, uses the least amount of water, and is good to the environment
- Has the lowest cost of operations

By asking all of the right questions, gathering all of the information, and evaluating all of your results, you will make the best decision that will improve your business. There are several excellent resources you may want to visit that will give you additional insight into your search for answers:

www.foodservicecouncil.com and www.fishnick.com.

I'm sure you will be able to develop a list of your own questions to ask vendors in doing your homework. So, I want to encourage you to "look before you leap."