

BLACK INK

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Excellence can cut costs

By Miranda Reiman

Working as a waitress throughout high school, I hated the sight of an empty table. It meant one less chance to make a tip.

In fact, if it were a slow day at Perkins, and there were too many tables without customers, they'd just start letting servers go home early.

When saving for a car that will get you to college, you don't want your section to be the one they close.

Until a few months ago, I had never thought about that from a restaurant-wide, economics standpoint.

Then I heard the owner of one of the largest steakhouses in Texas talk about the cost of an empty table. Just a single, two-person table, sitting empty every night could reduce his sales by almost \$100,000 annually.

The strategy to keep that from happening hinges on everything from customer service to food quality to what's on the menu, but it's all based on the idea of getting repeat customers.

Decisions on cutting costs are never taken lightly, because on the other end of that choice is a consequence.

"I will refuse to make a decision on a contract, sitting in my office, looking at a spreadsheet," the restaurateur said. "I make that decision, instead, walking down to the dining room and looking at my customers and talking to them, because if the customer doesn't benefit from my decision, I will not benefit from my decision."

He acknowledged food cost is a big deal, a large portion of the budget. That's why it's so alluring to try to find ways to cut corners.

Substitute the cost of food for genetics or health products and that statement begins to sound like something you can relate to as well.

Imagine he's not a steakhouse owner, but rather a cattle feeder or a rancher. Doesn't this account ring true in all segments of the beef community?

"Here is the sin in my business, right here: temptation to buy cheaper. We spend a lot of time in our business trying to buy smarter. I don't want to buy cheaper," he said.

Instead, he serves the best beef he can, because "mediocracy is everywhere."

Selling excellence brings people in the door. It keeps the tables full.

It's still a matter of cutting costs, really. Opportunity cost, that is.

On the live cattle side, we have our own version of the empty table. Nobody wants a shallow crowd or disinterested bidders at the auction barn when your calves walk in, or a lack of response to calls about possible private-treaty sales. After a buyer procures your cattle once, you want to keep them coming back for more, just like the regulars at that steakhouse.

That begs the question: Are there any places in your operation that could use a little more cost cutting, by way of adding excellence?

Next time in *Black Ink*[®], Nicole Lane Erceg will relate pigs, people and profits to your cattle business. Questions? E-mail mreiman@certifiedangusbeef.com.

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