



Integrating F&B Inventory With Other Back-Office Systems A Day In the Life...

by Bill Schwartz

Food and beverage inventory systems sit at the center of a number of other back-office systems, and the ability to integrate these systems is key to reducing data entry time and associated errors. Consider the following example as a way of understanding the interaction between inventory and other systems in the course of a normal day at the casino. Keep in mind that most, if not all of the systems mentioned are from different software developers, and that the integrations and technologies described are currently available.

6:00 am: The day starts out with John, the purchasing manager, preparing to create a forecast for the day's orders. First, John *imports banquet event orders from the catering system* to insure the inventory system is aware of any catered events that require food or beverage to be ordered. Next, he runs a forecasting report using the inventory system to determine how much food is required to maintain par levels, given current inventory levels, average usages and catering needs. The forecast also considers any open purchase orders that have not yet arrived.

6:15 am: The forecast produces a shopping list, which shows each food and beverage item the casino needs to buy, and the suggested order quantity. The shopping list is organized by food group (meat, dairy, seafood, produce, etc.), not by distributor, since that happens in a later step. John examines the shopping list, and modifies it to reflect exactly what he believes he needs to order. He knows that since the weather is supposed to be poor today and tomorrow, he may need a bit less than normal. He also knows what the specials will be for today and tomorrow, and adjusts the quantities accordingly.

6:30 am: Next, John uses the inventory system to *import bid sheets from the distributors*. He typically does this once a week. The bid sheets include the price the distributor is charging the casino for every item sold to the casino. They also include the date range for which the prices are accurate. This is largely an automated process, and takes only a few minutes. Once the bid sheets are in, John runs a program in the inventory system that works sequentially through his shopping list and creates a series of purchase orders, one for each distributor, until all items have been processed. The distributor selection decisions are made using the bid sheets to determine best pricing, or other preferences pre-defined by John. For example, there are some items he only buys from one distributor, regardless of price, because the quality is consistent. Today the program automatically created 12 purchase orders.

6:35 am: Now John examines each purchase order, and makes any necessary modifications to them. He sometimes

moves an item or two around between different distributors than the system chose. Once he is happy with the purchase orders created by the inventory system, he uses the inventory system to *export purchase orders directly to the associated distributor's ordering system*. A few of the distributors don't have automated systems, so he e-mails or faxes their purchase orders to them.

For the automated distributors, the inventory system *imports confirmations*, and notifies John if there are any discrepancies. John can then pull up the purchase order he sent the distributor on their system, and make any necessary substitutions or modifications, or perhaps order items not available from one distributor from another distributor.

7:00 am: The receiving manager, Andrew, uses a mobile device with a scanner to receive goods as they arrive. The purchase orders John created are automatically downloaded to Andrew's scanner as soon as they are created. All through the day, Andrew checks in the goods as they arrive against the purchase orders on his scanner. He scans the barcodes on the boxes and compares the amount delivered with the amount ordered. He notes any discrepancies on the invoice, but only accepts the amount John ordered. Any overages are sent back with the driver. Andrew also compares the price on the invoice with the price on the purchase order. If the price on the purchase order is lower, he changes the invoice to reflect the correct pricing. If the price on the invoice is lower, he updates the price on the purchase order with the lower price from the invoice. Andrew enters the invoice number and invoice date and total amount due on a special screen associated with the purchase order. He then completes the purchase order and puts the invoice in the hopper for the accounting department. The completed *purchase order and associated invoice information on the scanner is immediately transmitted through the wireless network to the inventory system*.

Behind the scenes, when the purchase order was transmitted, the inventory system assigned general ledger accounts to all the items, and saved the account distribution data with the invoice header information. In addition, the inventory system updated the quantities and cost of all items purchased, and reflected those new costs throughout the recipes.

2:00 pm: Tom, the catering manager, goes into the inventory system in the middle of the afternoon, and *exports the updated recipe costs to his catering system*. He wants to be sure when he quotes events that he is using the most current cost information. Michael, the chef, also goes into the inventory system to work on tomorrow's specials. He creates the recipes knowing that the costs he sees are current as of today. He determines the selling price for the special, based on the true recipe

cost and the casino's policies for pricing their specials. Michael also uses the inventory system to break down the imported catering events into production sheets.

3:00 pm: Every so often during the day, Diane, the accounts payable manager goes into the inventory system to see if any invoices are ready to be transferred to the payables system. She pulls up the invoices that are ready to transfer, double-checks them against the hard copy of the invoice Andrew sent to her, and exports the invoice information out of the inventory system. Diane then imports the transactions prepared by the inventory system into the accounts payable system. The invoices are now in the accounting system, ready to be aged and eventually paid.

4:30 pm: Later in the day, Leo, the food and beverage manager, imports sales information from the POS system and the catering system into the inventory system. He then runs reports in the inventory system to determine whether food and beverage items are being used correctly. Significant differences between what was used and what should have been used for any purchased food or beverage item are immediately investigated, keeping costs to a minimum by stopping misuse problems before they get big.

5:00 pm: Sheri, the CFO, exports some of the data in the inventory system to her spreadsheets, where she can introduce other data and work with the numbers to analyze various aspects of the operation. Sheri works closely with Conrad, the general manager, to keep tabs on the entire process to be sure the casino's food and beverage operation is as profitable and efficient as possible.

And so ends a typical day in the life of a fully-integrated casino back office. Most, if not all of the integration is automatic, and some systems allow the process to be scheduled so that no human intervention is needed. Note that very little actual data entry takes place during the day. This approach not only saves time and increases accuracy, but provides significant opportunities to increase profitability at the same time, through better pricing, receiving and variance reduction. ♣

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