



## 3 Methods of Restaurant Inventory Management

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Restaurant inventory management is a crucial part of running a restaurant. If you don't know what inventory you have on hand, you could run out of customer favorites or over-order certain food items.

It's essential for restaurant owners or managers to keep a close eye on their inventory to avoid this kind of problem.

But if you don't know where to start with restaurant inventory management, don't worry. We're here to help you with this comprehensive guide to inventory management within the restaurant industry. We'll explain what inventory management is and how you can set up a system that works for your business.

### What Is Restaurant Inventory Management?

Restaurant inventory management means keeping track of all your inventory — what you have in stock, what's been sold, and how you're storing it. It's an integral part of restaurant management because it allows you to keep an eye on what you need to order, how much, and when.

Managing your restaurant inventory means you'll know exactly how much product you have, how much you use each day, and how much is going to waste.

### Why Does Restaurant Inventory Management Matter?

Inventory tracking is vital in all business areas because it lets management staff keep an eye on precisely what they have in stock. It can also help restaurant managers better understand their food costs and overall cash flow, which could, in turn, help them improve their bottom line and increase profit margins.

Tracking inventory can also help restaurant owners understand which menu items are most popular with their customers and which aren't being sold. This can help prevent food waste, as purchasing managers can order smaller quantities of less popular items. Alternatively, unpopular dishes can be removed from the menu and replaced with something new.

Managing your inventory levels is particularly important in the restaurant industry, as restaurants have high quantities of perishable items. Ordering only what you need is another way to reduce waste — of both food and money.

Food waste is a big issue in the U.S., with an [estimated 30-40%](#) of all food being wasted. Fluctuations in your restaurant orders are normal, and some waste is to be expected in a restaurant — but tracking your inventory more closely could help the environment and save you money in the long run.

## What Inventory Should You Track?



Now that you know why you should be tracking your restaurant inventory, you might be wondering what you specifically need to track.

It's not as simple as just writing a list of ingredients you need to order. Restaurant managers need to track the following:

- All fresh or perishable food items
- All dried and canned food items
- Spices, sauces, and seasonings
- Drinks — both soft and alcoholic
- Front-of-house equipment, such as napkins, tablecloths, and cutlery
- Back-of-house equipment, such as pots, pans, wooden spoons, plates, and bowls

Plus, in addition to tracking your inventory, you must keep an eye on when food items expire. This is essential for adhering to health and safety regulations, but it will also ensure that the food you serve your customers is as fresh and delicious as possible.

## How to Track Inventory

There are a few different ways of keeping track of inventory items, each with pros and cons. Here are three inventory management systems for you to choose from. Think about which would work best for your business.

### 1. Track Inventory Manually

The simplest method of restaurant inventory management is to count inventory manually by doing it yourself (or by assigning it to specific staff members). You can keep track of your inventory by using a dedicated inventory sheet or spreadsheet.

Start by counting your beginning inventory — what you currently have in stock. Keep track of your daily sales, spillage, and spoilage of any sitting inventory. From this, you can work out your projected ending inventory for each day, week, or month, then manually count whether your stock levels match your expectations.

You should also keep track of the expiry dates of all foodstuffs. Remember to check your walk-in fridge and dry storage area. Toss out anything past its use-by date, and mark this on your inventory sheet as spoilage.

Manually tracking your inventory like this is easy enough, and you won't have to pay for any software, so it's cheap. However, there are a couple of downsides.

For one thing, it's a very time-consuming method of inventory tracking. It could even

increase your [labor costs](#) if you need to account for time spent on inventory management.

It's also highly susceptible to human error, so you could make mistakes that negatively impact your business. Whether you're a large or small business, mistakes in inventory control can be costly. Hiring an additional staff member to focus solely on inventory management might be necessary to ensure accuracy.

## 2. Use Restaurant Inventory Management Software

An alternative to manual inventory tracking is to bring [restaurant automation](#) into your business with restaurant inventory software. By automating your food inventory management system with this kind of software, you'll get:

- A real-time inventory count
- Metrics to help you track your inventory
- Detailed inventory reports to help you understand the bigger picture
- A streamlined approach to inventory management

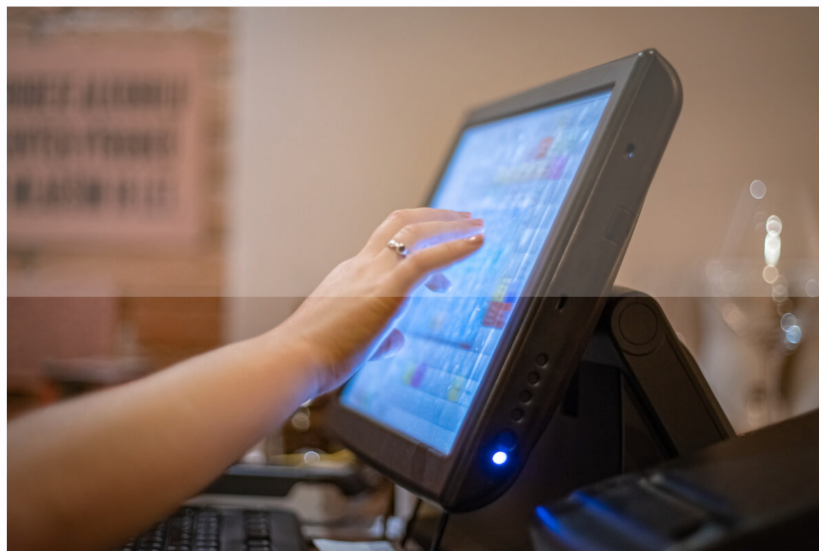
There are several types of software to track your inventory levels. Some even have the functionality to reorder anything with low stock levels automatically. This can be convenient for large restaurant companies without cash flow issues, but it might not be a good option for small restaurants that need to keep a close eye on their inventory costs.

Different inventory software can offer other functions, but many also include the following features:

- **Recipe costing:** Get a full breakdown of the cost of goods sold (COGS).
- **Purchase order management:** Send emails directly to sales representatives when items are low in stock.
- **Cloud-based systems:** Enjoy easy access to your inventory management tools while on the go.
- **Vendor management tools:** Receive real-time alerts to see when your vendors process your orders.

The right software for your business will depend on what tools you need — the smaller your business, the less functionality you'll need.

## 3. Use a Comprehensive POS



Suppose your budget for restaurant operations software is low, but you want to reduce human error through automation. In that case, you can use your existing point-of-sale system (or [POS system](#)) for specific restaurant inventory management tasks.

system for [POS systems](#) for specific restaurant inventory management tasks.

Many types of POS software have inventory management tools built in. Square's Restaurant POS, for example, offers [basic inventory management tools](#) to help you keep on top of your inventory. You'll receive alerts when items are running low, and you can manually adjust reports for issues like spillage, spoilage, or loss.

You can even use this functionality in conjunction with [self-service kiosks like KioskBuddy](#). Any items sold out due to low inventory on your Square POS will be marked as unavailable on your self-service tablet screens.

Working with your POS's functions means you can enjoy the benefits of inventory management automation without having to pay expensive premiums for additional software.

## Optimize Your Inventory Management

Restaurant inventory management is essential to day-to-day operations within the