

7 Best Practices of Highly Successful Independent Restaurants

Proven Ways to Build a Better, More Profitable Restaurant Business







3 STEPS TO EXTRAORDINARY RESTAURANT SUCCESS

Startup

Is it a Good Business?

1. Find out what they want
Food, beverage, atmosphere, look, service style, price, cleanliness, speed

2. Go & get it
Location, facility, design, ambience, menu, recipes, quality, staff

3. Give it to them
Execution, consistency, training, hiring, service, hospitality, business management

Is it a "Good Restaurant?"

Sustainable Success



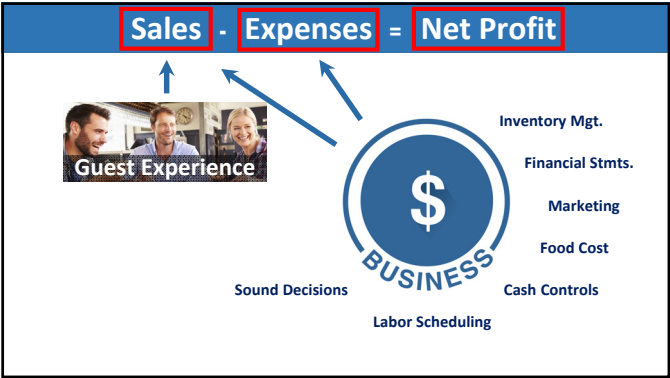
SUSTAINABLE RESTAURANT SUCCESS

Requires 3 Core Competencies



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WHAT DRIVES THE GUEST EXPERIENCE?



Guest Experience

What's the MOST important part of the guest experience?

ANSWER: Consistency & Repeatability



WHAT DRIVES THE GUEST EXPERIENCE?

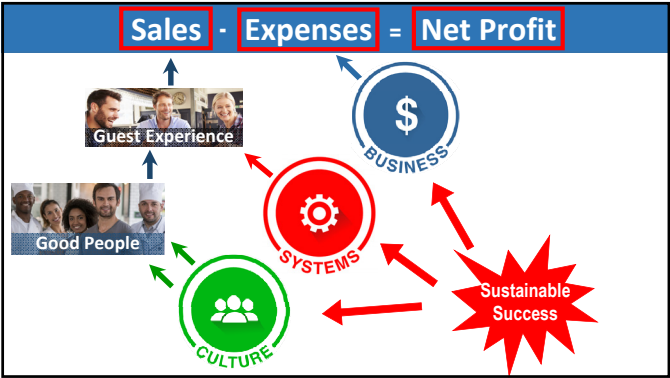


Guest Experience

How does a restaurant create Consistent / Repeatable Guest Experiences?







Better Restaurant

Better Business

BUSINESS

\$

CULTURE

SYSTEMS

3

PEOPLE

Better Life

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Restaurant owner.com

7 BEST PRACTICES

1. Have a Birthday Club

\$

BUSINESS

HAPPY BIRTHDAY

Restaurant owner.com

BIRTHDAY CLUB SUCCESS STORY



Description -

✓ Quick service

✓ Franchisee

✓ Suburb of major metro area



BIRTHDAY CLUB SUCCESS STORY



Marketing first 4 years -

✓ Newspaper ads

✓ Money mailer

✓ Valpak

✓ Shoppers guide

✓ Spending \$18-\$20,000 per year

✓ Poor results



BIRTHDAY CLUB SUCCESS STORY




Annual Sales -

		% Change
Year 1	\$440k	-
Year 2	\$469k	+6%
Year 3	\$523k	+11%
Year 4	\$511k	-4%



BIRTHDAY POST CARD



\$7.50 off

• Started with “cold” list

• Gradually built own database



BIRTHDAY CLUB SUCCESS STORY

Annual Sales -

		% Change
Year 4	\$523k	-
Year 5 *	\$511k	-4%
Year 6	\$588k	+15%
Year 7	\$722k	+23%
Year 8	\$780k	+9%

+52%

* B-day club starts August Year 5



BIRTHDAY CLUB SUCCESS STORY

Happy Birthday!

from Golden Chick Arlington

Located on Cooper between Park Row and Pioneer Parkway

We want to CELEBRATE YOUR BIRTHDAY with you . . . and we're buying!

You can use this card to enjoy our Fried or Roasted Chicken, Golden Tenders or any of our other delicious menu items. Don't forget the HOT YEAST ROLLS! Good for Dinners, Carry Out or Drive Thru!

Bring this card with you and your meal (up to \$7.50) is on us. All you have to do is redeem your card before the last day of the month shown on front of the card.

SEE YOU SOON!

No cash value. Good only at Arlington Golden Chick. No other discounts apply.

✓ 90% of growth due to birthday club activity

✓ Customers who redeem b-day coupons spend more money

✓ Marketing costs went from over \$18,000 per year to around \$100 a month



BIRTHDAY CLUB

SURVEY RESULTS!!



HAPPY BIRTHDAY

Survey Comments -

✓ Birthday & 1/2 Birthday postcards. 78% redeemed on birthday, 96% redeemed on 1/2 birthday.

✓ Our oversized postcards are hard to ignore.

✓ 22,000 in database, birthday club builds customer loyalty.

✓ We have 1,200 members and have a 90% redemption rate.

✓ People enjoy getting a deal on their Birthdays.

✓ Birthday mailings - we get good response and customer feedback.

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7 BEST PRACTICES

2. Know Their Numbers



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RESTAURANT SUCCESS

Why?



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SUCCESSFUL RESTAURANT OPERATOR

"In the dining room and kitchen I
operate like I've invited you into
my home . . ."

**". . . BUT behind the office door I'm
no different than IBM."**

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SUCCESSFUL RESTAURANT OPERATOR



**"If you don't know your numbers,
you don't know your business."**

Robert Fleming
Magnolia Pancake Haus

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EVERYTHING THAT HAPPENS
IN YOUR RESTAURANT . . .




**Moving
Targets.**
*You have neighbors.
We make them customers.*


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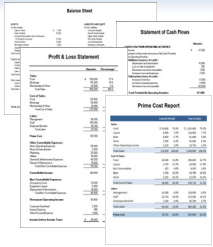
. . . IS EVENTUALLY REFLECTED IN
YOUR NUMBERS!





UNDERSTAND THE CONNECTION







BUSINESS RESULTS – CAUSE & EFFECT



Startup

"The OWNER"

↓

Decisions



Ongoing

- ✓ Concept
- ✓ Location
- ✓ Lease
- ✓ Menu
- ✓ Design

- ✓ Marketing
- ✓ Personnel
- ✓ Menu
- ✓ Purchasing
- ✓ Policies / Procedures



BUSINESS RESULTS – CAUSE & EFFECT



Startup

"The OWNER"

↓

Decisions

↓

Activities

↓

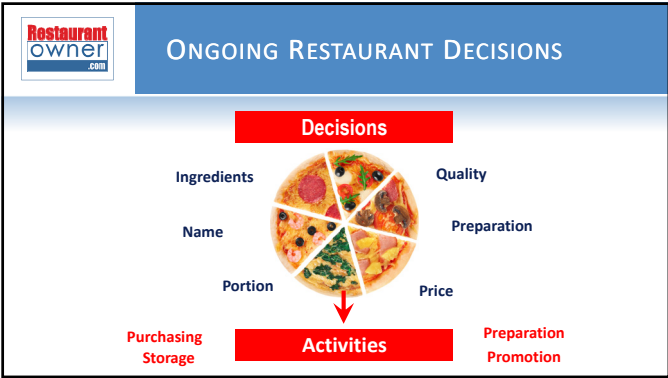
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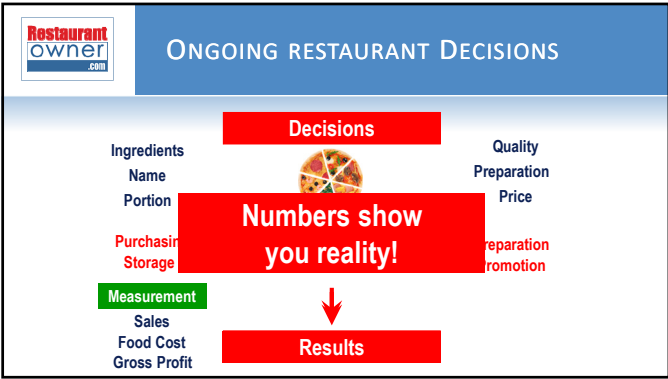


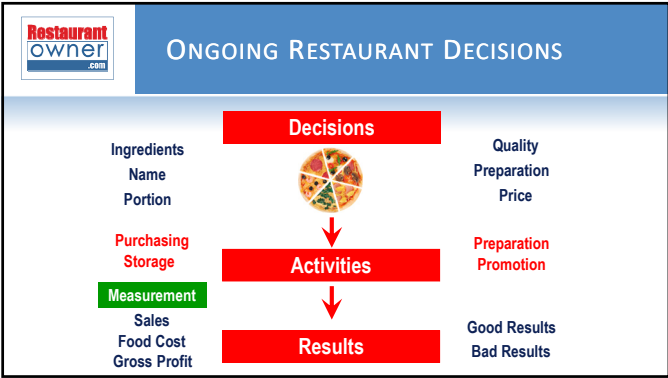
Ongoing













3 UNDENIABLE TRUTHS OF BUSINESS




1. What gets measured gets managed


2. What gets managed improves

3. Profit improvement begins with measuring your key activities

You can't change it, if you don't measure it!



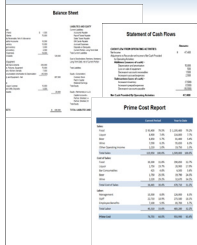
THEIR




Profit & Loss Statement


	Amount	Percentage
Sales		
Food	\$ 70,000	77.8
Beverage	10,000	8.4
Merchandise & Other	20,000	22.1
Total Sales	\$ 100,000	100.0
Cost of Sales		
Food	24,000	30.0
Beverage	3,000	20.0
Merchandise & Other	13,000	45.0
Total Cost of Sales	\$ 40,000	40.0
Other Expenses		
Salaries	\$ 30,000	30.0
Management	\$ 5,000	5.0
Rent	\$ 2,000	2.0
Utilities	\$ 1,000	1.0
Depreciation	\$ 1,000	1.0
Total Other Expenses	\$ 39,000	39.0
Net Profit		
Total Sales	\$ 100,000	100.0
Total Cost of Sales	\$ 40,000	40.0
Total Other Expenses	\$ 39,000	39.0
Net Profit	\$ 21,000	21.0

SELECTED IN






PROFIT & LOSS STATEMENT



1. Accrual basis of accounting




WHEN DOES YOUR RESTAURANT RECORD A TRANSACTION?

Cash Basis


Record **ONLY** if we receive or pay **CASH!**

Accrual Basis

If we earn it, owe it or use it, **RECORD** it!




PROFIT & LOSS STATEMENT



1. Accrual basis of accounting

2. Take regular physical inventories



FOOD PURCHASES VS FOOD COST

FOOD COST CALCULATION

Food Purchases

\$ 10,000

Add - Beginning inventory

Deduct - Ending inventory

Cost of Sales

10,000

PROFIT & LOSS STATEMENT

Food Sales

25,000

100%

Food Cost


10,000

40%

Gross Profit

15,000

60%




FOOD PURCHASES VS FOOD COST

FOOD COST CALCULATION

Food Purchases	\$ 10,000	\$ 10,000
Add - Beginning inventory		3,000
Deduct - Ending inventory		(6,000)
Cost of Sales	10,000	7,000



PROFIT & LOSS STATEMENT


Food Sales	25,000	100%	25,000	100%
Food Cost	10,000	40%	7,000	28%
Gross Profit	15,000	60%	18,000	72%



REDUCE INVENTORY TIME

Products on inventory count sheets in shelf order.






REDUCE INVENTORY TIME


Have a separate count sheet for each storage location.

Walk In

Freezer

Dry Storage






PROFIT & LOSS STATEMENT



1. Accrual basis of accounting

2. Take regular physical inventories

3. Use the Uniform System of Accounts for Restaurants

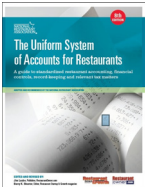



THE NATIONAL RESTAURANT ASSOCIATION’S
UNIFORM SYSTEM OF ACCOUNTS

The NRA’s largest selling book!

First published over 50 years ago

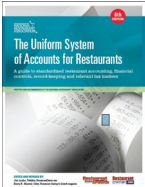
Latest edition published in 2012





THE NATIONAL RESTAURANT ASSOCIATION’S
UNIFORM SYSTEM OF ACCOUNTS

A financial statement format
designed specifically for
“restaurants”





INDUSTRY STANDARD P&L FORMAT

RestaurantOwner.com/expo2017

Bob's Italian Café PROFIT AND LOSS STATEMENT For The Year Ended December 31, 2016			
SALES	Food	81,302.156.00	81.4%
	Beverage	289,407.00	18.6%
	TOTAL	1,680,583.00	100.0%
COST OF SALES	Food	417,992.08	24.1%
	Beverage	83,113.00	5.0%
	TOTAL	501,105.08	31.3%
GROSS PROFIT		1,099,457.71	68.7%
EXPENSES	Advertising	22,943.00	1.4%
	Bank charges	1,459.00	0.0%
	Building repairs	13,495.00	0.8%
EXPENSES	Cash (over)/short	755.28	0.0%
	Cleaning supplies	9,195.70	0.6%
	Complimentary meals	10,074.02	0.7%
EXPENSES	Concess. discounts	7,849.00	0.5%
	Credit card charges	26,089.12	1.7%
	Depreciation	29,741.00	1.8%
EXPENSES	Electricity	18,103.40	1.0%
	Equipment repairs	5,748.47	0.3%
	FICA & other taxes	40,824.74	2.4%
EXPENSES	Group insurance	19,474.00	1.2%
	Insurance	47,430.00	2.9%
	Kitchenware	9,741.00	0.6%
EXPENSES	Laundry	13,415.58	0.8%
	Miscellaneous	5,749.40	0.4%
	Music & entertainment	10,408.00	0.7%
EXPENSES	Paper supplies	15,215.74	1.0%
	Payroll	420,875.40	24.3%
	Postage	930.04	0.1%
EXPENSES	Printing & office supplies	5,487.10	0.3%
	Professional fees	18,117.77	1.1%
	Property insurance	27,059.00	1.7%
EXPENSES	Rent	40,150.00	2.4%
	Rest	149,019.04	9.3%
	Supplies to A&C&P	9,715.00	0.6%
EXPENSES	Telephone & fax	5,091.00	0.4%
	Travel	4,176.00	0.4%
	Utilities	5,114.00	0.3%
EXPENSES	Wages & compensation	31,088.52	1.8%
	TOTAL EXPENSES	1,028,863.48	64.3%
NET INCOME BEFORE TAXES		67,054.23	4.4%


Bob's Italian Café PROFIT AND LOSS STATEMENT For The Year Ended December 31, 2016			
Sales:	Food	\$ 1,302,156	81.4%
	Beverage	289,407	18.6%
	Total Sales	1,600,563	100.0%
Cost of Sales	Food	417,992	32.1%
	Beverage	83,113	27.5%
	Total Cost of Sales	501,105	31.3%
Payroll	Management	150,500	9.4%
	Staff	270,375	16.9%
	Total Payroll	420,875	26.3%
Prime Cost	Food	994,165	62.1%
	Other Controllable Expenses:		
	Direct Operating Expenses:		
Other Controllable Expenses:	Music & Entertainment	14,375	0.9%
	Marketing	35,057	2.2%
	Utilities	41,258	2.6%
Other Controllable Expenses:	General & Administrative Expenses	57,943	3.6%
	Repairs & Maintenance	8,633	0.5%
	Total Other Controllable Expenses	223,455	14.3%
Controllable Income	Controllable Income	377,993	23.6%
	Non-Controllable Expenses:		
	Occupancy Costs	234,148	14.6%
Non-Controllable Expenses:	Depreciation & Amortization	29,762	1.9%
	Total Non-Controllable Income	263,910	16.5%
Restaurant Operating Income	Restaurant Operating Income	114,083	7.1%
	Interest Expense	43,431	2.7%
	Income before Income Taxes	\$ 70,654	4.4%

Bob's Italian Café				Bob's Italian Café			
PROFIT AND LOSS STATEMENT				PROFIT & LOSS STATEMENT			
For The Year Ended December 31, 2016				For The Year Ended December 31, 2016			
SALES				Sales:			
Food	\$1,302,156.00	81.4%		Food	\$ 1,302,156	81.4%	
Beverage	298,407.00	18.6%		Beverage	298,407	18.6%	
TOTAL	1,600,563.00	100.0%		Total Sales	1,600,563	100.0%	
COST OF SALES				Cost of Sales			
Food	417,992.08	26.1%		Food	417,992	32.1%	
Beverages	83,113.21	5.2%		Beverage	83,113	27.9%	
TOTAL	501,105.29	31.3%		Total Cost of Sales	501,105	31.3%	
GROSS PROFIT				Payroll			
	1,099,457.72	68.7%		Management	150,500	9.4%	
EXPENSES				Staff	270,375	16.9%	
Advertising	22,743.00	1.4%		Employee Benefits	72,184	4.5%	
Bank charges	458.00	0.0%		Total Payroll	493,059	30.8%	
Building repairs	13,485.00	0.8%		Repairs & Maintenance			
Cash (over)/short	755.28	0.0%					
Cleaning supplies	9,215.70	0.6%		Total Other Controllable Expenses	228,405	14.3%	
Complimentary meals				CONTROLLABLE INCOME	377,993	23.6%	
Coupon discounts				Non-Controllable Expenses:			
Credit card charges				Occupancy Costs	234,148	14.6%	
Depreciation				Depreciation & Amortization	29,752	1.9%	
Electricity				Total Non-Controllable Income	263,900	16.5%	
Equipment repairs				Restaurant Operating Income	114,093	7.1%	
FT&A & other taxes				Interest Expense	45,431	2.7%	
Group insurance				Income before Income Taxes	\$ 70,664	4.4%	
Interest							
License fees							
Laundry							
Miscellaneous							
Music & entertainment							
Office supplies							
Payroll							
Printing & office supplies							
Professional fees							
Property insurance							
Real estate taxes							
Rent							
Supplies to ASCAP							
Telephone & fax							
Trash removal							
Utilities							
Owner's compensation							
TOTAL EXPENSES	1,099,458	68.7%					
NET INCOME BEFORE TAXES	\$ 70,664	4.4%					

What format gives you better info?

Restaurant owner .com				WHICH ONE IS WRONG??!!			
Bob's Italian Café				Bob's Italian Café			
PROFIT AND LOSS STATEMENT				PROFIT & LOSS STATEMENT			
For The Year Ended December 31, 2016				For The Year Ended December 31, 2016			
SALES				Sales:			
Food	\$1,302,156.00	81.4%		Food	\$ 1,302,156	81.4%	
Beverage	298,407.00	18.6%		Beverage	298,407	18.6%	
TOTAL	1,600,563.00	100.0%		Total Sales	1,600,563	100.0%	
COST OF SALES				Cost of Sales			
Food	417,992.08	26.1%		Food	417,992	32.1%	
Beverages	83,113.21	5.2%		Beverage	83,113	27.9%	
TOTAL	501,105.29	31.3%		Total Cost of Sales	501,105	31.3%	
Food Cost TOTAL Sales				Food Cost FOOD Sales			

Restaurant owner .com				PRIME COST			
Sales:				Rule of Thumb			
Food	\$ 1,302,156	81.4%		Tableservice -			
Beverage	298,407	18.6%		Max – 65% of Sales			
Total Sales	1,600,563	100.0%		Quickservice -			
Cost of Sales				Max – 60% of Sales			
Food	417,992	32.1%					
Beverage	83,113	27.9%					
Total Cost of Sales	501,105	31.3%					
Payroll							
Management	150,500	9.4%					
Staff	270,375	16.9%					
Employee Benefits	72,184	4.5%					
Total Payroll	493,059	30.8%					
PRIME COST	994,165	62.1%					



PROFIT & LOSS STATEMENT



1. Accrual basis of accounting

2. Take regular physical inventories

3. Use the Uniform System of Accounts for Restaurants

4. Prepare a P&L every 4 weeks

CALENDAR 2017																											
JANUARY							FEBRUARY							MARCH							APRIL						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28	19	20	21	22	23	24	25	22	23	24	25	26	27	28
29	30	31					29	30	31					26	27	28	29	30	31		26	27	28	29	30	31	
MAY							JUNE							JULY							AUGUST						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28	19	20	21	22	23	24	25	22	23	24	25	26	27	28
29	30	31					29	30	31					26	27	28	29	30	31		26	27	28	29	30	31	
SEPTEMBER							OCTOBER							NOVEMBER							DECEMBER						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7	1	2	3	4	5	6	7
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15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28	19	20	21	22	23	24	25	22	23	24	25	26	27	28
29	30	31					29	30	31					26	27	28	29	30	31		26	27	28	29	30	31	

Reporting Calendar 2017 - 13 Periods

Period 1

MON	TUE	WED	THU	FRI	SAT	SUN
2-Jan	3-Jan	4-Jan	5-Jan	6-Jan	7-Jan	8-Jan
15-Jan	16-Jan	17-Jan	18-Jan	19-Jan	20-Jan	21-Jan
18-Jan	19-Jan	20-Jan	21-Jan	22-Jan	23-Jan	24-Jan
25-Jan	26-Jan	27-Jan	28-Jan	29-Jan	30-Jan	31-Jan

Period 2

MON	TUE	WED	THU	FRI	SAT	SUN
1-Feb	2-Feb	3-Feb	4-Feb	5-Feb	6-Feb	7-Feb
8-Feb	9-Feb	10-Feb	11-Feb	12-Feb	13-Feb	14-Feb
15-Feb	16-Feb	17-Feb	18-Feb	19-Feb	20-Feb	21-Feb
22-Feb	23-Feb	24-Feb	25-Feb	26-Feb	27-Feb	28-Feb

Period 3

MON	TUE	WED	THU	FRI	SAT	SUN
27-Feb	28-Feb	1-Mar	2-Mar	3-Mar	4-Mar	5-Mar
6-Mar	7-Mar	8-Mar	9-Mar	10-Mar	11-Mar	12-Mar
13-Mar	14-Mar	15-Mar	16-Mar	17-Mar	18-Mar	19-Mar
20-Mar	21-Mar	22-Mar	23-Mar	24-Mar	25-Mar	26-Mar

Period 4

MON	TUE	WED	THU	FRI	SAT	SUN
27-Mar	28-Mar	29-Mar	30-Mar	31-Mar	1-Apr	2-Apr
3-Apr	4-Apr	5-Apr	6-Apr	7-Apr	8-Apr	9-Apr
10-Apr	11-Apr	12-Apr	13-Apr	14-Apr	15-Apr	16-Apr
17-Apr	18-Apr	19-Apr	20-Apr	21-Apr	22-Apr	23-Apr

Period 5

MON	TUE	WED	THU	FRI	SAT	SUN
24-Apr	25-Apr	26-Apr	27-Apr	28-Apr	29-Apr	30-Apr
1-May	2-May	3-May	4-May	5-May	6-May	7-May
8-May	9-May	10-May	11-May	12-May	13-May	14-May
15-May	16-May	17-May	18-May	19-May	20-May	21-May

Period 6

MON	TUE	WED	THU	FRI	SAT	SUN
22-May	23-May	24-May	25-May	26-May	27-May	28-May
29-May	30-May	31-May	1-Jun	2-Jun	3-Jun	4-Jun
5-Jun	6-Jun	7-Jun	8-Jun	9-Jun	10-Jun	11-Jun
12-Jun	13-Jun	14-Jun	15-Jun	16-Jun	17-Jun	18-Jun

Period 7

MON	TUE	WED	THU	FRI	SAT	SUN
19-Jun	20-Jun	21-Jun	22-Jun	23-Jun	24-Jun	25-Jun
26-Jun	27-Jun	28-Jun	29-Jun	30-Jun	1-Jul	2-Jul
3-Jul	4-Jul	5-Jul	6-Jul	7-Jul	8-Jul	9-Jul
10-Jul	11-Jul	12-Jul	13-Jul	14-Jul	15-Jul	16-Jul

Period 8

MON	TUE	WED	THU	FRI	SAT	SUN
17-Jul	18-Jul	19-Jul	20-Jul	21-Jul	22-Jul	23-Jul
24-Jul	25-Jul	26-Jul	27-Jul	28-Jul	29-Jul	30-Jul
31-Jul	1-Aug	2-Aug	3-Aug	4-Aug	5-Aug	6-Aug
7-Aug	8-Aug	9-Aug	10-Aug	11-Aug	12-Aug	13-Aug

Period 9

MON	TUE	WED	THU	FRI	SAT	SUN
14-Aug	15-Aug	16-Aug	17-Aug	18-Aug	19-Aug	20-Aug
21-Aug	22-Aug	23-Aug	24-Aug	25-Aug	26-Aug	27-Aug
28-Aug	29-Aug	30-Aug	31-Aug	1-Sep	2-Sep	3-Sep
4-Sep	5-Sep	6-Sep	7-Sep	8-Sep	9-Sep	10-Sep

Period 10

MON	TUE	WED	THU	FRI	SAT	SUN
11-Sep	12-Sep	13-Sep	14-Sep	15-Sep	16-Sep	17-Sep
18-Sep	19-Sep	20-Sep	21-Sep	22-Sep	23-Sep	24-Sep
25-Sep	26-Sep	27-Sep	28-Sep	29-Sep	30-Sep	1-Oct
2-Oct	3-Oct	4-Oct	5-Oct	6-Oct	7-Oct	8-Oct

Period 11

MON	TUE	WED	THU	FRI	SAT	SUN
9-Oct	10-Oct	11-Oct	12-Oct	13-Oct	14-Oct	15-Oct
16-Oct	17-Oct	18-Oct	19-Oct	20-Oct	21-Oct	22-Oct
23-Oct	24-Oct	25-Oct	26-Oct	27-Oct	28-Oct	29-Oct
30-Oct	31-Oct	1-Nov	2-Nov	3-Nov	4-Nov	5-Nov

Period 12

MON	TUE	WED	THU	FRI	SAT	SUN
25-Sep	26-Sep	27-Sep	28-Sep	29-Sep	30-Sep	1-Oct
2-Oct	3-Oct	4-Oct	5-Oct	6-Oct	7-Oct	8-Oct
9-Oct	10-Oct	11-Oct	12-Oct	13-Oct	14-Oct	15-Oct
16-Oct	17-Oct	18-Oct	19-Oct	20-Oct	21-Oct	22-Oct

Period 13


MON	TUE	WED	THU	FRI	SAT	SUN
4-Dec	5-Dec	6-Dec	7-Dec	8-Dec	9-Dec	10-Dec
11-Dec	12-Dec	13-Dec	14-Dec	15-Dec	16-Dec	17-Dec
18-Dec	19-Dec	20-Dec	21-Dec	22-Dec	23-Dec	24-Dec
25-Dec	26-Dec	27-Dec	28-Dec	29-Dec	30-Dec	31-Dec



BENEFITS OF 4 WEEK REPORTING

1. Better comparability






COMPARING MONTH TO MONTH

FEBRUARY2017

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH2017

SUN	MON	TUE	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	



COMPARING MONTH TO MONTH

2017


Period 2

MON	TUE	WED	THU	FRI	SAT	SUN
30-Jan	31-Jan	1-Feb	2-Feb	3-Feb	4-Feb	5-Feb
6-Feb	7-Feb	8-Feb	9-Feb	10-Feb	11-Feb	12-Feb
13-Feb	14-Feb	15-Feb	16-Feb	17-Feb	18-Feb	19-Feb
20-Feb	21-Feb	22-Feb	23-Feb	24-Feb	25-Feb	26-Feb

Period 3

MON	TUE	WED	THU	FRI	SAT	SUN
27-Feb	28-Feb	1-Mar	2-Mar	3-Mar	4-Mar	5-Mar
6-Mar	7-Mar	8-Mar	9-Mar	10-Mar	11-Mar	12-Mar
13-Mar	14-Mar	15-Mar	16-Mar	17-Mar	18-Mar	19-Mar
20-Mar	21-Mar	22-Mar	23-Mar	24-Mar	25-Mar	26-Mar

Both 28 Days!




COMPARING TO PRIOR YEAR

MARCH2016

SUN	MON	TUE	WED	THU	FRI	SAT
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

MARCH2017

SUN	MON	TUE	WED	THU	FRI	SAT
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31



COMPARING MONTH TO MONTH

2016

Period 3

MON	TUE	WED	THU	FRI	SAT	SUN
29-Feb	1-Mar	2-Mar	3-Mar	4-Mar	5-Mar	6-Mar
7-Mar	8-Mar	9-Mar	10-Mar	11-Mar	12-Mar	13-Mar
14-Mar	15-Mar	16-Mar	17-Mar	18-Mar	19-Mar	20-Mar
21-Mar	22-Mar	23-Mar	24-Mar	25-Mar	26-Mar	27-Mar

2017

Period 3

MON	TUE	WED	THU	FRI	SAT	SUN
27-Feb	28-Feb	1-Mar	2-Mar	3-Mar	4-Mar	5-Mar
6-Mar	7-Mar	8-Mar	9-Mar	10-Mar	11-Mar	12-Mar
13-Mar	14-Mar	15-Mar	16-Mar	17-Mar	18-Mar	19-Mar
20-Mar	21-Mar	22-Mar	23-Mar	24-Mar	25-Mar	26-Mar



BENEFITS OF 4 WEEK REPORTING

1. Better comparability

2. Easier to plan for physical inventories

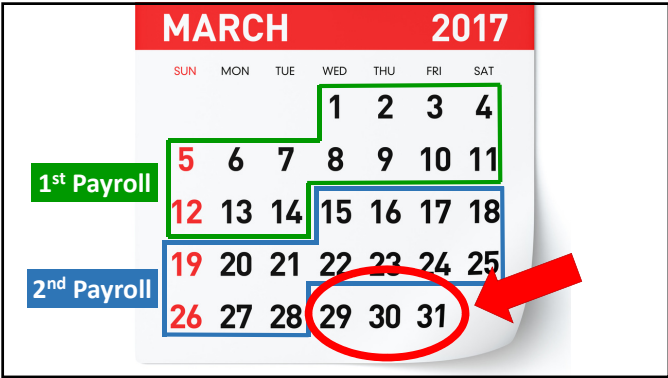
3. Compliments weekly reporting

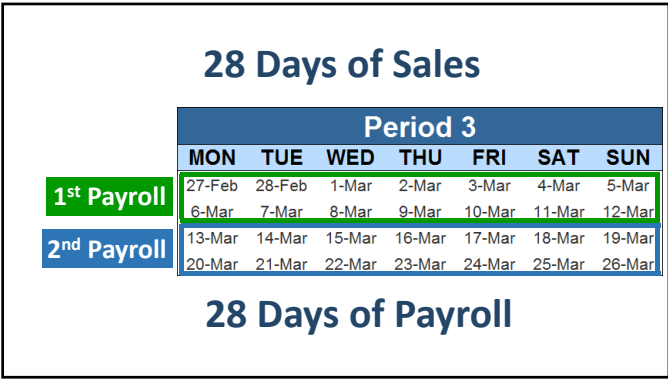
4. Eliminates need to accrue bi-weekly payroll



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7 BEST PRACTICES

3. Teach Hospitality, Not Just Service

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DESCRIBE THE IDEAL EXPERIENCE

Competent

Comfortable

Clean

On Time

Caring

Compassionate

Courteous

Friendly

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DESCRIBE THE IDEAL EXPERIENCE

“Skills” & “Tools” To Do The Job

Competent

Comfortable

Clean

On Time

“That’s good!!”

“Desire” to Serve / Delight

Caring

Compassionate

Courteous

Friendly

“On My Side”

TECHNICAL

EMOTIONAL

Restaurant owner.com

SERVICE & HOSPITALITY

“Skills” & “Tools” To Do The Job

Service

“That’s good!!”

“Desire” to Serve / Delight


Hospitality

“On My Side”

TECHNICAL

EMOTIONAL

What’s more important?



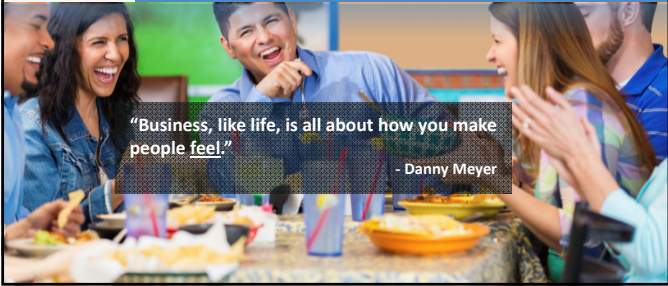
KEY POINT

"People mistakenly assume that their thinking is done by their head; it is actually done by their heart which first dictates the conclusion, then commands the head to provide the reasoning that will defend it."

- Anthony de Mello




KEY POINT



"Business, like life, is all about how you make people feel."


- Danny Meyer



HOSPITALITY

What if your pizzeria earned the reputation of having the friendliest, most personable employees in town?

What would that be worth?



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HOSPITALITY



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HOSPITALITY

Chick-fil-A is beating every competitor by training workers to say 'please' and 'thank you'

John Taylor · US ·
@John.S.Taylor · 3:32 PM · \$1.3M

FACEBOOK

IN

LINKEDIN

TWITTER

GO+

EMAIL

PRINT

The secret to Chick-fil-A's success is as simple as saying "please" and "thank you."

The chicken chain is statistically the most polite chain in the restaurant business, according to a QSR Magazine's annual drive-thru report released on Monday.

Employees at Chick-fil-A were the most likely of the 13 chains surveyed to say "please" and "Thank you" – and to smile at drive-thru customers. Chick-fil-A



Chick-fil-A employees said "thank you" in 95.2% of drive-thru encounters.

"Eye contact and smiling go a long way."

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ONLY HIRE PEOPLE WHO SMILE!



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KEY INTERVIEW QUESTION

How much do you enjoy serving other people?

Could you give me a few examples and tell me how it made you feel?




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EXPLAIN THE “WHY”

Why is hospitality so important?

- ✓ It’s the right thing to do
- ✓ Our success depends on it
- ✓ Personal satisfaction
- ✓ Better working environment



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BUILDING CONNECTIONS

Don’t train your servers (drivers) to sell (deliver pizza). Teach them to build relationships.







BUILDING CONNECTIONS

"A restaurant is not an assembly line."





ASSUME THE BEST




Teach your people that it's always best to give people the benefit of the doubt.


What impact could this Belief have on your restaurant?

Working environment

Level of hospitality



ASSUME THE BEST



Teach your people that professionals don't take it personally



CIRCLE OF HOSPITALITY

Acknowledge within 10 feet
Greet within 5 feet






WE LOOK OUT FOR EACH OTHER


People who feel secure and protected are free to focus on the needs of others.







WE LOOK OUT FOR EACH OTHER


“Well before our staff members can extend any meaningful hospitality to our guests, they need to first understand the primary importance of being on each other’s side.”





RECOGNIZING GREAT HOSPITALITY





STORYTELLING

"Give people recognition for doing the one thing that creates a franchise, that's stronger than anything I know – (acts of hospitality)

Use storytelling as a way to lift your staff and make them feel great about themselves within the context of your business.

You do that and the results will astound."

- Steve Winn



ONGOING TRAINING & COACHING

1. Role play

2. Timely feedback

3. Constantly remind & reinforce

"People need to be reminded more often than they need to be instructed."

— Samuel Johnson



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7 BEST PRACTICES

4. Communicate & live their Vision, Mission & Values





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YOUR VISION OF THE FUTURE



What you want your restaurant/business to look like in 3 to 5 years

✓ Sales

✓ Locations


✓ Reputation

✓ Competitive advantages

✓ Your role

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STARBUCK'S VISION



1992 -
"2,000 stores by 2000."

2016 -
"To establish Starbucks as the premier purveyor of the finest coffee in the world while maintaining our uncompromising principles while we grow."



YOUR MISSION



What you want to accomplish every day


- ✓ Type of experience
- ✓ Quality/consistency
- ✓ Service/hospitality
- ✓ Desired outcome/result




YOUR MISSION



"To delight our customers in a way that creates loyalty."




THE VALUES YOU LIVE BY




How you intend to run your business

- ✓ Employees
- ✓ Customers
- ✓ Community
- ✓ Causes



THE VALUES YOU LIVE BY




Value – 1 to 3 Words

Your Definition– short, concise phrase

Accountability


We have a responsibility to follow through on our commitments and know that accountability is the foundation of effectiveness.



THE VALUES YOU LIVE BY

At LongHorn Steakhouse our Core Values are the ruling cornerstone behind every decision we make. We believe in them and manage our restaurants accordingly.

- ✓ We treat each other with DIGNITY, RESPECT, HONESTY and INTEGRITY.
- ✓ We hire GREAT PEOPLE, we set CLEAR EXPECTATIONS, we provide regular feedback and we CELEBRATE great performance.
- ✓ We function as a TEAM, "we all look good together, we all look bad together."
- ✓ We are COMMITTED to continuous TRAINING and DEVELOPMENT.
- ✓ We ACT GUEST FIRST, we DO IT RIGHT or FIX IT FAST.
- ✓ We are a GOOD BUSINESS CITIZEN...we follow the law and we POSITIVELY CONTRIBUTE to our community.





WHY VISION, MISSION, VALUES?



Helps everyone on your team know how to make GOOD DECISIONS.

Will help you create the CULTURE you want.

Will make YOU a better leader.




7 BEST PRACTICES

5. Track and monitor Prime Cost weekly, not just monthly







PRIME COST

Total Cost of Sales


+

Total Payroll Costs

Prime Cost

→ Food
Beverage
Paper (QSR)

→ Management
Hourly
Taxes & Benefits




PRIME COST

RULE of THUMB

Full Service 65% or less


Quick Service 60% or less



PRIME COST

Why not just focus on Food, Beverage & Labor Costs individually?

ANSWER: Prime Cost is a pivotal number in any restaurant.



PRIME COST


QUESTION: How are we doing with a 35% food cost?

ANSWER: It depends . . .




PRIME COST PERSPECTIVE - EXAMPLE






PRIME COST PERSPECTIVE - EXAMPLE

Food Cost	48%
Beverage Cost	<u>26%</u>
Cost of Sales	43%
Labor Cost	<u>20%</u>
Prime Cost	63%






PRIME COST

KEY POINT: Prime Cost gives you a much more meaningful & valid indication of your restaurant's . . .

- ✓ unit economics
- ✓ potential for profit
- ✓ mgt. effectiveness



PRIME COST

Why you need to know your Prime Cost at the end of every week

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WEEKLY PRIME COST REPORTING

Prime Cost will go down 2 – 5 points!

✓ All chain restaurants do it

✓ Focuses attention on the 2 biggest, most volatile cost areas

✓ Greater staff awareness & accountability

✓ Faster recognition & response to problems

✓ Shows how well mgt. is managing

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2 POINT REDUCTION IN PRIME COST

Sales\$700,000

Prime Cost528,00066%

Net Income\$ 35,0005%

Sales\$700,000


Prime Cost514,00064%

Net Income\$ 49,0007%

40% Increase in Net Income

Shila Morris, Squeezeln
Reno, Nevada
Member since 2007






SHILA MORRIS ON PRIME COST

"You have to be smart about numbers to make money."


"As we started talking about and monitoring Prime Cost even without setting any goals, we started to see it come down."

"Be giving them something tangible, like a number, they saw that they could move the dial and see the progress."



DAILY INVOICE LOG

Supplier	Date	Invoice (credit) Amount	Category			
			Food	Liquor	Beer	Wine
Bay Seafood	4/6/12	851.65	851.65			
Northwest Distribution	4/6/12	496.20			147.80	348.40
Specs Liquor	4/7/12	996.58		996.58		
Jake's Poultry	4/7/12	239.80				
Sundown Bread	4/7/12	321.65	321.65			
Adams Meats	4/8/12	875.47	875.47			
Bay Seafood	4/8/12	627.35	627.35			
Jake's Poultry	4/8/12	152.47	152.47			
Sundown Bread	4/8/12	202.83	202.83			
Adams Meats	4/8/12	524.68	524.68			
Bay Seafood	4/9/12	621.40	621.40			
Specs Liquor	4/9/12	(125.40)	(125.40)			
TOTALS BY CATEGORY		5,724.68	4,417.30	811.18	147.80	348.40




RECORD DAILY LABOR HOURS

EMPLOYEE NAME	6-Apr	7-Apr	8-Apr	9-Apr	10-Apr	11-Apr	12-Apr	TOTAL
1. Sandra Mills	6.0	6.0	6.0	6.0	8.0	8.0	0.0	40.0
2. John Jeffreys	4.0	6.0	7.0	4.0	6.0	8.0	0.0	35.0
3. Jose Cruz	5.0	5.0	5.0	8.0	8.0	0.0	0.0	31.0
4. Miguel Hernandez	4.0	6.0	6.0	6.0	0.0	0.0	8.0	30.0
5. Erin MacIow	0.0	8.0	4.0	4.0	5.0	6.0	4.0	31.0
6. Dominick McCreary	0.0	0.0	0.0	0.0	8.0	8.0	8.0	24.0
7. Jason Roberts	7.6	7.6	8.0	7.6	7.6	7.6	7.6	53.6
8. Marian Mearns	6.0	6.0	6.0	6.0	6.0	8.0	10.0	48.0
9. Malcolm Mason	6.0	6.0	6.0	6.0	6.0	6.0	6.0	42.0
10. Bill Wayton	0.0	0.0	6.0	6.0	8.0	8.0	8.0	36.0
11. Charlie Matson	0.0	0.0	5.0	5.0	8.0	8.0	8.0	34.0
12. Walter Judd	4.0	4.0	0.0	6.0	6.0	7.0	8.0	35.0
13. Annabel Adams	0.0	0.0	4.0	4.0	4.0	6.0	8.0	26.0
14. Justin Sumelle	5.0	5.0	5.0	5.0	5.0	5.0	5.0	35.0
15. Ester Braddish	0.0	0.0	6.0	5.0	3.6	8.0	0.0	22.6
TOTAL LABOR HOURS	47.6	59.6	74.0	78.6	89.2	93.6	80.6	523.2
TOTAL DAILY SALES	\$1,562	\$1,869	\$2,186	\$2,420	\$2,886	\$3,464	\$2,378	\$16,765
SALES PER LABOR HOUR	32.8	31.4	29.5	30.8	32.4	37.0	29.5	32.0

CALCULATES DAILY LABOR COST										
EMP. FEE										
NAME	RATE	MON	TUE	WED	THU	FRI	SAT	SUN		
1. Sandra Mills	2.50	15.00	15.00	15.00	15.00	20.00	20.00	0.00	100.00	
2. John Jeffreys	2.50	15.00	15.00	17.50	10.00	15.00	20.00	0.00	92.50	
3. Jose Cruise	8.00	56.00	56.00	40.00	64.00	64.00	0.00	0.00	280.00	
4. Miguel Hernandez	8.50	51.00	51.00	51.00	51.00	0.00	0.00	68.00	272.00	
5. Erin Merlow	9.00	54.00	72.00	54.00	36.00	45.00	54.00	36.00	351.00	
6. Dominick McCreary	8.50	17.00	17.00	34.00	0.00	42.50	68.00	68.00	269.50	
7. Jason Roberts	7.50	60.00	60.00	45.00	48.75	30.00	30.00	0.00	273.75	
8. Marian Means	6.00	36.00	36.00	36.00	39.54	36.00	48.00	0.00	231.54	
9. Malcolm Mason	6.50	39.00	39.00	39.00	39.00	39.00	39.00	45.50	279.50	
10. Bill Waylon	4.25	0.00	0.00	0.00	26.80	26.10	34.80	34.80	121.80	
11. Charlie Matheson	2.50	10.00	30.00	12.50	12.50	12.50	20.00	20.00	97.50	
12. Walter Judd	2.50	10.00	10.00	0.00	15.00	15.00	17.50	20.00	87.50	
13. Annabel Adams	3.00	30.00	37.50	60.00	30.00	30.00	45.00	60.00	292.50	
14. Judith Sumvale	8.00	40.00	56.00	40.00	40.00	40.00	40.00	40.00	296.00	
15. Ester Bradstock	8.50	0.00	0.00	51.00	42.50	30.39	68.00	0.00	191.89	
HOURLY LABOR COST		131.00	474.50	495.00	469.39	446.49	504.30	392.30	3,213.98	
TOTAL DAILY SALES		1,562	1,869	2,186	2,420	2,886	3,464	2,378	16,765	
HOURLY LABOR COST %		27.7%	25.4%	22.6%	19.4%	15.4%	14.6%	16.5%	19.2%	

PRIME COST WORKSHEET										
		MON	TUE	WED	THU	FRI	SAT	SUN	INVENTORY	
		8-Apr	9-Apr	8-Apr	9-Apr	10-Apr	11-Apr	12-Apr	8-10	11-12
SALES:		1,495	1,598	1,947	2,058	2,456	2,857	1,983		
Food		51	105	36	121	150	221	145		
Beverage		50	101	106	88	205	136	105		
Wine		15	60	127	51	175	290	142		
Total Sales		1,562	1,869	2,186	2,420	2,886	3,464	2,378		
COST OF SALES:									Purchases	Inventory
Food									4,427	3,211
Beverage									2	(2,885)
Wine									811	1,958
Total Beverage									1,488	(1,927)
Total Beverage									1,488	(1,927)
TOTAL COST OF SALES									5,917	31,891
LABOR:										
Management									1,200	7,275
Hourly Personnel									433	3,724
Payroll Taxes & Benefits									475	3,820
TOTAL LABOR									5,388	32,195
PRIME COST									10,712	63,996
GROSS MARGIN									6,052	36,193
Customer Count		80	95	125	140	145	174	122		
Check Average		19.98	19.87	17.49	16.24	19.90	19.85	19.49		

PRIME COST WORKSHEET										
		MON	TUE	WED	THU	FRI	SAT	SUN	INVENTORY	
		8-Apr	9-Apr	8-Apr	9-Apr	10-Apr	11-Apr	12-Apr	8-10	11-12
SALES:		1,495	1,598	1,947	2,058	2,456	2,857	1,983		
Food		51	105	36	121	150	221	145		
Beverage		50	101	106	88	205	136	105		
Wine		15	60	127	51	175	290	142		
Total Sales		1,562	1,869	2,186	2,420	2,886	3,464	2,378		
COST OF SALES:									Purchases	Inventory
Food									4,427	3,211
Beverage									2	(2,885)
Wine									811	1,958
Total Beverage									1,488	(1,927)
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PRIME COST									10,712	63,996
GROSS MARGIN									6,052	36,193
Customer Count		80	95	125	140	145	174	122		
Check Average		19.98	19.87	17.49	16.24	19.90	19.85	19.49		



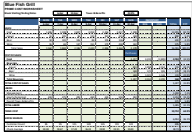
PRIME COST WORKSHEET

RO.com Prime Cost Worksheet Templates -

1. Tableservice w/ alcoholic bev.

2. Tableservice w/o alcoholic bev.

3. Fast Casual / QSR



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7 BEST PRACTICES

6. Keep a running inventory on their “key food products”








KEY FOOD COST CONTROL


Running Inventory on Key Products

✓ 10 – 15 products drives food cost

✓ Can make up 60-70%+ of total food cost



RUNNING INVENTORY EXAMPLE: BEEF PATTIES



Opening Inventory	20
Purchases	<u>100</u>
Total Available	120
Less Sales	<u>(40)</u>
Ending Inventory - IDEAL	80
Ending Inventory - ACTUAL	78
Difference	<u>(2)</u>



INVENTORY IS . . .






7 BEST PRACTICES

7. Teach their employees “basic restaurant economics”









RESTAURANT ECONOMICS 101


How much money does the typical employee think the owner is making?






RESTAURANT ECONOMICS 101


“How much does the owner get to keep?”






RESTAURANT ECONOMICS 101

- ✓ In an employee meeting . . .
- ✓ Everyone gets 100 pennies
- ✓ Owner explains where the money goes . . .
- ✓ . . . & how much is left and what the owner(s) really gets to keep








MICHAEL PASSALACQUA ON SHARING NUMBERS

"I want them to know what it costs to operate a restaurant."

"At the end of the day they know that after all the expenses, our net profit is only about 8%."

"It helps with people taking care of stuff."

"It reinforces that they work for a company that takes care of them."



RESTAURANT ECONOMICS 101

When you withhold financial information about your restaurant, employees make assumptions and the assumptions they make are usually WRONG!

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AFTER CLASS . . .

Owner should NOT drive off in . . .



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7 BEST PRACTICES - REVIEW

1. Birthday Club

2. Know Your Numbers

3. Teach Hospitality

4. Vision, Mission, Values

5. Weekly Prime Cost

6. Running Inventory

7. Restaurant Economics

Would any of these work in your restaurant?

Same Practices = Same Results

Better Practices = Better Results

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Operate a Restaurant?



Opening a Restaurant?



Have a Dream?



7 BEST PRACTICES

Your Comments & Questions

7 Best Practices of Highly Successful Independent Restaurants

What Legendary Independents Do To Sustain & Grow Their Success



INTERNATIONAL

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Thank you for attending!!
