



# Take Back Your Budget:

## THE KEY TO YOUR PROFITABILITY IN 2020













Presented by Restaurant Systems Expert  
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### Workshop Session 2 - COGS

# AGENDA

What You'll Learn

2

-   What are the key budget related systems that are critical to achieving your budget
-   Why three simple systems put you on the path to ordering on budget, preventing theft and reducing waste
-   Calculating your actual COGS, plus four calculations that put more money in you bank
-   How to calculate YOUR ideal food cost and why its important
-   Why you must know ALL three COGS numbers to run your restaurant profitably
-   Demo/walk-thru of three powerful solutions to help you reduce your food cost 2 – 3%!

# TAKE CONTROL OF YOUR BUDGET

## KEY BUDGET RELATED SYSTEMS

The following systems are critical to achieving your budget targets and executing your plan for success.

Session 3

Session 3

01

Purchase Allotment System

02

Key Item Report

03

Waste Sheet

04

Calculating Actual Food Cost

05

Calculating Ideal Cost

06

Labor Allotment System

07

Dollars Per Labor Hour Worked

# Purchase Allotment System

## Important Questions

?

What pays your bills, cash or profits?

?

What is inventory on your shelves?

?

Why is having too much inventory a bad thing?

# Benefits of the Purchase Allotment System

- Ordering on budget
- Keeping your cash in the bank or your back pocket
- Giving up control of ordering without giving up control of your checkbook

## Budget

It starts with a budget: cost of goods sold targets and sales forecasts for each day

## Daily Paperwork

Categorized  
Invoice Logs  
Paid Out Log  
End-of-Day Reporting

## Inventory

Work your inventory levels up and down to a target level



Purchase  
Allotment  
System  
Demo

Book Example Restaurant Checkbook Guardian Template v 0.4

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fx	A	B	C	D	E	F	G	H	I	J
1		Restaurant Checkbook Guardian								
2	YEAR	2019	MONTH	NOV	FOOD					
3	Mix Total	100.00%	Remove Blanks		MIX	80.00%	TARGET	28.00%		
4	Forecasted Sales	Actual Sales Total	DATE	DAY	Forecasted Food Sales	Actual Food Sales	Food Allotment	Actually Spent	Raw Food Cost %	Estimated Order
5	4,313.70	3,871.33	2019-11-01	Fri	3,450.96	2,897.33	811.25	125.47	4.33%	685.78
6	4,268.33	4,512.77	2019-11-02	Sat	3,414.66	3,544.77	992.54	15.23	2.18%	1,663.09
7	2,347.95	3,351.11	2019-11-03	Sun	1,878.36	3,025.88	847.25		1.49%	2,510.33
8	2,227.97	4,988.22	2019-11-04	Mon	1,782.38	4,588.01	1,284.64	4,828.99	35.36%	-1,034.01
9	2,310.80	2,421.31	2019-11-05	Tue	1,848.64	2,045.33	572.69		30.87%	-461.32
10	2,967.10	0.00	2019-11-06	Wed	2,373.68		664.63		0.00%	203.31
11	4,418.65	0.00	2019-11-07	Thu	3,534.92		989.78		0.00%	1,193.09
12	4,313.70	0.00	2019-11-08	Fri	3,450.96		966.27		0.00%	2,159.36
13	4,268.33	0.00	2019-11-09	Sat	3,414.66		956.11		0.00%	3,115.46
14	2,347.95	0.00	2019-11-10	Sun	1,878.36		525.94		0.00%	3,641.40
15	2,227.97	0.00	2019-11-11	Mon	1,782.38		499.07		0.00%	4,140.47
16	2,310.80	0.00	2019-11-12	Tue	1,848.64		517.62		0.00%	4,658.09
17	2,967.10	0.00	2019-11-13	Wed	2,373.68		664.63		0.00%	5,322.72
18	4,418.65	0.00	2019-11-14	Thu	3,534.92		989.78		0.00%	6,312.50

# KEY ITEM REPORT

PREVENTING THEFT

# KEY ITEM TRACKER

8



## Key Item Tracker

YEAR	2019	MONTH	OCT	DAY	3
------	------	-------	-----	-----	---

Thursday	SHIFT	AM
----------	-------	----

ITEM/DESCRIPTION	OPENING INVENTORY	PREPPED/ PURCHASES	TOTAL AVAILABLE	ACTUAL SOLD	IDEAL - ENDING INVENTORY	ACTUAL - ENDING INVENTORY	OVER/ SHORT
Shrimp Portion (6 oz) Bag	8	25	33	10	23	21	-2
Chicken Wings Portion Bag	27	33	60	25	35	35	Ø
Turkey, Deli (4 oz) Portion	3	17	20	8	12	12	Ø
Burger	25	35	60	38	22	20	-2

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## Key Item Inventory System

Search the Resource Library...

Templates, instructions and Online Courses to teach you how to implement key item inventory systems.

### Download Forms

#### Download the Key Item Inventory Worksheet

This form is available in the following formats. You must have a compatible program installed on your computer to use them.



[Click to Download Microsoft Excel format](#)

### Instructions

#### Download the Key Item Running Inventory Instructions

This form is available in the following formats. You must have a compatible program installed on your computer to use them.



[Click to Download Adobe PDF format](#)

### Learning Resources



#### ONLINE COURSE

#### Key Item Running Inventory

Key Item Inventory Control is one of the most effective systems for controlling food cost in any type of restaurant. That's because it's highly likely that 60-70% or more of your total food cost is attributable ...

Operations

## WASTE SHEET

PROACTIVELY CONTROLLING COSTS





Waste Tracker

YEAR	2019	MONTH	SEP	DAY	24
------	------	-------	-----	-----	----

Tuesday

EMPLOYEE					MANAGER	
Time	Item/Description	Amt/Qty/Wt	Reason	Employee	Cost	Manager
7:30AM	TOMATOES, CASE	.5	SPOILED	JAMES FRANK	19.08	DSP
1:15PM	CHEESE BURGER PATE	1	DROP	JOSE ALVAREZ	3.74	DSP
6:05PM	RANCH CITY SAND.	1	TRAWING	KIM STONE	2.91	DSP

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## Waste Sheet Template

Search the Resource Library...

Templates, instructions and Online Courses to teach you how to implement systems.

### DOWNLOAD

## Waste/Spill Tracking Sheet

An unexpected rise in the weekly food or beverage cost usually has owners and managers scrambling to find out why. Waste can have a significant impact on your costs, so minimizing waste should be a key concern for food and beverage managers.

This form provides the means to track food and bar waste as it occurs. Designed for clipboards, this form can be placed in the kitchen or bar so that re-cooks, spills, and wrong orders can be accounted for. The form provides spaces to record the item wasted, who was responsible, the price of the item, and a place to check-off after you have entered the daily wasted items into your POS system or log book.

### Download the Waste/Spill Tracking Sheet

[Preview](#)The thumbnail shows the 'Waste/Spill Tracking Sheet' form. It includes a header with the title and the RestaurantOWNER.com logo. Below the header, there are fields for 'Date' and 'Dept.'. The main body of the form is a table with columns for 'Qty', 'Item', 'Price', 'Person', 'Amount', and 'Notes'. The table has multiple rows for data entry.

This form is available in the following formats. You must have a compatible program installed on your computer to use them.

[Click to Download Microsoft Excel format](#)

# CALCULATING COST OF GOODS SOLD

KNOWING YOUR ACTUAL FOOD &  
BEVERAGE COSTS





## Beginning Inventory

+ Purchases

---

= **Total Available**

– Ending Inventory

---

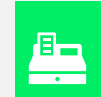
= **Product Used**

÷ Sales

---

= **Cost of Goods Sold %**

## What is used?



**Sold**



**Waste/spoilage**



**Theft**



**Comps** *(not in the POS)*

# FOUR CALCULATIONS YOU CAN TAKE TO THE BANK

1

## Average inventory

$[(\text{beginning inventory} + \text{ending inventory}) \div 2]$

2

## Inventory turns

$[\text{use} \div \text{average inventory}]$

3

## Change in inventory

$[\text{ending inventory} - \text{beginning inventory}]$

4

## Budget variance

$[\text{target use} - \text{actual use}]$

$[\text{target use \%} - \text{actual use \%}]$

Beginning Inv.	\$ 3,580.21
Purchases	\$ 22, 522.33
Sub-Total	\$ 26, 102.52
Ending Inv.	\$ 6,803.01
Used	\$ 19,299.53
Sales	\$ 63,045.48
F.C %	30.61%
Last F.C %	29.78%
+/-%	0.83%

## Beginning Inventory

+ Purchases

= Total Available

– Ending Inventory

= Product Used

÷ Sales

= Cost of Goods Sold %

\$ 5,191.61	Average Inventory	= Beg. Inv. + End. Inv. / 2
3.72	Inventory Turns	= Used / Avg. Inv.
\$ 3,222.80	Change in Inventory	= End. Inv. – Beg. Inv.
\$ 18,913.64	Budgeted	30.00% = Sales x Budget %
\$ 19,299.53	Actual	30.61% = Actual Use
<b>\$ (385.89)</b>	<b>Budget Variance</b>	= Budget – Actual
	<b>– 0.61%</b>	

1

1 pt = \$630.45

2

Net effect -\$3,608.69 in the bank

# CALCULATING IDEAL COST OF GOODS SOLD

KNOWING WHERE YOU SHOULD BE

Based on...

- No Waste
- No Theft
- No Spoilage

A perfect restaurant  
which does not exist

A	B	C	D	E	F	G	H	I	J	K	L	M
Menu Category	Menu Item	Current Cost	Menu Price	Quantity Sold	Contribution Margin	COGS%	Total Cost	Total Sales	Total CM	Group %	Menu %	Avg.
Burgers	Classic Cheeseburger	2.24	11.95	228	9.71	18.74%	510.72	2,724.60	2,213.88	28.01%	3.69%	2.48
	Big Bacon Cheeseburger	2.92	12.95	194	10.03	22.55%	566.48	2,512.30	1,945.82	23.83%	3.14%	2.11
	Classic Burger	2.21	10.95	83	8.74	20.18%	183.43	908.85	725.42	10.20%	1.34%	0.90
	Black & Blue Burger	2.40	12.95	70	10.55	18.53%	168.00	906.50	738.50	8.60%	1.13%	0.76
	Mushroom & Swiss Cheeseburger	2.69	12.95	68	10.26	20.77%	182.92	880.60	697.68	8.35%	1.10%	0.74
	Turkey Burger	1.59	9.95	63	8.36	15.98%	100.17	626.85	526.68	7.74%	1.02%	0.68
	Burger with Heat	1.41	10.95	51	9.54	12.88%	71.91	558.45	486.54	6.27%	0.82%	0.55
	Double Cheeseburger	3.51	14.95	27	11.44	23.48%	94.77	403.65	308.88	3.32%	0.44%	0.29
	Bison Burger	6.61	18.95	22	12.34	34.88%	145.42	416.90	271.48	2.70%	0.36%	0.24
	Homewrecker	2.51	12.95	8	10.44	19.38%	20.08	103.60	83.52	0.98%	0.13%	0.09
				814		20.35%	2,043.90	10,042.30	7,998.40		13.16%	
Sandwiches	Philly Steak Sandwich	2.20	11.95	257	9.75	18.41%	565.40	3,071.15	2,505.75	25.22%	4.16%	2.79
	Classic Club	2.74	10.50	187	7.76	26.10%	512.38	1,963.50	1,451.12	18.35%	3.02%	2.03
	Buffalo Chicken Sandwich Fried	2.06	11.95	164	9.89	17.24%	337.84	1,959.80	1,621.96	16.09%	2.65%	1.78
	Grilled Chicken Club Sandwich	2.34	10.95	127	8.61	21.37%	297.18	1,390.65	1,093.47	12.46%	2.05%	1.38
	Hot Ham & Cheese	1.58	9.95	110	8.37	15.88%	173.80	1,094.50	920.70	10.79%	1.78%	1.20
	Cranked Up BLT	2.00	9.95	89	7.95	20.10%	178.00	885.55	707.55	8.73%	1.44%	0.97
	Grilled Chicken Sandwich	1.90	9.95	85	8.05	19.10%	161.50	845.75	684.25	8.34%	1.37%	0.92
	Buffalo Chicken Sandwich Grilled	2.31	11.95		9.64	19.33%	0.00	0.00	0.00	0.00%	0.00%	0.00
				1,019		19.86%	2,226.10	11,210.90	8,984.80		16.48%	
Entrees	Chicken Tender Platter	2.60	11.95	130	9.35	21.76%	338.00	1,553.50	1,215.50	51.38%	2.10%	1.41
	Smokehouse Grilled Chicken Platter	2.68	12.95	63	10.27	20.69%	168.84	815.85	647.01	24.90%	1.02%	0.68
	Somewhere Sirloin	4.49	16.95	48	12.46	26.49%	215.52	813.60	598.08	18.97%	0.78%	0.52
	Somewhere Ribeye	13.12	28.50	12	15.38	46.04%	157.44	342.00	184.56	4.74%	0.19%	0.13
				253		24.96%	879.80	3,524.95	2,645.15		4.09%	
Desserts	Chocolate Lava Cake	2.19	6.25	36	4.06	35.04%	78.84	225.00	146.16	54.55%	0.58%	0.39
	New York Cheese Cake	1.96	5.95	30	3.99	32.94%	58.80	178.50	119.70	45.45%	0.49%	0.33
				66		34.11%	137.64	403.50	265.86		1.07%	
			Grand Total	6,185		24.50%	16,567.12	67,609.55	51,042.43		100.00%	

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Ideal Cost Resources

Search the Resource Library...

Templates, instructions and Online Courses to teach you how to implement ideal cost systems.

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## Resource Library


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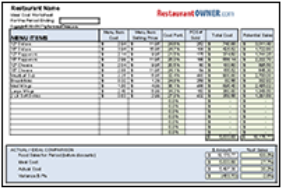
**Downloads** **Online Courses** **Ideal Cost**



**ONLINE COURSE**

### How to Know What Your Food Cost Should Be


In this course we'll show you how to establish your realistic target food cost --



**DOWNLOAD**

### Ideal Cost Worksheet

This spreadsheet calculates the ideal (theoretical) cost of sales based on the cost of menu items multiplied by



**ONLINE COURSE**

### How to Create the Ideal Labor Budget

Labor cost is the biggest expense for most restaurants. Learn how to

# BUDGETED VS. ACTUAL VS. IDEAL

## THE THREE KEY FOOD COST NUMBERS

<b>Budgeted</b>		
<b>Sales</b>		
Food	67,609.55	43.28%
N/A Beverages	17,811.12	11.40%
Liquor	19,665.25	12.59%
Draft Beer	28,135.40	18.01%
Bottle Beer	17,378.83	11.12%
Wine	5,622.24	3.60%
<b>TOTAL SALES</b>	<b>156,222.39</b>	<b>100.00%</b>
<b>COGS</b>		
Food	16,902.39	25.00%
N/A Beverages	3,206.00	18.00%
Liquor	3,146.44	16.00%
Draft Beer	6,471.14	23.00%
Bottle Beer	4,344.71	25.00%
Wine	1,911.56	34.00%
<b>TOTAL COGS</b>	<b>35,982.24</b>	<b>23.03%</b>













<b>Actual</b>	<b>Food</b>
<b>Beginning Inventory</b>	4,353.98
<b>Purchases</b>	18,199.36
<b>Total</b>	22,553.34
<b>Ending Inventory</b>	4,689.57
<b>Use</b>	17,863.77
<b>Sales</b>	67,609.55
<b>COGS %</b>	26.42%
<b>Average Inventory</b>	4,521.78
<b>Inventory Turns</b>	3.95
<b>Inventory Change</b>	-335.59
<b>Budgeted %</b>	25.00%
<b>Budgeted \$</b>	16,902.39
<b>Actual</b>	17,863.77
<b>Variance</b>	-961.38

Current Cost	Menu Price	Quantity Sold	Contribution Margin	COGS%	Total Cost	Total Sales	Total CM	Group %	Menu %	Avg.
<b>Ideal</b>	Grand Total	6,185		24.50%	16,567.12	67,609.55	51,042.43		100.00%	

# AGENDA

## What You Learned

21

-   What are the key budget related systems that are critical to achieving your budget
-   Why three simple systems put you on the path to ordering on budget, preventing theft and reducing waste
-   Calculating your actual COGS, plus four calculations that put more money in you bank
-   How to calculate YOUR ideal food cost and why its important
-   Why you must know ALL three COGS numbers to run your restaurant profitably
-   Demo/walk-thru of three powerful solutions to help you reduce your food cost 2 – 3%!

# Time to answer your questions...

ONLINE LIVE WORKSHOP SERIES JANUARY 2020

## Take Back Your Budget: The Key to Your Profitability

January 2020 – Week 1						
S	M	T	W	T	F	S
12	13	14	15	16	17	18

### January 14 – WORKSHOP SESSION 1

- Seven steps to creating a budget
  - Demo of Restaurant Sales Forecast Generator
  - Demo of Budget Builder MVP
- The one number you must know
- The importance of a good COA
- The key budget related systems
- YOUR QUESTIONS ANSWERED

### January 16 – LIVE GROUP Q&A

90 mins of your questions answered

January 2020 – Week 2						
S	M	T	W	T	F	S
19	20	21	22	23	24	25

### January 21 – WORKSHOP SESSION 2

- Reducing food cost by 2-3%
  - Demo of Restaurant Checkbook Guardian
  - Demo of Key Item Tracker
  - Demo of Waste Tracker
- Food cost calculation, plus four
- Calculating ideal food cost
- Why knowing ALL three food cost numbers is critical to your success!
- YOUR QUESTIONS ANSWERED

### January 23 – LIVE GROUP Q&A

90 mins of your questions answered

January 2020 – Week 3						
S	M	T	W	T	F	S
26	27	28	29	30	31	

### January 28 – WORKSHOP SESSION 3

- Reducing labor cost by 1-3%
  - Demo of Restaurant Payroll Guardian
- The key labor report for results
- Busting the labor costing myth
- How to discover your efficiency
- That which we measure improves
- YOUR QUESTIONS ANSWERED

### January 30 – LIVE GROUP Q&A

90 mins of your questions answered