

Checklist

5 restaurant KPIs that drive better decision making

Strengthen your strategy and ease your stress with outsourced accounting and financial advisory services.

In the rapidly evolving restaurant industry, real-time financial data is the new secret ingredient. With consumer dining trends fluctuating, ingredient prices rising, and supply chain complexities continuing, savvy restaurant owners can no longer wait 30, 60, or 90 days for their data. They need financial insights now so they can make the kinds of strategic decisions that will grow their business.

At the same time, restaurant owners today must remain razor-focused on operations. That leaves them little time to manage back-office functions like accounting. By outsourcing their accounting and financial advisory services, restaurant owners can get more time back in their day and gain the ability to track and improve these five crucial KPIs in real time.



1 Cost of goods sold (COGS) percentage

The formula: (beginning inventory + purchased inventory - ending inventory) / sales

In a world of narrowing margins, every penny counts. Knowing the cost of your food and beverage items sold brings numerous benefits. These include increased profitability and cash flow, better negotiating power, and improved inventory decision-making. The right accounting and financial advisory service provider will connect their systems to your point-of-sale, inventory, and accounts payable solutions and help you manage COGS in real time.

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2 Gross profit percentage

The formula: $(\text{total revenue} - \text{COGS}) / \text{sales}$

Your gross profit is a fundamental indicator of your restaurant's overall financial health. Gross profit percentage is your total revenue, minus your COGS, divided by your total sales. It does not include fixed costs, such as rent and utilities. The industry standard is to aim for a 70% gross profit. An accounting and financial advisory services partner can help you examine your profit and determine when it's time to add new menu items or switch to more affordable vendors.

4 Prime cost percentage

The formula: $(\text{labor cost} + \text{COGS}) / \text{sales}$

Effective cost control is a major driver of restaurant profitability. The prime cost percentage considers the costs of both labor and COGS, divided by total sales. Most restaurants aim for a 60% prime cost ratio. By knowing your prime cost percentage in real time, you'll know when menu swaps or staffing changes will make the biggest impact. The right partner will help you analyze your cost data, drill down on specific menu items, and give you benchmarks that you can use to ensure you're making informed business decisions.

How to make these KPIs work for your restaurant

Let us help you get real-time access to these crucial KPIs and so much more. We'll meet with you to fully understand your business' current state and future goals. Then, using the Sage Intacct platform, we'll set up your systems so you benefit from the type of real-time financial data, analysis, and recommendations that will help you meet those goals.

We'll also work with you to develop these and other KPIs that will meet your restaurant's unique circumstances and create visual performance cards to help you see and measure your progress. Best of all, you'll get the freedom you need to spend more time on your business while we manage your finances for you.

3 Labor cost percentage

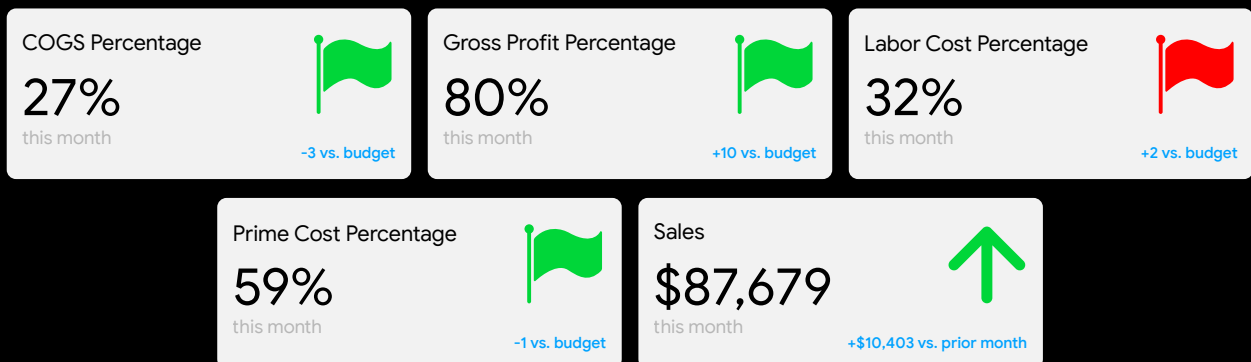
The formula: $\text{labor costs} / \text{sales}$

With food service wages hitting an average \$17.25/hour and climbing, benchmarking your restaurant's labor costs is paramount. Your labor cost percentage lets you track the amount you spend on labor against your total sales. Your labor costs will include wages and related expenses, such as healthcare and taxes. An outsourcing partner will integrate their cloud-based financial software with your payroll system and calculate multiple scenarios so you can see the impact of increasing your hourly rate or adding headcount.

5 YoY historical sales

The formula: real-time performance data

Tracking your year-over-year historical sales gives you the power to make accurate forecasts that will improve profitability and extend your restaurant's success. With the right outsourced accounting and financial advisory services partner, you will get access to best-in-class software that lets you track sales over time. When you have real-time operational data in an easy-to-read, visual dashboard, you'll be able to make the best decisions possible for your restaurant.



Examples of performance cards available through Sage Intacct

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Add your firm name and value prop, call to action, etc.

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