



# Proven Menu Engineering Techniques

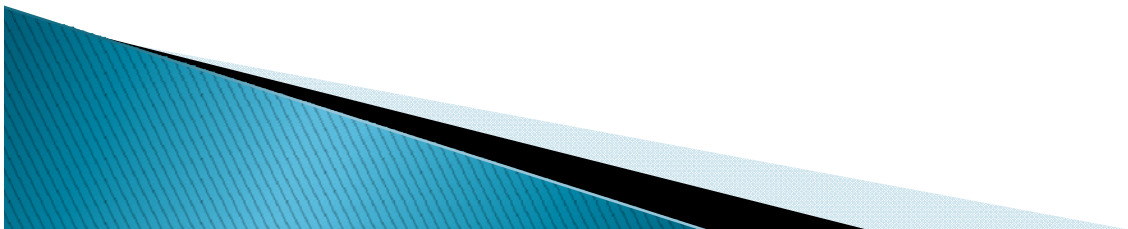
Atlanta Foodservice Expo  
Cobb Galleria Centre, Atlanta, GA, Room 104  
Monday, 09/18/2017 | 1:00 – 2:00 p.m.

Presenter: Mark Kelnhofer, CFBE, MBA, President & CEO, Return On Ingredients®, International Speaker & Author  
© 2017 Restaurant Institute LLC | Prerequisites: Course# RI-1001: The Art of Recipe Writing  
P.O. Box 2387, Westerville, Ohio 43086 | **614.558.2239** | @RestaurantInst | info@RestaurantInstitute.com

# Today's Objectives

---

- ▶ Understanding the importance of accurate recipe costing as part of the menu engineering process.
- ▶ Understand the impact, internally and externally, that the menu engineering process has.
- ▶ Apply menu rationalization to ensure consistency, quality and increased efficiency.
- ▶ Understand the required data to make an informed decision about your future menus.



# Paradigm Shift

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## paradigm shift

### *noun*

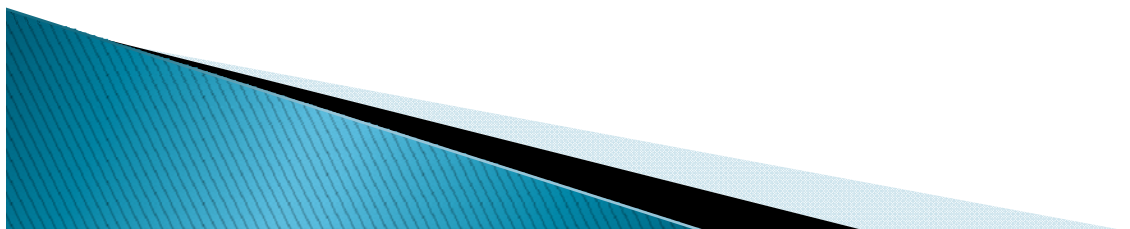
1. a dramatic change in the paradigm of a scientific community, or a change from one scientific paradigm to another.
2. a significant change in the paradigm of any discipline or group:  
*Putting skilled, tenured teachers in failing schools would cause a paradigm shift in teaching and education.*

### *Origin:*

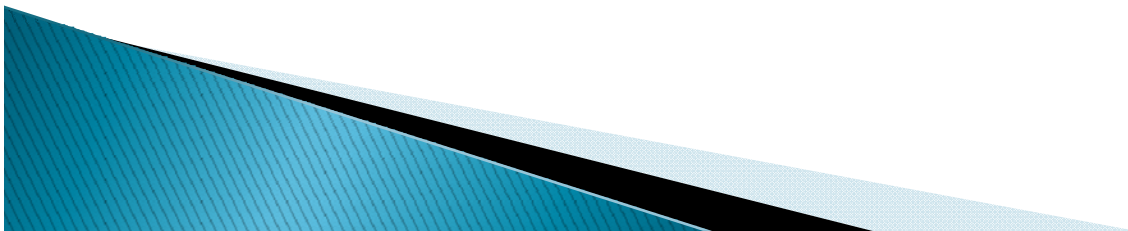
1970–75

Dictionary.com Unabridged

Based on the Random House Dictionary, © Random House, Inc. 2013.



*Top Reasons To*  
*Proactively*  
*Know Your*  
*Costs!*







# The Restaurant Industry

## *United States*

**Adding It All Up:**  
**\$782.7 billion**

Projected restaurant industry  
sales in 2016

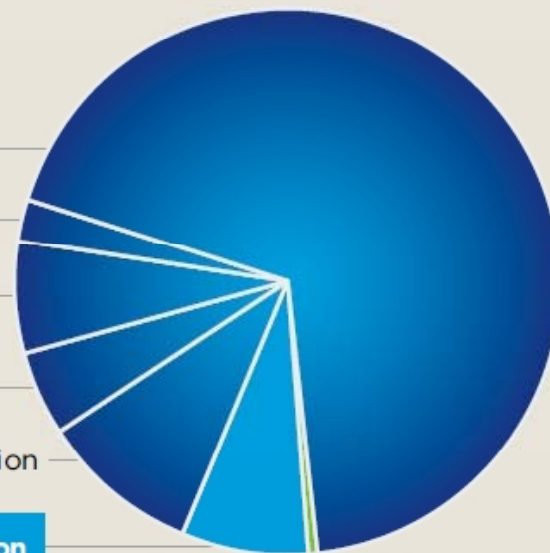
*\*Eating places include tableservice  
restaurants and quickservice/fast-casual  
restaurants, cafeterias and buffets, social  
caterers, and snack and nonalcoholic  
beverage bars.*

**Commercial Restaurant Services: \$720.4**

- ▶ Eating Places\*: \$536.2 billion
- ▶ Bars and Taverns: \$19.9 billion
- ▶ Managed Services: \$50.9 billion
- ▶ Lodging Places: \$39.0 billion
- ▶ Retail, Vending, Recreation, Mobile: \$74.4 billion

**Noncommercial Restaurant Services: \$59.6 billion**

**Military Restaurant Services: \$2.6 billion**

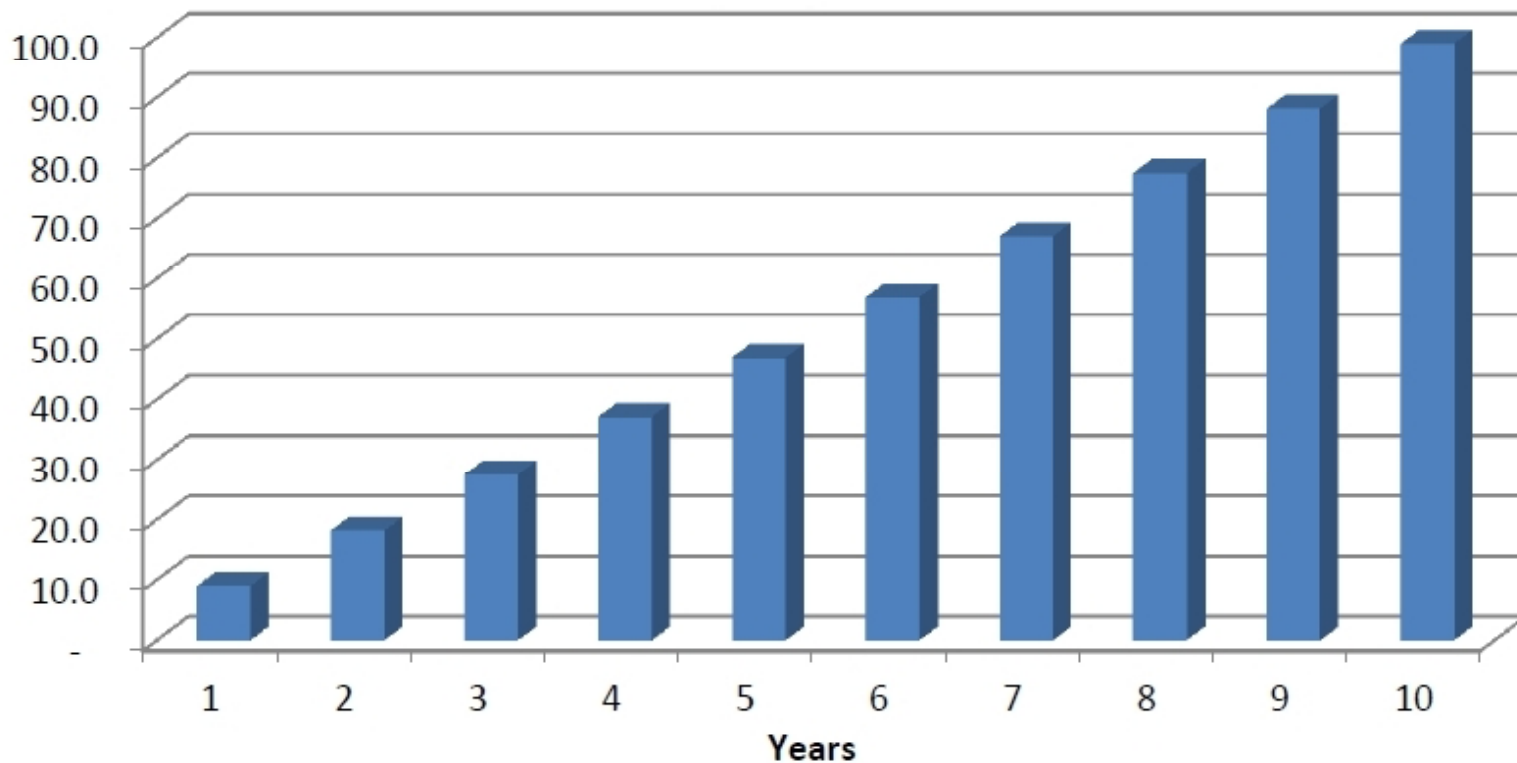


## Restaurant-Industry Sales

*Source: National Restaurant Association (NRA), 2016 Restaurant Industry Forecast*

# Restaurant Failure Rate

**Cumulative Number of  
Restaurants Failed in Ten Years**  
(in 000's)



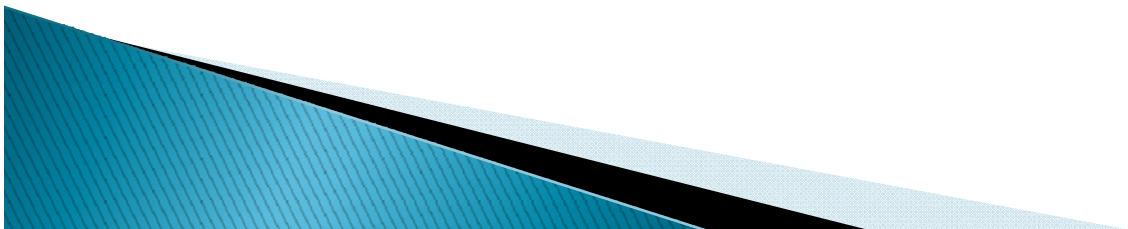


# Restaurant Failure Rate

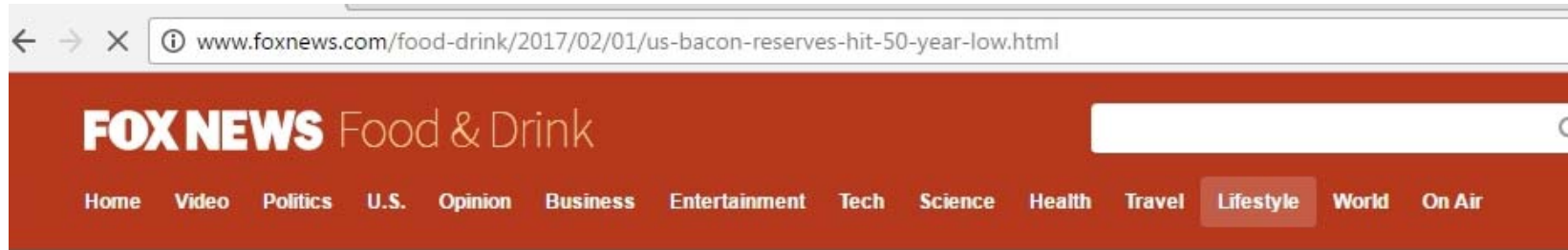
## Cost Controls

*“According to the National Restaurant Association (2009), a typical restaurant in America earns a net profit under 10%. That means 90% of revenues are used to defer the cost of doing business. Thus, managers that do not understand the importance of cost controls are bound to fail in the restaurant business. Two major costs in the restaurant industry are food cost and labor cost. These two costs together are referred to as prime costs. For a restaurant to succeed, the prime costs are expected to be less than 60% of revenues. It is a ‘rule of thumb’ and a good rule to follow. Most restaurants that have failed often were found to have prime costs exceeding 60% indicating greater potential to failure.”*

*The Dick Pope Institute for Tourism Studies, UCF Rosen College of Hospitality, Parsa/Green/Terry*



# Commodities In The News





# Commodities In The News

www.foodbusinessnews.net/articles/news\_home/Purchasing\_News/2017/02/Whole\_wheat\_flour\_production\_d.aspx?ID={E51B2606-E



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### Whole wheat flour production down in 2016

Feb. 3, 2017 - by Josh Sosland

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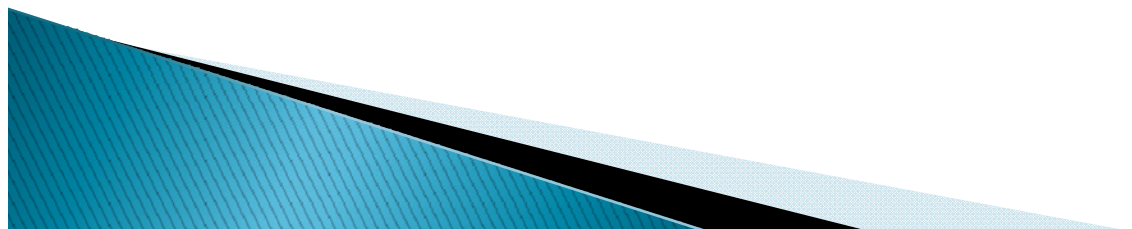




# Cost Modeling

## RIBEYE STEAK

|                  |   |                                    |        |      | 11/19/2014 |        |
|------------------|---|------------------------------------|--------|------|------------|--------|
|                  |   |                                    |        | UNIT | TOTAL      |        |
| ITEM DESCRIPTION |   |                                    |        | COST | COST       |        |
| P                | 1 | BEEF STEAK RIBEYE CHOICE 1" LIP ON | 10.000 | OZ   | 0.753      | 7.530  |
| B                | 2 | CHOICE OF SIDES                    | 1.000  | EA   | 0.477      | 0.477  |
| B                | 3 | GARLIC BUTTER STEAKS               | 2.000  | OZ   | 0.117      | 0.234  |
| S                | 4 | SIDE SALAD                         | 1.000  | EA   | 0.624      | 0.624  |
| P                | 5 | SPICE PARSLEY FLAKES               | 0.100  | OZ   | 1.195      | 0.120  |
| B                | 6 | HAMBURGER & STEAK MARINADE         | 0.125  | OZ   | 0.148      | 0.019  |
| L                | 7 | LABOR                              |        |      | 0.750      | 0.750  |
| OH               | 8 | OVERHEAD                           |        |      |            | 8.257  |
| TOTAL COST       |   |                                    |        |      | \$         | 18.010 |



# Cost Modeling

## *Predictive Costing*

MENU  
ROLLOUT

### RIBEYE STEAK

|  |        |     |           | 11/19/2014 | 12/15/2014 |
|--|--------|-----|-----------|------------|------------|
|  |        |     |           | TOTAL      | TOTAL      |
|  |        |     |           | COST       | COST       |
| ITEM DESCRIPTION                       | QTY    | UOM | UNIT COST |            |            |
| P 1 BEEF STEAK RIBEYE CHOICE 1" LIP ON | 10.000 | OZ  | 0.753     | 7.530      | 8.119      |
| B 2 CHOICE OF SIDES                    | 1.000  | EA  | 0.477     | 0.477      | 0.430      |
| B 3 GARLIC BUTTER STEAKS               | 2.000  | OZ  | 0.117     | 0.234      | 0.260      |
| S 4 SIDE SALAD                         | 1.000  | EA  | 0.624     | 0.624      | 0.643      |
| P 5 SPICE PARSLEY FLAKES               | 0.100  | OZ  | 1.195     | 0.120      | 0.115      |
| B 6 HAMBURGER & STEAK MARINADE         | 0.125  | OZ  | 0.148     | 0.019      | 0.023      |
| L 7 LABOR                              |        |     | 0.750     | 0.750      | 0.750      |
| OH 8 OVERHEAD                          |        |     |           | 8.257      | 8.257      |
| TOTAL COST                             |        |     |           | \$ 18.010  | 18.597     |

Commodity  
price increase



# Cost Management

*Do we just “eat” the cost?*





# Cost Modeling

## Predictive Costing



### RIBEYE STEAK

|  |        |     |           | 11/19/2014 | 12/15/2014 | 12/31/2014 | 1/15/2015  | 1/31/2015  | 2/15/2015  | 2/28/2015  |
|--|--------|-----|-----------|------------|------------|------------|------------|------------|------------|------------|
|  |        |     |           | TOTAL COST | TOTAL COST | TOTAL COST | TOTAL COST | TOTAL COST | TOTAL COST | TOTAL COST |
| ITEM DESCRIPTION                       | QTY    | UOM | UNIT COST |            |            |            |            |            |            |            |
| P 1 BEEF STEAK RIBEYE CHOICE 1" LIP ON | 10.000 | OZ  | 0.753     | 7.530      | 8.119      | 8.119      | 8.109      | 7.860      | 7.856      | 7.943      |
| B 2 CHOICE OF SIDES                    | 1.000  | EA  | 0.477     | 0.477      | 0.430      | 0.390      | 0.425      | 0.407      | 0.435      | 0.445      |
| B 3 GARLIC BUTTER STEAKS               | 2.000  | OZ  | 0.117     | 0.234      | 0.260      | 0.250      | 0.210      | 0.230      | 0.225      | 0.227      |
| S 4 SIDE SALAD                         | 1.000  | EA  | 0.624     | 0.624      | 0.643      | 0.631      | 0.620      | 0.618      | 0.617      | 0.624      |
| P 5 SPICE PARSLEY FLAKES               | 0.100  | OZ  | 1.195     | 0.120      | 0.115      | 0.117      | 0.113      | 0.123      | 0.126      | 0.119      |
| B 6 HAMBURGER & STEAK MARINADE         | 0.125  | OZ  | 0.148     | 0.019      | 0.023      | 0.020      | 0.021      | 0.019      | 0.017      | 0.015      |
| L 7 LABOR                              |        |     | 0.750     | 0.750      | 0.750      | 0.750      | 0.860      | 0.860      | 0.860      | 0.860      |
| OH 8 OVERHEAD                          |        |     |           | 8.257      | 8.257      | 8.257      | 8.345      | 8.345      | 8.345      | 8.345      |
| TOTAL COST                             |        |     |           | \$ 18.010  | 18.597     | \$ 18.534  | 18.703     | \$ 18.462  | 18.481     | \$ 18.578  |

Labor Cost Increase

Menu Item Highest Cost

# Our Challenges

## Top Challenges Expected by Tableservice Operators in 2015

|                                       | Family dining | Casual dining | Fine dining |
|---------------------------------------|---------------|---------------|-------------|
| Building and maintaining sales volume | 21%           | 24%           | 33%         |
| Food costs                            | 23%           | 25%           | 21%         |
| The economy                           | 15%           | 10%           | 12%         |
| Recruiting & retaining employees      | 13%           | 12%           | 5%          |
| Affordable Care Act                   | 7%            | 7%            | 5%          |
| Operating costs                       | 2%            | 3%            | 9%          |
| Competition                           | 5%            | 3%            | 5%          |
| Government                            | 2%            | 2%            | 2%          |
| Minimum wage increase                 | 2%            | 2%            | 2%          |
| Labor costs                           | 2%            | 1%            | 2%          |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2014

Source: National Restaurant Association (NRA), 2015 Restaurant Industry Forecast

# Our Challenges

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| Competition                           | 5%            | 3%            | 5%          |
| Government                            | 2%            | 2%            | 2%          |
| Minimum wage increase                 | 2%            | 2%            | 2%          |
| Labor costs                           | 2%            | 1%            | 2%          |

Source: National Restaurant Association, *Restaurant Trends Survey*, 2014

Source: National Restaurant Association (NRA), *2015 Restaurant Industry Forecast*



# Our Response


## Actions Taken in 2014 by Tableservice Operators as a Result of Elevated Food Costs\*

|  | Family dining | Casual dining | Fine dining |
|--|---------------|---------------|-------------|
| Increase tracking of food waste        | 64%           | 78%           | 74%         |
| Shop around for other suppliers        | 56%           | 65%           | 89%         |
| Increase menu prices                   | 74%           | 70%           | 65%         |
| Cut costs in other areas of operation  | 66%           | 68%           | 54%         |
| Purchase more items from local sources | 49%           | 46%           | 67%         |
| Adjust portion sizes                   | 34%           | 46%           | 35%         |
| Substitute lower-cost items on menu    | 29%           | 28%           | 26%         |

**Source:** National Restaurant Association, *Restaurant Trends Survey*, 2014

\* Responses from tableservice operators who said food costs are a significant or moderate challenge

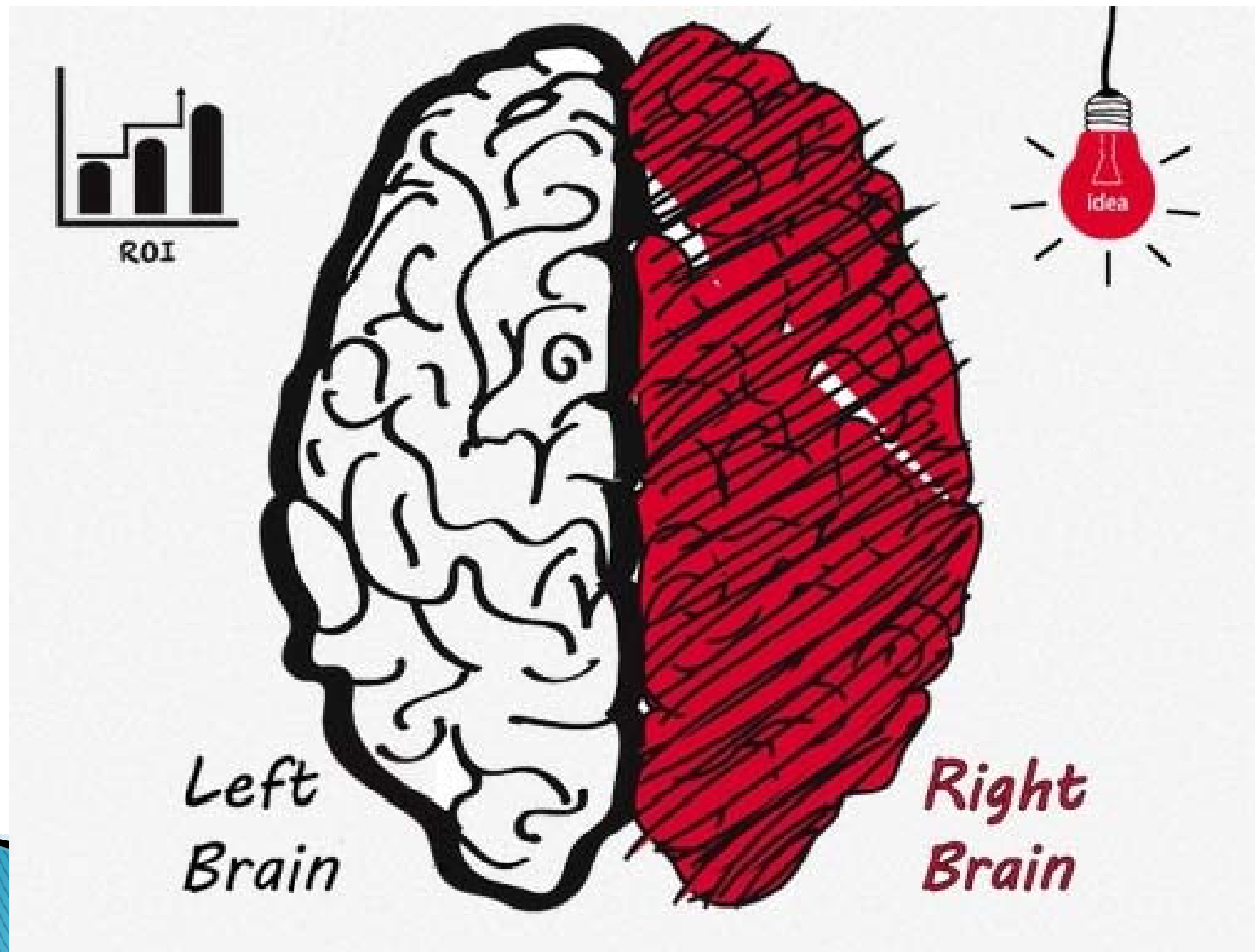
*Source: National Restaurant Association (NRA), 2015 Restaurant Industry Forecast*





# The Missing Link

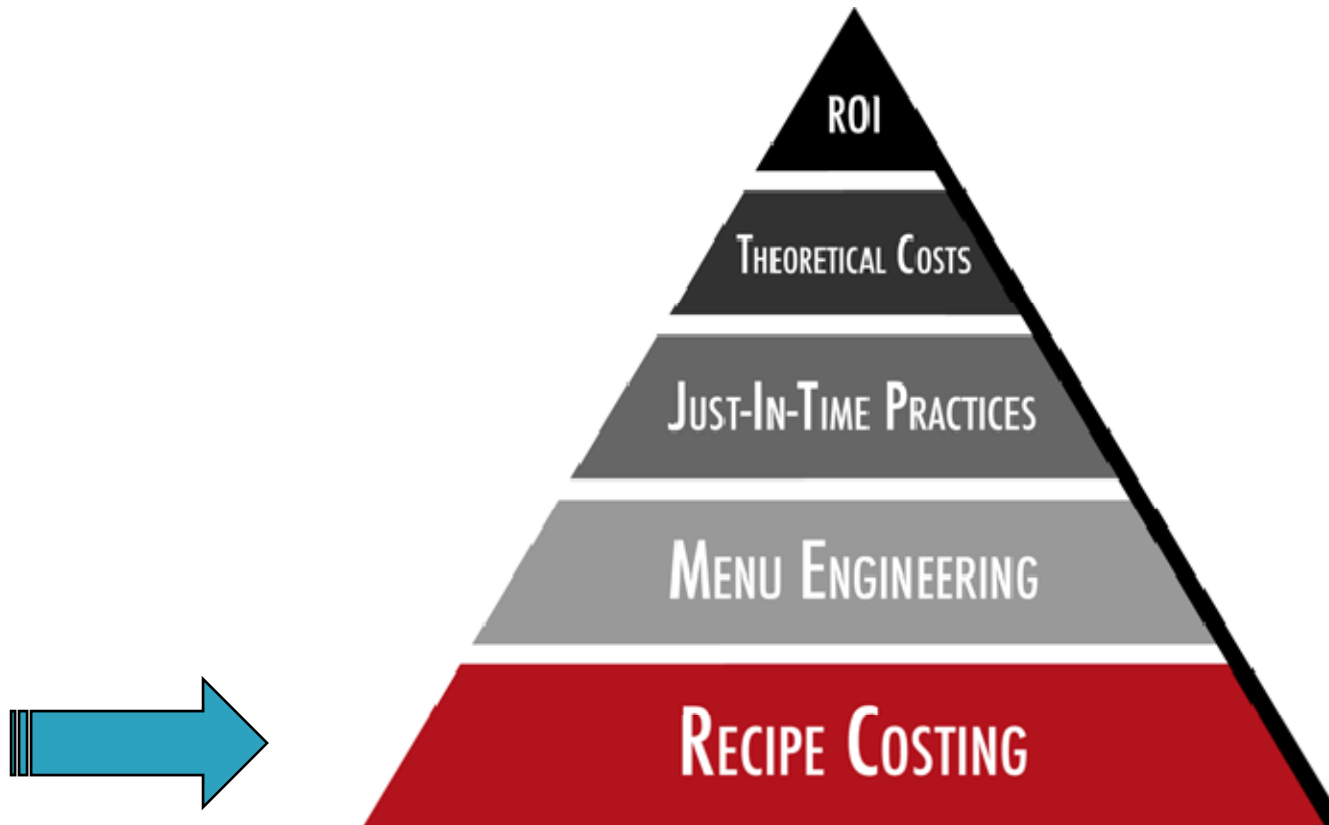
*The Numbers*



*Culinary Arts*



# ROI Methodology



Recipe costing is the base for many other aspects of the operations.

# The Reality Is...

- ▶ Some restaurant operators do not have any written or documented recipes.
- ▶ Some have recipes that are written are only for execution, not costing.
- ▶ The few that have costing in many cases do not take a manufacturing approach.
- ▶ Menu pricing in some cases is not based on proper analysis and data.



# What is in your control?

- *Knowing your costs*
- *Establishing your selling price*

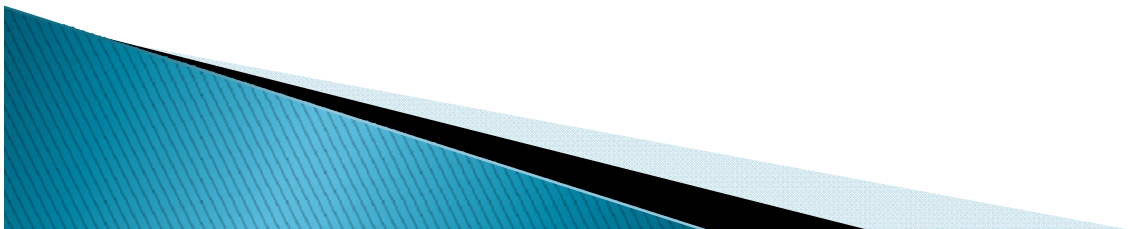
***“By not properly  
identifying your costs, it  
may cost you more in  
profitability”***

*– Mark Kelnhofer*



# Types of Recipes

- ▶ Batch or Prep Recipes
  - Larger quantities
  - Become their own unique inventory item when produced
  - Can be used in other recipes
- ▶ Serving or Menu Item Recipes
  - Ultimately is what is sold to the guest or customer



# Recipe Writing

## PIZZA DOUGH

| INGREDIENT | UTENSIL QTY | UTENSIL | QUANTITY | UOM     |
|------------|-------------|---------|----------|---------|
| FLOUR      |             |         | 50.00    | lbs.    |
| SUGAR      |             |         | 40.00    | oz.     |
| YEAST      |             |         | 4.00     | oz.     |
| EGGS       |             |         | 23.00    | oz.     |
| SALT       |             |         | 6.00     | oz.     |
| OIL        |             |         | 40.00    | fl. oz. |
| MILK       |             |         | 1.40     | oz.     |
| YIELD      |             |         | 76.00    | lbs.    |

Analyze and question the recipe to account for accuracy and the process. ***Ask questions!***





# Recipe Writing

## PIZZA DOUGH

| INGREDIENT | UTENCIL QTY | UTENCIL | QUANTITY | UOM     |
|------------|-------------|---------|----------|---------|
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| OIL        |             |         | 40.00    | fl. oz. |
| MILK       |             |         | 1.40     | oz.     |
| YIELD      |             |         | 76.00    | lbs.    |

| Description  | Pack Size | \$/Price | \$/#  | \$/oz. |
|--|-----------|----------|-------|--------|
| FLOUR ALL-PURPOSE HOTEL & RESTAURANT PETER PAN BAG | 25 LB     | 9.10     | 0.364 | 0.023  |
| FLOUR HOTEL & RESTAURANT ALL-PURPOSE BLEACHED      | 50 LB     | 14.95    | 0.299 | 0.019  |
| FLOUR HI GLUTEN ENRICHED                           | 50 LB     | 16.29    | 0.326 | 0.020  |

# Recipe Writing

## PIZZA DOUGH

| INGREDIENT | UTENCIL QTY | UTENCIL | QUANTITY | UOM     |
|------------|-------------|---------|----------|---------|
| FLOUR      |             |         | 50.00    | lbs.    |
| SUGAR      |             |         | 40.00    | oz.     |
| YEAST      |             |         | 4.00     | oz.     |
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| OIL        |             |         | 40.00    | fl. oz. |
| MILK       |             |         | 1.40     | oz.     |
| YIELD      |             |         | 76.00    | lbs.    |

| Description                       | Pack Size | \$/Price | \$/#  | \$/oz. |
|-----------------------------------|-----------|----------|-------|--------|
| SUGAR BROWN LIGHT GRANULATED CANE | 12/2 LB   | 23.22    | 0.968 | 0.060  |
| SUGAR WHITE GRANULATED CANE       | 25 LB     | 15.75    | 0.630 | 0.039  |

# Recipe Writing

## PIZZA DOUGH

| INGREDIENT | UTENCIL QTY | UTENCIL | QUANTITY | UOM     |
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| SALT       |             |         | 6.00     | oz.     |
| OIL        |             |         | 40.00    | fl. oz. |
| MILK       |             |         | 1.40     | oz.     |
| YIELD      |             |         | 76.00    | lbs.    |

| Description                                       | Pack Size | \$/Price | \$/ea | \$/oz. |
|---|-----------|----------|-------|--------|
| EGG HARD COOKED PEELED WHOLE REF DRY PACK BAG     | 12/1 DZ   | 28.04    | 2.337 |        |
| EGG LIQUID MIX W/ MILK PASTEURIZED BAG-IN-BOX REF | 20 LB     | 27.09    |       | 0.085  |
| EGG SHELL MEDIUM GRADE AA WHITE FRESH REF         | 15 DZ     | 23.16    | 0.129 |        |

# Recipe Writing

## PIZZA DOUGH

| INGREDIENT | UTENCIL QTY | UTENCIL | QUANTITY | UOM     |
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| MILK       |             |         | 1.40     | oz.     |
| YIELD      |             |         | 76.00    | lbs.    |

| Description                   | Pack Size | \$/Price | \$/#  | \$/oz. |
|-------------------------------|-----------|----------|-------|--------|
| SALT KOSHER GROUND COARSE BOX | 12/3 LB   | 20.63    | 0.573 | 0.036  |
| SALT TABLE IODIZED BAG        | 25 LB     | 5.52     | 0.221 | 0.014  |

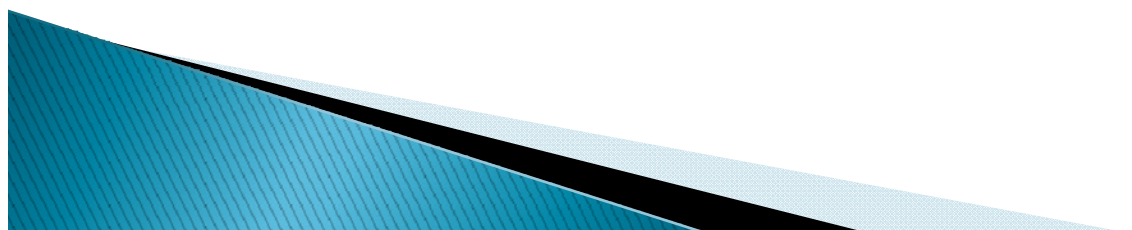


# Recipe Writing

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| OIL        |             |         | 40.00    | fl. oz. |
| MILK       |             |         | 1.40     | oz.     |
| YIELD      |             |         | 76.00    | lbs.    |

| Description           | Pack Size | \$/Price | \$/gal | \$/fl. oz. |
|-----------------------|-----------|----------|--------|------------|
| OIL SOYBEAN TFF SALAD | 6/1 GA    | 33.34    | 5.557  | 0.043      |



# Recipe Writing

## PIZZA DOUGH

| INGREDIENT | UTENCIL QTY | UTENCIL | QUANTITY | UOM     |
|------------|-------------|---------|----------|---------|
| FLOUR      |             |         | 50.00    | lbs.    |
| SUGAR      |             |         | 40.00    | oz.     |
| YEAST      |             |         | 4.00     | oz.     |
| EGGS       |             |         | 24.00    | oz.     |
| SALT       |             |         | 6.00     | oz.     |
| OIL        |             |         | 40.00    | fl. oz. |
| MILK       |             |         | 1.40     | oz.     |
| YIELD      |             |         | 76.00    | lbs.    |

| Description                                       | Pack Size | \$/Price | \$/gal. | \$/fl. oz. |
|---|-----------|----------|---------|------------|
| MILK BUTTERMILK 1% BUTTERFAT VITAMIN A REF CARTON | 9/5 GA    | 22.47    | 4.993   | 0.039      |
| MILK WHOLE PLASTIC REF HOMOGENIZED                | 4/1 GA    | 19.52    | 4.880   | 0.038      |

# Recipe Writing

## PIZZA DOUGH

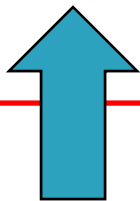
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| SALT       |             |         | 6.00     | oz.        |
| OIL        |             |         | 40.00    | fl. oz.    |
| MILK       |             |         | 1.40     | oz.        |
|            |             |         | YIELD    | 76.00 lbs. |

The yield or end result is **required** for costing!

# Recipe Writing

## PIZZA DOUGH

| INGREDIENT                    | UTENCIL QTY | UTENCIL | QUANTITY | UOM     |
|-------------------------------|-------------|---------|----------|---------|
| FLOUR HI GLUTEN ENRICHED      |             |         | 50.00    | lbs.    |
| SUGAR CANE GRANULATED         |             |         | 40.00    | oz.     |
| YEAST FRESH                   |             |         | 4.00     | oz.     |
| EGGS LIQUID SUB FF            |             |         | 24.00    | oz.     |
| SALT KOSHER                   |             |         | 6.00     | oz.     |
| OIL BLENDED SOY/POM OLV 90/10 |             |         | 40.00    | fl. oz. |
| MILK POWDERED INSTANT         |             |         | 1.40     | oz.     |
| YIELD                         |             |         | 76.00    | lbs.    |



The **DETAILED** ingredient descriptions are **required** for costing!





# Recipe Writing

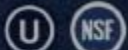
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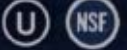
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-FOR-

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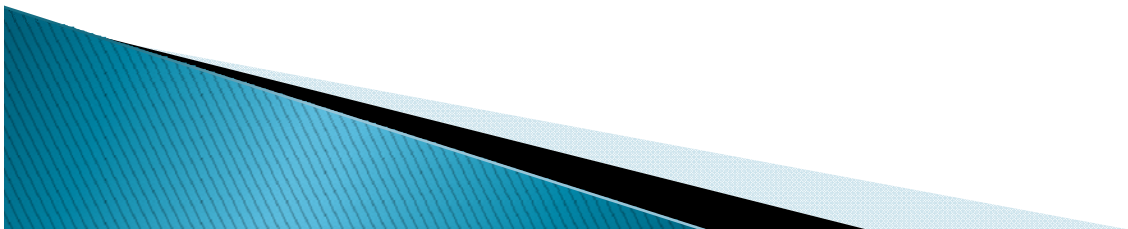
**SALTWORKS**  
America's Sea Salt Company®



# Recipe Writing

Completed recipes should also include:

- Tools
- Equipments
- Prep Time
- Cook Time
- HACCP
- Methods
- Photos & Videos
- Nutritionals
- Densities
- Plating & Glassware
- Garnish
- Packaging



# Recipe Writing

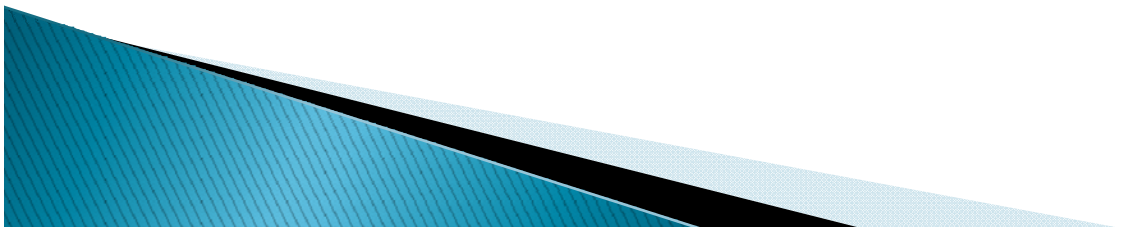
## Recipe

| Ingredients | Quantity | UOM |
|-------------|----------|-----|
| Pepperoni   | 20       | Ea. |

UOM Difference

## Order Guide

| Ingredients | Quantity | Base UOM |
|-------------|----------|----------|
| Pepperoni   | Cs / 10# | Oz.      |



# Weights & Measures

- ▶ Portion control through the use of utensils  
(Tbsp, tsp, dishers, spoodles, etc.)
- ▶ Accuracy of weights and measures is paramount.

| 1 cup, Basil Leaves | 1 cup, Granulated Sugar |
|---------------------|-------------------------|
| <b>0.2 ounce</b>    | <b>6.8 ounces</b>       |
| Density: 2.5%       | Density: 85.0%          |


# Weights & Measures

- ▶ #10 cans
- ▶ Know the yield!

## Marinara Sauce

| Brand A             | Brand B             |
|---------------------|---------------------|
| <b>116 ounces</b>   | <b>106 ounces</b>   |
| Density: 120.8%     | Density: 110.4%     |
| \$8.00, \$0.069/oz. | \$7.75, \$0.073/oz. |

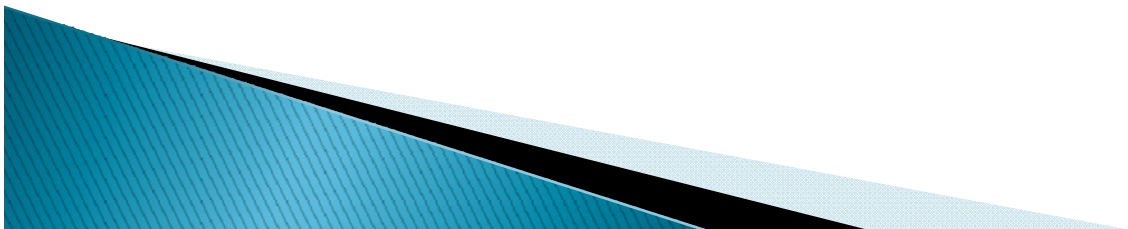
# Batch Recipes & Yields

- ▶ Batch recipes should account for the proper yield (what the result is) including known waste and the process (labor)
  - ▶ When the purchased product has changed form in any way, a batch recipe should be created to account for the cost.
  - ▶ If you don't account for the process and yields, your menu level costs in most cases is **understated!**
- 



# Packaging

- Packaging is part of the raw material cost, similar to the ingredients
- Packaging includes:
  - Bottles, lids
  - Boxes
  - Labels
  - Wraps





## The Art of Recipe Writing

**By Mark Kelnhofer, MBA**

*Mark Kelnhofer is the President and CEO of Return On Ingredients LLC and has over 20 years in management accounting experience including ten years in restaurant industry. He is an international speaker on recipe costing and menu engineering. He can be reached at (614) 558-2239 and [Mark@ReturnOnIngredients.com](mailto:Mark@ReturnOnIngredients.com).*



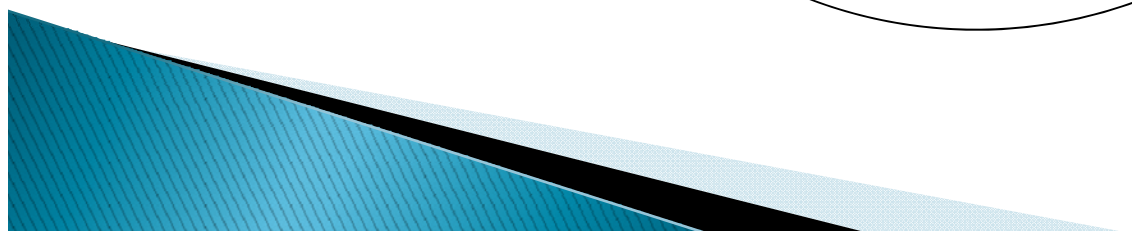
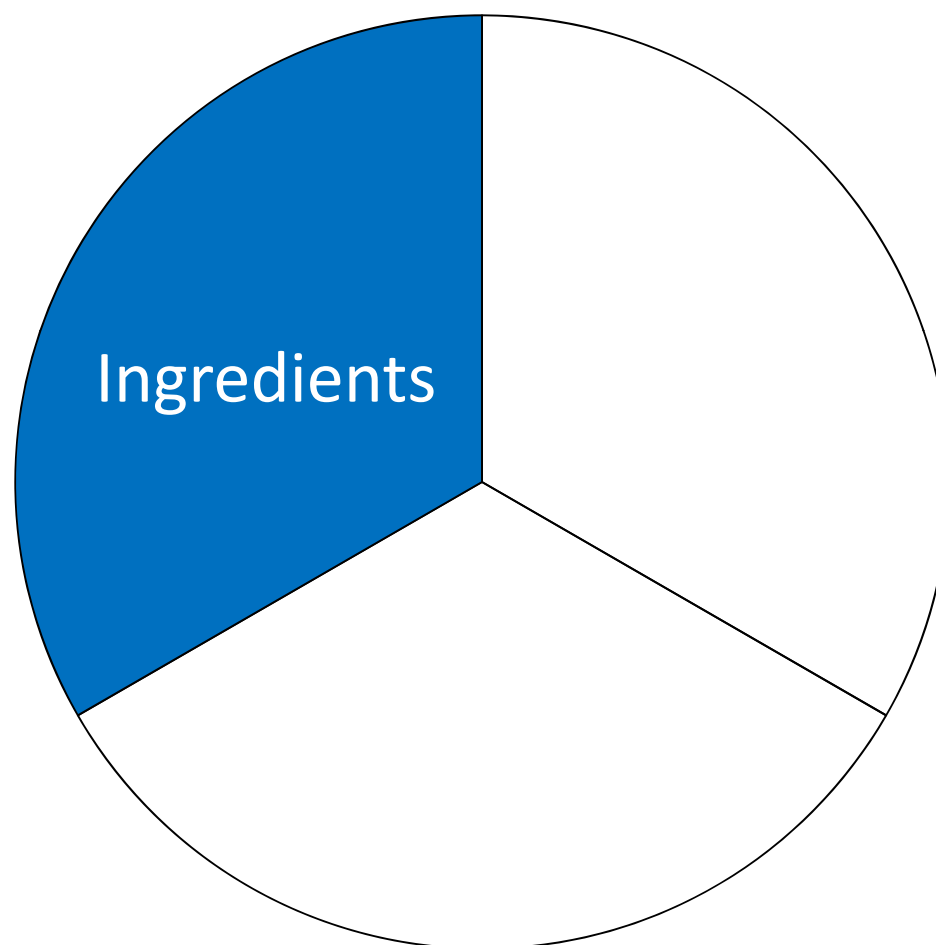
There is something missing in the restaurant industry. The culinary and management teams have a strong passion for the menu items that they place on the menu. They indeed spend a significant amount of time to ensure that the dish or drink has the proper flavor profile, quality and presentation. The process is a true art. Yet, there is a critical piece that in many cases is either incomplete or even worse, does not exist. That missing piece is the art of recipe writing. In too many cases, the proper documentation for what we are all about is either incomplete or missing all together. The operators that do not have the documentation in place are the ones that may

*Consistent  
performance of the  
recipe is critical and  
the documentation  
becomes the*

Without a documented method, the recipe cannot possibly become an effective tool to train and create a standard to abide by. The methods become a critical part of standardization, quality control and consistency. It is important that they are documented well and match the process.

Writing a recipe with portion control tools is very common and should be used. One missing component is the effect it has on costing. In many cases recipes are written utilizing various utensils (i.e. cup, tablespoon, teaspoon, spoodle, etc.) but the quantity of product is not identified.

# The Costing Problem

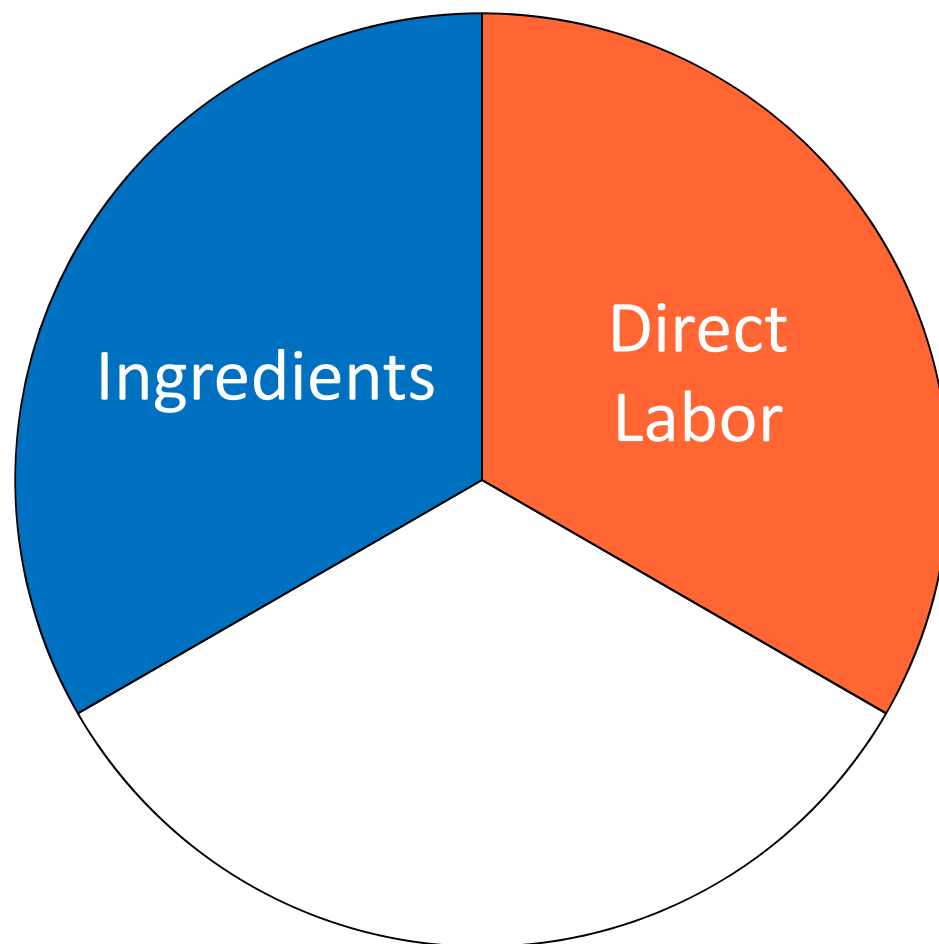


# The Costing Problem

**The most dangerous phrase in the language is, “We’ve always done it this way.”**

**– Admiral Grace Hopper**

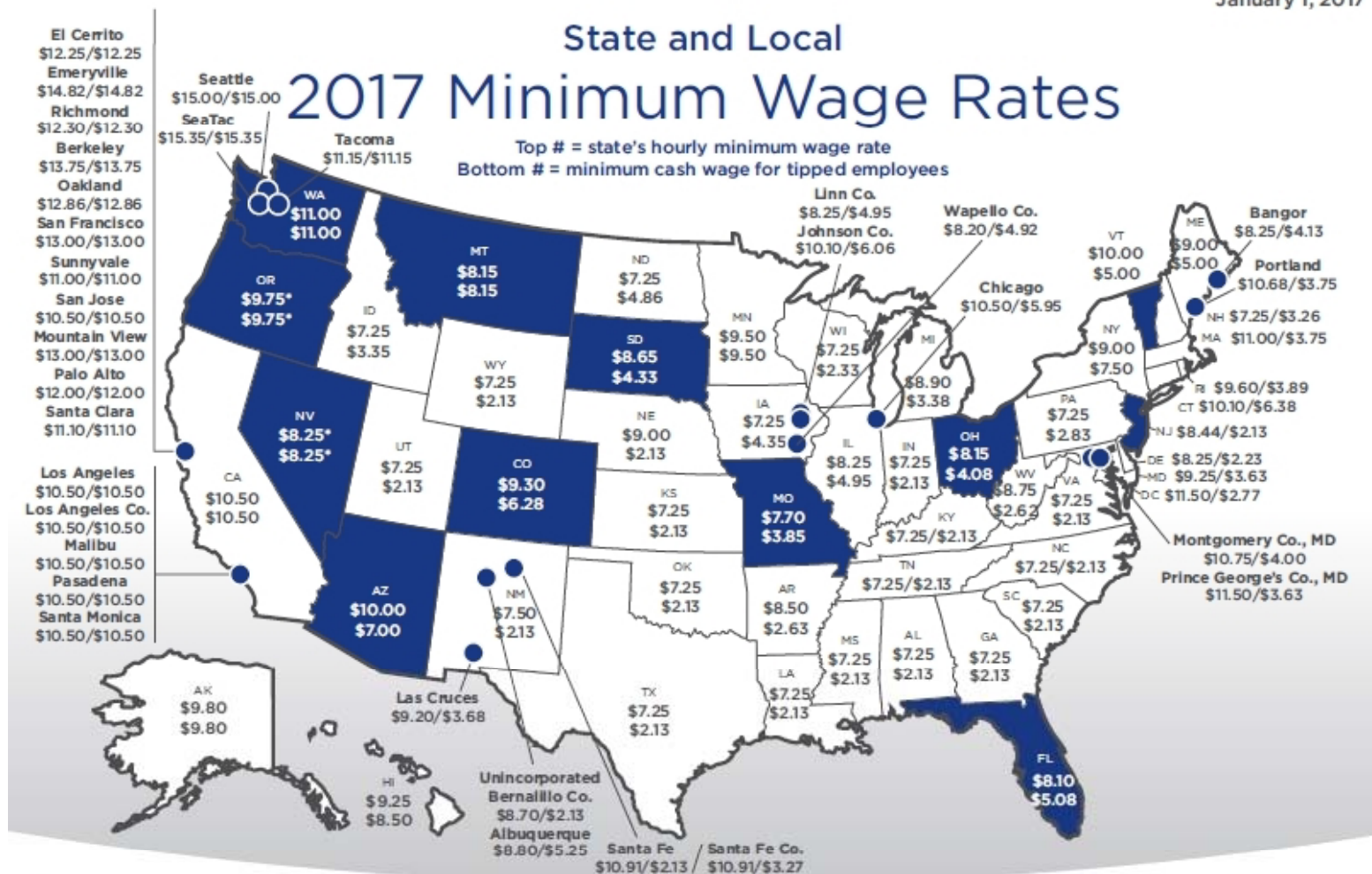
# Prime Cost





# Prime Cost

January 1, 2017



■ States that index their wage rates yearly

\* Nevada: If a Nevada employer offers a qualified health plan, the minimum wage is \$7.25 an hour.

\* New York Fast Food Wage: Beginning in 2016, the minimum wage for "fast food employers" will be \$10.50 in New York City and \$9.75 in the rest of the State of New York.

\* New York Minimum Wage: Beginning in December 2016, New York has three separate minimum wage rates based on geography. New York City will increase to \$11.00 on December 31; Nassau, Suffolk, and Westchester Counties will reach \$10.00 on December 31, and upstate New York will reach \$9.70 on December 31.

\* Oregon: Beginning in July 2016, Oregon has three separate minimum wage rates based on geography. Regions 1 and 2 will increase to \$9.75 on July 1; Region 3 will increase to \$9.50.

\* Seattle: In 2017, large employers in Seattle may pay a reduced hourly minimum wage of \$13.50/hour if they pay towards an employee's qualifying medical benefits plan.

# MINIMUM WAGE HIKES POSE LABOR CHALLENGES

Tactics to minimize the impact of mandated pay increases

BY RON RUGGLESS



**R**estaurant operators are wrestling with minimum wage increases that are being phased in many parts of the nation.

As the calendar turned to 2017, minimum wage levels rose in 19 states and a number of local jurisdictions. More hikes will come in the next two years as part of phased-in increases passed by lawmakers. The increased salary costs have made operators look at labor management more critically than ever.

Willie Degel, CEO of New Old World Restaurant Hospitality Group in New York, said small operators are running out of ways to absorb or mitigate the increased labor costs.

In New York City, where Degel operates three Uncle Jack's Steakhouse restaurants, as well as Jack's Shack and Uncle Jack's Steak Sandwich Shop, the minimum wage increased on Dec. 31 to \$11 an hour, and it will rise to \$13 an hour at the end of the year.

"When the dishwasher goes to \$11 an hour, the broiler guy is

**"WHEN THE MINIMUM WAGE ROSE FROM \$5 AN HOUR TO \$7.50 AN HOUR IN 2016, THE NEW RULES COST \$350,000 A YEAR EXTRA IN FRONT-OF-HOUSE LABOR, WITHOUT OVERTIME."**

— WILLIE DEGEL, NEW OLD WORLD RESTAURANT HOSPITALITY GROUP

busboys got moved up to waiters. We move people up, I did away with one whole position."

However, that wasn't enough, Degel said. "That was like putting a Band-Aid on a 12-inch cut."

## The power of cross training

Chris Tripoli, founder and president of Houston-based A La Carte Foodservice Consulting Group, said labor costs remains a top concern for restaurant operators, who were already under pressure without minimum wage hikes above the federal rate of \$7.25 an hour.



# Cost Benchmarking








Dana Zukofsky, Director, BDO, 100 Park Avenue, New York, NY 10017, 212-885-7236, [dzukofsky@bdo.com](mailto:dzukofsky@bdo.com)

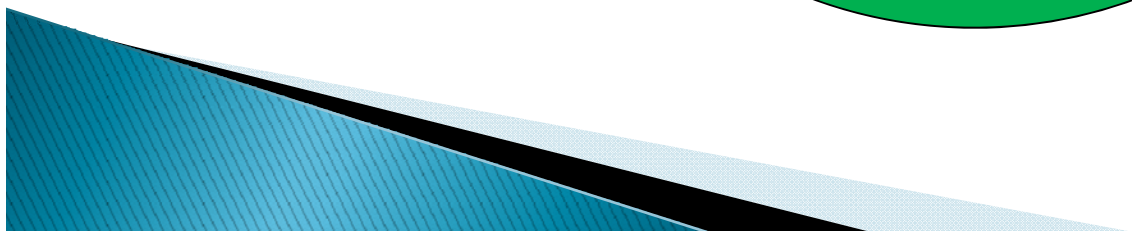
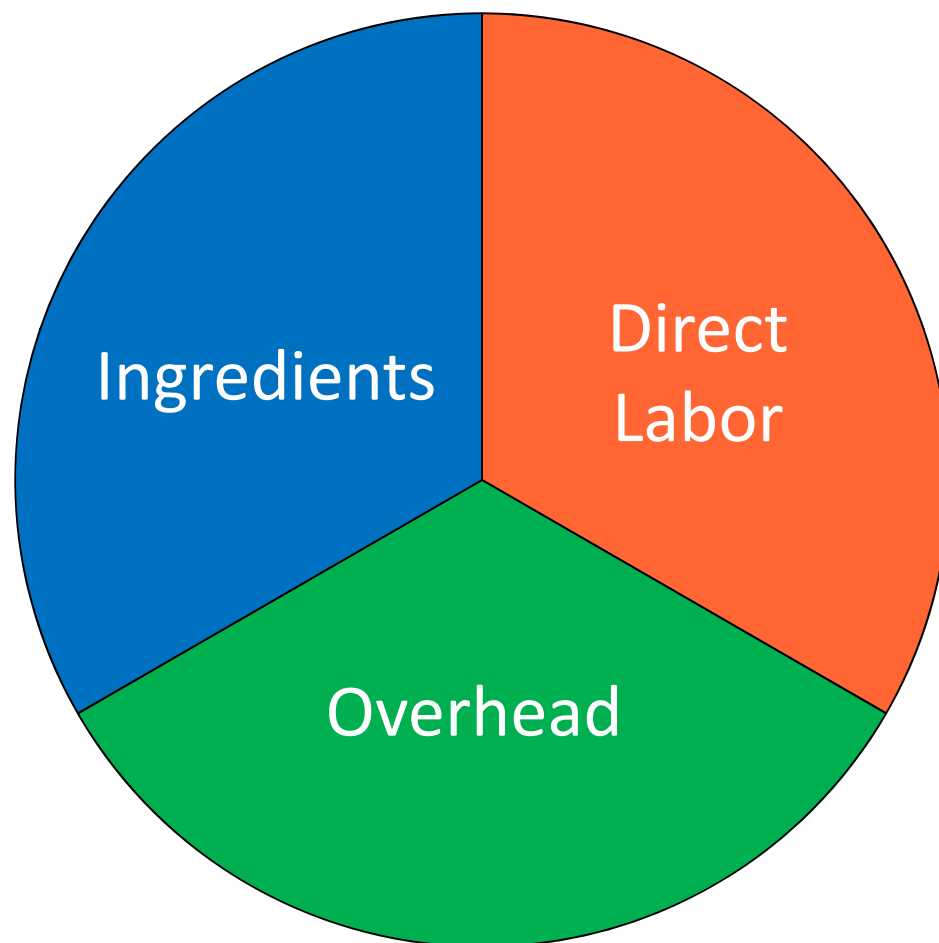


# THE COUNTER: Restaurant Industry Scorecard



|  | Through Q3 2016 | Through Q3 2015 | Inc. (Dec) | FY 2015 | FY 2014 | Inc. (Dec.) |
|--|-----------------|-----------------|------------|---------|---------|-------------|
|  Quick Serve    |                 |                 |            |         |         |             |
| Same Store Sales   | 1.0%            |                 |            | 3.8%    |         |             |
| Cost of Sales  | 29.9%           | 31.4%           | -1.5%      | 31.2%   | 32.1%   | -0.9%       |
| Labor  | 27.7%           | 27.2%           | 0.5%       | 27.2%   | 27.4%   | -0.2%       |
| Prime Costs  | 57.8%           | 58.7%           | -0.9%      | 58.5%   | 59.7%   | -1.2%       |
|  Fast Casual    |                 |                 |            |         |         |             |
| Same Store Sales   | -1.3%           |                 |            | 4.9%    |         |             |
| Cost of Sales  | 30.5%           | 31.3%           | -0.8%      | 31.2%   | 31.6%   | -0.4%       |
| Labor  | 28.4%           | 26.9%           | 1.5%       | 27.1%   | 26.9%   | 0.2%        |
| Prime Costs  | 58.8%           | 58.1%           | 0.7%       | 58.3%   | 58.5%   | -0.2%       |
|  Casual         |                 |                 |            |         |         |             |
| Same Store Sales   | -0.9%           |                 |            | 1.6%    |         |             |
| Cost of sales  | 28.3%           | 28.7%           | -0.4%      | 28.6%   | 28.8%   | -0.2%       |
| Labor  | 32.5%           | 31.9%           | 0.6%       | 32.1%   | 32.3%   | -0.2%       |
| Prime costs  | 60.8%           | 60.6%           | 0.2%       | 60.8%   | 61.1%   | -0.3%       |
|  Upscale Casual |                 |                 |            |         |         |             |
| Same Store Sales   | -0.2%           |                 |            | 1.6%    |         |             |
| Cost of sales  | 27.7%           | 28.1%           | -0.4%      | 28.0%   | 28.8%   | -0.8%       |
| Labor  | 30.3%           | 29.6%           | 0.7%       | 29.3%   | 28.9%   | 0.4%        |
| Prime costs  | 58.1%           | 57.7%           | 0.4%       | 57.4%   | 57.8%   | -0.4%       |
|  Pizza        |                 |                 |            |         |         |             |
| Same Store Sales   | 4.7%            |                 |            | 6.4%    |         |             |
| Cost of Sales  | 25.7%           | 25.9%           | -0.2%      | 25.8%   | 27.7%   | -1.9%       |
| Labor  | 30.8%           | 30.1%           | 0.7%       | 30.2%   | 29.5%   | 0.7%        |
| Prime Costs  | 57.9%           | 57.1%           | 0.8%       | 57.1%   | 58.5%   | -1.4%       |

# Total Cost





# Total Cost Breakdown

## *Cost Identification*

| TOTAL COST  |          |              |           |
|-------------|----------|--------------|-----------|
| INGREDIENTS |          | DIRECT LABOR |           |
| Food        | Beverage | Culinary     | Bartender |

| PRIME COSTS |              |
|-------------|--------------|
| INGREDIENTS | DIRECT LABOR |

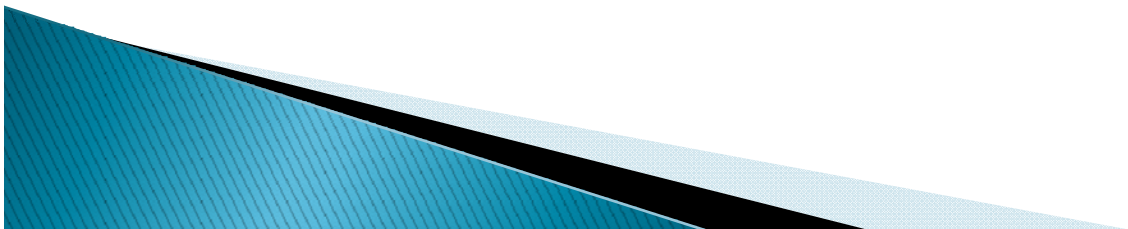
| CONVERSION COSTS |          |
|------------------|----------|
| DIRECT LABOR     | OVERHEAD |

| TOTAL COST  |  |              |       |
|-------------|--|--------------|-------|
| INGREDIENTS |  | DIRECT LABOR |       |
| Variable    |  | Variable     | Fixed |

| TOTAL COST |       |
|------------|-------|
| Variable   | Fixed |

# Labor & Overhead Costs

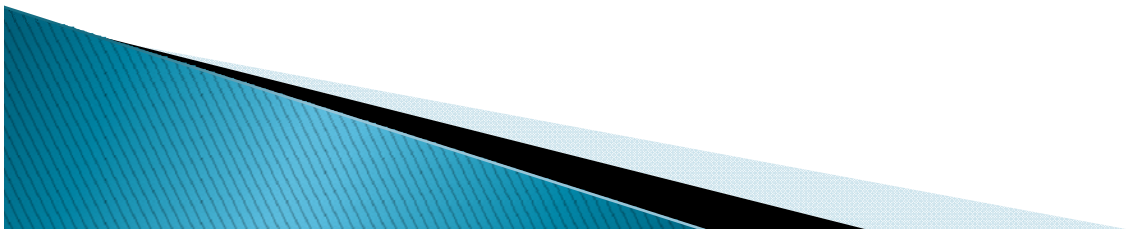
- ▶ Your labor and overhead can be accounted for in the recipe
- ▶ Prep Time, Labor Routing
  - Time/motion studies (stopwatch)
  - Time (hours) is loaded on every recipe
- ▶ Standard Labor (BOH) Rates
  - By store
  - Includes wages and fringes



# Time Motion Studies



- ▶ Stopwatch time motion study
- ▶ Must be in a live environment
- ▶ Must be a controlled test
- ▶ Must be the personnel that will actually execute the recipes



# Batch Recipe Example

## Prime Cost

- We purchased 'Basil, Fresh' at \$8.50/# or \$0.531/oz

| BASIL PICKED |          |     |         |          |
|--------------|----------|-----|---------|----------|
| Ingredients  | Quantity | UOM | Cost    | Extended |
| Basil, Fresh | 16.0     | oz  | \$0.531 | \$8.500  |
| Labor        | 0.167    | hr  | 15.66   | \$2.616  |
|              |          |     | Total   | \$11.116 |
|              |          |     | Yield   | 11.0 oz  |

- ▶ The new item 'Basil Picked' now has a correctly stated value of \$1.011/oz or \$16.18/#

# Direct (BOH) Labor Rate

- The direct (BOH) labor rate should include the base rate plus any other additional fringes associated with those personnel
  - Unemployment Insurance
  - Workers' Compensation
  - Social Security & Medical
  - Health, dental and vision insurance plans
  - 401(k) or other retirement plans
  - Vacation & Sick Pay
  - Childcare





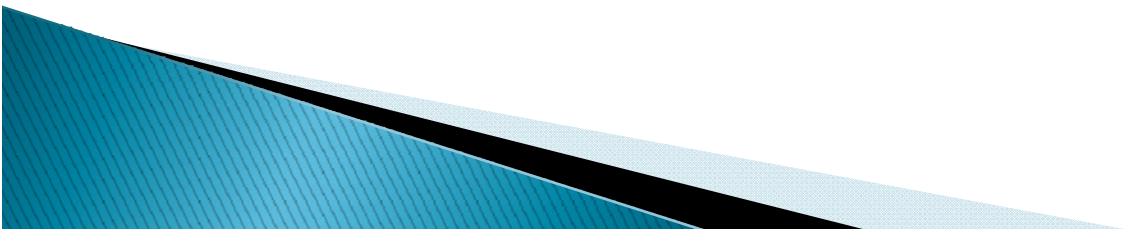
# Overhead Rates

## *Predetermined Overhead Rate*

- ▶ Based on budgeted expenses and direct labor hours (BOH) by location.

$$\frac{\text{Total Budgeted Overhead}}{\text{Direct Labor BOH Hours}} = \$0.000/\text{hr.}$$

↑  
*Overhead  
Rate*



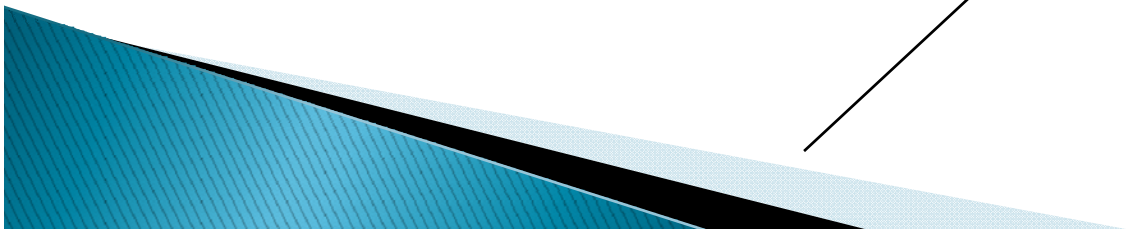


# Overhead Rates

*Predetermined Overhead Rate*

- FOH Labor & Fringes
- Advertising & Marketing
- Repair & Maintenance
- Supplies
- Training
- Utilities
- Communications
- Landscaping
- Research & Development
- Occupancy
- Taxes

Budgeted  
Direct Labor Hours



# Batch Recipe Example

## Total Cost

- We purchased 'Basil, Fresh' at \$8.50/# or \$0.531/oz

| BASIL PICKED |          |     |         |          |
|--------------|----------|-----|---------|----------|
| Ingredients  | Quantity | UOM | Cost    | Extended |
| Basil, Fresh | 16.0     | oz  | \$0.531 | \$8.500  |
| Labor        | 0.167    | hr  | \$15.66 | \$2.616  |
| Overhead     | 0.167    | hr  | \$34.97 | \$5.840  |
|              |          |     | Total   | \$16.956 |
|              |          |     | Yield   | 11.0 oz  |

- ▶ The new item 'Basil Picked' now has a correctly stated value of \$1.542/oz or \$24.67/#

# Wine Bottle Conversions

| Bottle Size | Bottle Name | fl. oz.  |
|-------------|-------------|----------|
| 187ml       | Split       | 6.4030   |
| 375ml       | Half Bottle | 12.6806  |
| 750ml       | Bottle      | 25.3613  |
| 1.0 L       | Liter       | 33.8150  |
| 1.5 L       | Magnum      | 50.7225  |
| 1.75 L      |             | 44.3823  |
| 3.0 L       | Jerobaum    | 101.4450 |
| 6.0 L       | Methuselah  | 202.8900 |
| 9.0 L       | Salmanazar  | 304.3350 |
| 12.0 L      | Balthazar   | 405.7800 |



Source:

# Wine Glass Pour Costs

## 750ml bottle

Bottle cost           \$8.99  
 fl. oz.               25.3613  
 fl. oz. cost         \$0.354  
 Pour cost           \$2.127  
 Standard recipe pour = 6.0 fl. oz.

| Bottle Size | Bottle Name | fl. oz.  |
|-------------|-------------|----------|
| 187ml       | Split       | 6.4030   |
| 375ml       | Half Bottle | 12.6806  |
| 750ml       | Bottle      | 25.3613  |
| 1.0 L       | Liter       | 33.8150  |
| 1.5 L       | Magnum      | 50.7225  |
| 1.75 L      |             | 44.3823  |
| 3.0 L       | Jerobaum    | 101.4450 |
| 6.0 L       | Methuselah  | 202.8900 |
| 9.0 L       | Salmanazar  | 304.3350 |
| 12.0 L      | Balthazar   | 405.7800 |

| Item Description    | Qty   | UOM     | Unit Cost | Extended       |
|---------------------|-------|---------|-----------|----------------|
| Estancia Pinot Noir | 6.00  | fl. oz. | \$0.354   | \$2.127        |
| Direct Labor        | 0.025 | hr.     | 12.00     | 0.300          |
| Overhead            | 0.025 | hr.     | 34.97     | 0.874          |
| <b>Total Cost</b>   |       |         |           | <b>\$3.301</b> |



# Beer Keg Conversions



| Keg Name | Fl. Oz. |
|----------|---------|
| 1/6 BBL  | 661     |
| 20 L     | 676     |
| 1/4 BBL  | 992     |
| 30 L     | 1,014   |
| 50 L     | 1,691   |
| 1/2 BBL  | 1,984   |



# Draft Beer Pour Cost

## 1/2 BBL

Keg cost           \$89.00  
fl. oz.            1,984  
fl. oz. cost       \$0.0449  
Pour cost         \$0.718  
Standard recipe pour = 16.0 fl. oz.

| Keg Name | Fl. Oz. |
|----------|---------|
| 1/6 BBL  | 661     |
| 20 L     | 676     |
| 1/4 BBL  | 992     |
| 30 L     | 1,014   |
| 50 L     | 1,691   |
| 1/2 BBL  | 1,984   |

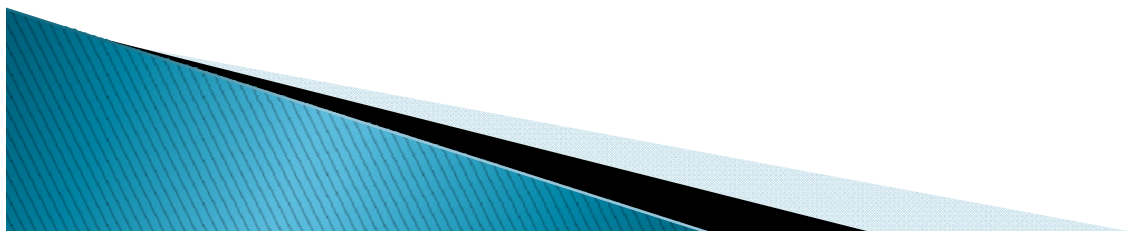
| Item Description  | Qty   | UOM     | Unit Cost | Extended       |
|-------------------|-------|---------|-----------|----------------|
| Sam Adams Lager   | 16.00 | fl. oz. | \$0.045   | \$0.718        |
| Direct Labor      | 0.017 | hr.     | 12.00     | 0.204          |
| Overhead          | 0.017 | hr.     | 34.97     | 0.595          |
| <b>Total Cost</b> |       |         |           | <b>\$1.517</b> |



# Liquor Recipe Cost

## FOUR HORSEMEN

| Item Description   | Qty   | UOM     | Unit Cost | Extended       |
|--------------------|-------|---------|-----------|----------------|
| Johnnie Walker Red | 0.25  | fl. oz. | \$0.907   | \$0.227        |
| Jose Cuervo Gold   | 0.25  | fl. oz. | 0.778     | 0.197          |
| Jim Beam           | 0.25  | fl. oz. | 0.562     | 0.140          |
| Jack Daniels       | 0.25  | fl. oz. | 0.739     | 0.185          |
| Direct Labor       | 0.034 | hr.     | 12.00     | 0.408          |
| Overhead           | 0.034 | hr.     | 34.97     | 1.189          |
| <b>Total Cost</b>  |       |         |           | <b>\$2.346</b> |



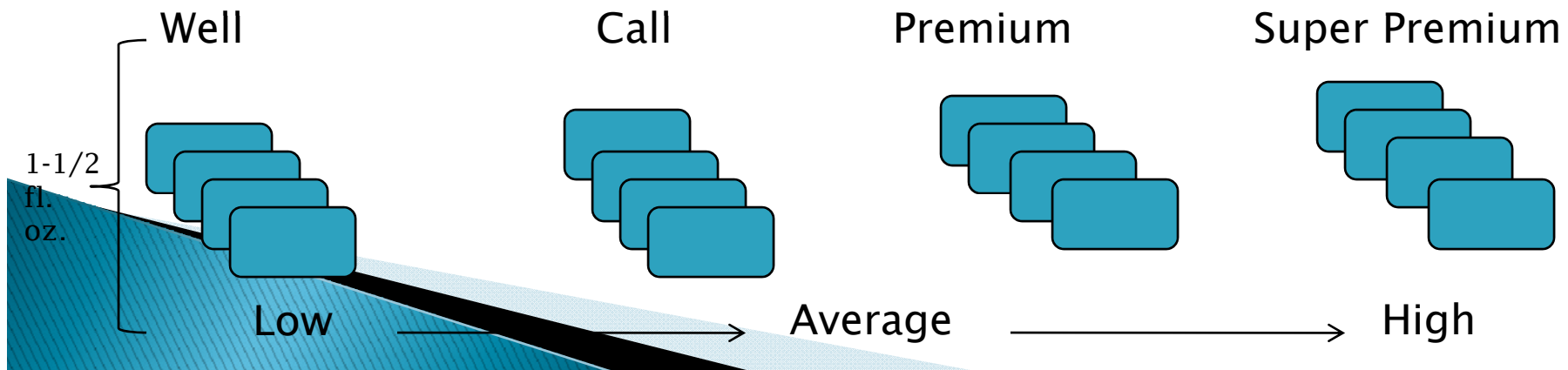
# Liquor Recipe Cost

## BLACK RUSSIAN

| Item Description      | Qty   | UOM     | Unit Cost | Extended |
|-----------------------|-------|---------|-----------|----------|
| Choice of Vodka       | 1.50  | fl. oz. | \$0.000   | \$0.000  |
| Kahlua Coffee Liqueur | 0.75  | fl. oz. | 0.778     | 0.197    |
| Direct Labor          | 0.025 | hr.     | 12.00     | 0.300    |
| Overhead              | 0.025 | hr.     | 34.97     | 0.874    |

## Base Recipe Cost

**\$1.371**



# Menu Level Costing

|   |                                  |
|---|----------------------------------|
| Name: GRILLED ATLANTIC SALMON               | Type: Serving                    |
| Yield: 1.0000                               | Yield UOM: each                  |
| Prep Time: 0.0250 Hrs.                      | Cook Time: Hrs.                  |
| Category: ENTREES                           | Shelf Life: Hrs.                 |
| Active: <input checked="" type="checkbox"/> | Kosher: <input type="checkbox"/> |
| Gluten Free: <input type="checkbox"/>       | Halal: <input type="checkbox"/>  |

|     |       |           |        |        |
|-----|-------|-----------|--------|--------|
| GL  | Tools | Equipment |        |        |
| Add | Edit  | Save      | Delete | Cancel |

| Recipe Ingredients |                                     |  |         |            |      |        |         |
|--------------------|-------------------------------------|--|---------|------------|------|--------|---------|
| T...               | Depl...                             | Item Name                                | Uten... | Utensil    | Qty  | UOM    | Comment |
| P                  | <input checked="" type="checkbox"/> | ATLANTIC SALMON                          |         |            | 7.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | SALT AND PEPPER MIX                      | 0.50    | 1 tsp      | 0.15 | oz.    |         |
| P                  | <input checked="" type="checkbox"/> | OLIVE OIL BLENDED EX VIRGIN/CANOLA 90/10 |         |            | 0.50 | fl.oz. |         |
| B                  | <input checked="" type="checkbox"/> | HELMUT BUTTER                            |         |            | 1.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | BLANCHED HARICOT VERTS                   |         |            | 1.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | GARLIC MASHED POTATOES                   | 1.00    | 6 oz ladle | 8.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | CHOPPED PARSLEY                          | 1.00    | pinch      | 0.02 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | BREAD SERVICE                            |         |            | 1.00 | each   |         |

| TYPE | INGREDIENT                     | QTY  | UOM    | UNIT COST | INGREDIENTS<br>EXTENDED | UNIT COST | LABOR<br>EXTENDED | UNIT COST  | OVERHEAD<br>EXTENDED |
|------|--------------------------------|------|--------|-----------|-------------------------|-----------|-------------------|------------|----------------------|
| P    | ATLANTIC SALMON                | 7.00 | oz.    | \$ 0.531  | \$ 3.719                |           |                   |            |                      |
| B    | SALT AND PEPPER MIX            | 0.15 | oz.    | \$ 0.055  | \$ 0.008                | \$ 0.006  | \$ 0.001          | \$ 0.071   | \$ 0.011             |
| P    | OLIVE OIL BLENDED EX VIRGIN/CA | 0.50 | fl.oz. | \$ 0.049  | \$ 0.024                |           |                   |            |                      |
| B    | HELMUT BUTTER                  | 1.00 | oz.    | \$ 0.085  | \$ 0.085                | \$ 0.019  | \$ 0.019          | \$ 0.219   | \$ 0.219             |
| B    | BLANCHED HARICOT VERTS         | 1.00 | oz.    | \$ 0.109  | \$ 0.109                | \$ 0.087  | \$ 0.087          | \$ 1.015   | \$ 1.015             |
| B    | GARLIC MASHED POTATOES         | 8.00 | oz.    | \$ 0.015  | \$ 0.122                | \$ 0.019  | \$ 0.153          | \$ 0.223   | \$ 1.788             |
| B    | CHOPPED PARSLEY                | 0.02 | oz.    | \$ 0.165  | \$ 0.003                | \$ 0.030  | \$ 0.001          | \$ 0.350   | \$ 0.007             |
| B    | BREAD SERVICE                  | 1.00 | each   | \$ 0.293  | \$ 0.293                | \$ 0.233  | \$ 0.233          | \$ 2.717   | \$ 2.717             |
|      | DIRECT LABOR & OVERHEAD        |      |        |           |                         | \$ 12.000 | \$ 0.300          | \$ 140.000 | \$ 3.500             |
|      |                                |      |        | Total     | \$ 4.363                |           | \$ 0.793          |            | \$ 9.257             |
|      |                                |      |        | Cost/each | \$ 4.363                |           | \$ 0.793          |            | \$ 9.257             |

**\$ 14.413**



# Menu Level Costing

|   |                                  |
|---|----------------------------------|
| Name: GRILLED ATLANTIC SALMON               | Type: Serving                    |
| Yield: 1.0000                               | Yield UOM: each                  |
| Prep Time: 0.0250 Hrs.                      | Cook Time: Hrs.                  |
| Category: ENTREES                           | Shelf Life: Hrs.                 |
| Active: <input checked="" type="checkbox"/> | Kosher: <input type="checkbox"/> |
| Gluten Free: <input type="checkbox"/>       | Halal: <input type="checkbox"/>  |

|     |       |           |        |        |
|-----|-------|-----------|--------|--------|
| GL  | Tools | Equipment |        |        |
| Add | Edit  | Save      | Delete | Cancel |

| Recipe Ingredients |                                     |  |         |            |      |        |         |
|--------------------|-------------------------------------|--|---------|------------|------|--------|---------|
| T...               | Depl...                             | Item Name                                | Uten... | Utensil    | Qty  | UOM    | Comment |
| P                  | <input checked="" type="checkbox"/> | ATLANTIC SALMON                          |         |            | 7.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | SALT AND PEPPER MIX                      | 0.50    | 1 tsp      | 0.15 | oz.    |         |
| P                  | <input checked="" type="checkbox"/> | OLIVE OIL BLENDED EX VIRGIN/CANOLA 90/10 |         |            | 0.50 | fl.oz. |         |
| B                  | <input checked="" type="checkbox"/> | HELMUT BUTTER                            |         |            | 1.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | BLANCHED HARICOT VERTS                   |         |            | 1.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | GARLIC MASHED POTATOES                   | 1.00    | 6 oz ladle | 8.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | CHOPPED PARSLEY                          | 1.00    | pinch      | 0.02 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | BREAD SERVICE                            |         |            | 1.00 | each   |         |

*Prime Cost*

| TYPE | INGREDIENT                     | QTY  | UOM    | UNIT COST | INGREDIENTS | UNIT COST | LABOR    | UNIT COST  | OVERHEAD |
|------|--------------------------------|------|--------|-----------|-------------|-----------|----------|------------|----------|
|      |                                |      |        |           | EXTENDED    |           | EXTENDED |            | EXTENDED |
| P    | ATLANTIC SALMON                | 7.00 | oz.    | \$ 0.531  | \$ 3.719    |           |          |            |          |
| B    | SALT AND PEPPER MIX            | 0.15 | oz.    | \$ 0.055  | \$ 0.008    | \$ 0.006  | \$ 0.001 | \$ 0.071   | \$ 0.011 |
| P    | OLIVE OIL BLENDED EX VIRGIN/CA | 0.50 | fl.oz. | \$ 0.049  | \$ 0.024    |           |          |            |          |
| B    | HELMUT BUTTER                  | 1.00 | oz.    | \$ 0.085  | \$ 0.085    | \$ 0.019  | \$ 0.019 | \$ 0.219   | \$ 0.219 |
| B    | BLANCHED HARICOT VERTS         | 1.00 | oz.    | \$ 0.109  | \$ 0.109    | \$ 0.087  | \$ 0.087 | \$ 1.015   | \$ 1.015 |
| B    | GARLIC MASHED POTATOES         | 8.00 | oz.    | \$ 0.015  | \$ 0.122    | \$ 0.019  | \$ 0.153 | \$ 0.223   | \$ 1.788 |
| B    | CHOPPED PARSLEY                | 0.02 | oz.    | \$ 0.165  | \$ 0.003    | \$ 0.030  | \$ 0.001 | \$ 0.350   | \$ 0.007 |
| B    | BREAD SERVICE                  | 1.00 | each   | \$ 0.293  | \$ 0.293    | \$ 0.233  | \$ 0.233 | \$ 2.717   | \$ 2.717 |
|      | DIRECT LABOR & OVERHEAD        |      |        |           |             | \$ 12.000 | \$ 0.300 | \$ 140.000 | \$ 3.500 |
|      |                                |      |        |           | Total       | \$ 4.363  | \$ 0.793 | \$ 9.257   |          |
|      |                                |      |        |           | Cost/each   | \$ 4.363  | \$ 0.793 | \$ 9.257   |          |

**\$ 14.413**

# Menu Level Costing

|   |                                  |
|---|----------------------------------|
| Name: GRILLED ATLANTIC SALMON               | Type: Serving                    |
| Yield: 1.0000                               | Yield UOM: each                  |
| Prep Time: 0.0250 Hrs.                      | Cook Time: Hrs.                  |
| Category: ENTREES                           | Shelf Life: Hrs.                 |
| Active: <input checked="" type="checkbox"/> | Kosher: <input type="checkbox"/> |
| Gluten Free: <input type="checkbox"/>       | Halal: <input type="checkbox"/>  |

|     |       |           |        |        |
|-----|-------|-----------|--------|--------|
| GL  | Tools | Equipment |        |        |
| Add | Edit  | Save      | Delete | Cancel |

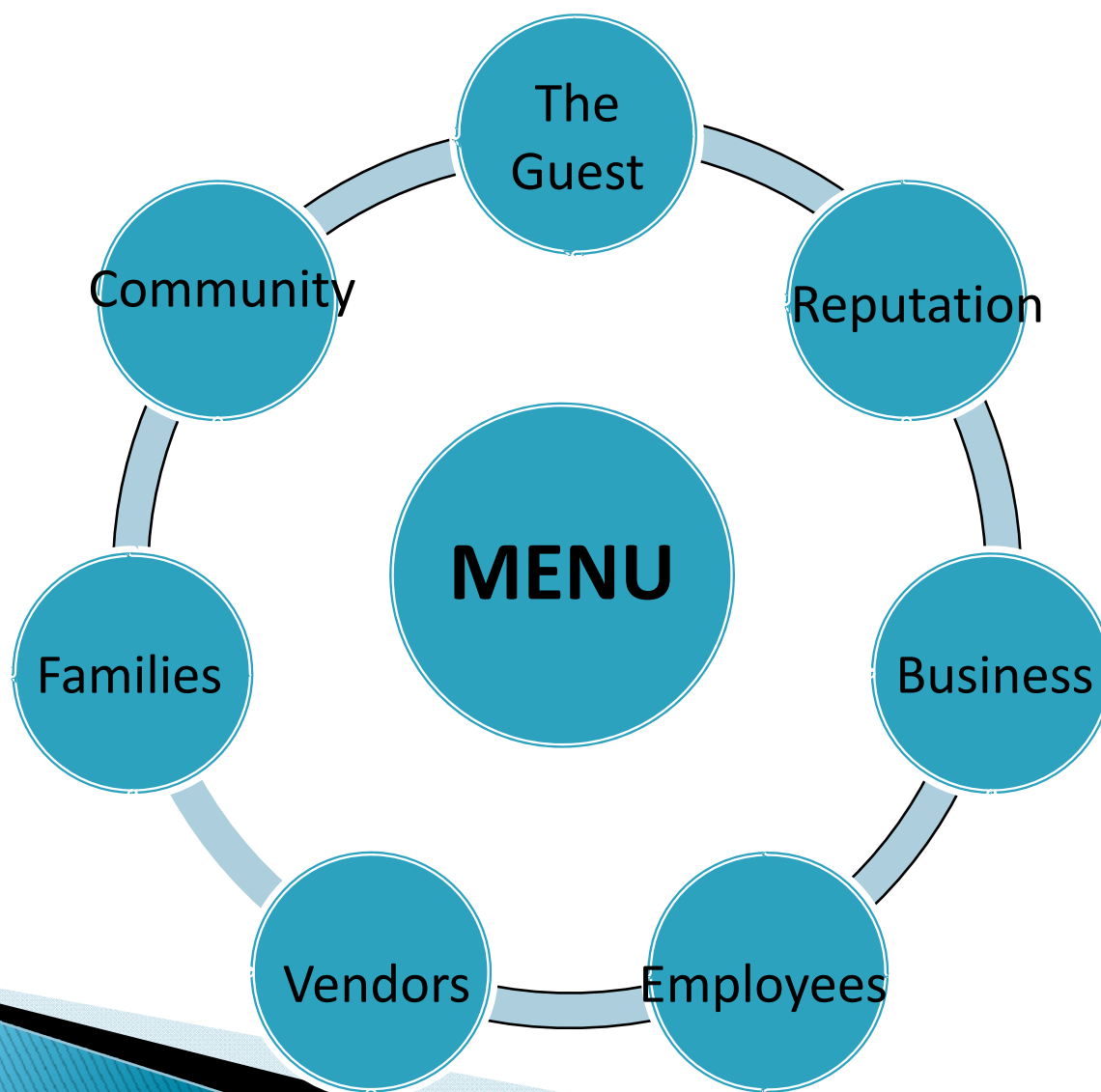
| Recipe Ingredients |                                     |  |         |            |      |        |         |
|--------------------|-------------------------------------|--|---------|------------|------|--------|---------|
| T...               | Depl...                             | Item Name                                | Uten... | Utensil    | Qty  | UOM    | Comment |
| P                  | <input checked="" type="checkbox"/> | ATLANTIC SALMON                          |         |            | 7.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | SALT AND PEPPER MIX                      | 0.50    | 1 tsp      | 0.15 | oz.    |         |
| P                  | <input checked="" type="checkbox"/> | OLIVE OIL BLENDED EX VIRGIN/CANOLA 90/10 |         |            | 0.50 | fl.oz. |         |
| B                  | <input checked="" type="checkbox"/> | HELMUT BUTTER                            |         |            | 1.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | BLANCHED HARICOT VERTS                   |         |            | 1.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | GARLIC MASHED POTATOES                   | 1.00    | 6 oz ladle | 8.00 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | CHOPPED PARSLEY                          | 1.00    | pinch      | 0.02 | oz.    |         |
| B                  | <input checked="" type="checkbox"/> | BREAD SERVICE                            |         |            | 1.00 | each   |         |

*Total Cost*

| TYPE | INGREDIENT                     | QTY  | UOM    | UNIT COST | INGREDIENTS<br>EXTENDED | UNIT COST | LABOR<br>EXTENDED | UNIT COST  | OVERHEAD<br>EXTENDED |
|------|--------------------------------|------|--------|-----------|-------------------------|-----------|-------------------|------------|----------------------|
| P    | ATLANTIC SALMON                | 7.00 | oz.    | \$ 0.531  | \$ 3.719                |           |                   |            |                      |
| B    | SALT AND PEPPER MIX            | 0.15 | oz.    | \$ 0.055  | \$ 0.008                | \$ 0.006  | \$ 0.001          | \$ 0.071   | \$ 0.011             |
| P    | OLIVE OIL BLENDED EX VIRGIN/CA | 0.50 | fl.oz. | \$ 0.049  | \$ 0.024                |           |                   |            |                      |
| B    | HELMUT BUTTER                  | 1.00 | oz.    | \$ 0.085  | \$ 0.085                | \$ 0.019  | \$ 0.019          | \$ 0.219   | \$ 0.219             |
| B    | BLANCHED HARICOT VERTS         | 1.00 | oz.    | \$ 0.109  | \$ 0.109                | \$ 0.087  | \$ 0.087          | \$ 1.015   | \$ 1.015             |
| B    | GARLIC MASHED POTATOES         | 8.00 | oz.    | \$ 0.015  | \$ 0.122                | \$ 0.019  | \$ 0.153          | \$ 0.223   | \$ 1.788             |
| B    | CHOPPED PARSLEY                | 0.02 | oz.    | \$ 0.165  | \$ 0.003                | \$ 0.030  | \$ 0.001          | \$ 0.350   | \$ 0.007             |
| B    | BREAD SERVICE                  | 1.00 | each   | \$ 0.293  | \$ 0.293                | \$ 0.233  | \$ 0.233          | \$ 2.717   | \$ 2.717             |
|      | DIRECT LABOR & OVERHEAD        |      |        |           |                         | \$ 12.000 | \$ 0.300          | \$ 140.000 | \$ 3.500             |
|      |                                |      |        | Total     | \$ 4.363                |           | \$ 0.793          |            | \$ 9.257             |
|      |                                |      |        | Cost/each | \$ 4.363                |           | \$ 0.793          |            | \$ 9.257             |

**\$ 14.413**

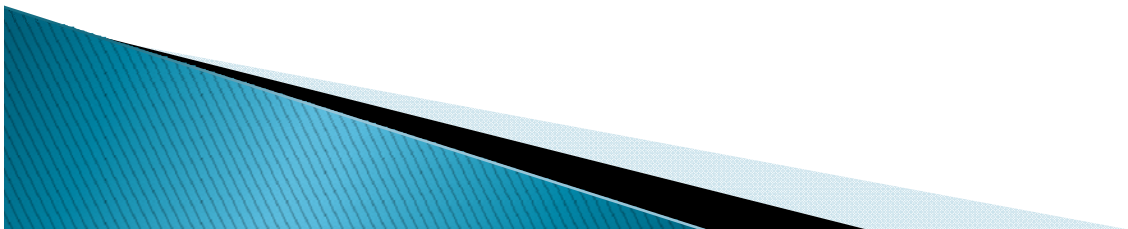
# Menu Engineering



# Menu Engineering

## *Question of the Day*

*How many intentional  
not-for-profit restaurants  
do you know?*





# Menu Engineering

## Nonprofit Restaurants Pay Back Communities

**R**yan Saari never wanted to get into the restaurant business. Saari, a pastor, and some likeminded people in Portland, Oregon, originally planned to start a nonprofit organization to better the community. But they looked around and realized there were already hundreds, if not thousands, of nonprofits serving the Portland area—many of them spending significant time and resources on fundraising. So, instead of starting their own foundation or nonprofit organization, Saari's group decided to start a restaurant and pub that would pump its earnings into existing community efforts.

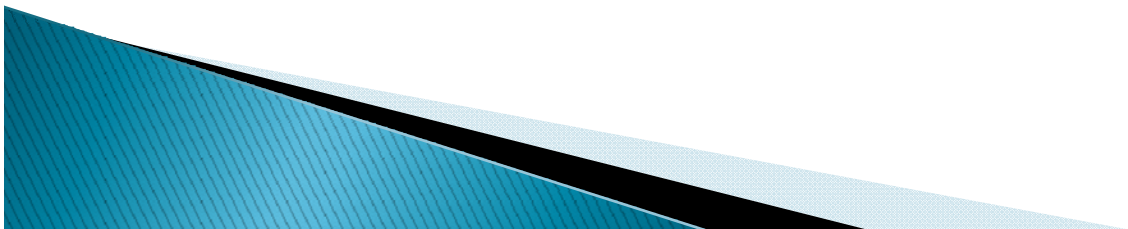
"Anybody that knows business, particularly the restaurant industry, knows restaurants aren't always big money



*FSR Magazine, By Kevin Hardy, December 2014, p. 71-72.*

# Menu Engineering

- ▶ Your menu(s) are what you are in the business to do.
- ▶ Types of Menus
  - Lunch
  - Dinner
  - Brunch
  - Banquet
  - Kids
- ▶ Pricing Structures
  - By Markets, Demographics







- What are we engineering?
- Engineering sections of the menu

## STARTERS

**ANCHOR BAR CHICKEN WINGS**  
Xxxxxx \$0.00

**BLUE CHEESE CHIPS**  
Housemade potato chips with bleu cheese and scallions \$0.00

**POT STICKERS**  
Steamed pork pot stickers with hoisin glaze \$0.00

**CALAMARI<sup>4</sup>**  
Seasoned fried calamari with spicy slaw, lemon aioli and marinara sauce \$0.00

**CRAB CAKES<sup>4</sup>**  
Pan seared crab cakes served with mustard seed herbless and spicy slaw \$0.00

**STEAMED MUSSELS<sup>4</sup>**  
Served with garlic crostini in a chardonnay cream sauce \$0.00

## SOUP & SALAD

**CLASSIC CAESAR**  
Wedge of romaine with garlic parmesan crisp \$0.00

**INGALATA MITTA**  
Served with roasted tomatoes, pine nuts, shaved red onions, gorgonzola and avocado \$0.00

**BLT WEDGE SALAD**  
Served with bleu cheese dressing, bacon, onion and tomato \$0.00

**SPINACH SALAD**  
Topped with strawberries, goat cheese and a sweet poppy seed dressing \$0.00

**BBQ CHICKEN SALAD**  
Romaine topped with cheddar cheese, bacon, tomatoes, red peppers tossed in a herb garlic dressing \$0.00

**COBB SALAD**  
Romaine topped with diced tomatoes, bacon, hard boiled egg and grilled chicken with bleu cheese dressing \$0.00

**TOMATO BASIL SOUP**  
Xxxxxx cup \$0.00, bowl \$0.00

**SOUP OF THE DAY**  
Xxxxxx cup \$0.00, bowl \$0.00



*"Because Everyone Has Hunger,  
No One Should Keep It"*  
A portion of ~~xxxx~~ meal purchased at Two Spoons  
provides a meal for the Save The Children organization.

## OUR SPECIALTIES

**CHICKEN PARMESAN**  
Xxxxxx \$0.00

**GRILLED HANGER STEAK**  
Served with roasted red skin potatoes and asparagus with a cognac demi-glaze \$0.00

**CHICKEN PICATTA**  
Over angel hair pasta topped with a white wine caper sauce \$0.00

**BERKSHIRE PORK CHOP**  
Topped with pineapple chutney served with garlic mashed potatoes and asparagus \$0.00

**LAMB STEW**  
Served with garlic mashed potatoes and baby carrots \$0.00

**CHICKEN MARSALA**  
Served with garlic mashed potatoes, roasted zucchini and squash \$0.00

**FILET OF BEEF<sup>4</sup>**  
Served with scalloped potatoes, asparagus, with chipotle shiitake demi-glaze  
6 oz \$0.00, 9 oz \$0.00

**PAN SEARED SALMON<sup>4</sup>**  
With cucumber rice pilaf and dill cream sauce topped with a cucumber tomato relish \$0.00

**MEATLOAF**  
With garlic mashed potatoes, green beans topped with a wild mushrooms gravy \$0.00

## SIDES & TOPPINGS

**ASPARAGUS** \$0.00

**GARLIC MASHED POTATOES** \$0.00

**VEGETABLE OF THE DAY** \$0.00

**SAUTEED MUSHROOMS** \$0.00

**FRENCH FRIES** \$0.00

## PASTAS

**SALMON PESTUCINI<sup>4</sup>**  
With a cream sauce \$0.00

**SPAGHETTI & MEATBALLS**  
Xxxxxx \$0.00

**SHERIMP, SAUSAGE & CORN LINGUINI<sup>4</sup>**  
Served with cilantro pesto sauce \$0.00

**CLAMS & LINGUINI<sup>4</sup>**  
With a white butter sauce \$0.00

**RIGATONI**  
With roasted tomatoes, button mushrooms, kalamata olives in a lemon garlic oil \$0.00

**GNOCCHI BONNAISE**  
Xxxxxx \$0.00

**SAUSAGE RAVIOLI**  
With a parmesan cream sauce \$0.00

## SANDWICHES

**TRIPLE DECKER GRILLED CHEESE**  
With a fried egg \$0.00

**CHEESEBURGER**  
Xxxxxx \$0.00

**EGGPLANT SANDWICH**  
With roasted tomatoes, red peppers and pesto sauce \$0.00

**BLT**  
Xxxxxx \$0.00 Add Salmon\* \$0.00

**SOUP & SANDWICH COMBO**  
Choose a half version of our sandwiches with a cup of soup \$0.00

## DESSERT

**VANILLA CRÈME BRULÉE**  
Served with wildberry compote \$0.00

**CHOCOLATE BREAD PUDDING**  
Topped vanilla ice cream and anglaise \$0.00

**MACADAMEA NUT CHOCOLATE TORTE**  
With vanilla ice cream \$0.00

**BANANA NAPOLEAN**  
Served with a caramelized banana \$0.00

\*Cooked to order. Consuming raw or undercooked meats, poultry, seafood, shellfish or eggs may increase your risk of foodborne illness especially in certain medical conditions.



- What are we engineering?
- Engineering sections of the menu

| STARTERS   |
|--|
| ANCHOR BAR CHICKEN WINGS<br>Xxxxxx \$0.00  |
| BLUE CHEESE CHIPS<br>Housemade potato chips with bleu cheese and scallions \$0.00                        |
| POT STICKERS<br>Steamed pork pot stickers with hoisin glaze \$0.00                                       |
| CALAMARI <sup>4</sup><br>Seasoned fried calamari with spicy slaw, lemon aioli and marinara sauce \$0.00  |
| CRAB CAKES <sup>4</sup><br>Pan seared crab cakes served with mustard seed herbless and spicy slaw \$0.00 |
| STEAMED MUSSELS <sup>4</sup><br>Served with garlic crostini in a chardonnay cream sauce \$0.00           |

| SOUP & SALAD  |
|---|
| CLASSIC CAESAR<br>Wedge of romaine with garlic parmesan crisp \$0.00  |
| INGALATA MISTA<br>Served with roasted tomatoes, pine nuts, shaved red onions, gorgonzola and avocado \$0.00                   |
| BLT WEDGE SALAD<br>Served with bleu cheese dressing, bacon, onion and tomato \$0.00   |
| SPINACH SALAD<br>Topped with strawberries, goat cheese and a sweet poppy seed dressing \$0.00                                 |
| BBQ CHICKEN SALAD<br>Romaine topped with cheddar cheese, bacon, tomatoes, red peppers tossed in a herb garlic dressing \$0.00 |
| COBB SALAD<br>Romaine topped with diced tomatoes, bacon, hard boiled egg and grilled chicken with bleu cheese dressing \$0.00 |
| TOMATO BASIL SOUP<br>Xxxxxx cup \$0.00, bowl \$0.00   |
| SOUP OF THE DAY<br>Xxxxxx cup \$0.00, bowl \$0.00   |



| OUR SPECIALTIES   |
|---|
| CHICKEN PARMESAN<br>Xxxxxx \$0.00   |
| GRILLED HANGER STEAK<br>Served with roasted red skin potatoes and asparagus with a cognac demi-glaze \$0.00 |
| CHICKEN PICATTA<br>Over angel hair pasta topped with a white wine caper sauce \$0.00                        |

|   |
|---|
| BERKSHIRE PORK CHOP<br>Topped with pineapple chutney served with garlic mashed potatoes and asparagus \$0.00                        |
| LAMB STEW<br>Served with garlic mashed potatoes and baby carrots \$0.00   |
| CHICKEN MARSALA<br>Served with garlic mashed potatoes, roasted zucchini and squash \$0.00   |
| FILET OF BEEF <sup>4</sup><br>Served with scalloped potatoes, asparagus, with chipotle shiitake demi-glaze 6 oz \$0.00, 9 oz \$0.00 |
| PAN SEARED SALMON <sup>4</sup><br>With cucumber rice pilaf and dill cream sauce topped with a cucumber tomato relish \$0.00         |
| MEATLOAF<br>With garlic mashed potatoes, green beans topped with a wild mushrooms gravy \$0.00                                      |

| SIDES & TOPPINGS              |
|-------------------------------|
| ASPARAGUS \$0.00              |
| GARLIC MASHED POTATOES \$0.00 |
| VEGETABLE OF THE DAY \$0.00   |
| SAUTEED MUSHROOMS \$0.00      |
| FRENCH FRIES \$0.00           |

| PASTAS   |
|--|
| SALMON PESTO <sup>4</sup><br>With a cream sauce \$0.00 |
| SPAGHETTI & MEATBALLS<br>Xxxxxx \$0.00                 |

|   |
|---|
| SHERIMP, SAUSAGE & CORN LINGUINI <sup>4</sup><br>Served with cilantro pesto sauce \$0.00          |
| CLAMS & LINGUINI <sup>4</sup><br>With a white butter sauce \$0.00                                 |
| RIGATONI<br>With roasted tomatoes, button mushrooms, kalamata olives in a lemon garlic oil \$0.00 |
| GNOCCHI BONNAISE<br>Xxxxxx \$0.00   |
| SAUSAGE RAVIOLI<br>With a parmesan cream sauce \$0.00   |

| SANDWICHES  |
|---|
| TRIPLE DECKER GRILLED CHEESE<br>With a fried egg \$0.00 |
| CHEESEBURGER<br>Xxxxxx \$0.00                           |

|  |
|--|
| EGGPLANT SANDWICH<br>With roasted tomatoes, red peppers and pesto sauce \$0.00             |
| BLT<br>Xxxxxx \$0.00 Add Salmon* \$0.00  |
| SOUP & SANDWICH COMBO<br>Choose a half version of our sandwiches with a cup of soup \$0.00 |

| DESSERT   |
|---|
| VANILLA CRÈME BRULÉE<br>Served with wildberry compote \$0.00            |
| CHOCOLATE BREAD PUDDING<br>Topped vanilla ice cream and anglaise \$0.00 |
| MACADAMIA NUT CHOCOLATE TORTE<br>With vanilla ice cream \$0.00          |
| BANANA NAPOLEAN<br>Served with a caramelized banana \$0.00              |

<sup>4</sup>Cooked to order. Consuming raw or undercooked meats, poultry, seafood, shellfish or eggs may increase your risk of foodborne illness especially in certain medical conditions.



- What are we engineering?
- Engineering sections of the menu

## STARTERS

ANCHOR BAR CHICKEN WINGS  
Xxxxxx \$0.00

BLUE CHEESE CHIPS  
Housemade potato chips with bleu cheese and scallions \$0.00

POT STICKERS  
Steamed pork pot stickers with hoisin glaze \$0.00

CALAMARI<sup>4</sup>  
Seasoned fried calamari with spicy slaw, lemon aioli and marinara sauce \$0.00

CRAB CAKES<sup>4</sup>  
Pan seared crab cakes served with mustard seed herbless and spicy slaw \$0.00

STEAMED MUSSELS<sup>4</sup>  
Served with garlic cretons in a chardonnay cream sauce \$0.00

## SOUP & SALAD

CLASSIC CAESAR  
Wedge of romaine with garlic parmesan crisp \$0.00

INGALATA MITTA  
Served with roasted tomatoes, pine nuts, shaved red onions, gorgonzola and avocado \$0.00

BLT WEDGE SALAD  
Served with bleu cheese dressing, bacon, onion and tomato \$0.00

SPINACH SALAD  
Topped with strawberries, goat cheese and a sweet poppy seed dressing \$0.00

BBQ CHICKEN SALAD  
Romaine topped with cheddar cheese, bacon, tomatoes, red peppers tossed in a herb garlic dressing \$0.00

COBB SALAD  
Romaine topped with diced tomatoes, bacon, hard boiled egg and grilled chicken with bleu cheese dressing \$0.00

TOMATO BASIL SOUP  
Xxxxxx cup \$0.00, bowl \$0.00

SOUP OF THE DAY  
Xxxxxx cup \$0.00, bowl \$0.00



*"Because Everyone Has Hunger,  
No One Should Keep It"*  
A portion of ~~xxxxx~~ must purchased at Two Spoons  
provides a meal for the Save The Children organization.

## OUR SPECIALTIES

CHICKEN PARMESAN  
Xxxxxx \$0.00

GRILLED HANGER STEAK  
Served with roasted red skin potatoes and asparagus with a cognac demi-glaze \$0.00

CHICKEN PICATTA  
Over angel hair pasta topped with a white wine caper sauce \$0.00

BERKSHIRE PORK CHOP  
Topped with pineapple chutney served with garlic mashed potatoes and asparagus \$0.00

LAMB STEW  
Served with garlic mashed potatoes and baby carrots \$0.00

CHICKEN MARSALA  
Served with garlic mashed potatoes, roasted zucchini and squash \$0.00

FILET OF BEEF<sup>4</sup>  
Served with scalloped potatoes, asparagus, with chipotle shiitake demi-glaze  
6 oz \$0.00, 9 oz \$0.00

PAN SEARED SALMON<sup>4</sup>  
With cucumber rice pilaf and dill cream sauce topped with a cucumber tomato relish \$0.00

MEATLOAF  
With garlic mashed potatoes, green beans topped with a wild mushrooms gravy \$0.00

## SIDES & TOPPINGS

ASPARAGUS \$0.00

GARLIC MASHED POTATOES \$0.00

VEGETABLE OF THE DAY \$0.00

SAUTEED MUSHROOMS \$0.00

FRENCH FRIES \$0.00

## PASTAS

SALMON PESTUCINI<sup>4</sup>  
With a cream sauce \$0.00

SPAGHETTI & MEATBALLS  
Xxxxxx \$0.00

SHERIMP, SAUSAGE & CORN  
LINGUINI<sup>4</sup>  
Served with cilantro pesto sauce \$0.00

CLAMS & LINGUINI<sup>4</sup>  
With a white butter sauce \$0.00

RIGATONI  
With roasted tomatoes, button mushrooms, kalamata olives in a lemon garlic oil \$0.00

GNOCCHI BONNAISE  
Xxxxxx \$0.00

SAUSAGE RAVIOLI  
With a parmesan cream sauce \$0.00

## SANDWICHES

TRIPLE DECKER GRILLED CHEESE  
With a fried egg \$0.00

CHEESEBURGER  
Xxxxxx \$0.00

EGGPLANT SANDWICH  
With roasted tomatoes, red peppers and pesto sauce \$0.00

BLT  
Xxxxxx \$0.00 Add Salmon\* \$0.00

SOUP & SANDWICH COMBO  
Choose a half version of our sandwiches with a cup of soup \$0.00

## DESSERT

VANILLA CRÈME BRULÉE  
Served with wildberry compote \$0.00

CHOCOLATE BREAD PUDDING  
Topped vanilla ice cream and anglaise \$0.00

MACADAMEA NUT CHOCOLATE  
TORTE  
With vanilla ice cream \$0.00

BANANA NAPOLEAN  
Served with a caramelized banana \$0.00

\*Cooked to order. Consuming raw or undercooked meats, poultry, seafood, shellfish or eggs may increase your risk of foodborne illness especially in certain medical conditions.





- What are we engineering?
- Engineering sections of the menu

## STARTERS

**ANCHOR BAR CHICKEN WINGS**  
Xxxxxx \$0.00

**BLUE CHEESE CHIPS**  
Housemade potato chips with bleu cheese and scallions \$0.00

**POT STICKERS**  
Steamed pork pot stickers with hoisin glaze \$0.00

**CALAMARI<sup>4</sup>**  
Seasoned fried calamari with spicy slaw, lemon aioli and marinara sauce \$0.00

**CRAB CAKES<sup>4</sup>**  
Pan seared crab cakes served with mustard seed herb sauce and spicy slaw \$0.00

**STEAMED MUSSELS<sup>4</sup>**  
Served with garlic crostini in a chardonnay cream sauce \$0.00

## SOUP & SALAD

**CLASSIC CAESAR**  
Wedge of romaine with garlic parmesan crisp \$0.00

**INGALATA MITTA**  
Served with roasted tomatoes, pine nuts, shaved red onions, gorgonzola and avocado \$0.00

**BLT WEDGE SALAD**  
Served with bleu cheese dressing, bacon, onion and tomato \$0.00

**SPINACH SALAD**  
Topped with strawberries, goat cheese and a sweet poppy seed dressing \$0.00

**BBQ CHICKEN SALAD**  
Romaine topped with cheddar cheese, bacon, tomatoes, red peppers tossed in a herb garlic dressing \$0.00

**COBB SALAD**  
Romaine topped with diced tomatoes, bacon, hard boiled egg and grilled chicken with bleu cheese dressing \$0.00

**TOMATO BASIL SOUP**  
Xxxxxx cup \$0.00, bowl \$0.00

**SOUP OF THE DAY**  
Xxxxxx cup \$0.00, bowl \$0.00



*"Because Everyone Has Hunger,  
No One Should Keep It"*  
A portion of ~~xxxx~~ must purchased at Two Spoons  
provides a meal for the ~~xxxx~~ The Children organization.

## OUR SPECIALTIES

**CHICKEN PARMESAN**  
Xxxxxx \$0.00

**GRILLED HANGER STEAK**  
Served with roasted red skin potatoes and asparagus with a cognac demi-glaze \$0.00

**CHICKEN PICATTA**  
Over angel hair pasta topped with a white wine caper sauce \$0.00

**BERKSHIRE PORK CHOP**  
Topped with pineapple chutney served with garlic mashed potatoes and asparagus \$0.00

**LAMB STEW**  
Served with garlic mashed potatoes and baby carrots \$0.00

**CHICKEN MARSALA**  
Served with garlic mashed potatoes, roasted zucchini and squash \$0.00

**FILET OF BEEF<sup>4</sup>**  
Served with scalloped potatoes, asparagus, with chipotle shiitake demi-glaze  
6 oz \$0.00, 9 oz \$0.00

**PAN SEARED SALMON<sup>4</sup>**  
With cucumber rice pilaf and dill cream sauce topped with a cucumber tomato relish \$0.00

**MEATLOAF**  
With garlic mashed potatoes, green beans topped with a wild mushroom gravy \$0.00

## SIDES & TOPPINGS

**ASPARAGUS** \$0.00

**GARLIC MASHED POTATOES** \$0.00

**VEGETABLE OF THE DAY** \$0.00

**SAUTEED MUSHROOMS** \$0.00

**FRENCH FRIES** \$0.00

## PASTAS

**SALMON PESTO<sup>4</sup>**  
With a clam sauce \$0.00

**SPAGHETTI & MEATBALLS**  
Xxxxxx \$0.00

**SHERIMP, SAUSAGE & CORN LINGUINI<sup>4</sup>**  
Served with cilantro pesto sauce \$0.00

**CLAMS & LINGUINI<sup>4</sup>**  
With a white butter sauce \$0.00

**RIGATONI**  
With roasted tomatoes, button mushrooms, kalamata olives in a lemon garlic oil \$0.00

**GNOCCHI BONNAISE**  
Xxxxxx \$0.00

**SAUSAGE RAVIOLI**  
With a parmesan cream sauce \$0.00

## SANDWICHES

**TRIPLE DECKER GRILLED CHEESE**  
With a fried egg \$0.00

**CHEESEBURGER**  
Xxxxxx \$0.00

**EGGPLANT SANDWICH**  
With roasted tomatoes, red peppers and pesto sauce \$0.00

**BLT**  
Xxxxxx \$0.00 Add Salmon\* \$0.00

**SOUP & SANDWICH COMBO**  
Choose a half version of our sandwiches with a cup of soup \$0.00

## DESSERT

**VANILLA CRÈME BRULÉE**  
Served with wildberry compote \$0.00

**CHOCOLATE BREAD PUDDING**  
Topped vanilla ice cream and anglaise \$0.00

**MACADAMIA NUT CHOCOLATE TORTE**  
With vanilla ice cream \$0.00

**BANANA NAPOLEAN**  
Served with a caramelized banana \$0.00

\*Cooked to order. Consuming raw or undercooked meats, poultry, seafood, shellfish or eggs may increase your risk of foodborne illness especially in certain medical conditions.



- What are we engineering?
- Engineering sections of the menu
- Similar dishes in different categories should be analyzed separately.

## STARTERS

ANCHOR BAR CHICKEN WINGS  
Xxxxxx \$0.00

BLUE CHEESE CHIPS  
Housemade potato chips with bleu cheese and scallions \$0.00

POT STICKERS  
Steamed pork pot stickers with hoisin glaze \$0.00

CALAMARI<sup>4</sup>  
Seasoned fried calamari with spicy slaw, lemon aioli and marinara sauce \$0.00

CRAB CAKES<sup>4</sup>  
Pan seared crab cakes served with mustard seed herbless and spicy slaw \$0.00

STEAMED MUSSELS<sup>4</sup>  
Served with garlic crostons in a chardonnay cream sauce \$0.00

## SOUP & SALAD

CLASSIC CAESAR  
Wedge of romaine with garlic parmesan crisp \$0.00

INALATA MITTA  
Served with roasted tomatoes, pine nuts, shaved red onions, gorgonzola and avocado \$0.00

BLT WEDGE SALAD  
Served with bleu cheese dressing, bacon, onion and tomato \$0.00

SPINACH SALAD  
Topped with strawberries, goat cheese and a sweet poppy seed dressing \$0.00

BBQ CHICKEN SALAD  
Romaine topped with cheddar cheese, bacon, tomatoes, red peppers tossed in a herb garlic dressing \$0.00

COBB SALAD  
Romaine topped with diced tomatoes, bacon, hard boiled egg and grilled chicken with bleu cheese dressing \$0.00

TOMATO BASIL SOUP  
Xxxxxx cup \$0.00, bowl \$0.00

SOUP OF THE DAY  
Xxxxxx cup \$0.00, bowl \$0.00



*"Because Everyone Has Hunger,  
No One Should Keep It"*  
*A portion of ~~xxxxx~~ must purchased at Two Spoons  
provides a meal for the Save The Children organization.*

## OUR SPECIALTIES

CHICKEN PARMESAN  
Xxxxxx \$0.00

GRILLED HANGER STEAK  
Served with roasted red skin potatoes and asparagus with a cognac demi-glaze \$0.00

CHICKEN PICATTA  
Over angel hair pasta topped with a white wine caper sauce \$0.00

BERKSHIRE PORK CHOP  
Topped with pineapple chutney served with garlic mashed potatoes and asparagus \$0.00

LAMB STEW  
Served with garlic mashed potatoes and baby carrots \$0.00

CHICKEN MARSALA  
Served with garlic mashed potatoes, roasted zucchini and squash \$0.00

FILET OF BEEF<sup>4</sup>  
Served with scalloped potatoes, asparagus, with chipotle shiitake demi-glaze  
6 oz \$0.00, 9 oz \$0.00

PAN SEARED SALMON<sup>4</sup>  
With cucumber rice pilaf and dill cream sauce topped with a cucumber tomato relish \$0.00

MEATLOAF  
With garlic mashed potatoes, green beans topped with a wild mushrooms gravy \$0.00

## SIDES & TOPPINGS

ASPARAGUS \$0.00

GARLIC MASHED POTATOES \$0.00

VEGETABLE OF THE DAY \$0.00

SAUTEED MUSHROOMS \$0.00

FRENCH FRIES \$0.00

## PASTAS

SALMON PESTUCINI<sup>4</sup>  
With a cream sauce \$0.00

SPAGHETTI & MEATBALLS  
Xxxxxx \$0.00

SHERIMP, SAUSAGE & CORN  
LINGUINI<sup>4</sup>  
Served with cilantro pesto sauce \$0.00

CLAMS & LINGUINI<sup>4</sup>  
With a white butter sauce \$0.00

RIGATONI  
With roasted tomatoes, button mushrooms, kale, roma olives in a lemon garlic oil \$0.00

GNOCCHI BONNAISE  
Xxxxxx \$0.00

SAUSAGE RAVIOLI  
With a parmesan cream sauce \$0.00

## SANDWICHES

TRIPLE DECKER GRILLED CHEESE  
With a fried egg \$0.00

CHEESEBURGER  
Xxxxxx \$0.00

EGGPLANT SANDWICH  
With roasted tomatoes, red peppers and pesto sauce \$0.00

BLT  
Xxxxxx \$0.00 Add Salmon\* \$0.00

SOUP & SANDWICH COMBO  
Choose a half version of our sandwiches with a cup of soup \$0.00

## DESSERT

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Served with wildberry compote \$0.00

CHOCOLATE BREAD PUDDING  
Topped vanilla ice cream and anglaise \$0.00

MACADAMIA NUT CHOCOLATE  
TORTE  
With vanilla ice cream \$0.00

BANANA NAPOLEAN  
Served with a caramelized banana \$0.00

\*Cooked to order. Consuming raw or undercooked meats, poultry, seafood, shellfish or eggs may increase your risk of foodborne illness especially in certain medical conditions.

- What are we engineering?
- Engineering sections of the menu

## Wines at Hopleaf

### REDS

|   |       |
|---|-------|
| 1 Bodegas Atenea OLD VINES 2007 Spain (Gamacha) .....   | \$30. |
| 2 Bouchard Pere et Fils BOURGOGNE 2005 France (Pinot Noir) .....  | \$30. |
| 3 Château Haut Sarthes BERGERAC 2005 France<br>(Merlot, Cabernet, Cab. Franc) .....                               | \$30. |
| 4 Château de Lancry Pic St Loup 2005 France<br>(100% Grenache, 40% Syrah, 10% Carignan, 10% Chassat) .....        | \$30. |
| 5 Château Montroche COSTIERES DE NIMES 2004 France<br>(50% Grenache 50% Syrah) .....                              | \$30. |
| 6 Château Puygnaud MONTAGNE ST. EMILION<br>2004 Bordeaux (90% Merlot, 10% Cab. Franc) .....                       | \$30. |
| 7 Château Roque le Mayne CÔTES DU CASTILLON<br>2002 France (Merlot) .....   | \$30. |
| 8 Domaine Bunas MOURVEDRE 2005 France .....   | \$30. |
| 9 Domaine La Garrigue CUVÉE ROMAINE-CÔTES DU RHONE<br>2004 France (50% Grenache, 40% Syrah) .....                 | \$30. |
| 10 Domaine Le Pont du Riev "VACQUEYRAS"<br>2005 France (70% Grenache, 20% Syrah, 10% Chassat) .....               | \$30. |
| 11 Domaine Les Fines Graves CHENAS 2005 France (Garnay) .....   | \$30. |
| 12 Domaine Monpertuis CUVÉE COURNOISE-<br>VIN DE PAYS DU GARD 2005 France (100% Cournoise) .....                  | \$30. |
| 13 Domaine Sainte Eugénie CORBIÈRES 2005 France (Pinot Noir) .....  | \$30. |
| 14 Gagliardo BARBERA D'ALBA 2006 Italia .....   | \$30. |
| 15 Geantet-Ponslet GUYREY-CHAMBERTIN 2000 France<br>(Pinot Noir) .....  | \$30. |
| 16 Langhe NEBBIOLO 2004 Italia .....  | \$30. |
| 17 La Valentina MONTEPULCINO D'ABRUZZO 2005 Italia .....  | \$30. |
| 18 L'Ecuier de Couronneau BORDEAUX SUPERIOR<br>2005 France (Merlot) .....   | \$30. |
| 19 Patrick Lesec CHATEAUNEUF-DU-PAPE "RUBIS" 2004 France<br>(75% Grenache, 5% Syrah, 20% Mourvèdre) .....         | \$35. |
| 20 Les Heritiques VIN DU PAYS D'OC 2006 France<br>(Merlot, Grenache, Syrah, Carignan) .....                       | \$30. |
| 21 Monte OTON 2006 Spain (100% Gamacha) .....   | \$30. |
| 22 Musella V&L POLICELLA SUPERIORE 2005 Italia .....  | \$30. |
| 23 Pala Triente CANNONAU DI SARDEGNA 2005 Italia .....  | \$30. |
| 24 Pajer & Sandri ROSSO FAYE 2002 Trentino, Italia<br>(Cabernet Sauvignon, Cabernet Franc, Merlot, Lagrein) ..... | \$30. |
| 25 Rioja SIERRA CANTABRIA 2005 Spain (Tempranillo & Graciano) .....   | \$30. |
| 26 San Marzano PRIMITIVO 2005 Italia .....  | \$30. |
| 27 Tameri RESERVE MALBEC 2006 Mendoza, Argentina .....  | \$30. |
| 28 Tenuta Poderzano LAMBRUSCO GRASPAROSSA DI<br>CASTELVETRO 2007 Italia (served slightly chilled) .....           | \$30. |

## Wines at Hopleaf

### WHITES

|  |       |
|--|-------|
| Abbazia di Novacella KERNER 2007 Alto Adige, Italia .....  | \$30. |
| Tenuta Luisa PINO GRIGIO 2007 Friuli Venezia Giulia, Italia .....                                      | \$30. |
| Château Haut Sarthes MONTRÉVAL BLANC 2006<br>Bergère, France (50% Sauvignon Blanc, 40% Semillon) ..... | \$30. |
| Château d'Orschwihr RIESLING "BOLLENBERG" 2006<br>Alsace, France .....                                 | \$30. |
| C. d'Orschwihr GEWURZTRAMMER "BOLLENBERG" 2007<br>Alsace, France .....                                 | \$30. |
| Château L'Ermitage COSTIERES DE NIMES 2005 France<br>(50% Roussanne, 40% Grenache Blanc) .....         | \$30. |
| David Duband BOURGOGNE HAUTES CÔTES DE NUITS 2004<br>France (Chardonnay) .....                         | \$30. |
| Dom. de Lareyre VIN DE PAYS VAL DE MONTEFRAND 2006<br>France (80% Roussanne, 20% Marsanne) .....       | \$30. |
| Domaine Richot VOUVRAY 2006 Loire Valley (Chenin Blanc) .....  | \$30. |
| Domaine Pierre de la Grange MUSCADET SUR LIE 2007<br>France .....                                      | \$30. |
| Grange des Rouquette MARSANNE VIOGNIER<br>VIN DE PAYS D'OC 2006 France .....                           | \$30. |
| Inama VIN SOAVE 2006 Soave Classica DOC, Italia (Garganega) .....                                      | \$30. |
| Lucaschhof Pfalz RIESLING 2006 Germany .....   | \$30. |
| Pierre Boniface APREMONT VIN DE SAVOIE 2007 France<br>(Jacquère) .....                                 | \$30. |
| Terradara di Paolo FALANGHINA 2005 Italia .....  | \$30. |

### ROSÉ

|  |       |
|--|-------|
| Cantale NEGROMARO SILENTO 2008 Italia .....  | \$18. |
| Château Haut Sarthes BERGERAC ROSÉ 2006 France<br>(50% Merlot, 40% Cabernet Sauvignon, 10% Cabernet Franc) ..... | \$18. |
| Borsao ROSÉ CAMPO DE BORJA 2008 Spain (Gamacha) .....  | \$18. |

### DESSERT by the glass

|   |       |
|---|-------|
| Falchini VIN SANTO DEL CHIANTI 1995 .....                                 | \$8.  |
| York Creek PORT .....   | \$30. |
| Lustau SOLERA RESERVA DRY OLOROSOS SHERRY .....                           | \$8.  |
| Lustau EAST INDIA SOLERA SHERRY .....                                     | \$8.  |
| Pedro Ximenez DON PX GRAN RESERVA 1995<br>Montilla-Moriles, Cordoba ..... | \$10. |
| Pajer & Sandri GRAPPA CHARDONNAY Trentino .....                           | \$10. |
| Pajer & Sandri GRAPPA DI ROSSO FAYE Trentino .....                        | \$10. |
| Jadwiga MIDO PITNEY POLTORAK Poland .....                                 | \$8.  |

### SPARKLING

|  |       |
|--|-------|
| Saint-Hilaire BRUT 1995 Limoux, France 750ml .....         | \$30. |
| L. Mawby BLANC DE BLANC Suttons Bay Michigan / 750ml ..... | \$40. |
| Gruet BRUT NV France 750ml .....                           | \$30. |
| FREIXENET Spain 37.7ml split .....                         | \$8.  |



- What are we engineering?
- Engineering sections of the menu

## Wines at Hopleaf

### REDS

|   |       |
|---|-------|
| 1 Bodegas Altea OLD VINES 2007 Spain (Garnacha) .....   | \$30. |
| 2 Bouchard Pere et Fils BOURGOGNE 2005 France (Pinot Noir) .....  | \$30. |
| 3 Château Haut Sarthes BERGERAC 2005 France<br>(Merlot, Cabernet, Cab. Franc) .....                               | \$30. |
| 4 Château de Lancy Pic St Loup 2005 France<br>(100% Grenache, 40% Syrah, 10% Carignan, 10% Chassault) .....       | \$30. |
| 5 Château Montroche COSTIERES DE NIMES 2004 France<br>(50% Grenache 50% Syrah) .....                              | \$30. |
| 6 Château Puymerand MONTAGNE ST. EMILION<br>2004 Bordeaux (90% Merlot, 10% Cab. Franc) .....                      | \$30. |
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| 14 Gagliardo BARRERA D'ALBA 2006 Italia .....   | \$30. |
| 15 Geantet-Pansiel GUYREY-CHAMBERTIN 2000 France<br>(Pinot Noir) .....  | \$30. |
| 16 Langhe NEBBIOLO 2004 Italia .....  | \$30. |
| 17 La Valentina MONTEPULCINO D'ABRUZZO 2005 Italia .....  | \$30. |
| 18 L'Ecuier de Couronneau BORDEAUX SUPERIOR<br>2005 France (Merlot) .....   | \$30. |
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| 23 Pala Triente CANNONAU DI SARDEGNA 2005 Italia .....  | \$30. |
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| 26 San Marzano PRIMITIVO 2005 Italia .....  | \$30. |
| 27 Tameri RESERVE MALBEC 2006 Mendoza, Argentina .....  | \$30. |
| 28 Tenuta Poderzano LAMBRUSCO GRASPAROSSA DI<br>CASTELVETRO 2007 Italia (served slightly chilled) .....           | \$30. |

## Wines at Hopleaf

### WHITES

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| Domaine Pierre de la Grange MUSCADET SUR LIE 2007<br>France .....                                      | \$30. |
| Grange des Rouquette MARSANNE VIOGNIER<br>VIN DE PAYS D'OC 2006 France .....                           | \$30. |
| Inama VIN SOAVE 2006 Soave Classica DOC, Italia (Garganega) .....                                      | \$30. |
| Lucaschhof Pfalz RIESLING 2006 Germany .....   | \$30. |
| Pierre Boniface APREMONT VIN DE SAVOIE 2007 France<br>(Jacquère) .....                                 | \$30. |
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### ROSÉ

|  |       |
|--|-------|
| Cantale NEGROMARO SILENTO 2008 Italia .....  | \$18. |
| Château Haut Sarthes BERGERAC ROSÉ 2006 France<br>(50% Merlot, 40% Cabernet Sauvignon, 30% Cabernet Franc) ..... | \$18. |
| Borsao ROSÉ CAMPO DE BORJA 2008 Spain (Garnacha) .....   | \$18. |

### DESSERT by the glass

|   |       |
|---|-------|
| Falchini VIN SANTO DEL CHIANTI 1995 .....                                 | \$8.  |
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| Lustau SOLERA RESERVA DRY OLOROSOS SHERRY .....                           | \$8.  |
| Lustau EAST INDIA SOLERA SHERRY .....                                     | \$8.  |
| Pedro Ximenez DON PX GRAN RESERVA 1995<br>Montilla-Moriles, Cordoba ..... | \$10. |
| Pajer & Sandri GRAPPA CHARDONNAY Trentino .....                           | \$30. |
| Pajer & Sandri GRAPPA DI ROSSO FAYE Trentino .....                        | \$30. |
| Jadwiga MIDO PITNEY POLTORAK Poland .....                                 | \$8.  |

### SPARKLING

|  |       |
|--|-------|
| Saint-Hilaire BRUT 1995 Limoux, France 750ml .....         | \$30. |
| L. Mawby BLANC DE BLANC Suttons Bay Michigan / 750ml ..... | \$40. |
| Gruet BRUT NV France 750ml .....                           | \$30. |
| FREIXENET Spain 37.7ml split .....                         | \$8.  |




RESTAURANT  
INSTITUTE









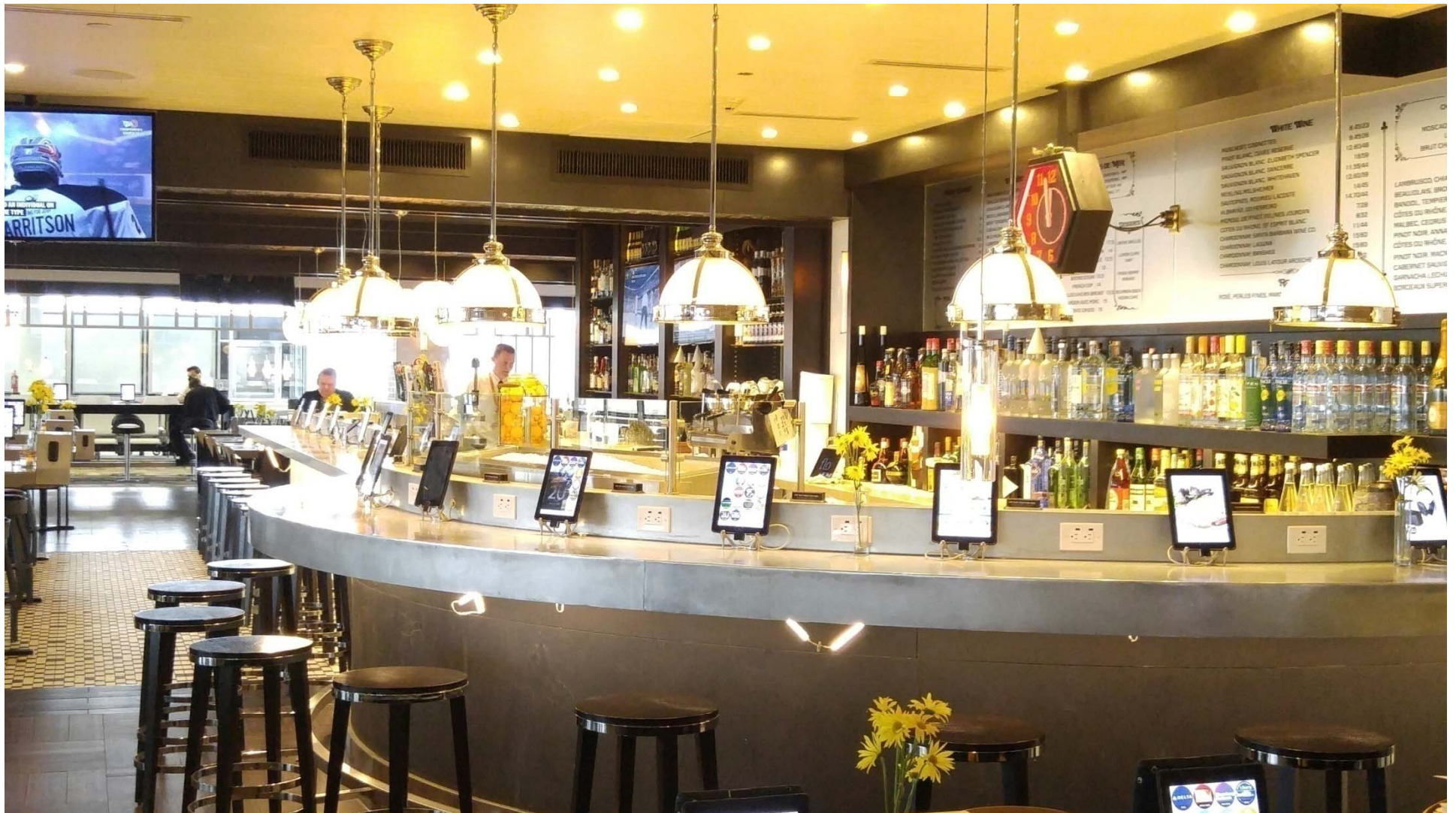
| BEER  |                       |
|---|-----------------------|
| <b>draft</b>  |                       |
| 6 Bass Ale  |                       |
| Bell's Seasonal   |                       |
| Guinness  |                       |
| Samuel Adams  |                       |
| Stella Artois   |                       |
| Ask about our seasonal beer   |                       |
|  |                       |
| BEER  |                       |
| SINGLE MALT SCOTCHES  |                       |
| Glenfiddich   | 12 yr. 11             |
| Glenlivet   | 18 yr. 16             |
| Macallan  | 12 yr. 13             |
| Oban  | 14 yr. 13             |
| Talisker  | 10 yr. 13             |
| Cragganmore   | 12 yr. 11             |
| Dalwhinnie  | 15 yr. 10             |
| Glenkinchie   | 10 yr. 10             |
| Glenmorangie  | 10 yr. 12             |
| Lagavuline  | 16 yr. 13             |
| SINGLE BARREL & SMALL BATCH BOURBONS/WHISKEY  |                       |
| Elijah Craig  | 12 yr. 10             |
| Basil Hayden  | 10                    |
| Bernheim Original   | 11                    |
| Wheat Whiskey   | 11                    |
| Bookers   | 12                    |
| Knob Creek  | 11                    |
| Jack Daniel's Single Barrel   | 12                    |
| Woodford Reserve  | 12                    |
| 1792 Ridgemon reserve   | 10                    |
| Bakers  | 10                    |
| COGNAC  |                       |
| Courvoisier   | VS 10                 |
|   | VSOP 12               |
| Hennessey   | VS 12                 |
| Remy Martin   | VSOP 14               |
| Remy Martin   |                       |
| Louis XIII  | 1 oz. 100   2 oz. 180 |
| BLENDS  |                       |
| Chivas Regal  | 12 yr. 11             |
| Crown Royal   | 11                    |
| Bushmills   | 10                    |
| Jameson   | 10                    |
| Tullamore Dew   | 10                    |
| Johnnie Walker  | 10                    |
|   | Red 10                |
|   | Black 12              |
|   | Gold 13.5             |
|   | Blue 36               |
| SPECIALTY COFFEE  |                       |
| NUTTY IRISHMAN Baileys Irish Cream & Frangelico 9                                     |                       |
| THE EUROPEAN Brandy & Sambuca 9   |                       |
| ORANGE GLAZE Grand Marnier, Kahlua & Brandy 9   |                       |
| TWIST Crème de cacao, Vanilla Liqueur & Tuaca 9                                       |                       |
| SWEET TOOTH Amaretto & Chambord Raspberry Liqueur 9                                   |                       |











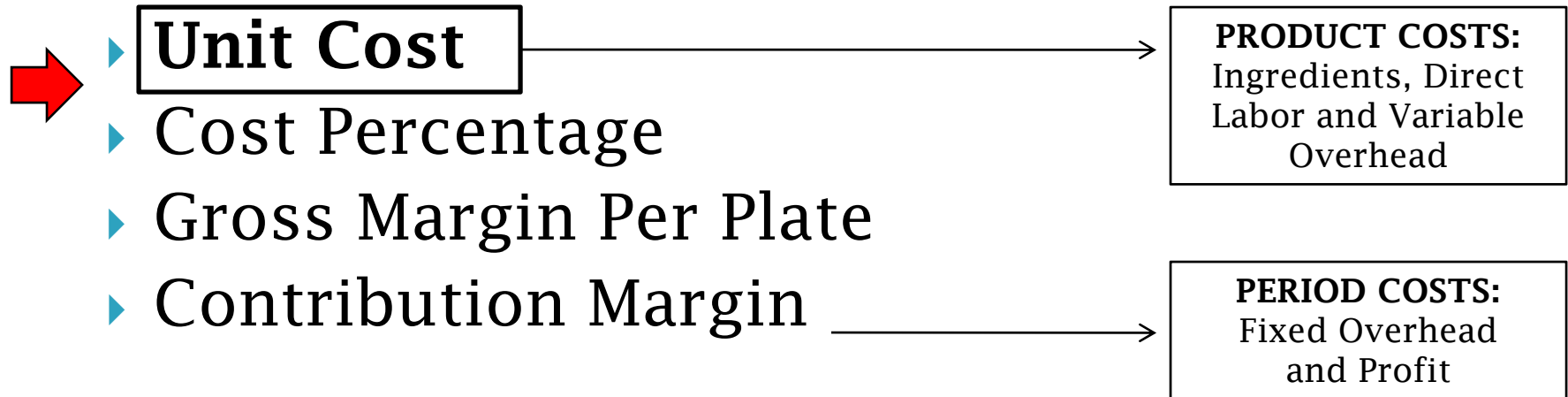




# Cost-Volume-Profit (CVP)

The components that we will be analyzing:

- ▶ Menu items in the category
- ▶ Quantity/volume sold
- ▶ Selling Price
- ▶ **Unit Cost**
- ▶ Cost Percentage
- ▶ Gross Margin Per Plate
- ▶ Contribution Margin



**PRODUCT COSTS:**  
Ingredients, Direct  
Labor and Variable  
Overhead

**PERIOD COSTS:**  
Fixed Overhead  
and Profit

# Cost-Volume-Profit (CVP)

The components that we will be analyzing:

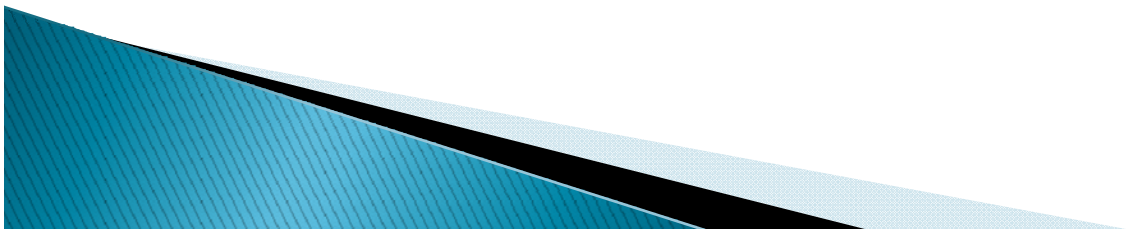
- ▶ Menu items in the category
- ▶ Quantity/volume sold
- ▶ Selling Price
- ▶ **Unit Cost**
- ▶ Cost Percentage
- ▶ Gross Margin Per Plate
- ▶ Total Profit



**Unit Cost**

**TOTAL COSTS:**  
Ingredients, Direct  
Labor and Total  
Overhead

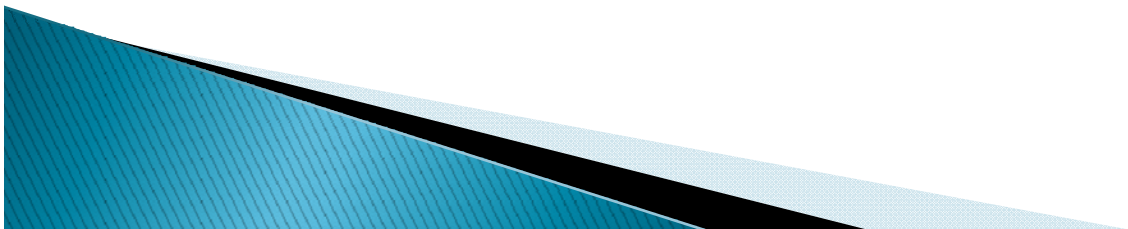
**PROFIT**





# My Famous Quote

*“You cannot place  
percents in your  
pocket!”*




# My Famous Quote

*Change the focus from cost percent to gross margin dollars*

| Menu Item       | Qty Sold | Menu Price | Unit Cost | Cost % | Unit GM \$s |
|-----------------|----------|------------|-----------|--------|-------------|
| Pasta Fettucine | 1        | \$11.99    | \$1.98    | 16.5%  | \$10.01     |
| Filet Mignon    | 1        | \$32.95    | \$12.49   | 37.9%  | \$20.46     |

*Which one would you rather have?*  
*Do we focus too much on cost percents?*

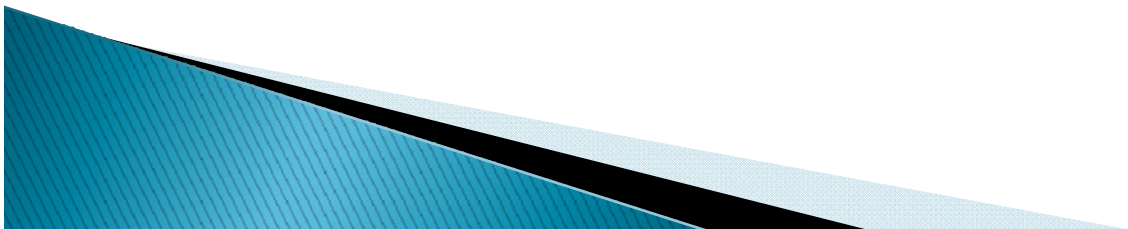






# Loss Leaders

*Items that are sold at a loss that will result in other menu items being sold at a profit.*



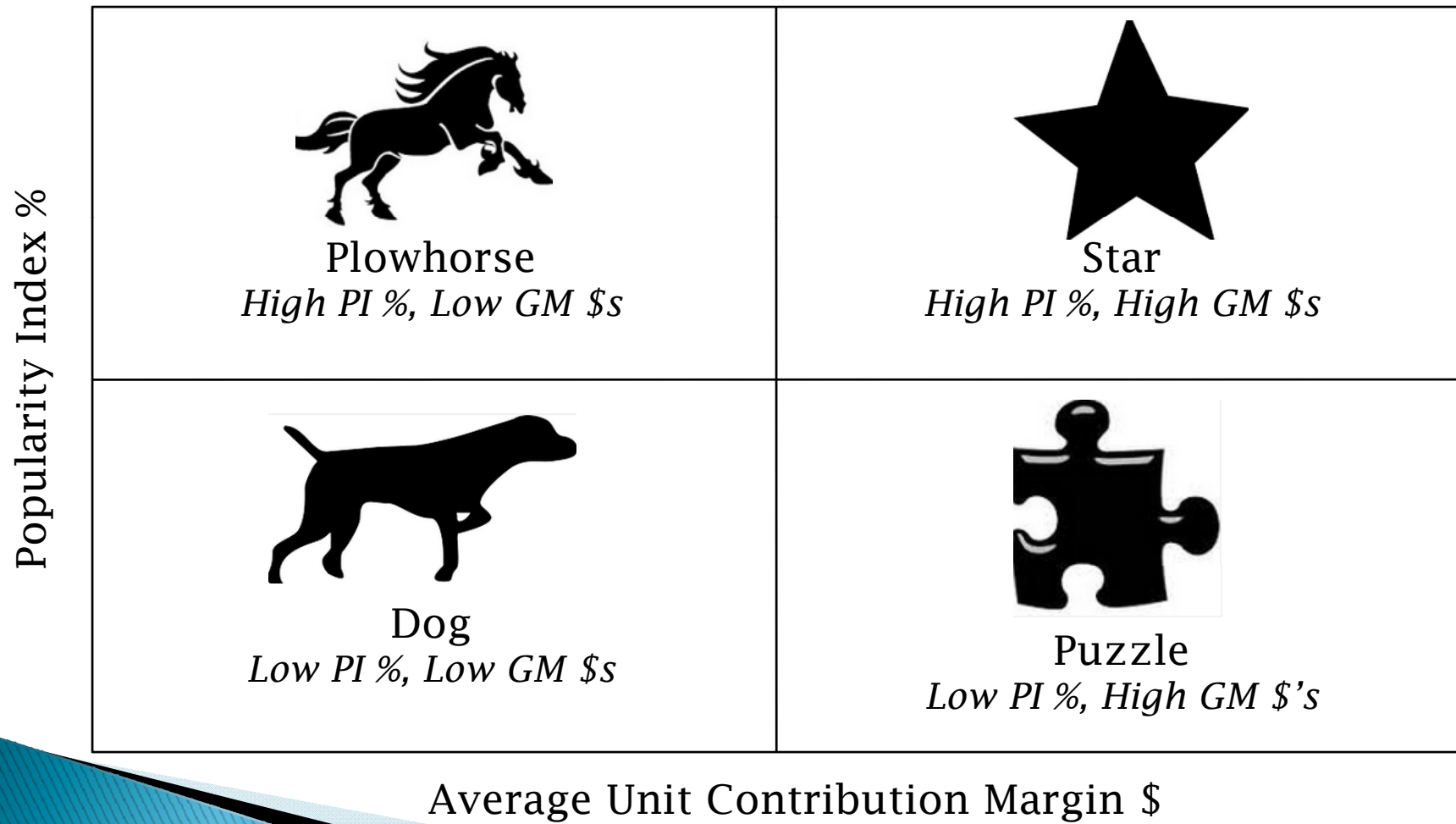
# Loss Leaders

*Items that are sold at a loss that  
will result in other menu items  
being sold at a profit.*

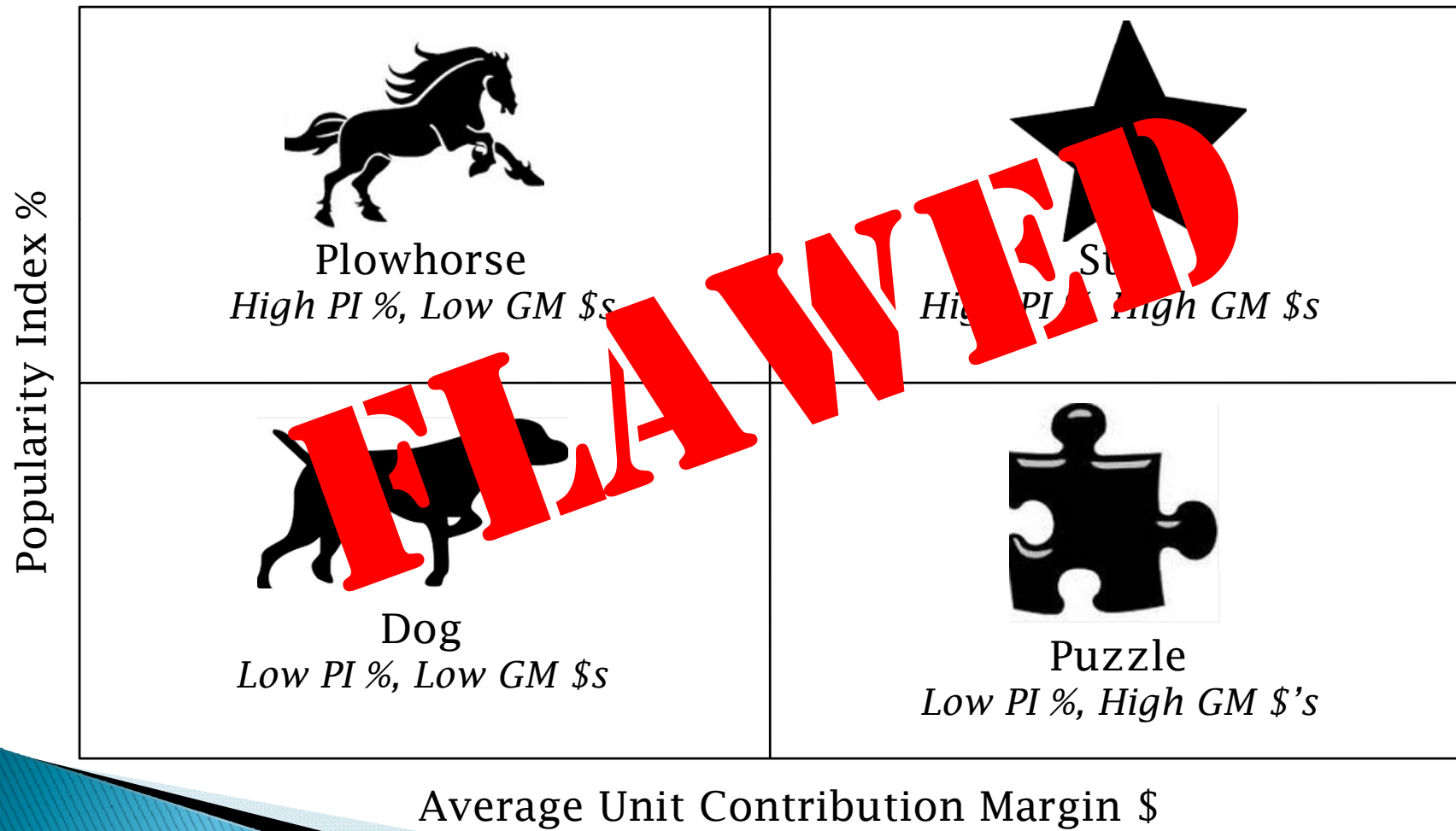


***Drive profits!***

# Dog/Star Graph



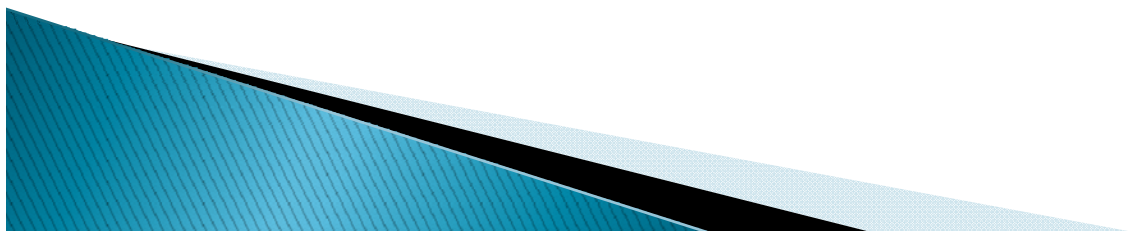
# Dog/Star Graph



# Dog/Star Graph Flaws

## *Flaw #1*

*Traditional Dog/Star reports only  
analyze entrees only.*



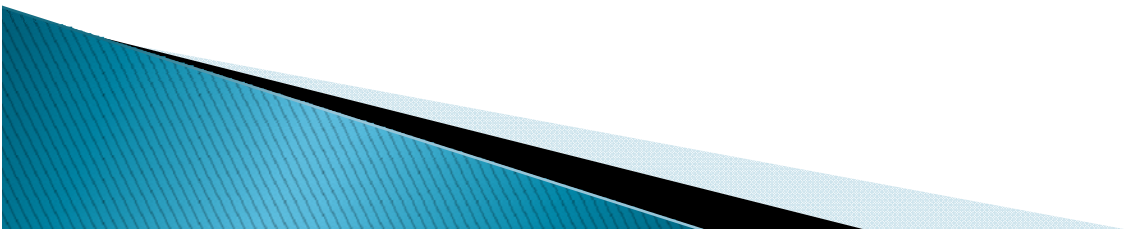
# Dog/Star Graph Flaws

## **Flaw #1**

*Traditional Dog/Star reports only  
analyze entrees only.*

## **Flaw #2**

*The calculation looks as unit  
contribution margin as a base.*





# Unit Contribution Margin

## *Unit Contribution Margin*

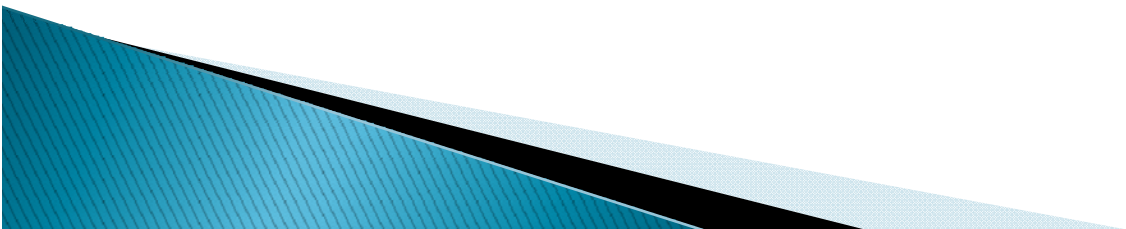
*Unit Contribution Margin =  
Sales Price less Variable Costs*

## *Our Variable Recipe Costs*

*Ingredients*

*Direct Labor*

*Variable Overhead*



# Unit Contribution Margin

## Unit Contribution Margin

*Unit Contribution Margin =  
Sales Price less Variable Costs*

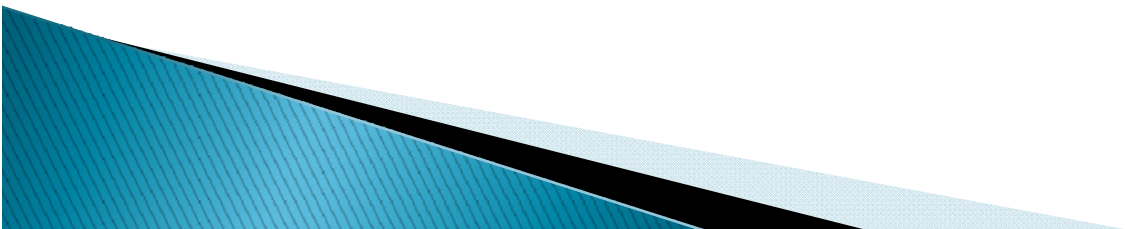
## Our Variable Recipe Costs

*Ingredients*

*Direct Labor*

*Variable Overhead*

*Variable Costs  
not typically  
seen in recipe  
costing.*



# Dog/Star Graph Flaws

## Flaw #1

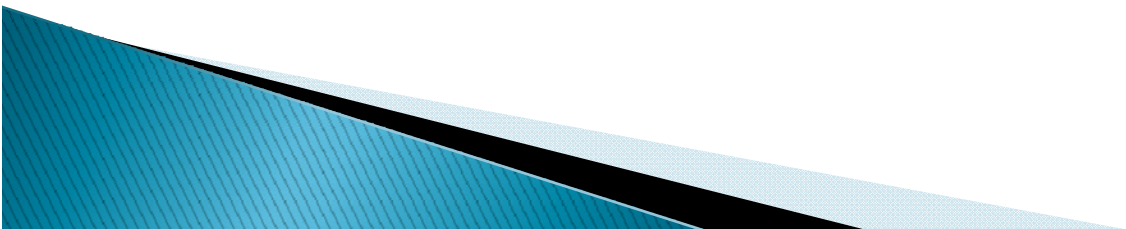
*Traditional Dog/Star reports only analyze entrees only.*

## Flaw #2

*The calculation looks as unit contribution margin as a base.*

## Flaw #3

*The graph plots all entrees together.*





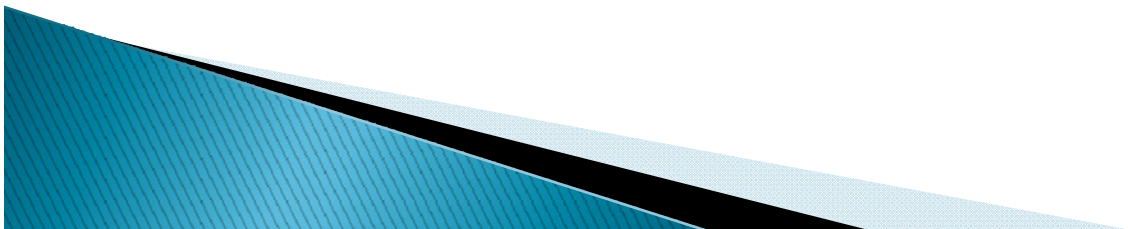
# Cost Volume Profit Example

*Which menu item should be reviewed?*

## SALADS

*Menu in place for 6 months.*

| Menu Item        |  | Menu Price | Unit Cost | Cost % | Unit Profit \$s |
|------------------|--|------------|-----------|--------|-----------------|
| Chopped Salad    |  | \$5.50     | \$0.43    | 7.8%   | \$5.07          |
| Wedge of Iceberg |  | \$5.50     | \$0.33    | 6.0%   | \$5.17          |
| Caesar Salad     |  | \$5.50     | \$0.41    | 7.5%   | \$5.09          |
| House Salad      |  | \$5.50     | \$0.48    | 8.7%   | \$5.02          |
| Averages         |  | \$5.50     | \$0.41    | 7.5%   | \$5.09          |





# Cost Volume Profit Example


*Which menu item should be reviewed?*

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| Averages         |  | \$5.50     | \$0.41    | 7.5%   | \$5.09          |

*If the decision was based on cost percent alone, the 'House Salad' would be reviewed for action.*







# Cost Volume Profit Example


*Which menu item should be reviewed?*

## SALADS

*Menu in place for 6 months.*

| Menu Item        | Qty Sold | Menu Price | Unit Cost | Cost %      | Unit Profit \$s | Total Profit \$s |
|------------------|----------|------------|-----------|-------------|-----------------|------------------|
| Chopped Salad    | 1,664    | \$5.50     | \$0.43    | 7.8%        | \$5.07          | \$8,437          |
| Wedge of Iceberg | 1,183    | \$5.50     | \$0.33    | 6.0%        | \$5.17          | \$6,116          |
| Caesar Salad     | 1,508    | \$5.50     | \$0.41    | 7.5%        | \$5.09          | \$7,676          |
| House Salad      | 2,041    | \$5.50     | \$0.48    | <b>8.7%</b> | \$5.02          | <b>\$10,246</b>  |
| Averages         |          | \$5.50     | \$0.41    | 7.5%        | \$5.09          |                  |

*If you would have chosen the 'House Salad', you would have reviewed the menu item driving the most dollars to cover fixed overhead costs and profit and possibly removing it from the menu.*





# Dog/Star Calculation

*Which menu item should be reviewed?*

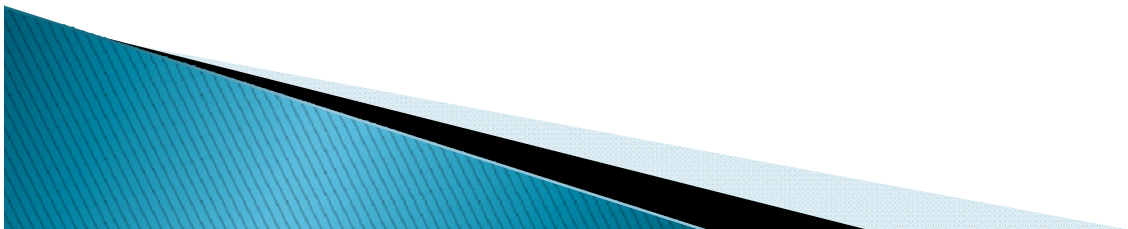
## SALADS

*Menu in place for 6 months.*

| Menu Item        | Qty Sold | Menu Price | Unit Cost | Cost % | Unit Profit | Total Profit \$s | GM | MM | Rank       |
|------------------|----------|------------|-----------|--------|-------------|------------------|----|----|------------|
| Chopped Salad    | 1,664    | \$5.50     | \$0.43    | 7.8%   | \$5.07      | \$8,437          | L  | H  | Plowhorse? |
| Wedge of Iceberg | 1,183    | \$5.50     | \$0.33    | 6.0%   | \$5.17      | \$6,116          | H  | H  | Star?      |
| Caesar Salad     | 1,508    | \$5.50     | \$0.41    | 7.5%   | \$5.09      | \$7,676          | H  | H  | Star?      |
| House Salad      | 2,041    | \$5.50     | \$0.48    | 8.7%   | \$5.02      | \$10,246         | L  | H  | Plowhorse? |
| Averages         |          | \$5.50     | \$0.41    | 7.5%   | \$5.09      |                  |    |    |            |

$MM = (1/4) * .7 = 17.5\%$ ;  $GM = \$32,474 / 6,396 = \$5.08$

*Flaw: Gross margin rank for dog/star calculation is based on unit level only, not extended contribution margin dollars.*



# Dog/Star Calculation

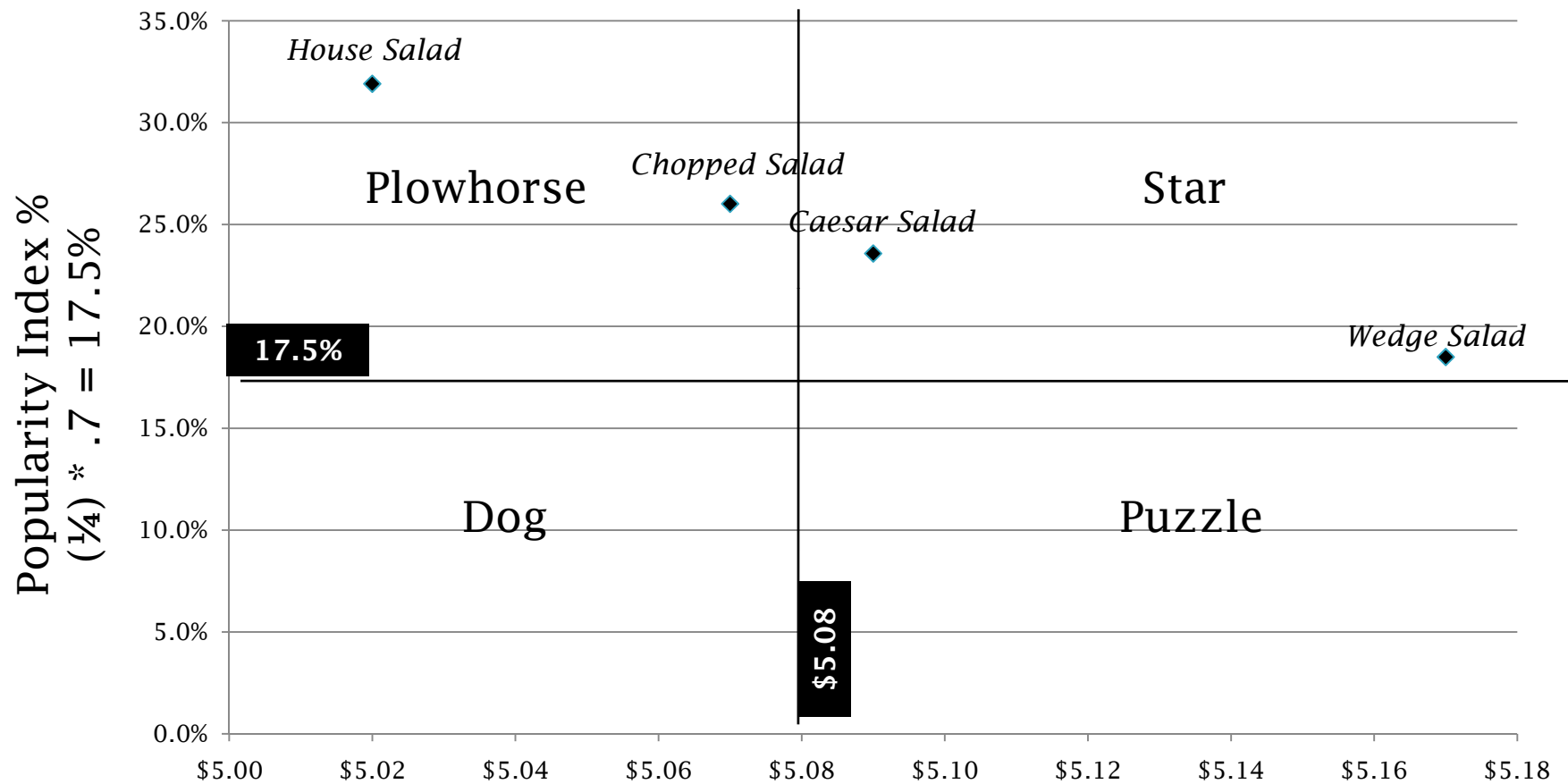
*Which menu item should be reviewed?*

| SALADS           |          | Menu in place for 6 months. |           |        |             |                  |    |    |            |
|------------------|----------|-----------------------------|-----------|--------|-------------|------------------|----|----|------------|
| Menu Item        | Qty Sold | Menu Price                  | Unit Cost | Cost % | Unit Profit | Total Profit \$s | GM | MM | Rank       |
| Chopped Salad    | 1,664    | \$5.50                      | \$0.43    | 7.8%   | \$5.07      | \$8,437          | L  | H  | Plowhorse? |
| Wedge of Iceberg | 1,183    | \$5.50                      | \$0.33    | 6.0%   | \$5.17      | \$6,116          | H  | H  | Star?      |
| Caesar Salad     | 1,508    | \$5.50                      | \$0.41    | 7.5%   | \$5.09      | \$7,676          | H  | H  | Star?      |
| House Salad      | 2,041    | \$5.50                      | \$0.48    | 8.7%   | \$5.02      | \$10,246         | L  | H  | Plowhorse? |
| Averages         |          | \$5.50                      | \$0.41    | 7.5%   | \$5.09      |                  |    |    |            |

$MM = (1/4) * .7 = 17.5\%$ ;  $GM = \$32,474 / 6,396 = \$5.08$

*Flaw: Gross margin rank for dog/star calculation is based on unit level only, not extended contribution margin dollars.*

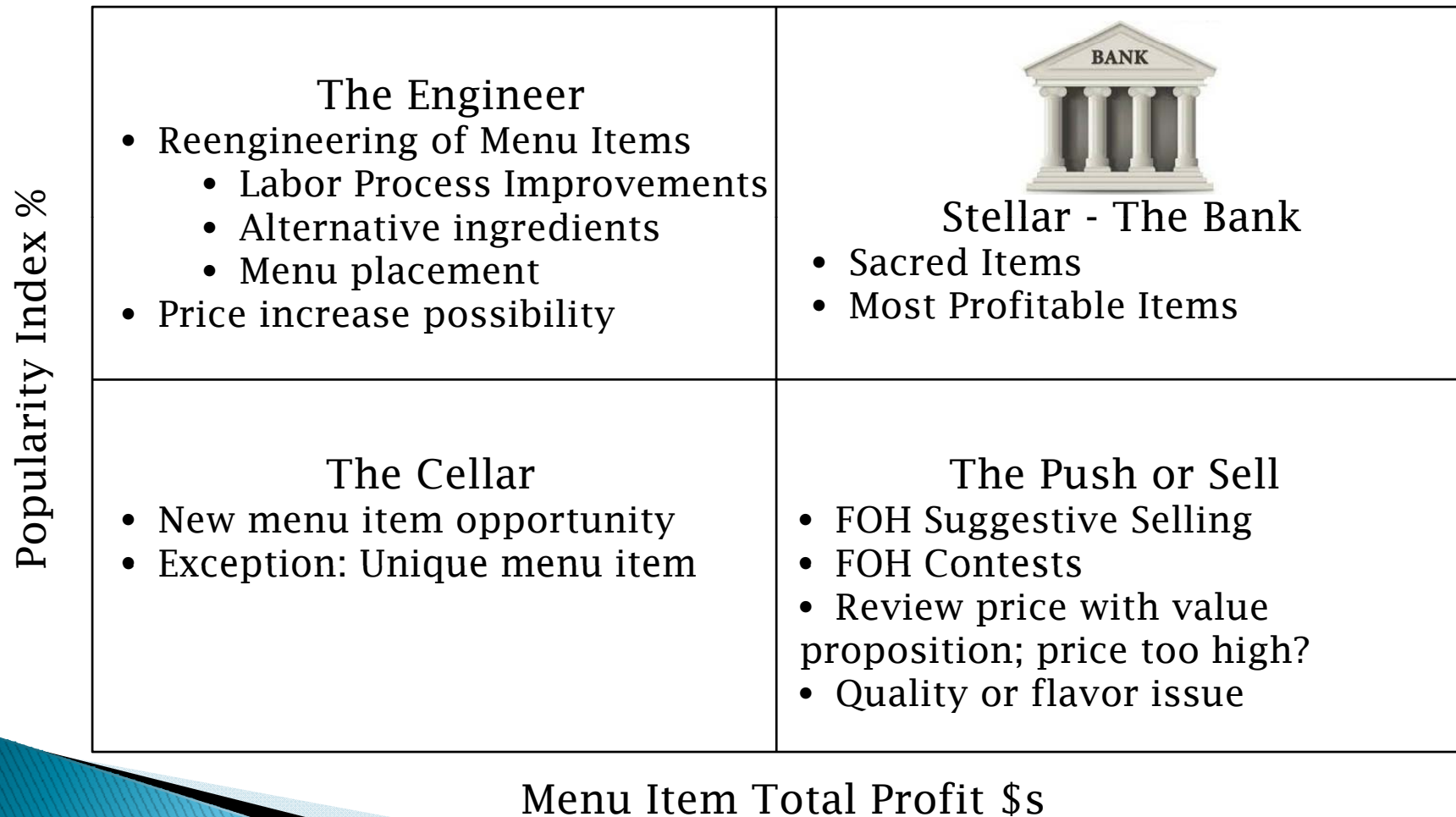
# Dog/Star Graph



Menu Item Unit Gross Margin \$s

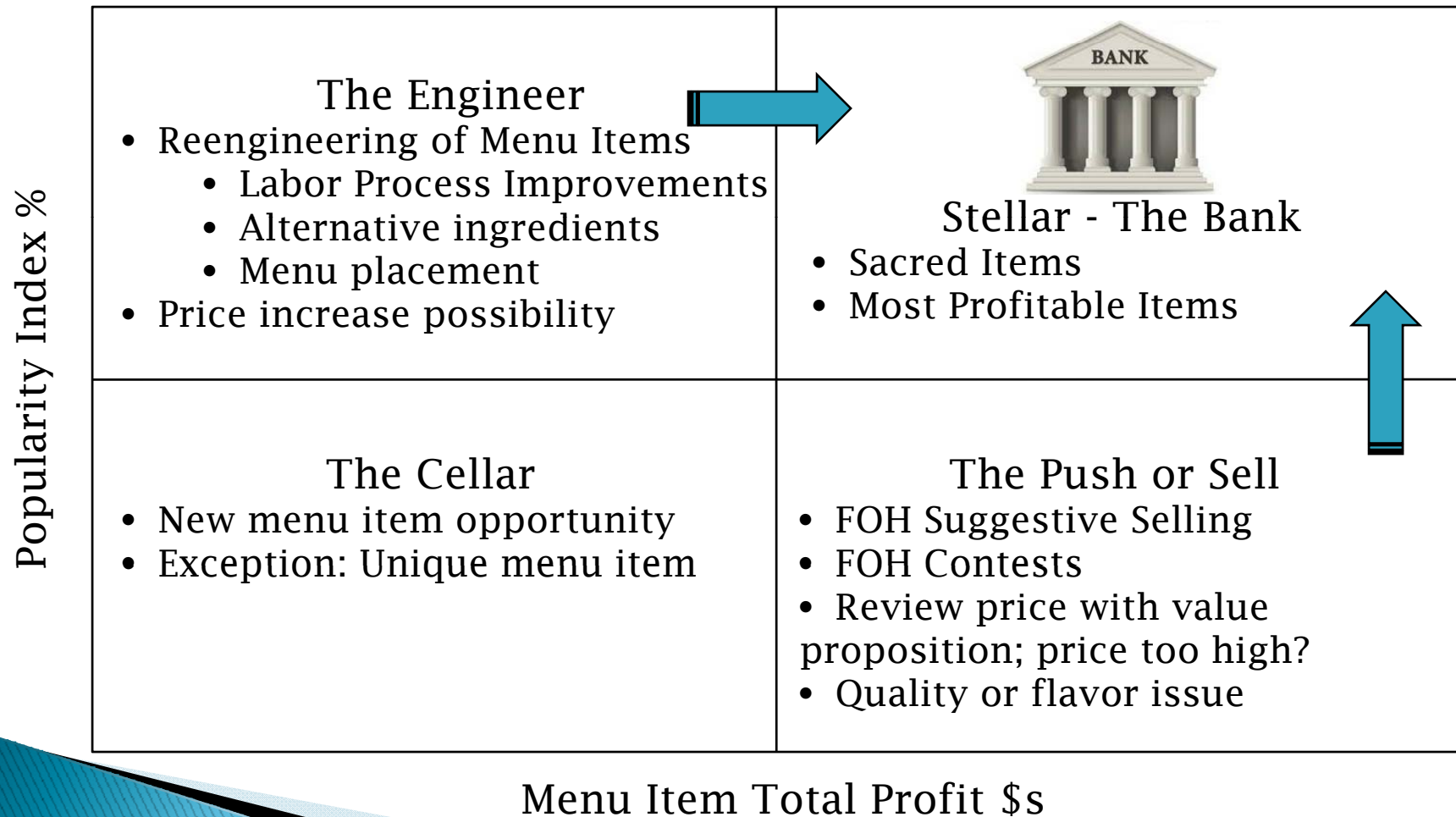
$\$32,475 / 6,396 = \$5.08$

# Stellar / Cellar Graph

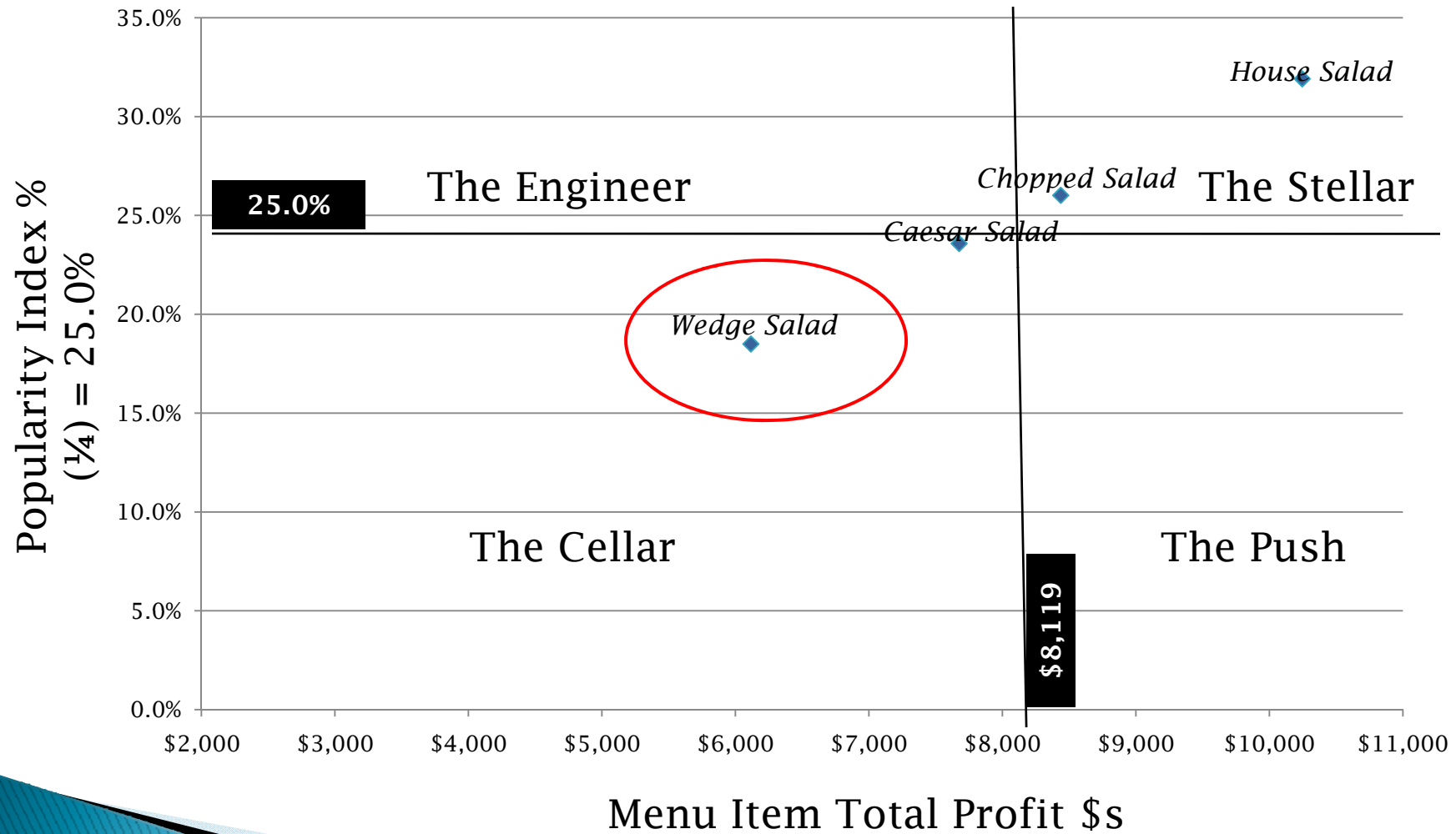




# Stellar / Cellar Graph



# Stellar / Cellar Graph



# Cost Volume Profit Example

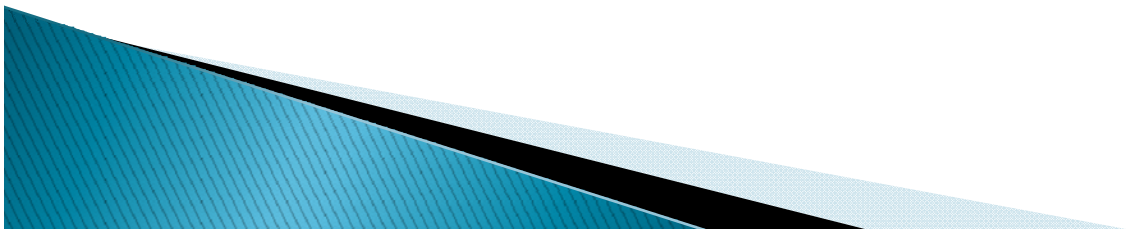
*Which menu item should be removed?*

## SALADS

*Menu in place for 6 months.*

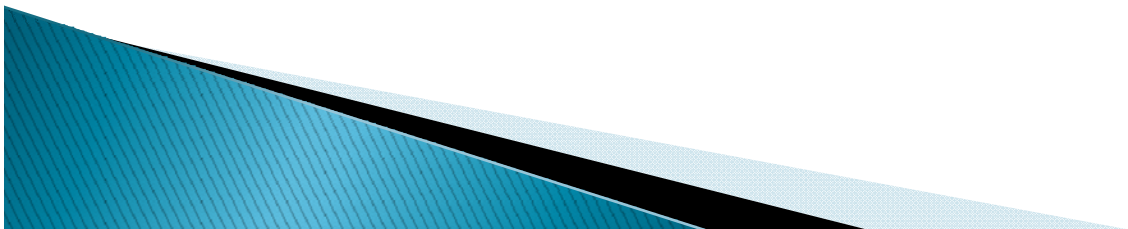
| Menu Item        | Qty Sold | Menu Price | Unit Cost | Cost %      | Unit Profit \$s | Profit \$s     |
|------------------|----------|------------|-----------|-------------|-----------------|----------------|
| Chopped Salad    | 1,664    | \$5.50     | \$0.43    | 7.8%        | \$5.07          | \$8,437        |
| Wedge of Iceberg | 1,183    | \$5.50     | \$0.33    | <b>6.0%</b> | \$5.17          | <b>\$6,116</b> |
| Caesar Salad     | 1,508    | \$5.50     | \$0.41    | 7.5%        | \$5.09          | \$7,676        |
| House Salad      | 2,041    | \$5.50     | \$0.48    | 8.7%        | \$5.02          | \$10,246       |
| Averages         |          | \$5.50     | \$0.41    | 7.5%        | \$5.09          |                |

*The proper item to target to be reviewed is the 'Wedge of Iceberg'.*



# What are my options?

- ▶ *Review the menu placement*
- ▶ *Reengineer an existing menu item*
  - *Review process*
  - *Alternative ingredients*
  - *Price increase*
- ▶ *Remove the item and create a new item*

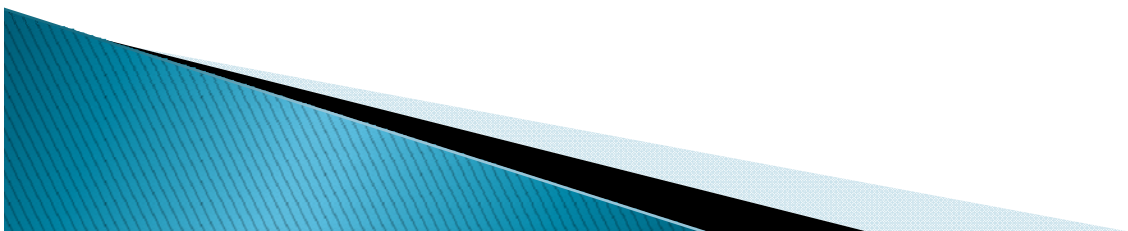




# Engineering New Menu Items

| Menu Item        | Qty Sold | Menu Price | Unit Cost | Cost % | Unit Profit \$s | Total Profit \$s |
|------------------|----------|------------|-----------|--------|-----------------|------------------|
| Wedge of Iceberg | 1,183    | \$5.50     | \$0.33    | 6.0%   | \$5.17          | \$6,116          |
| New Menu Item    | -        | \$TBD      | \$TBD     |        | > \$5.17        |                  |

*When engineering the new menu item, attempt to create the item that will increase the average gross margin on the item being removed. In this case - \$5.17/menu item.*





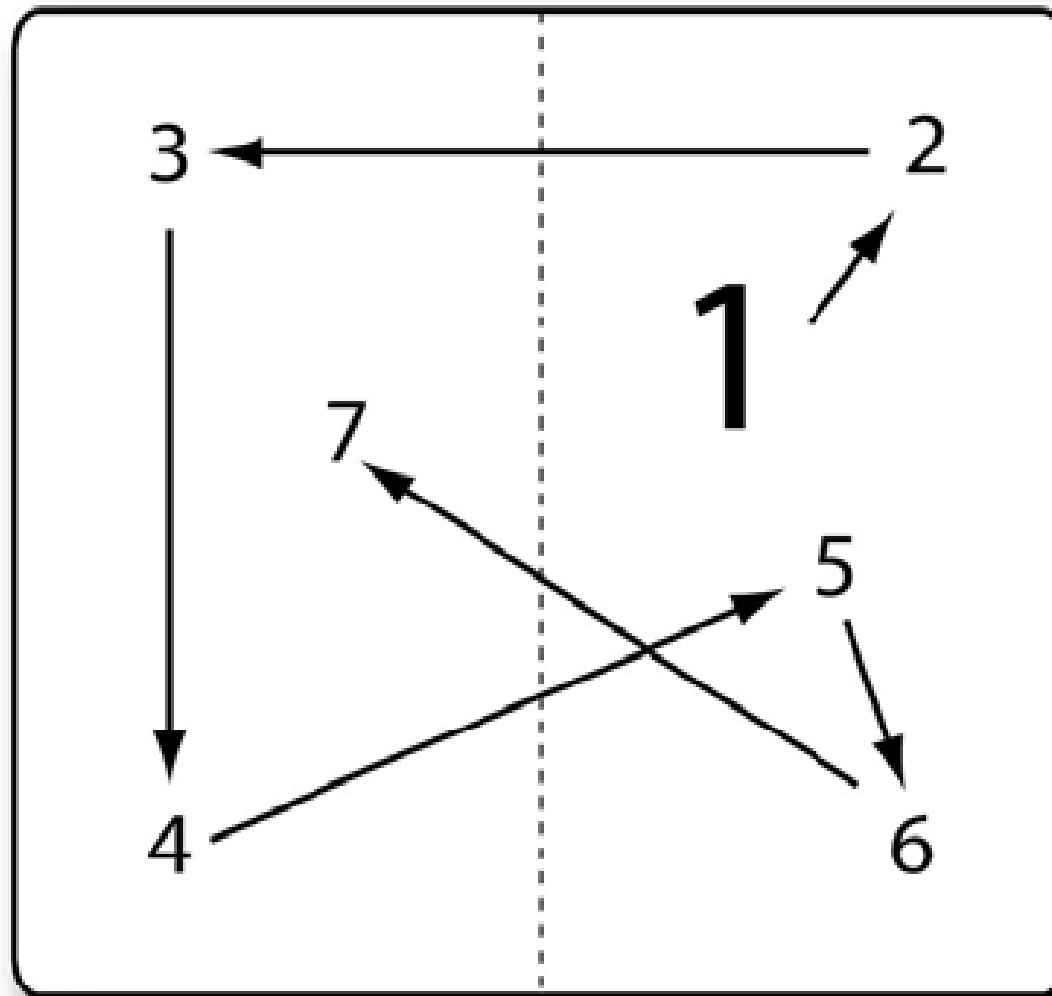
# Menu Placement

## SALADS

| Menu Item                   | Qty Sold | Menu Price | Unit Cost | Cost % | Unit Profit \$s | Total Profit \$s |
|-----------------------------|----------|------------|-----------|--------|-----------------|------------------|
| <i><b>House Salad</b></i>   | 2,041    | \$5.50     | \$0.48    | 8.7%   | \$5.02          | \$10,246         |
| <i><b>Chopped Salad</b></i> | 1,664    | \$5.50     | \$0.43    | 7.8%   | \$5.07          | \$8,437          |
| Field Greens                | NEW      | \$5.75     | \$0.43    | 7.5%   | <b>\$5.32</b>   |                  |
| Caesar Salad                | 1,508    | \$5.50     | \$0.41    | 7.5%   | \$5.09          | \$7,676          |
| Averages                    |          | \$5.56     | \$0.44    | 7.9%   | \$5.12          |                  |

*When reading the menu, customers read from top to bottom of the category they are looking at. Place the menu items that drive the most contribution margin to the top. The two top menu items are my highest “**The Bank**” category items.*

# Menu Placement & Eye Gaze



Source: Bowen & Morris, 1995; Hug & Warfel, 1991; Kelson, 1994; Scanlon, 1998; Main, 1994; Miller, 1992; Panitz, 2000; National Restaurant Association, 2007; Kotschevar, 2008; Pavesic, D.V., 2011

# Menu Placement & Eye Gaze

## The Eyes Have It: Retailers Now Track Shoppers' Retinas

By EMILY GLAZER

Consumer-products companies are turning to new technology to overcome the biggest obstacle to learning what shoppers really think: what the shoppers say.

It turns out consumers aren't a very reliable source of information about their own preferences. Academic research has shown focus-group subjects try to please their testers and overestimate their interest in products, making it hard to get a read on what works. But getting testing right is crucial for consumer-products companies because they ship high volumes and lack direct contact with

SensorMotoric Instruments



**P&G and Unilever are using sensor-equipped glasses to figure out what attracts shoppers.**

Source: Glazer, Emily, *Wall Street Journal*, "The Eyes Have It: Retailers Now Track Shoppers' Retinas", 07/12/2012, p. B1

# Menu Placement & Eye Gaze



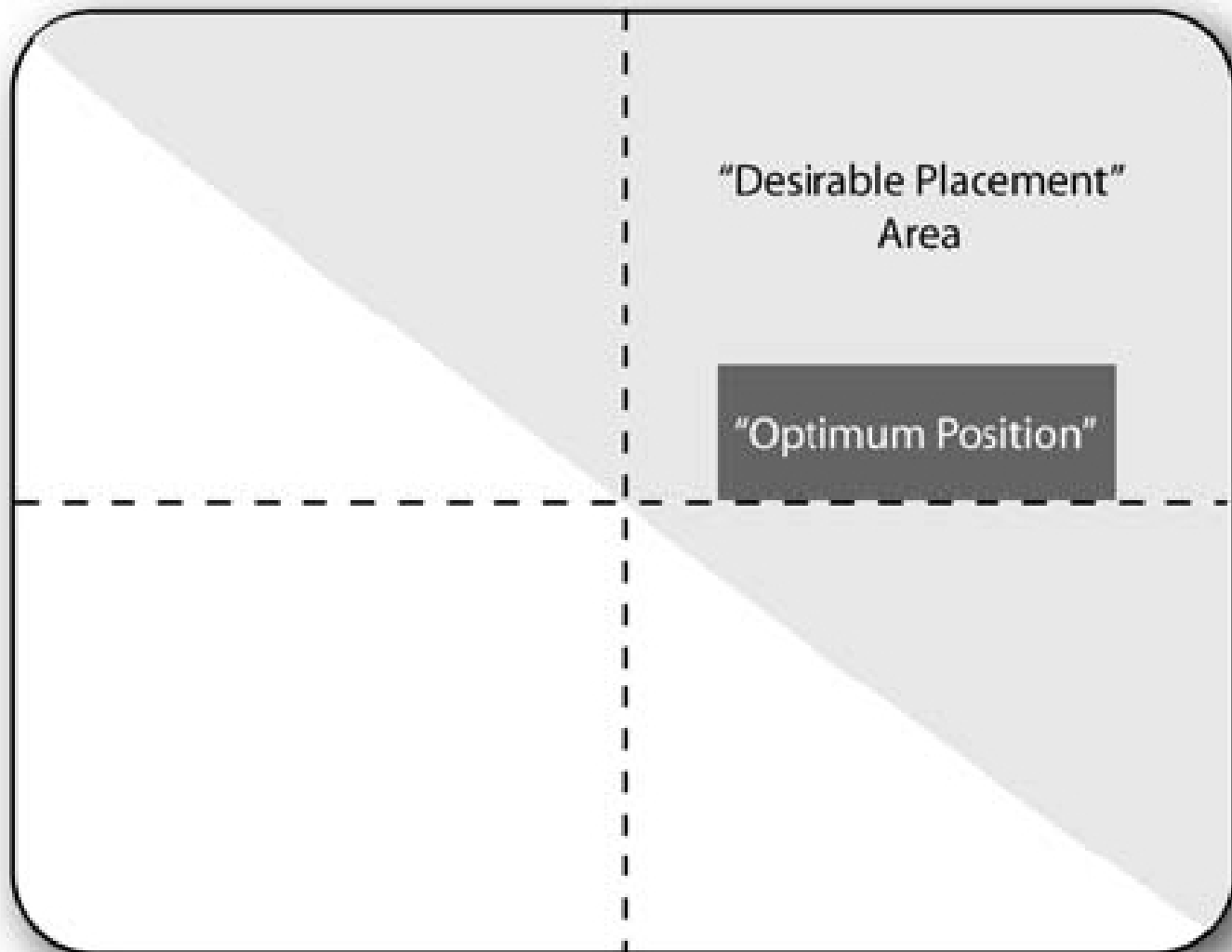
A 'heat map' Unilever created by tracking eye movements.

## Marketers Track Shopper Retinas

Consumer-products companies are using new technology to figure out what attracts consumers' attention.

*Source: Glazer, Emily, Wall Street Journal, "The Eyes Have It: Retailers Now Track Shoppers' Retinas", 07/12/2012, p. B1*

# Menu Placement & Eye Gaze



*Source: Livingston, 1978*



# Menu Placement & Eye Gaze

International Journal of Hospitality Management 31 (2012) 1021–1029



Contents lists available at SciVerse ScienceDirect

International Journal of Hospitality Management

journal homepage: [www.elsevier.com/locate/ijhosman](http://www.elsevier.com/locate/ijhosman)



## Eye movements on restaurant menus: A revisitation on gaze motion and consumer scanpaths

Sybil S. Yang\*

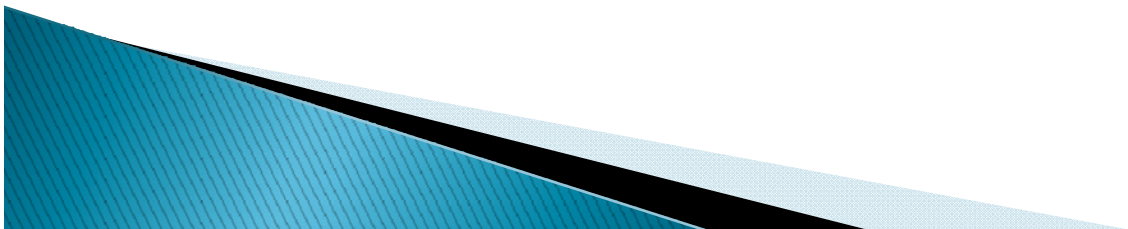
Cornell University, School of Hotel Administration, G80p Statler Hall, Cornell University, Ithaca, NY 14853, United States

### ABSTRACT

*“Results offer an average menu scanpath ... and suggests traditional menu “sweet spots” may not exist.”*

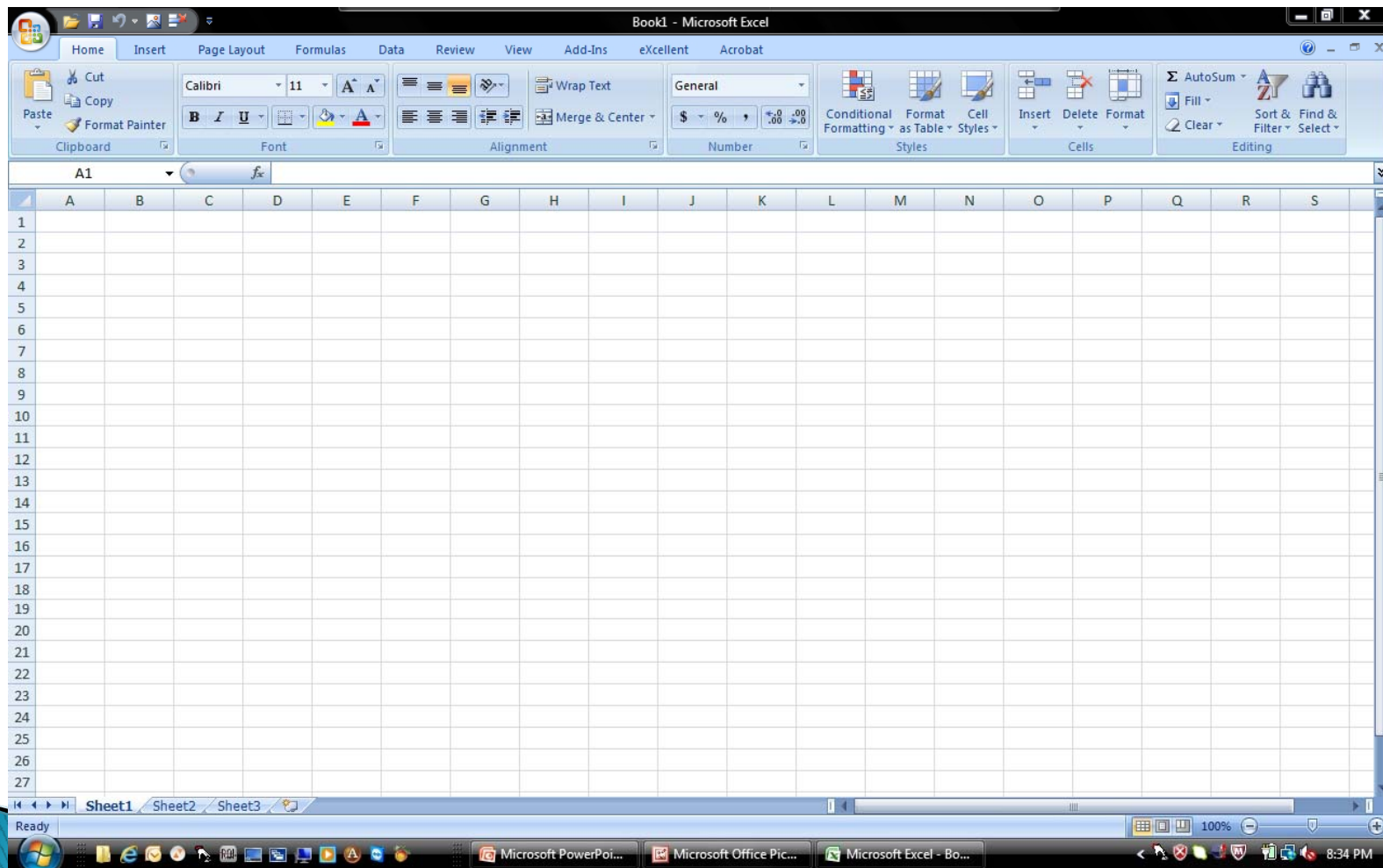
# Front of House (FOH) Sales

- ▶ If the menu layout is structured with the most profitable items on top, it should not be a secret!
- ▶ FOH personnel can play an active roll in suggesting to the customers items that drive profit!





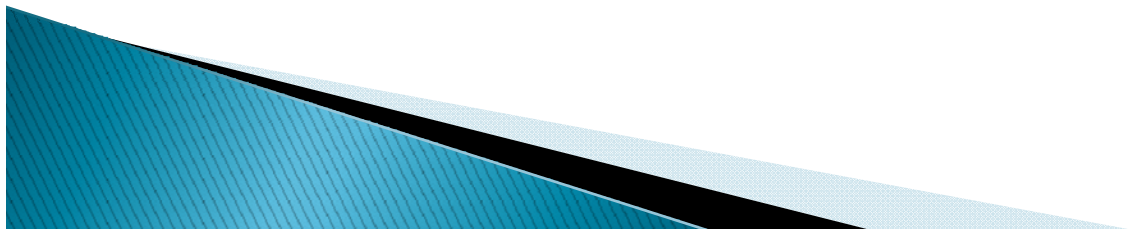
# Manage By Excel (MBE)



# Manage By Excel (MBE)

YOU CAN'T DO  
TODAY'S JOB WITH  
YESTERDAY'S  
METHODS AND BE IN  
BUSINESS TOMORROW.

# *The Top Takeaways*

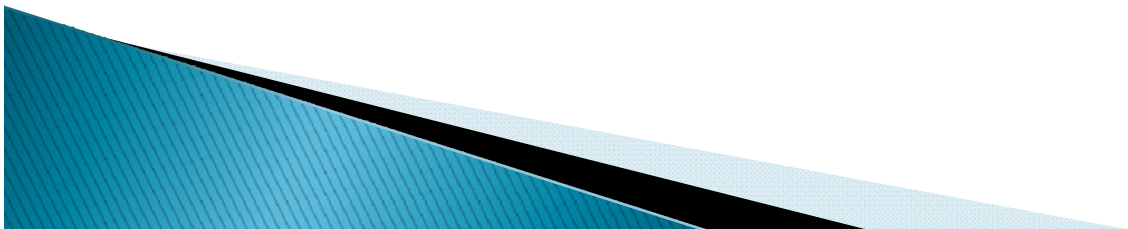




# The Top Takeaways

## *Takeaway #1*

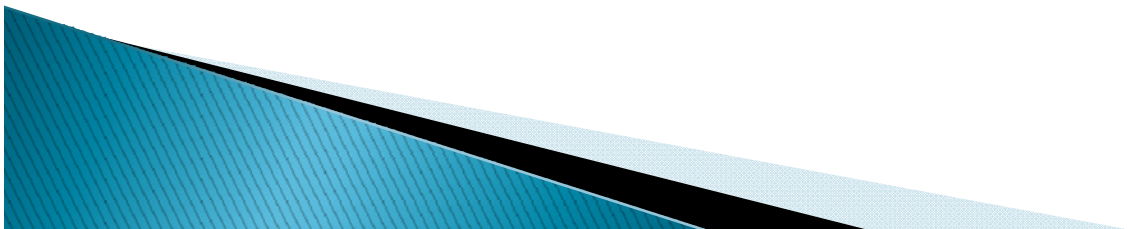
*Understand the impact recipe costing has on menu engineering. If costs are understated, profits are overstated!*



# The Top Takeaways

## *Takeaway #2*

*Your menu is too  
important to guess at!  
Guessing is not good enough!  
There is too much at risk.*

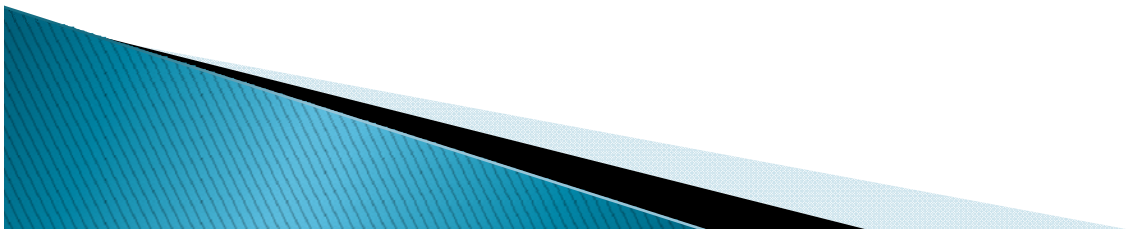


# The Top Takeaways

## *Takeaway #3*

*Unique printed menus should  
be engineered separately.*

*Engineer any menu that is in  
print or displayed.*

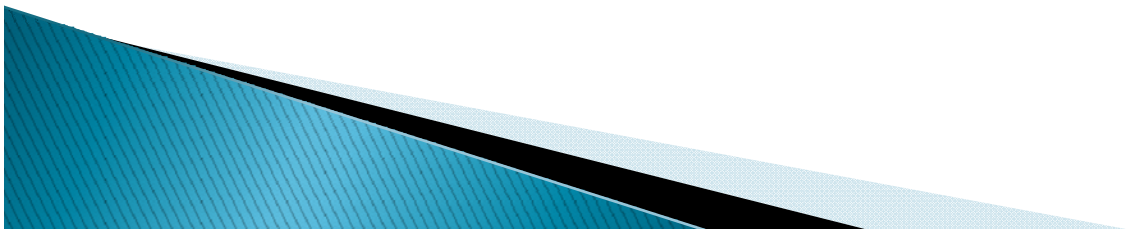


# The Top Takeaways

## *Takeaway #4*

*Engineer sections of menu.*

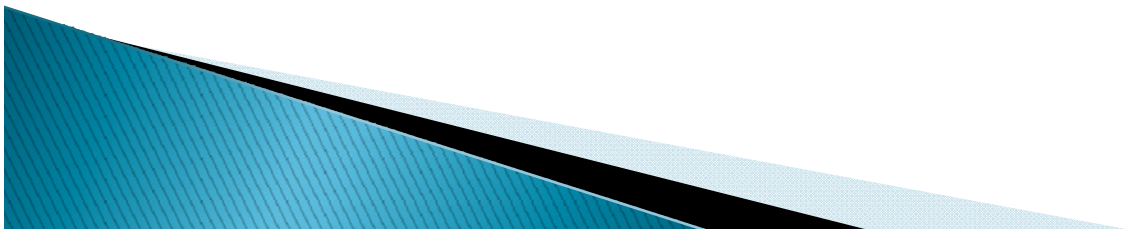
*Do not engineer the  
complete menu in whole.  
Decisions should be made  
within each menu category.*



# The Top Takeaways

## Takeaway #5

*“You cannot place percents in your pockets!”. Shift the focus from cost percents to cost volume profit methods. Look at total profitability! Money in the bank!*

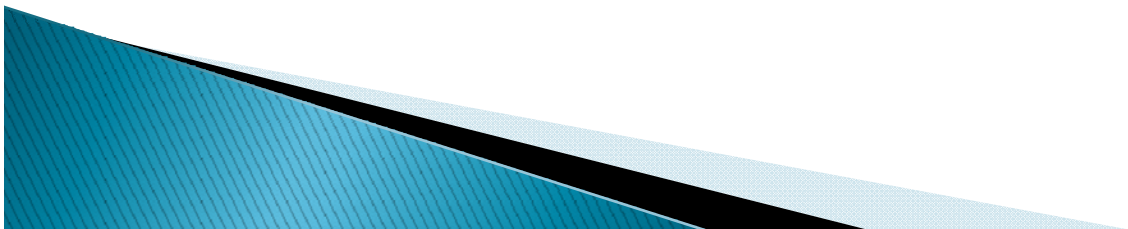




# The Top Takeaways

## *Takeaway #6*

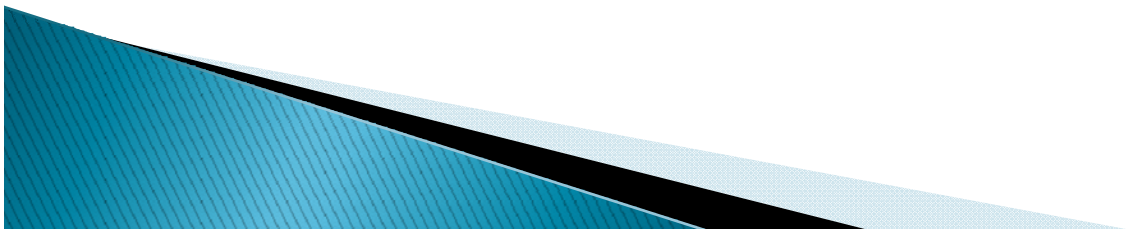
*Make decisions not only based on the passion and emotion of the menu item – but also empirical data. Be methodical.*



# The Top Takeaways

## *Takeaway #7*

*The menu layout and placement of menu items does matter. Place higher contribution margin items on top in descending order.*

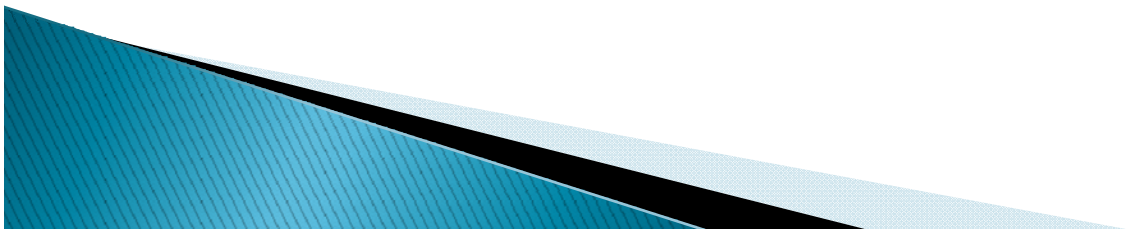


# The Top Takeaways

## *Takeaway #8*

*Consider and vet systems to assist in the process.*

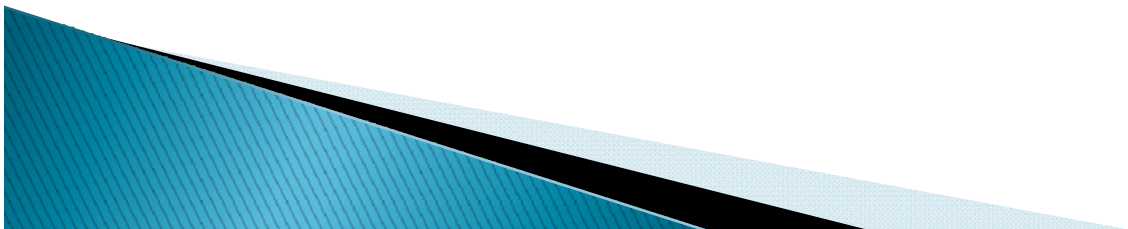
*Utilizing Excel (MBE) is both time consuming and cumbersome.*



# The Top Takeaways

## *Takeaway #9*

*This is your call to action!  
Start the process. If you do  
not have adequate time or  
skills, get some professional  
assistance!*



# The Top Takeaways

## *Takeaway #10*

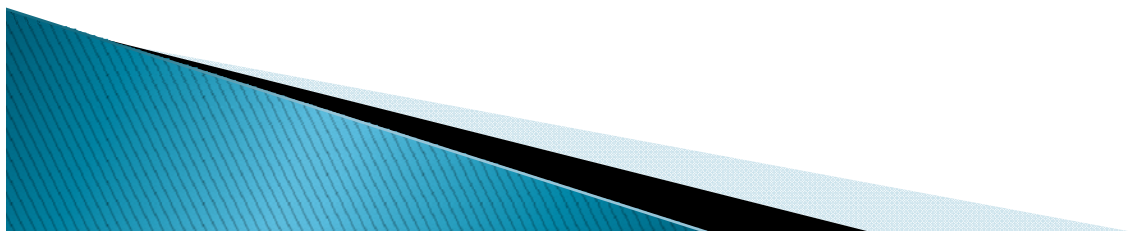
*To ensure success –*

*The bottom line is*

*know your costs!*

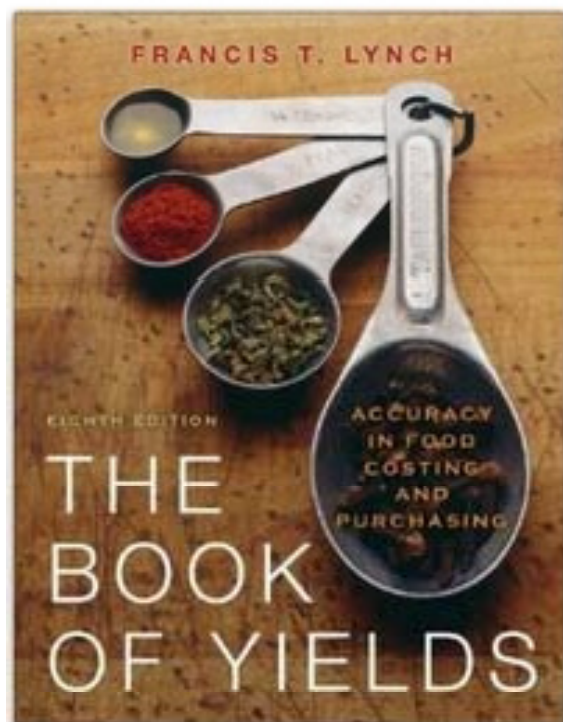
*Plan for success!*

*Be proactive, not reactive!*





# Reference Books



## **The Book of Yields: Accuracy in Food Costing and Purchasing** Plastic Comb –

December 20, 2010

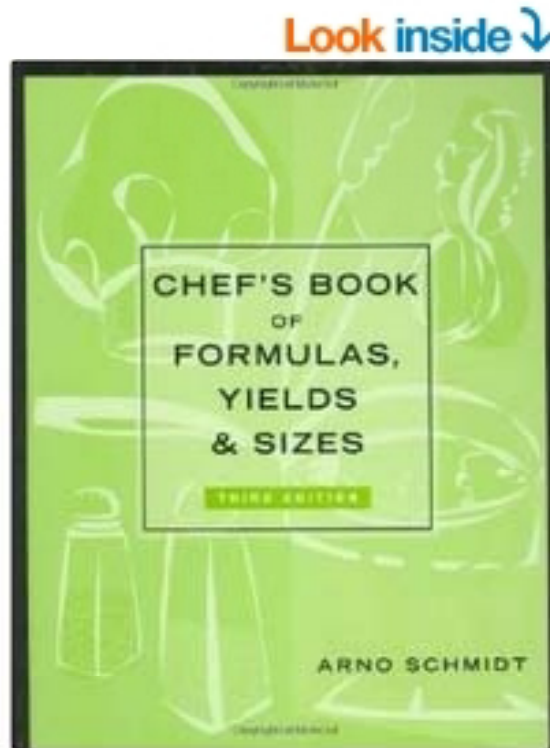
by Francis T. Lynch (Author)

★★★★☆ ▾ 35 customer reviews

ISBN-13: 978-0470197493 | ISBN-10: 0470197498 | Edition: 8<sup>th</sup>

*Note: This reference is NOT comprehensive. You need to practice the costing methods discussed in this presentation.*

# Reference Books



## **Chef's Book of Formulas, Yields, and Sizes** Hardcover – March 14, 2003

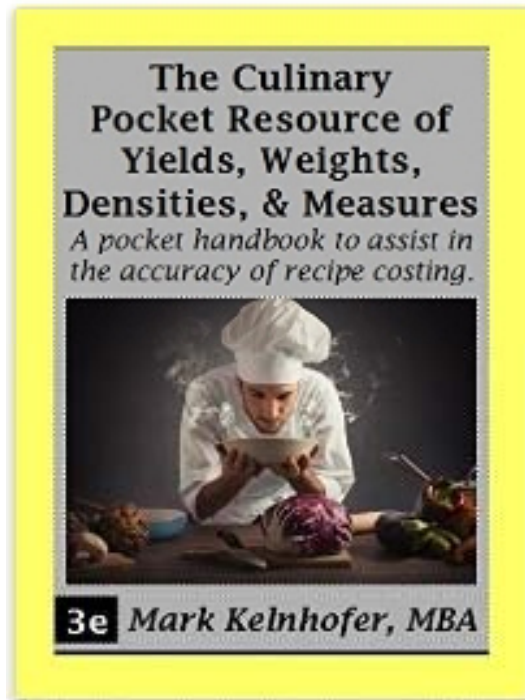
by [Arno Schmidt](#) ▾ (Author)

★★★★☆ ▾ 11 customer reviews

---

*Note: This reference is NOT comprehensive. You need to practice the costing methods discussed in this presentation.*

# Reference Books



## The Culinary Pocket Resource of Yields, Weights, Densities, & Measures, 3rd Edition Paperback – July 14, 2016

by [Mark Kelnhofer](#) (Author)

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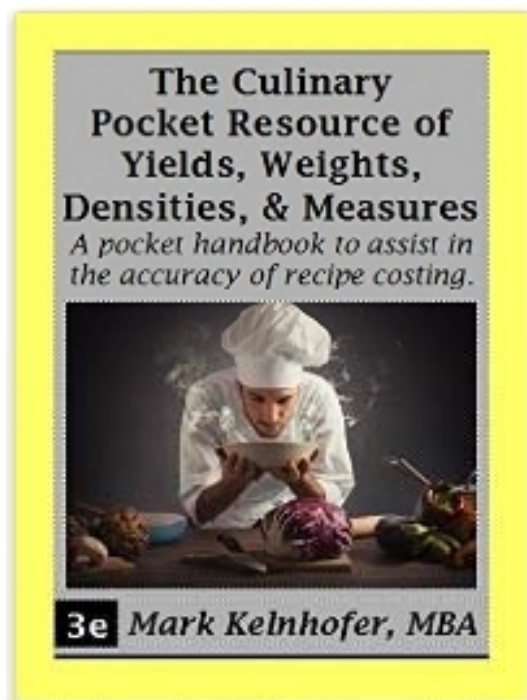
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The true companion to assist today's restaurant and foodservice operators in increasing the accuracy of their recipe cost identification and menu engineering processes.

*Note: This reference is NOT comprehensive. You need to practice the costing methods discussed in this presentation.*

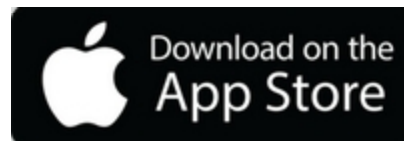
# The App



## The Culinary Pocket Resource of Yields, Weights, Densities, & Measures, 3rd Edition Paperback – July 14, 2016

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# The App







# Reference Books

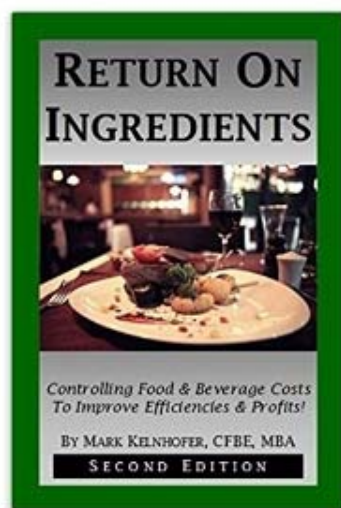
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TRADE PUBLICATION FOR LAS VEGAS  
FOOD & BEVERAGE PROFESSIONALS

## Increasing the Accuracy of Recipe Costing

**By Mark Kelnhofer, MBA**

*Mark Kelnhofer is the President and CEO of Return On Ingredients LLC and has over 20 years in management accounting experience including ten years in restaurant industry. He is an international speaker on recipe costing and menu engineering. He can be reached at (614) 558-2239 and [Mark@ReturnOnIngredients.com](mailto:Mark@ReturnOnIngredients.com).*



A fairly accurate assessment of current restaurant and catering operations today do not have accurate recipes costs. Recipe costs are the foundation of much more strategic functions such as the menu engineering process and theoretical benchmarking. The recipe is the base for many other aspects of the business, and is all too often something not given enough attention. Too often recipes generally are written in cookbook terms and not manufacturing terms. There are several concepts to assist in obtaining accurate costs.

The first is to understand what it means to treat recipes like manufacturers. The basic rule

need to account for the associated weights. For example, a one ounce spoodle of feta cheese is not going to be an ounce for costing.

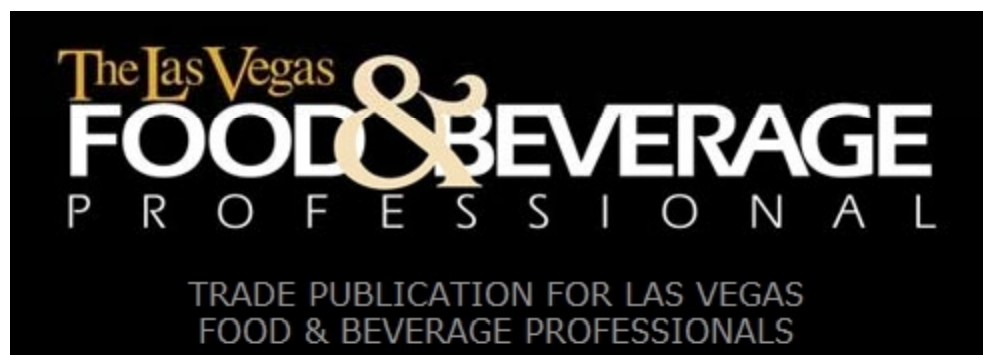
Up to this point we have discussed only ingredient costs and their change in the process. We have not mentioned as of yet the two other factors of cost: labor and overhead. Many industries have been in the practice of costing out their products to include prime and total cost. Why is it then the restaurant industry doesn't identify these costs? It becomes an incredible tool once we have added these two cost components to the recipe cost. With this information we are now

the personnel that are actually responsible to execute the recipes. Once the time standard has been established we can then multiply that against both a labor rate and overhead rate per hour to come up with our total costs.

Labor rates should include more than just the base rate, but also all the other benefits and fringes that are paid to employ and retain that employee. Examples include unemployment insurance, payroll taxes, health insurance, and 401(k) contributions. Overhead rates are determined through the budgeting process (pre-



# Published Articles



## Improve Your Menu Engineering Are You Costing Your Company Thousands By Not Conducting The Proper Analysis?

The term “menu engineering” is not used by all restaurant operators. However, it is a definite process that all restaurants, single and multi-unit, should be utilizing. The process of determining which items need to be removed or modified versus which ones should be added to a menu can be a complex one. Too often mistakes are made which can hurt the future profitability of the company. In some cases decisions are made off of the passion and emotion that is involved with the menu item and not necessarily the numbers

*Using accurate recipe costing as a base along with analysis of gross margin per plate, the restaurant location can make methodical decisions that can only assist*

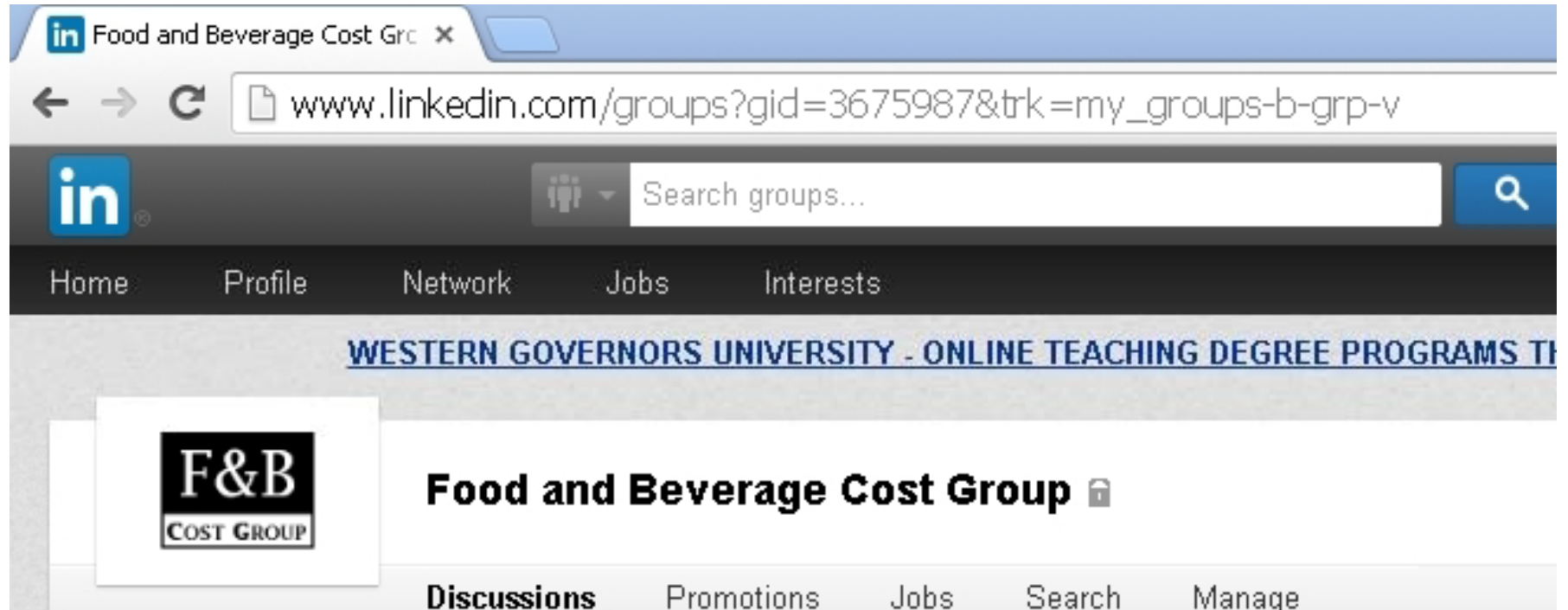
By Mark Kelnhofner, MBA

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designed menu items and compare the gross margins per plate for each item. The goal is to ensure that the gross margin dollars per plate does not decrease. If the current menu item is replaced with a new menu item that results in a lower gross margin per plate, you may be reducing the overall chances for improved profit. If this decision is made, there will also be a need to increase the volume sold to make up any lost margin dollars from the change. The goal should be to replace a current menu item with a new one that will

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# Questions & Answers

*If you have any questions, contact me!*

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