MEET THE SPEAKERS

Meg Blair *Moderator*
Business Consultant | Snow & Blair

Accounting and business consultant specializing in practical tools for restaurant operators, including AI-driven vendor pricing review, cost control strategies, and reporting methods to quickly identify and address slippage.

S&B

Patrick O'Donnell
Solutions Engineer | R365

Restaurant operations leader and former equity partner with deep POS expertise, helping operators implement and optimize technology to maximize efficiency and value.

Restaurant365

Harold Smith
Hospitality Specialist | SpotOn

Hospitality technology expert with 25 years of industry experience, helping independent and multi-unit restaurants improve operations, payments, and profitability through practical, data-driven solutions.

○ SpotOn

This session is about:

- Helping operators understand prime cost clearly
- Sharing practical, real-world controls
- Showing how data (not gut feelings) protects margins
- Exploring tools that support different sizes and stages

What is Prime Cost?

Prime Cost = Labor + Cost of Goods Sold (COGS)

Examples:
- Labor: wages, payroll taxes, benefits
- COGS: food, beverage, paper, key disposables

Why it matters:
- Prime cost is usually 55–70% of total sales
- Small changes = big impact on profit

Knowing Your Prime Cost: The Foundation

Before strategy comes visibility.
You need:

- Sales data
- Labor data
- Purchasing and inventory data

Key question:
How close to real time does your operation reasonably need to be?

Real-Time vs. Right-Time Data

Speed often = cost—but that gap is closing.
Consider:
- Daily data: fast decisions, higher system complexity
- Weekly data: strong control for most independents
- Monthly data: better than nothing, but reactive

There is no "one right answer"—only what fits your operation

Restaurant365

MASS RESTAURANTS UNITED

What Are Our Controllables?

COGS: COGS = the starting inventory + purchases – ending inventory

The **30% to 35%** rule is a good guideline for the average cost of goods sold for restaurants

Labor: You should aim to keep your labor costs somewhere between **28-33%** of your total revenue

Operators: We want to help team members Control their Controllables

Understanding Prime Costs

Prime Costs = Labor + Cost of Goods Sold (COGS)

60% = 30% + 30%

Key role in profitability

Why Prime Cost Matters

- Lower Prime Costs = Higher Profitability

- Efficient forecasting and strategic scheduling

- Optimized purchasing, automated price monitoring and menu engineering

Industry Benchmarks for Prime Cost

Restaurant Type	Target Prime Cost %
Quick-Service (Fast Food)	55% - 60%
Fast Casual	58% - 63%
Full-Service (Casual Dining)	60% - 65%
Fine Dining	65% - 70%

Breaking Down Prime Cost:

- Labor Costs (% of Sales) QSR: 25% - 30%
  - Full-Service: 30% - 35%
  - Fine Dining: 35% - 40%

- COGS (% of Sales) Food Costs: 25% - 35%
  - Beverage Costs: Alcohol: 18% - 24%
  - Soft Drinks & Coffee: 10% - 15%

Challenges in the Industry

Common Problems Restaurants Face

- Rising food costs

- Labor shortages

- Customer complaints & bad reviews

Daily Labor Review Report

Daily Labor Review
Monday, July 24, 2023

Location Name	Labor Goal %	Actual Labor %	Scheduled Labor %	Variance to Goal	Scheduled vs Actual	Break Rule Violations	Penalty Amount	Minor Rule Violations	Minor Penalty Amount	Employees in OT	OT Hours	OT Amount
Bomb Burritos	0.0%	0.0%	0.0%	0.0%	0.0%	0	$0.00	0	$0.00	0	0.00	$0.00
Commissary	0.0%	0.0%	0.0%	0.0%	0.0%	0	$0.00	0	$0.00	0	0.00	$0.00
Hamburger Hunters	20.0%	18.0%	2.1%	-2.0%	15.9%	94	$943.92	0	$0.00	27	138.85	$3,208.93
Taqueria Cazador	18.0%	0.0%	0.0%	-18.0%	0.0%	0	$0.00	0	$0.00	0	0.00	$0.00
Tina's Tacos	0.0%	0.0%	0.0%	0.0%	0.0%	0	$0.00	0	$0.00	0	0.00	$0.00
Totals	7.6%	3.6%	0.4%	-20.0%	15.9%	94	$943.92	0	$0.00	27	138.85	$3,208.93

Powered by Restaurant365

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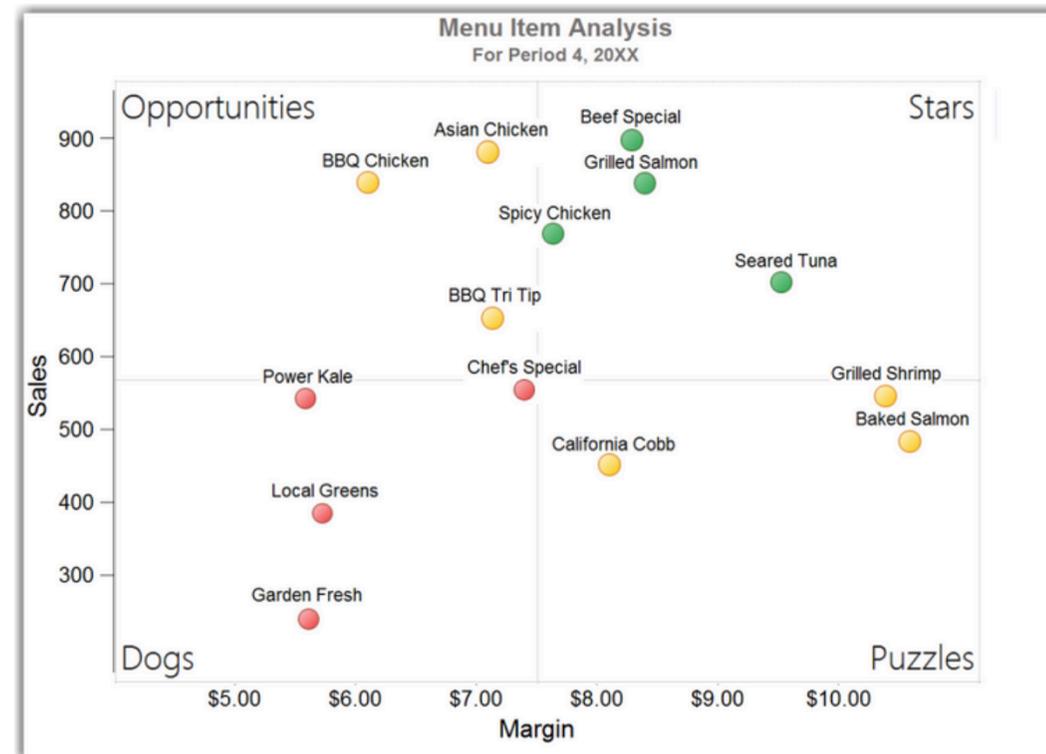
Menu Item Analysis
3/28/2022 - 4/3/2022

Location(s): 1003 - Asada Taco Company Irvine; 1001 - Asada Taco Company San Clemente; 1002 - Asada Taco Company San Diego

Item	Price	Cost	Margin	Cost %	Qty	Sales	Sls %	Priority	Theo Cost	Profit	Category
Burrito											
Asada Taco - Burrito w/ Smoked Chicken	13.05	2.50	10.55	19.2 %	212	2,759.20	10.4	2.00	482.35	2,276.85	Star
Asada Taco Company San Clemente	13.04	2.06	10.97	15.8 %	126	1,642.54	6.2	0.98	259.94	1,382.60	Star
Asada Taco Company Irvine	12.81	2.27	10.54	17.7 %	56	717.45	2.7	0.48	127.29	590.16	Star
Asada Taco Company San Diego	13.31	3.17	10.14	23.8 %	30	399.21	1.5	0.36	95.12	304.09	Puzzle
Asada Taco - Burrito w/ Smoked Brisket	15.01	5.26	9.75	35.0 %	128	1,924.25	7.3	2.55	647.91	1,276.34	Star
Asada Taco - Burrito w/ Pork Carnitas	12.94	7.36	5.57	56.9 %	73	944.01	3.6	2.03	408.99	535.02	Dog
Asada Taco - Burrito w/ Adobada	13.13	2.06	11.07	15.7 %	49	636.43	2.4	0.38	96.50	539.93	Puzzle
Asada Taco - Bean & Cheese Burrito (WLI)	4.50	0.88	3.62	19.6 %	8	36.00	0.1	0.03	7.06	28.94	Dog
Totals & Averages	**12.84**	**4.03**	**8.80**	**31.4 %**	**470**	**6,299.89**	**23.8**	**7.49**	**1,642.81**	**4,657.08**	

What it does:

- Current sellingprice

- Ingredient costs

- Margins

- Cost of goods percentage

- Quantities sold

- Compare your menu items

Menu Item Analysis — For Period 4, 20XX scatter plot (Opportunities, Stars, Dogs, Puzzles quadrants) showing Sales vs. Margin for various menu items.

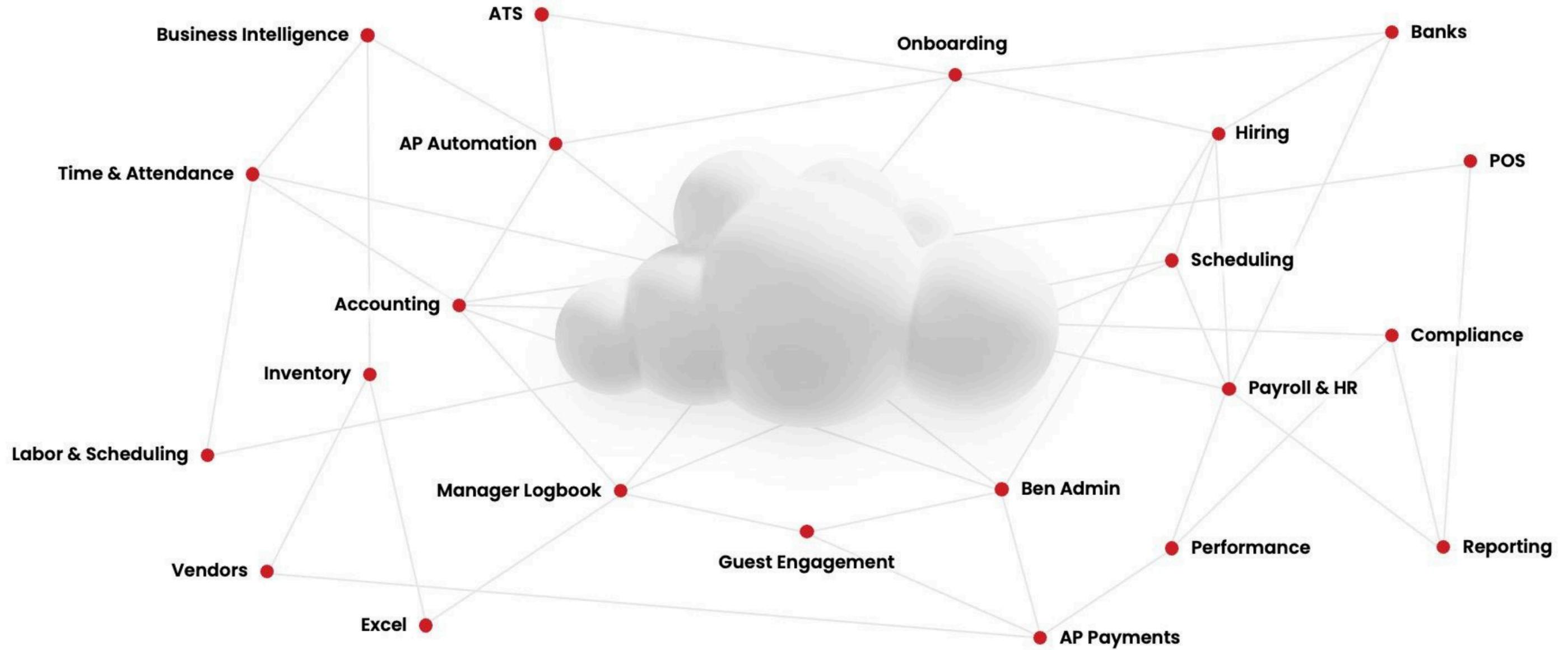# Daily, Automated Profit and Loss Statements

Profit & Loss - Operations Statement
Week Ending 08/27/2023

Location: 1003 - Asada Taco Company Irvine

	Week End 8/13/2023		Week End 8/20/2023		Week End 8/27/2023		Period to Date (PTD)		Total Period Budget		Variance B/-W		Prior Year PTD		Variance B/-W	
Sales																
Gross Restaurant Sales																
Sales -Food	23,888.46	73.5%	22,437.28	70.8%	25,009.11	71.6%	71,334.85	71.9%	55,495.93	73.9%	15,838.92	28.5 %	77,820.04	76.8%	-6,485.19	-8.3 %
Sales-Catering	2,429.14	7.5%	2,223.55	7.0%	3,058.07	8.7%	7,710.76	7.8%	874.99	1.2%	6,835.77	781.2 %	4,805.47	4.7%	2,905.29	60.5 %
Sales-Beer	1,033.00	3.2%	790.50	2.5%	838.00	2.4%	2,661.50	2.7%	3,722.00	5.0%	-1,060.50	-28.5 %	3,289.50	3.2%	-628.00	-19.1 %
Sales - Liquor	5,842.00	18.0%	6,008.00	18.9%	6,573.00	18.8%	18,423.00	18.6%	16,653.88	22.2%	1,769.12	10.6 %	17,243.00	17.0%	1,180.00	6.8 %
Sales - Wine	149.00	0.5%	168.00	0.5%	105.00	0.3%	422.00	0.4%	648.00	0.9%	-226.00	-34.9 %	618.00	0.6%	-196.00	-31.7 %
Total Gross Restaurant Sales	33,341.60	102.6%	31,627.33	99.7%	35,583.18	101.8%	100,552.11	101.4%	77,394.80	103.0%	23,157.31	29.9 %	103,776.01	102.4%	-3,223.90	-3.1 %
Comps & Discounts																
Comps & Discounts	-20.00	-0.1%	-5.00	0.0%	-19.00	-0.1%	-44.00	0.0%			-44.00	0.0 %			-44.00	0.0 %
Employee Training Meals									-37.56	-0.1%	37.56	-100.0 %	-74.75	-0.1%	74.75	-100.0 %
Employee Meals	-180.39	-0.6%	-87.75	-0.3%	-121.63	-0.3%	-389.77	-0.4%	-414.48	-0.6%	24.71	-6.0 %	-338.07	-0.3%	-51.70	15.3 %
Manager Meal	-208.73	-0.6%	-119.50	-0.4%	-160.74	-0.5%	-488.97	-0.5%	-408.22	-0.5%	-80.75	19.8 %	-257.22	-0.3%	-231.75	90.1 %
Coupons	-53.00	-0.2%	-30.00	-0.1%	-34.00	-0.1%	-117.00	-0.1%			-117.00	0.0 %			-117.00	0.0 %
Discounts	-91.50	-0.3%	-59.00	-0.2%	-32.18	-0.1%	-182.68	-0.2%	-45.00	-0.1%	-137.68	306.0 %	-759.18	-0.7%	576.50	-75.9 %
QSA	-107.75	-0.3%	-61.00	-0.2%	-39.25	-0.1%	-208.00	-0.2%	-597.39	-0.8%	389.39	-65.2 %	-399.99	-0.4%	191.99	-48.0 %
Goodwill									-103.96	-0.1%	103.96	-100.0 %	-144.25	-0.1%	144.25	-100.0 %
Owner/Partner Meals	-70.00	-0.2%	-38.99	-0.1%	-28.75	-0.1%	-137.74	-0.1%	-24.58	0.0%	-113.16	460.4 %	-206.74	-0.2%	69.00	-33.4 %
Police, Fire & Military Discount	-184.21	-0.6%	-243.75	-0.8%	-219.46	-0.6%	-647.42	-0.7%	-717.19	-1.0%	69.77	-9.7 %	-429.79	-0.4%	-217.63	50.6 %
Total Comps & Discounts	-915.58	-2.8%	-644.99	-2.0%	-655.01	-1.9%	-2,215.58	-2.2%	-2,348.38	-3.1%	132.80	-5.7 %	-2,609.99	-2.6%	394.41	-15.1 %
Retail Sales																
Sales-Retail	75.00	0.2%	725.50	2.3%	25.00	0.1%	825.50	0.8%	79.93	0.1%	745.57	932.8 %	225.00	0.2%	600.50	266.9 %
Total Retail Sales	75.00	0.2%	725.50	2.3%	25.00	0.1%	825.50	0.8%	79.93	0.1%	745.57	932.8 %	225.00	0.2%	600.50	266.9 %
Total Sales	32,501.02	100.0%	31,707.84	100.0%	34,953.17	100.0%	99,162.03	100.0%	75,126.35	100.0%	24,035.68	32.0 %	101,391.02	100.0%	-2,228.99	-2.2 %
Prime Cost																
Cost of Goods Sold																
Food Cost																
Food Cost	90.13	0.4%	10.92	0.0%	212.06	0.8%	313.11	0.4%	18,781.59	33.8%	18,468.48	98.3 %	41.64	0.1%	-271.47	-651.9 %
Produce Cost	1,749.93	6.6%	1,756.95	7.1%	1,263.05	4.5%	4,769.93	6.0%			-4,769.93	0.0 %	479.60	0.6%	-4,290.33	-894.6 %
Meat Cost	1,527.83	5.8%	3,443.30	14.0%	9,615.51	34.3%	14,586.64	18.5%			-14,586.64	0.0 %	10,657.58	12.9%	-3,929.06	-36.9 %
Grocery Cost	576.53	2.4%	790.57	3.5%	2,832.33	11.3%	4,199.43	5.9%			-4,199.43	0.0 %	-262.95	-0.3%	-4,462.38	1,697.0 %
Total Food Cost	3,944.42	16.5%	6,001.74	26.7%	13,922.95	55.7%	23,869.11	33.5%	18,781.59	33.8%	-5,087.52	-27.1 %	10,915.87	14.0%	-12,953.24	-118.7 %
Beer Cost	194.68	18.8%	157.38	19.9%	251.51	30.0%	603.57	22.7%	1,116.60	30.0%	513.03	45.9 %			-603.57	0.0 %
Liquor Cost									7,494.25	45.0%	7,494.25	100.0 %				0.0 %
Wine Cost									207.36	32.0%	207.36	100.0 %				0.0 %
Bar Non-Alcoholic Cost									751.26	4.5%	751.26	100.0 %				0.0 %
Paper Cost	35.12	0.1%	97.17	0.4%			132.29	0.2%	3,005.05	5.4%	2,872.76	95.6 %	39.49	0.1%	-92.80	-235.0 %
Retail Expense																
Retail Expense					538.20	2152.8%	538.20	65.2%			-538.20	0.0 %			-538.20	0.0 %
Total Retail Expense					538.20	2152.8%	538.20	65.2%			-538.20	0.0 %			-538.20	0.0 %

R365 RTT 2025

Do You Suffer From Cloud Chaos

The Information You Need, **Where** You Need It

- Schedule Enforcement

R365

Accounting.
Inventory.
Workforce. Payroll.

Your POS*

- Sales Tickets
- Labor Punches
- Automated Daily Journal Entries

- Smart Purchase Orders

Your Vendors

- Vendor Integrations
- AP Automation

- ACH & Positive Pay

Your Bank

- Direct Connect
- Bank Reconciliation Tools

Resources

Prime Costs Guide: 10 Ideas to Reduce Food and Labor Costs

Cost Control Tips for the Independent Restaurant Owner

Eli's Restaurant Group Recoups $1.1M Prime Cost

Kabob House Slashes Prime Costs by 11%

Resources

P&L 101

Free resources for restaurants

Profit Margin Calculator