

Foodservice – Are You Really Making Money

Independent C-Store Expo



Agenda

- **Foodservice Defined**
- **Common Industry Benchmarks**
- **Other Metrics To Consider**
- **Physical Considerations**
- **Retail or Cost Accounting**
- **Q&A**

How Do You Do Foodservice?

- Foodservice Beverage
- Traditional
- C-Store Brands
- QSR



NACS Definitions

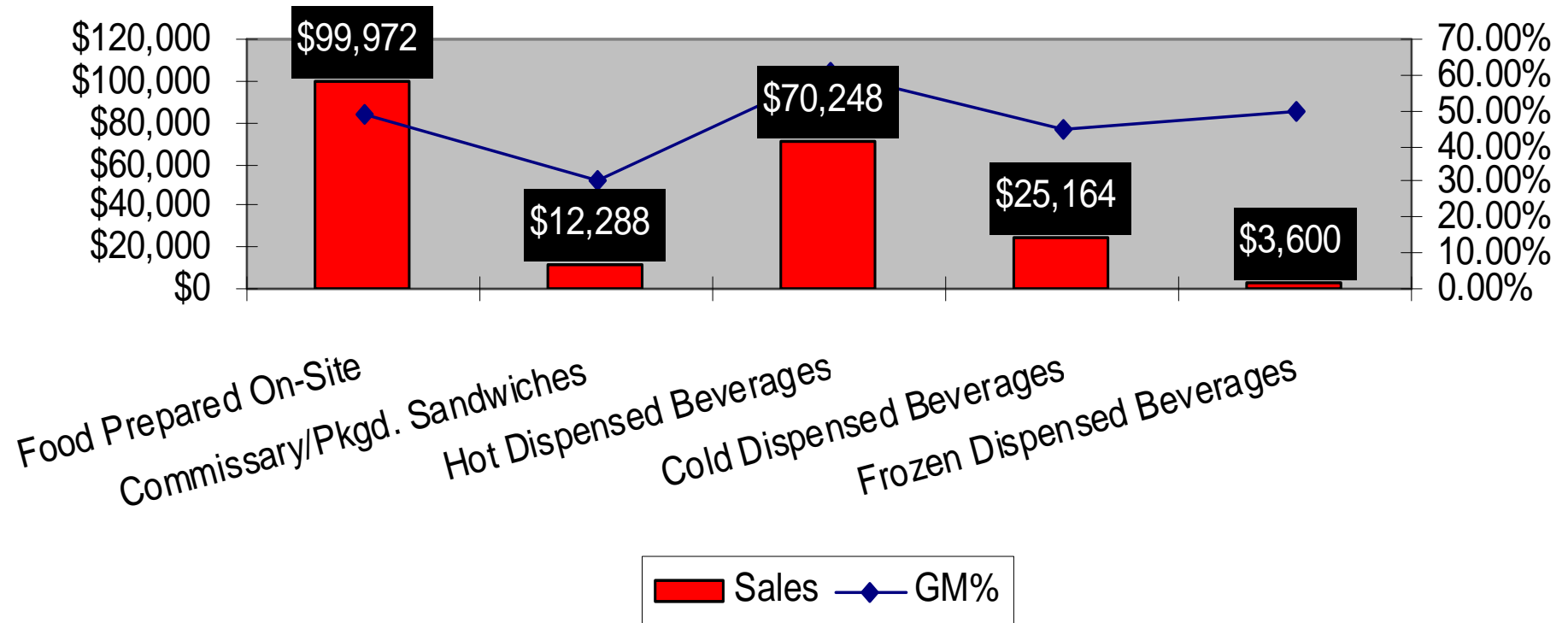
- **Food Prepared On Site** (QSR, roller grill, chicken, pizza, hamburgers, bakery, deli sandwiches, etc.)
- **Commissary/Packaged Sandwiches**
- **Hot Beverages** (coffee, hot cappuccino, hot tea, hot chocolate, refills, mugs)
- **Cold Beverages** (carbonated, non-carbs, sports drinks, refills, mugs)
- **Frozen Beverages** (FCB, non-carbs)

Common Metric Elements

- Sales (something we can all agree on)
- COGS (something we might agree on)
- Gross Margin (depends – we might or might not agree on)

Foodservice Category Sales Analysis

2007 Foodservice Sales / GM%



Additional Restaurant Metrics

■ Sales Per Labor Hour

– Sales / labor hours

- » By shift
- » By day
- » By week / reporting period

■ Gross Margin Per Labor Hour

– Gross margin / labor hours

- » By shift
- » By day
- » By week / reporting period

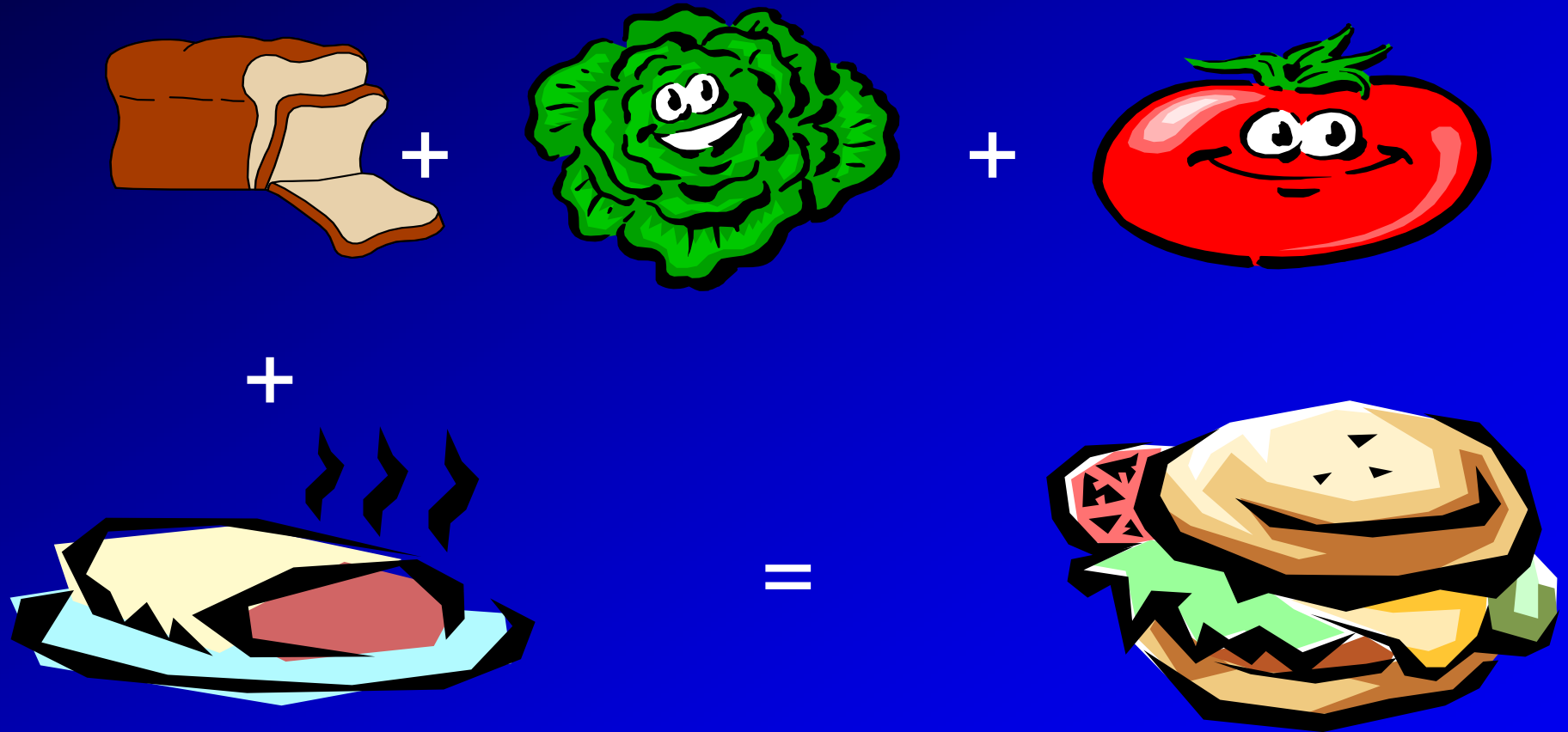
Production Schedule – An Example

			Weekly Order			MONDAY ___/___				
Waste	Core	Product	Par	On	Order	Display	OOS	Daily Waste		
Item#	Option	Description	Level	Hand	Qty	Par Level	Times	A M	P M	
Category: Sandwich, Heat Eat										
	HOT SELF SERVICE DISPLAY									
	Sub Cat: Breakfast Sandwich									
35007	C	LTTRI B E C MUFFIN								
35010	C	LTTRI H E C CROISSANT								
35013	C	LTTRI S E C BISCUIT								
34531	C	LTTRI SAUS BISC								
35009	C	LTTRI HAM CHS BAGUETTE								
32502	O	AWERY BTRMLK BISC TH SV								

Why Won't Retail Accounting Work For Foodservice ?



Because You Don't Sell What You Buy

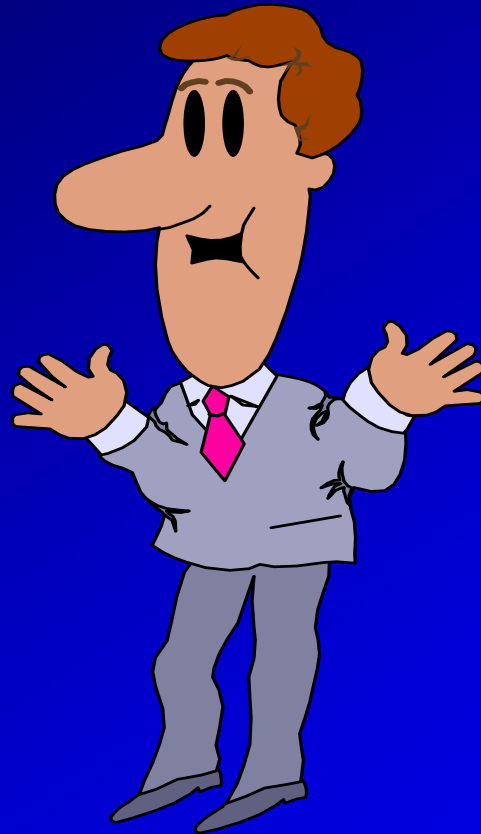


Can Retail Accounting Be Used?

Yes, BUT BEWARE OF PROBLEMS....

- **Difficult To Determine What To Retail (ex: coffee - do you retail the cups or the coffee)**
- **Opens The Door To Theft (ex: movement of cups between sites can occur to hide theft)**

Why Cost Accounting?



Other Food Service Items

Products

Fountain Drink
Coffee
Frozen Yogurt
Hot Dog
Branded Fast Food
Sub Sandwich

Ingredients

Bag In The Box, Cups, CO2
Grounds, Cups, Filters, Cream
Mix, Cups
Hot Dogs, Buns, Container
Per Recipe
Roll, Meats, Cheese

Note: This list is not meant to represent all the ingredients involved. What's important is that what you buy - is not what you sell.



Cost Accounting - Basic Calculation

Beginning Inventory

+ Purchases / Transfers

- Ending Inventory

= Cost Of Goods Gone

= Cost Of Sales + Waste + Shrink



Calculation Of Ending Inventory, Cost Of Sales & Gross Profit

DESCRIPTION	INVENTORY SIZE	COUNT	UNIT COST	EXT COST
12OZ Cup	Sleeve / 100	50	\$2.00	\$ 100.00
20OZ Cup	Sleeve / 100	40	3.00	120.00
Lids	Box / 250	20	1.00	20.00
CO2	Canister	3	60.00	180.00
BIB (Syrup)	5 Gallon Box	40	12.00	480.00

Ending Inv - Fountain \$ 900.00

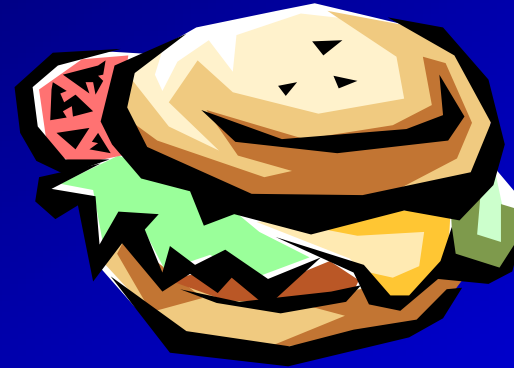
Beginning Inventory	\$ 500.00	Fountain Sales	\$1,100.00
+ Purchases	1,020.00	Cost Of Sales	<u>600.00</u>
- Waste	20.00		
- Ending Inventory	<u>900.00</u>	Gross Profit	\$ 500.00
= Cost Of Sales	\$ 600.00	Gross Profit %	45.45%



Analysis Of Results / Standards

Standard Recipe Required

- 1 Bun
- 1 1/3 Pound Patty
- 3 Pickle Slices
- 1 Lettuce Leaf
- 1 Slice of Tomato
- 2 Squirts of Special Sauce
- 1 Container



Once the recipe is established a standard cost per unit of finished product can be calculated:

Total Cost Of Product / Servings Per Package

Package of 12 Buns = \$2.40 / Servings Per
Package (12) = \$.20 / Bun

Comparison To Standard

HAMBURGER	STANDARD UNIT COST	COST AT STANDARD	ACTUAL COST
Sales = 150			
1 Bun	\$.20	\$ 30.00	\$ 32.00
1 1/3 Pound Patty	.65	97.50	97.50
3 Pickle Slices	.03	4.50	4.50
1 Lettuce Leaf	.02	3.00	4.50
1 Slice of Tomato	.13	19.50	22.50
2 Squirts Special Sauce	.03	4.50	7.00
1 Container	<u>.15</u>	<u>22.50</u>	<u>25.50</u>
Total	\$ 1.21	\$ 181.50	\$ 193.50



The same analysis can be done for purchases

For More Information Contact

Steve Montgomery

b2b Solutions, LLC

240 Dover Circle, Suite 101

Lake Forest, IL 60045

847-295-2418 – phone

sjm@b2bSolutionsLLC.com

