

# ***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

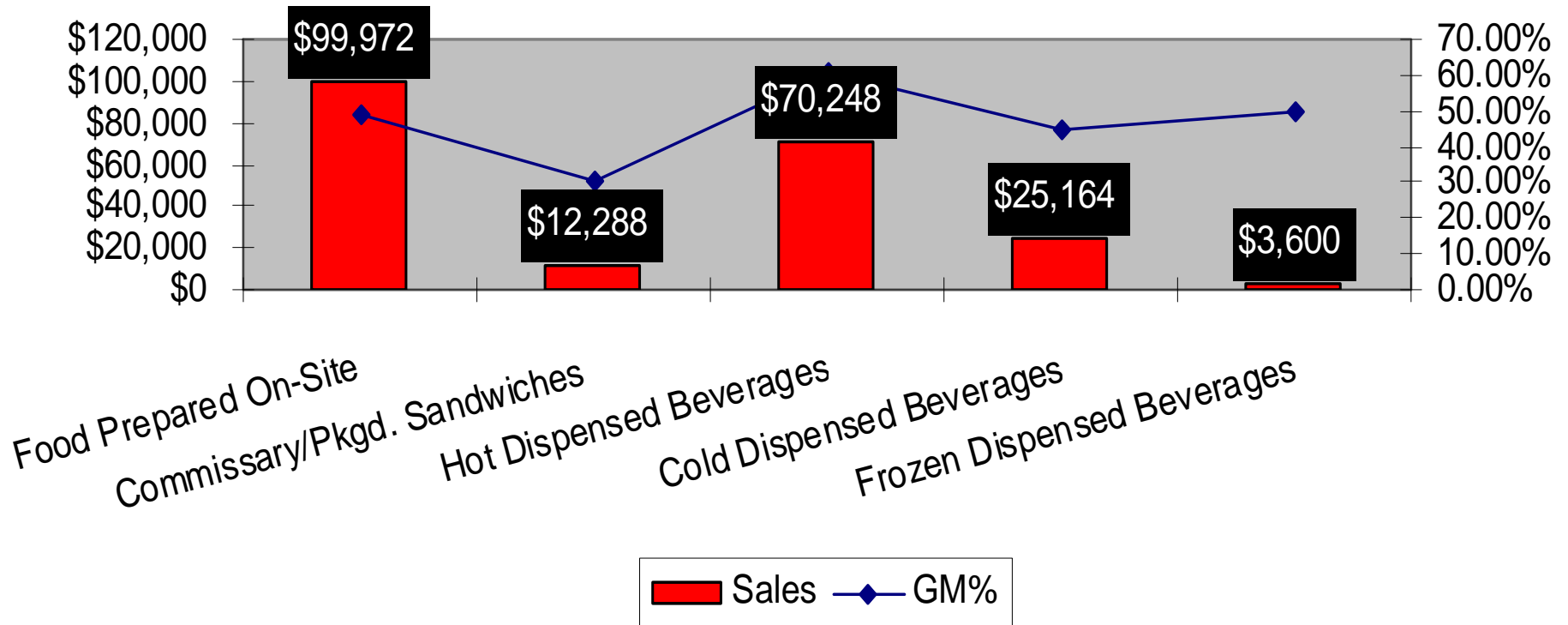
- **Food Prepared On Site** (QSR, roller grill, chicken, pizza, hamburgers, bakery, deli sandwiches, etc.)
- **Commissary/Packaged Sandwiches**
- **Hot Beverages** (coffee, hot cappuccino, hot tea, hot chocolate, refills, mugs)
- **Cold Beverages** (carbonated, non-carbs, sports drinks, refills, mugs)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

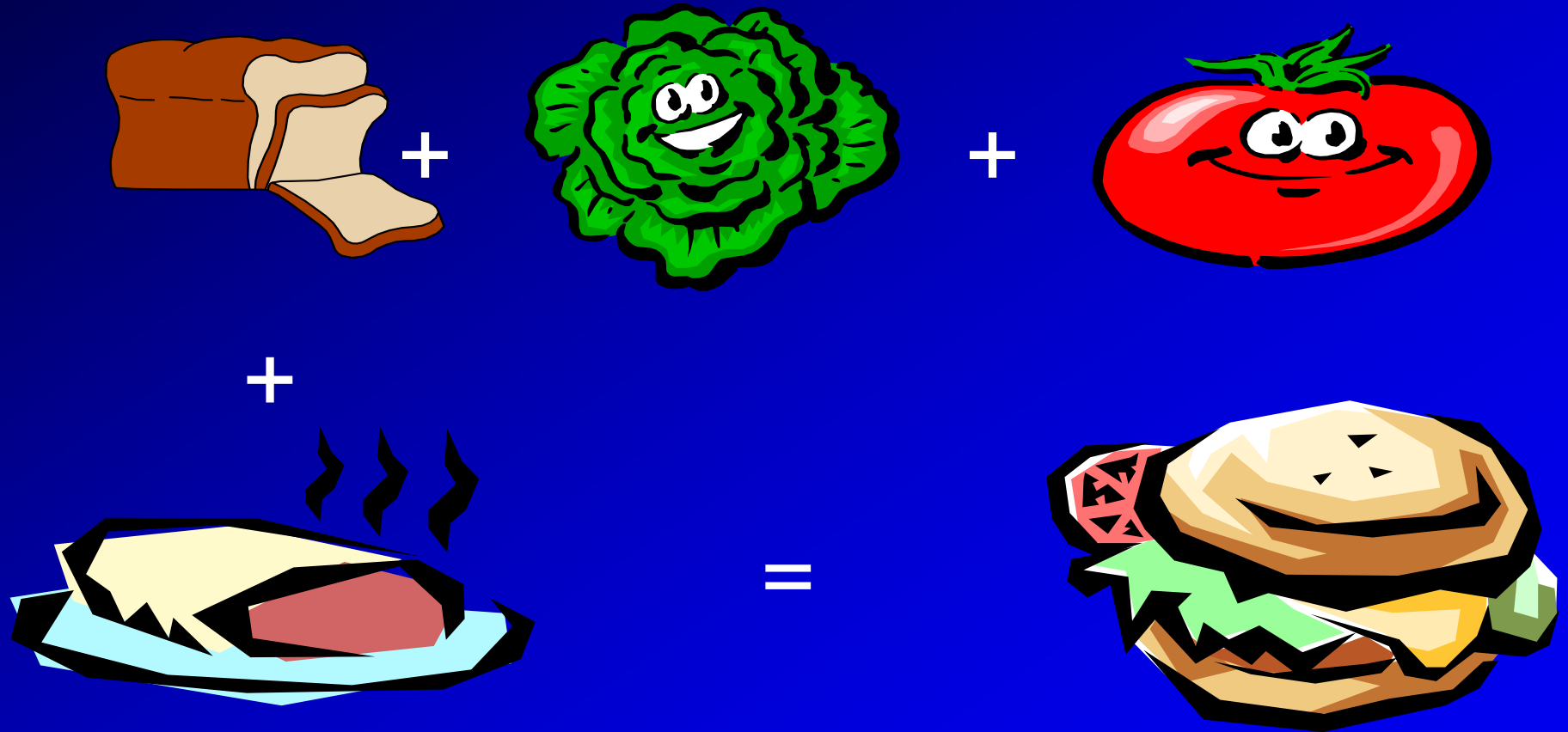
			Weekly Order			MONDAY ___/___				
Waste	Core	Product	Par	On	Order	Display	OOS	Daily Waste		
Item#	Option	Description	Level	Hand	Qty	Par Level	Times	A M	P M	
Category: Sandwich, Heat Eat										
	HOT SELF SERVICE DISPLAY									
	Sub Cat: Breakfast Sandwich									
35007	C	LTTRI B E C MUFFIN								
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

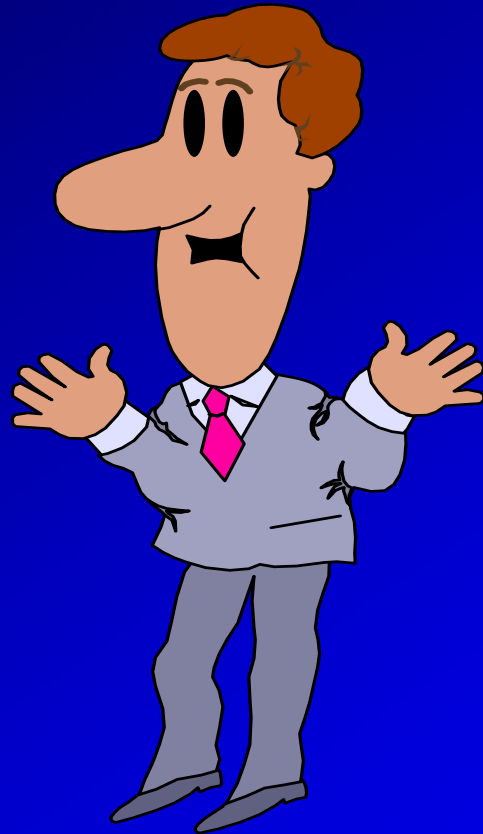


# Can Retail Accounting Be Used?

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

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= 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

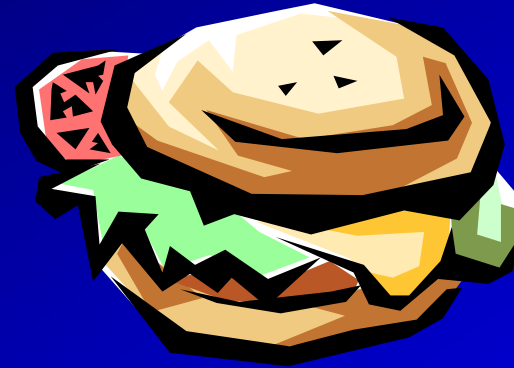
Beginning Inventory	\$ 500.00	Fountain Sales	\$1,100.00
+ Purchases	1,020.00	Cost Of Sales	<u>600.00</u>
- Waste	20.00		
- Ending Inventory	<u>900.00</u>	Gross Profit	\$ 500.00
= Cost Of Sales	\$ 600.00	Gross Profit %	45.45%



# 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>
<b>Total</b>	<b>\$ 1.21</b>	<b>\$ 181.50</b>	<b>\$ 193.50</b>



The same analysis can be done for purchases

# **For More Information Contact**

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