

Restaurant KPIs

KPI	Formula	Definition
COGS Labor to Sales	COGS Labor/Sales	For Restaurants, labor is approximately 40-45% of revenues. Labor should be optimized to ensure that we are not over or understaffed based on sales volume.
COGS Food & Bev to Sales	COGS F&B / F&B Sales	This important metric shows how much of your overall sales are spent on ingredients/food supplies and beverage costs. On average most successful restaurants operate between 28-35 percent. Keeping tabs on your food costs/beverage costs will help you set menu prices and maximize profits.
COGS Bar to Sales	COGS Bar / Bar Sales	For Restaurants, the gross profit margin for alcohol sales is far greater than food. A profitable restaurant typically generates a 22% to 28% beverage cost.
Prime Cost	$(\text{Labor} + \text{COGS F\&B}) / \text{Total Sales}$	Prime cost is a critical KPI to study since it makes up the majority of any restaurant's variable costs. The ideal prime cost in the restaurant industry is around 60-65 percent (Depending on type restaurant).
Day Part Sales Day Part 1 Sales (i.e.: 6:00 - 10:30) Day Part 2 Sales (i.e.: 10:30 - 15:30) Day Part 3 Sales (i.e.: 15:30 - 20:00)	Revenue broken by times of day (Breakfast, Lunch, Dinner)	Different types of restaurants and restaurants in different locations will have Sales that fluctuate based on the time of day. Using this metric in combination with COGS Labor to Sales can tell us if we are over/understaffed at different times of day or whether or not we should even have the restaurant open at certain times of day.
Sales per Head Day Part 1 Sales per Head (i.e.: 6:00 - 10:30) Day Part 2 Sales per Head (i.e.: 10:30 - 15:30) Day Part 3 Sales per Head (i.e.: 15:30 - 20:00) Total Sales per Head	Revenue / # of Customers	Tells you the average sales per customer. If this number is low then there are a few places you can look to improve. 1. Is your menu priced right 2. Table Turn-Over
Number of Guests Served, Per-Server, Per-Hour	Total # of Guests served / # of Service Hours Worked	Tracking the number of guests (not tables) served per hour will offer insights into the efficiency of each staff. It's also helpful to compare the number of guests served alongside customer comments.
Sales per Sq. Ft	Total Sales / Selling Area in sq. feet	It tells you how efficient you are with your use of space and can give insights for improving Restaurant layout to maximize capacity. In most cases, full-service restaurants should average at least \$150 per square foot, while limited service restaurants should average at least \$200 per square foot. High profit restaurants can easily double those sales metrics.
Gross Profit of Bar	Bar Sales - Bar COGS	This shows the profit from alcohol sales. This is important because to some restaurants alcohol has the largest profit margins and generates the biggest return in dollars from sales.

Gross Profit of Food	Food Sales - Food COGS	This shows the profit made by food sales. This is important because to most restaurants' food is the restaurants the largest source of revenue.
Labor Cost by Front/Back of House	FOH Labor / Sales BOH Labor / Sales	Finding what your FOH/BOH labor costs are is important so that you know where most of your labor costs are coming from and it tells you if you need to adjust your staff. Usually, Restaurants aim to keep their labor costs between 20% and 30% of their gross revenue.
Actual v. Theoretical Food Cost	Actual Food Cost - Theoretical Food Cost	<p>The theoretical food cost is what your restaurant food costs should be for a given period of time, according to the current cost of all ingredients. Theoretical food costs assume that for the meals sold, there were perfect portions, no waste, and no shrinkage of ingredients.</p> <p>The actual food cost is the real cost of all the food that a restaurant actually spent for the same period of time. The actual food cost accounts for circumstances like imperfect portions, accidental waste, improper invoicing, or employee theft.</p> <p>Truly understanding your food costs goes beyond a "food cost percentage" calculation. In order to maximize the efficiency of your inventory management, you can track the difference between your theoretical food costs and your actual food costs. The variance between the two indicates gaps in your plan versus your execution – and when you fill those gaps, you add money to your bottom line.</p>

For a review of your KPIs, [contact us](#) for a free consultation!