



Profitable Tips For All Restaurant Owners

David Kincheloe, President, National Restaurant Consultants, Inc.

What were the last three things you did to increase your restaurant profitability? Unless profit protection is constantly on your mind, you will get hurt. Eroding margins, fickle markets, escalating food prices, rising utility rates, outrageous credit card fees, the new Affordable Care Act, and a host of other factors eat into your margins daily, thereby reducing your ability to pay the bills, let alone yourself.

We recently consulted with a client that has not paid himself for 17 months. He called us out of sheer desperation saying, "I just can't go on working for free". The sorry fact is that there are many restaurateurs working hard for very little income, and we think it should stop.

In my profession as President of the leading restaurant consulting firm in the U.S., people rarely call me when things are going well. The kinds of calls that I receive daily are along the lines of, "Why can't I make any money" or, "My food cost is through the roof" or "How can I increase sales" and this is the most painful one, "I can't afford to stay open anymore, what can I do?"

Why don't you invest a few minutes into yourself right now and read over the tips below. In fact, print out a copy and share it with your friends that run an operation as well. Yes, some tips may seem obvious, but are you using every tool at your disposal to solidify and enhance your profits? Your restaurant owes you for risking your neck to get it open, so I'd like to suggest that you start holding it accountable.

1. Don't serve water automatically. Sounds simple, but water service does not increase your profits or sales. Put systems into place where you serve alcoholic beverages, coffee, tea, sodas, milk--anything but free water. Serve it upon request only.
2. Set up the dining experience on the first visit to the table. Tactfully done by the server, profitable items should be promoted, desserts can be suggested, and guests will appreciate a quick, "Run down" of the dining experience. Plus, server competence will be rewarded for taking responsibility for the positive experience that they will have. My wife's favorite server line is, "Want to split a dessert with coffee?" Not only have we just purchased a dessert that may have been too much for one of us, we've also bought 2 coffees. These additional sales make a big difference, and they're easy to execute. Having a hard time selling desserts? Encourage your servers to use this statement and see what happens.

3. Concentrate on improving product delivery systems to eliminate waste. For example, if your servers are throwing away iced tea lemons at the end of each shift, instead of at the end of the day, re-evaluate this system. By evaluating everything, you may be surprised what gets thrown away. This includes portion control items such as creamers, crackers, butters, jelly and silverware as well.
4. Understand that guests dine on a budget, and be sensitive to it. Servers that sell beyond the dining budget will experience reduced tip income, and the restaurant will experience reduced visitations. Ensuring that your guests come back repeatedly is much more important than increasing their check average for just one visit.
5. Selling a more expensive item does not always equate to increased profitability. Make sure that your servers understand which items are most profitable for the restaurant, and promote those. It makes no sense to promote items that may have minimal profit contribution. Tell your servers what items you want them to sell.
6. Use the best menu. Ensure that your menu is costed out properly; current with market conditions, and designed to insure that the most profitable items are the ones being promoted. It makes sense to enlist a consultant to do this for you, as the return on investment will be immediate and lasting. This is your #1 selling tool.
7. Work with your food vendors to insure that you are buying the right items for the menu specifications. Are you overbuying on an item that does not require top grade quality? An example would be the purchase of a #1 quality baking potato, when a #2 quality would suffice.
8. Buy key items in bulk. On the topic of food vendors, make certain that you are promoting menu items that you are able to bulk buy on a negotiated cost effective basis--and can sell at a premium. This simple step will quickly aid in bringing meaningful dollars to the bottom line.
9. Offer your guests a complete dining experience. This includes the sale of beverages, appetizers, salads, entrees, desserts, side items (such as a vegetable) and add-on items (such as sour cream or cheese). Make sure that you are not inadvertently missing out on the sale of key parts of the meal. Table tents, menu inserts, promotional signage, sales tracking, and staff pre-shift meetings are all ways that you can ensure that all meal parts are promoted and sold effectively.
10. Bundling meal parts together will increase the quality of your guests dining experience and maximize their dollars spent. Bundling may consist of an appetizer/salad/entrée combo or salad/entrée/dessert combo. Diners will not be surprised by the dollar value, and they can knowingly order within their budget.
11. Don't forget the grapes. Effective promotion of your wine offerings should be systematic and routine. Guests should be fully aware of the pricing and offerings, both by the glass and by bottle. Wine service is a skill that every server should have.
12. Get an Operations Analysis. As operators, we frequently get caught up in the heat of the battle, and can't take the time to analyze our operation critically. Engaging a restaurant consultant to look for ways to improve service, enhance income, and reduce waste should result in immediate financial improvement. Don't skimp on this, thinking that you have your bases covered, because the food service industry changes daily. In cold hard terms, your restaurant should be a money making machine to benefit the owner(s). If it's not generating the kind of money you think it should, you must get the machine repaired!

13. Don't overlook slow day parts. If it's quiet in the afternoons, are there promotions that may make sense for you to utilize to generate more revenues during this down time? Don't tolerate your money machine sitting open, but not generating revenues. Put it to work.
14. Children's menus. Most of them are boring, and priced to reflect that. Is it reasonable to think that parents would pay a bit more for more interesting and nutritious meals? This is a good opportunity to re-evaluate your children's menu and pricing. It's dangerous to neglect this important item, as parents usually examine this menu closely.
15. Are you maximizing food sales in your bar/lounge areas? For many, it's more enjoyable to eat in a bar than drink in a restaurant. It makes logical sense to have menus, silverware, condiments and promoted specials available for your drinking guests. If they don't eat on the first visit, you will have planted the seed for them to consider eating in your establishment next time.

Simply remember that it's not what you make, it's what you keep that matters. Hopefully some of these tips will be useful. Still can't seem to make the numbers come out the way you want? It may make sense to enlist the services of an advisor to walk you through the complexities of making money in the restaurant business.

Contact:

David Kincheloe

National Restaurant Consultants, Inc.

303-757-FOOD (3663)

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<http://www.nationalrestaurantconsultants.com>