

Improve Sales - Increase Profitability

Improve your sales and profitability with strict cost controls, the monitoring of key performance indicators and the development and implementation of an effective sales and marketing strategy.

You can download general day to day documents and forms, financial worksheets, sales and marketing literature, staff training manuals, menus and associated recipes from this website. Become a full member to access these resources and gain individual online help.

MARKETING

Recommendations:

1. Staff rotas must be cost controlled on a daily basis. Management must then monitor wage costs on a daily basis in comparison to budget. If wage costs go over budget on one day, the extra cost should be saved before the end of the week.
2. The cost of all meals prepared by the kitchen should be calculated and then procedures put in place in the kitchen to ensure that the chef meets agreed budget levels. For the chef to achieve an overall food gross profit of 68%, the chef must cost all dishes to achieve at least 71% GP in order to allow for kitchen wastage.
3. 'Food Suppliers Reconciliation Charts' should be completed daily to enable the kitchen to monitor purchases and gross profit margins on a daily basis. This will enable the head chef to monitor his progress and be aware of the profit levels being achieved by the department during the month, without having to wait for the stock takers report at the end of the month.
4. All establishments have unique selling qualities and it is essential that owners and managers consider the positive operational and financial impact changes will have on the establishment.
5. The development and implementation of Key Performance Indicators (KPI's) will support the progress of sales targets and profit margins in food, beverage and other overheads.
6. KPI's should be reviewed weekly and monthly to achieve required targets. Getting the business performance measurement right involves identifying sectors of the business it makes most sense to focus on. KPI's are a powerful management tool if they focus on the areas that determine the overall business success.
7. KPI's when properly developed will provide all management and staff with clear goals and objectives, coupled with an understanding of how they relate to the overall success of the business.
8. A KPI is only KEY when it is of fundamental importance in the success or failure of the business. It can only relate to PERFORMANCE when it can be measured and qualified by the business and it is an INDICATOR when it provides leading information on future performance.
9. A useful acronym when setting KPI's is SMART. The targets should be Specific, Measureable, Achievable, Realistic, and Time-bound.

10. After KPI's have been identified, staff responsible for achieving them must be assigned clear responsibilities. KPI's should be reviewed weekly and monthly to achieve the required targets.
11. When staff rotas are produced they should be cost controlled by each head of department for the week. Wage costs must also include the employers national insurance contributions as this amount will be included in the wages when they are produced.
12. A rule of thumb calculation in order to maintain an overall wage level of 30% is for the kitchen and food service wages to be no more than 35% of food revenue, generally kitchen wages should be 21% of food revenue and service wages no more than 14% of food revenue.
13. Beverage wages should be no more than 16% of beverage sales and front of house wages including receptionists, porters and housekeeping should be no more than 25% of accommodation revenue.
14. Weekly staff meetings should be held to a) review the previous weeks wage levels in comparison to turnover b) review budgeted wages for the current week and c) review the progress of the 'Flash Food Reconciliation Charts'.
15. Liquidity is of paramount importance; businesses can have all the assets in the world, however if they have limited cash and are at their credit limit with suppliers, it should not be expected that an overdraft will automatically be extended.
16. Stock ties up cash and does not earn interest. Therefore, it is essential that chefs and bar staff purchase limited stock only and are not tempted by special offers and promotions.
17. MORE TEXT ON FULL DOCUMENT

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