

management

How's your performance?

There are many ways to track sales performance and pinpoint ways to boost profitability, writes Ken Burgin.



THERE'S an old saying that 'sales fixes everything'. It makes sense—add 20 per cent to your weekly sales and the cost of wages or food will start to look much more affordable. Sales are one of the vital Key Performance Indicators (KPIs) in all parts of hospitality, and can be measured in many ways. Chances are that if you just look at the total weekly sales, you'll miss seeing important opportunities for improvement.

Most POS systems offer hundreds of sales report options, but most operators stick to one or two. Let's see what we can find if we slice and dice the figures differently.

Number of customers. Simple: a good measure of popularity, but how do you count customers if there's a cafeteria line or take-away food? This is the most important number of all, and it's surprising how many take-aways don't know it. Install an electronic people-counter at the doorway and you'll soon have 'close enough' figures to compare different days and weeks.

Total sales per head. Total sales divided by the number of customers. How does it compare to last week and last month? It may vary at different times of

the day or the week.

Food, dessert and beverage sales per head. This involves dividing sales into key areas of choice—main course and starters, desserts, non-alcohol beverages, alcohol, side orders (eg breads and salads) and other product sales.

It's the perfect indicator of two things—how much the menu appeals to your customers (do you have all the choices they want, is the dessert selection enticing?), and how well your staff are selling. This KPI can be a good basis for a bonus system.

Seating efficiency. How quickly do the tables turn over, while still offering high quality service. Usually many small things combine to make an impact—cooking time, seating, service, clearing and resetting.

If you can seat 100 but all tables are taken and there are only 50 customers, you have a 50 per cent efficiency. This might happen if all the tables seat four, but most customers come as couples, so half the seats are 'lost'.

Sales per hour. Can you streamline service and equipment layout so staff can work faster? Improve their speed by setting

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Eye on sales: There's more than one way to track your business's performance.



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what's on

hospitalitydiary

MAY

24-26 Hotel Hospitality and Design, Melbourne; From the organisers of Fine Food Australia comes the launch of this new hotel industry trade show. More than 7000 hoteliers, hotel accommodation general managers, and other key decision makers are expected to attend. For more go to hhdexpo.com.au

JUNE

13-15 Fine Food New Zealand, Auckland; Fine Food heads to New Zealand for the first

time with this inaugural event. Supported by the New Zealand Chefs Association and the Baking Industry Association, the event will also feature the Gourmet Pacific Challenge Culinary event.

21-23 FSA Expo Foodservice and Bakery Australia, Sydney; This giant foodservice and bakery specific event will showcase some of the latest new products for the industry. Go to foodserviceaustralia.com.au

AUGUST

9-10 Restaurant, Sydney; This two day trade

only event has been specifically designed for the restaurant industry. Along with hundred of exhibitors there's a program of business seminars featuring industry leader sharing their experience. See sydney.restaurantevents.com.au

SEPTEMBER

13-16 Fine Food Australia, Melbourne: Australia's largest trade event is a celebration of the dynamic foodservice industry featuring hundreds of exhibitors under one roof. Go to foodaustralia.com.au for full details of what's on.

How's your performance

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up the touch screen so popular items can be found quickly, and ensure that the screen has a rapid 'refresh rate'. And make sure the best staff are rostered on the busiest shifts.

Sales per labour hour. Divide total sales by the total labour hours and compare with your average cost of staff per hour. How does it look?

Function Gross Profit per month. Very useful for function and event sales, especially if there are bonuses based on volume. Are sales staff rewarded for gross sales or actual profit? Do they know which are the higher-margin packages and additional items that will maximise profit?

Strike Rate. If 200 people came to your pub last night and only 50 ate at the bistro, the 'strike rate' would be one in four, or 25 per cent. Is that good enough? Compare it with similar businesses and at different times. If only ten of the diners ate dessert, the strike rate would also be 1 in 5. This could be improved with better menu selection and suggestive selling.

Revenue per available seat hour (RevPASH). Similar to the way hotels measure Revenue per Available Room and airlines work out Revenue per Available Seat. To work out RevPASH, divide total sales by the number of 'seat hours', e.g a restaurant of 100 seats that's open for four hours has 400 'seat hours'.

Most and least profitable menu items, combined with best and worst selling items. Grade your recipes from most to least profitable, working out accurate results using recipe software or recipe cards. Compare the number of sales of each. When you have items that are both low profit and low sales, these 'losers' should be taken off the menu.

Comparisons and industry benchmarks. Many operators are frustrated by the lack of industry figures with which they could compare their performance. Some industries have organised KPI comparison figures available by subscription eg the club and accommodation industries, but there's very little reliable data for

restaurants, clubs and bars. The lack of outside figures shouldn't stop you comparing performance with your own figures.

Useful comparisons include: this week with last week, this month with the same period last year and contrasting one section or unit with another. You can also compare the effects of different weather and temperatures, and sales by time of the day, week and month. Finally, don't forget to compare sales performance of different staff and whether sales per-head varies between managers.

Ken Burgin is a leading hospitality industry consultant. For more information head to profitablehospitality.com



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