

# Are you costing your company thousands by not conducting the proper analysis?



Mark Keinhofer, MBA ♦ Today's Restaurant Contributor

The term "menu engineering" is not used by all restaurants operators. However, it is a definite process that all restaurants, single and multi-unit, should be utilizing. The process of determining which items need to be removed or modified versus which one should be added to a menu can be a complex one. Too often mistakes are made which can hurt the future profitability of the company. In some cases decisions are made off of the passion and emotion that is involved with the menu item and not necessarily the numbers that are to assist the decision making process. Even more important, which numbers are used. Incorrect or incomplete analysis can hamper the ability to plan for profits.

The accuracy of the recipe costs is important to driving the profitability of the menu(s). Too many times the recipe costs are not accurately stated and can adversely affect the whole menu engineering process and operation. In my interviews with many restaurant operators, the primary focus on menu engineering is quantities sold of an item and the cost percent per plate. Although volume and the cost percent per plate is important, they should not be the only factors in the decision making process. The view in this article is to look at engineering the profits of each menu item drive and not necessarily the cost per-

cent on its own.

The first step of the process should be an analysis of the current menu specifically by price tier or markets and the type (lunch, dinner, etc.). The analysis should be done on all core or printed menu items. In order to determine what core menu items are to be removed, you will need to determine the gross margin per plate and extend that out by the volume to determine the contribution margin the item is delivering. Obviously, you cannot remove a whole category. However, the menu items that are driving the lowest contribution margin dollars for each category should be targeted for replacement.

Once we have determined the menu items to be removed, the next step is to take the newly designed menu items and compare the gross margins per plate for each item. The goal to ensure that the gross margin dollars per plate does not decrease. If the current menu item is replaced with a new menu item that results in lower gross margin per plate, you may be reducing the overall chances for improved profit. If this decision is made, there will also be a need to increase the volume sold to make up any lost margin dollars from the change. The goal should be to replace a current menu item with a new one that will improve the gross margin per plate. Remember, this view of menu engineering is not to look at the

cost as a percent, but the potential amount of profit that will be driven from the new menu item.

Using accurate recipe costing as a base along with analysis of gross margin per plate, the restaurant location can make methodical decisions that can only assist in the improvement of the bottom line. The method of looking at only cost percentages is flawed. You cannot place percents in your pocket. Concentrate on the amount of profit you are going to be generating. In a time of a highly competitive marketplace, operators cannot

make mistakes in decisions relating to the menu. The menu is the pinnacle of what you represent. All restaurant operators are in the business to make a profit. Ultimately, the main goal should be to make a profit that can cultivate and grow the business. Proper recipe costing and menu engineering decisions can propel you there.

Mark Keinhofer is the President and CEO of Return On Ingredients LLC and has over 20 years in management accounting experience including over ten years in fine dining restaurant industry. He can be reached at (614) 558-2239 and Mark@ReturnOnIngredients.com.

## Pizza from page 1

hard-working, dedicated entrepreneurs who have worked together for many years building successful franchises in the U.S. fitness, food and technology industries, including the well-known brands Let's YO! and Retro Fitness, before joining together to bring KONO Pizza to the states.

The newly established U.S. franchisor has sights set on opening locations across the country in traditional kiosk formats and stand-alone stores.

The Italian-inspired recipes and cooking processes are standard throughout all locations, simplifying the hiring process for franchisees (a full-time, expe-

rienced chef is not necessary). In addition, each location requires a limited staff of 8-10 part-time employees and one full-time manager.

Founded in Edison, N.J., KONO USA - www.konousa.com - was established in the United States in 2013 by David Ragosa, Carlo Ruggiero and Greg Kinlaw, who took the already popular European concept and brought it to America. Originated by Italian culinary genius, Rossano Boscolo, KONO Pizza cones are filled with fresh, quality ingredients inspired by original Italian recipes, giving consumers an on-the-go, healthier way to enjoy their favorite food.



# Restaurant Vendors Association

2013 MEMBERS DIRECTORY • New members are always welcome! Call now 954-584-7330

<b>Alcohol Beverage Law - Food Safety</b> S.E.R.V.E. Program, Inc. ....	954.728.9101 Michael McClain
<b>Beverage Compressed Gases</b> Broward Nelson Fountain Service .....	1.800.CO2.TANK / 954.584.7330 Lee Spencer
<b>Cash Registers, Touch Screens, POS</b> Pinnacle Hospitality Systems. ....	800.771.7100 Ext. 1117 Tim Sapp
<b>Coffee / Tea / Espresso</b> Restaurant Beverage Service, Inc. ....	305.654.8683 Jeff Ostroff
<b>Credit Card Payment Processing</b> Service First Processing. ....	954.380.8996 Jill Perris
<b>Desserts / Ice Cream</b> Gelato Fino Desserts. ....	954.465.6122 / 954.583.5111 Greg Parker
<b>Dining Rewards</b> Rewards Network .....	954.579.1649 Robert Kovachich
<b>Discount Dining Card</b> Primecard. ....	954.830-1811 Sherry Funt
<b>Equipment</b> KC Kitchen Equipment .....	786.423.8346 Ken Cohen
<b>Exhaust Hood Cleaning</b> Airways Cleaning & Fireproofing .....	800.675.5946 Joe Jacobs
<b>Floor Drain Cleaning</b> Bio-Clear, Inc. ....	800.675.5946 Joe Jacobs
<b>Furniture</b> Venue Furniture .....	855.558.3638 Chuck Courter
<b>Grease Trap Maintenance</b> All Clear Technologies, Inc. ....	954.722.2585 Jennifer Hosler

<b>HVAC, Refrigeration, Kitchen Equipment Repairs</b> TWC Services, Inc. ....	954.489.0104 Marc Daniels
<b>Insurance</b> Anderson Insurance .....	954.829.9706 Eric Anderson
<b>Janitorial Services</b> Emmaculate Reflections Cleaning Service .....	866.688.7206 / 954.735.2130 Jerry Donath
<b>Magazine</b> TRAVELHOST Magazine .....	954.463.4733 Sharon Zalkin
<b>Music / Audio - Visual Systems</b> Mood Media .....	954.292.3524 Maggie Naylor
<b>Payroll Services</b> PayMaster Payroll Service .....	954.309.2610 / 888-717-5577 Ray Monzon
<b>Pest Control</b> Orkin Pest Control .....	954.522.6202 John Kennedy
<b>Publications</b> Today's Restaurant News .....	561.620.8888 Howard Appell
<b>Refrigeration Door Seals / Gaskets</b> Arctic Seal and Gasket .....	800.881.4663 Fred Froberg
<b>Restaurant Brokers</b> We Sell Restaurants. ....	561.350.3365 Ken Eisenband
<b>Sanitation Chemicals</b> Swisher .....	954.850-3222 Gene Ruggere
<b>Water Systems</b> Nature's Best .....	855.955.BEST (2378) Eric Mannis

Visit us online for more detailed Association and membership sign-up information or to see our Buyer's Guide: [www.rvaflo.org](http://www.rvaflo.org)

### S.E.R.V.E. Program, Inc.

LEADERS IN TRAINING AND CERTIFICATION FOR:

- Responsible Alcohol Vendor
- State Approved Employee Food Handler
- Professional Food Manager
- Beverage License / Application

P.O. Box 14516 • Ft. Lauderdale, FL 33302  
**(954) 321-0886 • (800) 533-6553**  
[www.serveprogram.com](http://www.serveprogram.com) • FAX: 954-728-9102

We Now Distribute  
Premium  
Fountain  
Syrups

Post Mix Syrups and a Variety of Top Quality Concentrated Bar Juices

241 SW 21 Terrace, Fort Lauderdale  
 BROWARD 954-584-7330 DADE 1-800-CO2-TANK

- CO<sub>2</sub> Gas, Beer Mix • Nitrogen and Helium
- Bulk CO<sub>2</sub> in Various Size Cylinders