



ISSUE 3

JULY 2007

TOP TEN WAYS TO REDUCE BAR COST



It is a well documented fact that the average bar loses 20% or more of their beverage cost – regularly!

Study after study has been conducted by the various Restaurant Associations, both American & Canadian – they all reveal the same results.

This huge loss occurs in a variety of ways – mostly related to theft and poor bartending practices.

Here are 10 tips to help you minimize this huge loss – and put more money back in your pockets – where it belongs!

1) **Over Pouring for Tips** – this is one of the most common sources of loss – bartenders pouring heavy drinks to enhance tips – or even worse – “buying” customers drinks, on your tab. If you have a policy allowing staff to promo drinks, make sure it is in writing, and that it is strictly monitored.

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Vittoria Trattoria

Casual fine dining with an authentic Italian flavour

Wine lovers, take notice. This is not your average Italian family restaurant, not your average restaurant wine list. Brothers Domenic and Cesare Santaguida have brought their passion for wine and traditional Italian cuisine to their restaurants’ linen-draped and candlelit tables to create a dining experience that has patrons returning year after year.

With two busy locations, Vittoria Trattoria is one of the most recognizable names in Ottawa for casual Italian fine dining. Whether surrounded by the historic stone and brick décor of the William Street eatery or the modern, open-concept space of the Riverside location, the atmosphere is relaxed, the service is friendly and efficient, the wine list is extensive and the cuisine is always delicious.

Both locations offer a diverse menu using top quality ingredients, with dishes that reflect the familiar tastes of southern Italy’s rich tomato sauces and pastas, as well as the distinctive meat and fish flavours of northern Italy. Repeat diners will recognize their favourite servers as many employees have been with the company for years. An average meal here ranges from \$15 to \$25 per person, excluding wine, but you’ll want to explore the wine list.

The Santaguida brothers are both graduates of the Algonquin College Sommelier Program and have stocked their award-winning cellar, recognized by the Wine Spectator’s Restaurant Awards since 1999, with something to suit every taste. They offer diners a choice of more than 800 labels. Their passion for wine has inspired many of their staff to become sommeliers. Ask your server for suggestions on your next visit.

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GET TO KNOW US

Hospitality Solutions offers a unique, personalized service to help restaurant and bar operators reduce, control and monitor food and beverage costs with accuracy and efficiency. Using state-of-the-art inventory software we provide ongoing cost reduction advice that is supported by partners and associates, all of whom are all former operators.

For more information please visit our Web site at www.hospitalitysolutions.ca or call toll free 1 877 384-1461.

PRODUCT YIELD EXPLAINED



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2) **Promo & Spill Drinks** – Ensure that they are all properly rung in and authorized. If staff know that your drinks are not rung in, they also know that you can't distinguish between legitimate promos, and drinks that they promo – or even worse, drinks that they sell & keep the money.

3) **Cash & Tips** – Keep them separate – A popular method of employee theft is for the bartender to not punch in everything being handled in cash at the bar, yet when collecting from customers, putting the money in the till – that way if someone is observing it appears that all drinks are being paid for- later when cashing out the bartender balances to the sales and claims the balance as tips – **Make sure your bar staff keep their tips separate from your cash – always.**

4) **Excessive Tips** – A sure sign that the bar staff are providing free drinks is when you see a \$20 tip on a \$5 tab - check your credit card receipts regularly for excessive tips – look for a pattern among staff...

5) **Last Week of the Month** – often “shrink” becomes more prominent when the rent is due – again, monitor your cost regularly and watch for patterns at the end of each month.

6) **Receiving & Storage** – Does a manager receive every shipment and check every invoice against the product being delivered – if not, you could be losing product before you even get it. Make sure that all product received goes directly to a locked storage area, and that only managers have & use the keys for these areas. Don't forget to keep all receiving doors locked at all times, and don't allow staff unsupervised access to these areas.

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VITTORIA TRATTORIA. CASUAL FINE DINING WITH AN AUTHENTIC ITALIAN FLAVOUR

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A TESTIMONIAL

When my brother Cesare and I started out 16 years ago at our first location, on Bank Street in The Glebe, we ran a small operation that was focused on delivering an irresistible menu and getting the word out to develop our clientele. With the expansion to William Street in the Market in 1996, and then to Riverside Drive in 2003, the business grew rapidly, and with that came greater challenges in monitoring and managing our inventory and maximizing our profits.

We had always kept an eye on the bottom line, monitoring the business invoice by invoice, on a macro level. We had never used an inventory service like that offered by Hospitality Solutions before, but after several meetings with Rick Parks he was able to open our eyes to many things on a micro level. In the five years since we were introduced to Hospitality Solutions we've learned to pay attention to the details, line by line and item by item, to streamline our purchasing and focus on key items to get the best prices from our suppliers. I'd say that for every dollar we spend with Hospitality Solutions, it repays itself four times over in increased profits. Our business is necessarily more profitable as a result of our association.

We've been approached by a competing service but found the detail just wasn't there in the reports. Although the service they offered seemed cheaper, the value wasn't there. Rick and his colleagues have a better handle on things and deal with us on a personal level that we appreciate. In our business, service is important and their personable, knowledgeable, hands-on approach is the key to our relationship. By dealing with us face to face, they know us and our business inside and out. They can tell us if we're getting the best price and quality that's available on even the most exotic or rarely used items.

Has Hospitality Solutions changed the way we do business? Absolutely. We have better systems in place to monitor our cost/return ratios. Rick and his colleagues are a valuable information resource that we can tap as needed to make sure our suppliers aren't overcharging us. And Cesare and I pass along the education we receive from Hospitality Solutions to our staff, so we all benefit. Would I recommend Hospitality Solutions to other restaurant owners? In a flash. If you're not using this service then your restaurant is missing out on the best opportunity around to make your business all it can be.

–Domenic Santaguida, Owner and Operator



Restaurant: Vittoria Trattoria
Owners: Cesare & Domenic Santaguida

Addresses: 35 William Street, Ottawa, ON
Tel. 613-789-8959

3625 Riverside Drive, Ottawa, ON
Tel. 613-731-8959

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7) **Requisition System** – Have requisition orders filled out by bar staff, approved by managers, and if being filled by bus staff, ensure that a manager is present in the locked storage area.

8) **Bin Cards & Daily Counts** – Use bin cards in every storage area – balance them daily using both the incoming invoices & the daily stock requisition slips.

9) **Proper Pouring Practices** – Teach your staff to pour draft beer properly – there is no excuse for several ounces of product going down the drain every time you open a tap - This requires regular observation, training & follow up – But – It will pay off!

10) **Regular Audits** – All of your alcohol should be inventoried on a regular basis and compared to the products sold - *Item by Item* – It is not good enough to know what your “pour cost” is – you must know what it should be based on what you have sold, what you charge, and what it costs – always!

This inventory should never be done by bar staff – it should be performed only by an owner or an independent outside service – someone totally impartial to the result.

Follow the above ten tips and I guarantee that your losses will be less than the 20% national average.

Check out the free downloadable “Beverage Loss Calculator, available on our website at www.hospitalityolutions.ca

Serving the Ottawa Region

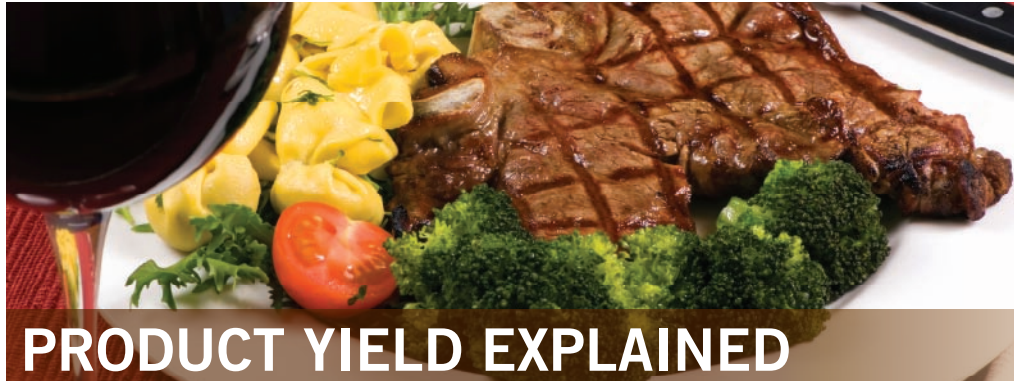
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As mentioned in our last newsletter – in most cases the amount of useable, or saleable product is somewhat less than the original purchase unit. When you purchase a piece of whole muscle meat – Beef Striploin for instance – it must be trimmed before it can be portioned and there is a loss of weight due to trimming. The fat cap must be trimmed or cut away, and the end pieces usually need to be trimmed away as well.

When starting out with a strip that weighs 6 kgs, it is not unusual to lose approx. 1.3kgs of product to this trim process.

The end result is that if you start with 6 kgs of product, trim away 1.3 kgs – you are left with 4.7 kgs of saleable product – thus 4.7 kgs divided by 6 kgs = 78.33 % yield. Using this example if you paid \$16.00 per kg for the original product (\$0.45 per ounce), your fully yielded cost would be \$20.43 per kg or \$0.58 per ounce – a **substantial difference!**

This same yield process holds true for most items purchased – Canned products usually contain juice that must be drained off, raw potatoes being cut & used for fries lose moisture as they are cooked, all chicken & beef lose a considerable amount of moisture during cooking as well, thus shrinking and providing a yield substantially less than the original product.

All of these examples demonstrate how very important determining an Accurate Yield of product is when determining Ideal Food Cost.

The only truly effective way to gauge the efficiency of your operation is to have a fully completed ideal analysis of every item on your menu, calculated regularly using the weighted sales mix, and comparing that to actual cost for variance.

Check out the yield calculator on our website (available for download at no charge) to check the yield on some of your products.

ARE YOU WAIT STAFF SALES PEOPLE OR ORDER TAKERS?

The difference will show up in both customer satisfaction & your sales.

Watch for our next newsletter to find tips to ensue that your sales are being maximized.