



Important Financial Benchmarks for Restaurants

You've probably heard it over and over again but having a great set of financial statements (balance sheet, income statement and statement of cash flows) provides you the opportunity to know the financial health of your business, and doing this in a timely (within days for weekly income statements and within a week for a set of month-end financials) manner is one major key to success. Here are some key benchmarks (all measured as a percentage of net sales) to consider when reviewing your financial statements – specifically your weekly and period-end income statements.



Cost of sales - 30% or less

- Food costs – 30% or less of food sales
- Non-alcoholic beverage costs – 15% or less of non-alcoholic beverage sales
- Liquor costs – 20% or less of liquor sales
- Bottled beer costs – 28% or less of bottled beer sales
- Draft beer costs – 18% or less of draft beer sales
- Wine costs – 40% or less of wine sales



Labor costs - 30% or less

- Wages (FOH and BOH)
 - Full service restaurants – 20% or less
 - Limited service restaurants – 17% or less
- Management salaries – 10% or less
- Employee benefits
 - Full service restaurant – 6% or less
 - Limited service restaurants – 5% or less



Prime costs equal cost of sales plus labor costs - 60% or less



Operating costs

- Controllable expenses - 18% or less
 - Home office (G&A) - 4% - 6%
- Non-controllable expenses - 12% or less
 - Occupancy costs - 10% or less
 - Rent costs - 6% or less



Profitability

- EBITDA (post G&A) - 10% - 12%
- EBITDAR (post G&A) - 15% - 20%

These percentages are general industry standards, so keep this in mind when comparing these ratios to your restaurant. The ratios can be affected by various factors including type of restaurant, location and labor, occupancy and food costs in a certain area or city.

If you need assistance in analyzing your restaurant's financial statements, do not hesitate to reach out to one of our restaurant professionals for assistance.