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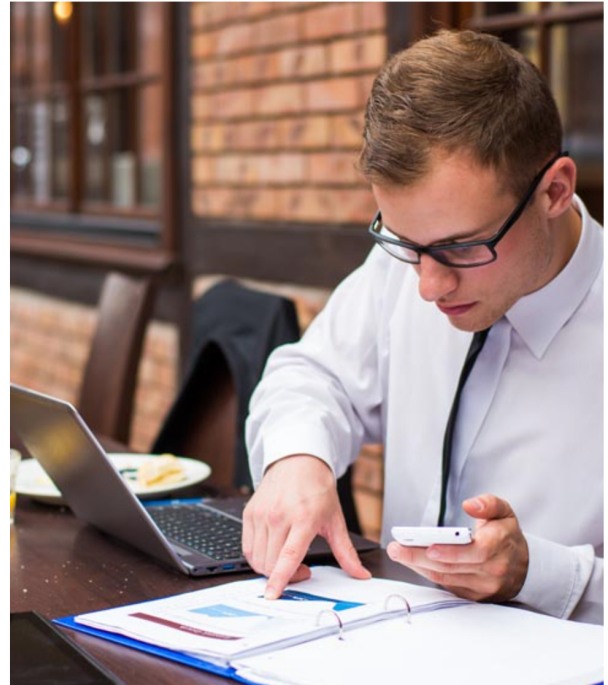
5 Step, Easy-to-Implement Business Budget Template for Restaurants

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Not set up to review your budget weekly? Got a bunch of disorganized papers that only tell half the story of your food service or bar budgeting?

This step-by-step restaurant budget template can put you on track to execute toward your ideal profitability.

"I truly don't believe you can be as successful as you should be without a budget," explains David Scott Peters, restaurant expert and founder at [David Scott Peters.com](https://DavidScottPeters.com).



"Because without a budget, you're using a P&L (Profit and Loss), which, often, we get 30, 60, 90 days later. That's [being] a reactive management team; the budget makes you proactive [by forcing you to think ahead and giving you results measurements]."

Many restaurant owners avoid looking at their numbers out of fear, and that's a major mistake, says Caroline Smile, restaurant consultant at [Caroline Smile Consulting](https://CarolineSmileConsulting.com). Any restaurant owner who's going to succeed needs to review their budget weekly, not monthly or quarterly, she adds.

From payroll to P&L, making a budget for your small restaurant can seem like a spiderweb of complex, overwhelming tasks. But, by breaking down the creation of your budget into a template you can follow, managing your funds morphs into a simpler process.

1. Determine Your Food Cost

Take your previous 12 months of food purchases and divide them by your last 12 months of sales to get your food cost percentage. This shows a general idea of how much of your revenue is eaten up by food costs. For a more detailed look, you can break down your food costs by dish, or category (food sales, coffee, beer, liquor, etc.), to see which are most and least profitable.

Peters recommends analyzing your menu and creating recipe costing cards. Use these cards to calculate your ideal food cost percentage, which helps show if your restaurant is on the right budgeting track. They also show if your actual food costs are at or below your ideal food costs.

Comparing your ideal and actual food costs also highlights if you have high food waste or theft. If your actual food costs are much higher than your ideal cost, update your systems to make a better budget for your small restaurant.

2. Calculate Labor Costs by Position

Have you been keeping close tabs on your labor accounts? If you haven't, you're not alone, but you're also not controlling your costs well.

Labor categories should be split out by position, explains Peters, "For instance, in a full-service

restaurant, I'd have my salaried managers, my hourly managers, then I'd have my servers, bartenders, barbacks, food runners, hosts, bussers, cooks, prep cooks, and dishwashers. [In] quick service, I'd have drivers, cashiers, lobby, [and] line cooks. Whatever positions you have, they need to be broken out, and labor needs to be calculated that way.”

This helps you keep a closer eye on the positions that impact your revenue the most.

If no one is watching payroll, idle staff can easily compound extra hours and these costs can skyrocket, says Smile. She recommends calculating your minimum baseline payroll costs for you to run efficiently and deliver excellent service.

For example, what's the minimum number of servers, prep cooks, or managers you need on the clock at one time to deliver an exceptional dining experience? Then, review your minimum baseline costs against your actual labor costs to see if you can make cuts to increase profit. With restaurant success margins around 5 to 10 percent, and minimum wage climbing, labor costs are important to calculate and monitor.

3. Which Expenses are Fixed and Which are Variable?

Identifying fixed versus variable expenses shows where the flexibility in your budget lies, and where opportunities for savings are.

Not sure which expenses are fixed and variable? Peters offers advice: Export your accounting data for the past 12 months, then go through each month and highlight which expenses stay the same each month, like salary paychecks and rent, and which change each month, like food cost and hourly wages.

With expense types identified, you're able to build your restaurant or bar budgeting based on which costs are fixed and due each month, and which are variable throughout the year. This helps with month-to-month budgeting and shows the variable expense areas where you can make financial adjustments.

4. Create Your Plan

With your restaurant's past performance data, you're ready to use this business budgeting example. Craft your restaurant's budget template with two 12-month budgeting scenarios:

One budget for continuing to operate as-is, and another budget with changes made to reduce costs and increase efficiency. Throughout the year, you can then compare the two against your actual results to see if you're staying the course with your budgeting and what, if any, additional adjustments need to be made.

For easy maintenance, set up your food service budgeting in a system that you check weekly, and one that's easy for you to follow the numbers in, explains Smile. That way, reviewing your budget performance becomes tied to a weekly habit you've already created, and it's simple for you to check in on the data.

5. Measure Your Results

“Every month there needs to be a budget variance report. Take your P&L, put it against your budget, see where you're hit or miss,” explains Peters.

“If you missed [hitting your numbers], what [operational] systems are your managers not using that you need to hold them accountable to? Retrain. Reimplement. Or if they're using [the systems] and you're not getting the results you predicted, what new systems are you going to put in place to achieve the numbers you want?”

Remember, this business budget example creates a living document that should be revised to maximize every penny and measure every cost, says Peters. If you're missing the mark, see if you can still make your monthly numbers by reviewing your budget to adjust costs immediately. To compensate for overspending, think about running a higher-priced special, lowering labor costs, addressing your food cost, or even changing up your menu.



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