

Turn the Menu into a Goldmine

By Dean W. Morley

If you have a computer, you have a menu. What would you do without the menu? Just as a builder works from a blueprint or a cook prepares pickles from scratch, they have something to guide them through the task. The restaurant menu is a guide for the patron to view.

A good restaurant menu is similar to a good road map. When you take a trip, there is a destination in mind. The map directs your travel along the way and while you're viewing the sights, an interesting area can entice you to stop and enjoy the find. When you decide to eat out, a well-planned menu will guide you to something that interests your taste buds.

Chain restaurant operators use a great-looking menu. It's well organized and designed to satisfy the appetite. At times, the menu is mind-bending, requiring several minutes to look over before finding that special item. The selections are tantalizing and well described. However, chain operators do not have a corner on this program. Menu design and layout can be done without being a professional menu planner and publisher.

There are also great-looking menus prepared by independent restaurant operators. However, some are out-dated, generic styles with sheets of paper stuffed into clear plastic folders, displaying crossed out and penciled in price changes. This can happen when the owner-operator is running most of the business with only one set of hands. Your customer is, as a general rule, proud of the menu offered. It is his guide for getting the food order to the restaurant patron exactly as described on the menu.

An unexpected situation can arise when a customer tells you he is paying too much for products he's buying from you. He complains, "I'm not making any money. I need better prices. I'm going to check with other suppliers to see if the prices are better."

Calmly tell the customer that you understand the concern but it is a common fact that it's not the price they're paying but the price they are advertising that is the problem. If they are not making enough money, their menu prices are too low for the overall operation. He should reevaluate his menu prices and then revise them.

This is when your consulting experience comes into play. Tell the customer you will evaluate the menu and offer recommendations to add or possibly delete some items to make it more profitable. Reassure the operator that this is part of your service and making supplier changes will not solve the problem.

With multiple daily responsibilities, a customer often loses sight of the food cost percentage of selling price. For example, let's say the cost for a portion of roast beef, including potatoes, vegetable, salad, sauce and all other trimmings is \$1.75 at today's price. (The writer wrote the column in 2000. – Ed.) A profitable operation should be looking at a 30% food cost, so the menu price should be \$5.83. The gross profit percentage of that selling price would be 70%.

"Your extra service will create an enduring partnership with the customer." Restaurant chains mostly target 30-33% food cost, but it can be variable and doesn't usually exceed 35%. Labor cost is an additional factor. A rule of thumb would be food cost plus labor should not exceed 60%. Pizza shops would work with a 25% food cost – adding labor for a total of 50% due to a more fixed menu price and cost of delivery. The key to this mathematical solution is the selling price on the menu.

Pricing a menu involves the bottom line food cost percentage of every item on the menu. Some items on the menu will have a 45-50% food cost due to a competitive market or because it's a customer's special leader item (enticement). In contrast, other items will have a low 18-22% food cost.

Hence, adjusting selling prices throughout the menu to produce a bottom line of 25-33% should be your goal. A food cost chart or your computer food cost window can be used. It is important to stress the extra income that a properly revised menu will produce for the customers.

Some customers may decide to keep the same menu cover with a revised food and beverage design along with price changes. Others may want to keep the menu exactly as it is with just the revised pricing, and still others may decide on a total new appearance, taking into consideration your profitable suggestions. If a customer has a "signature" item that they're known for and is profitable for them, don't forget to highlight this item on a new menu.

A good look around the territory will give you a number of ideas for menu design and so will a computer menu program such as a Microsoft menu program (Others now include Softcafe.com, the menumaker.com, happymenus.com, and others).

You can draft a menu and add specific graphics or artwork for a local print shop or your employer's print. Cash incentives paid to your customers from manufacturers are available if the customers use their product logo on the menu.

Manufacturer incentives can help cover the cost of a new menu – a great selling tool for you. Keeping watch on inflationary trends and regional market trends is an all-important part of customer service and menu revisions should be done periodically.

When your customers ultimately realize an increase in sales and profit as a result of your input, you become indispensable to them and are on the way to increasing your sales and your paycheck. Your extra service will create an enduring partnership with the customer.

- Dean W. Morley was a DSR for 20 years. After retiring in 1998, he devoted his time to foodservice sales training. He has been a longtime contributor of DSR articles to ID. This article is reprinted with permission from his pamphlet titled "A Fundamental Guide for the Foodservice Distributor Sales Representative."