Hey there restaurant pros. It's Dave Scott Peters and welcome to episode 45 of the restaurant prosperity formula. Cooking restaurant owners since 2003, and the restaurant prosperity formulas based on what the most successful restaurant owners I've worked with do on a daily basis to achieve their success. The basic the formula centers around achieving prosperity, freedom from your restaurant and the financial freedom you deserve. To achieve prosperity, you have to follow a very specific formula made up of leadership systems training, accountability and taking action. Today's topic takes me out of my comfort zone and should excite you beyond belief. Why? Because I'm going to share with you how you can increase your sales by $250,000 a year without marketing. Let's get started. But first, a word from our sponsor. This episode is being brought to you by repeat returns. If you're a restaurant owner of a medium to high volume, independent restaurant, multi unit or franchise operator and you're looking for a proven and realistic solution to attract, grow and retain customers, then you need to visit repeat returns. Repeat returns is a modern marketing platform created by a restaurant owner for restaurant owners. It studies each customer's habits and patterns predicts the most profitable outcome for your restaurant. Every single day and deploys a marketing to make that happen. You'll never lift a finger to see if repeat returns is right for you. Visit repeat returns.com forward slash DSP and ever heard the phrase sales cure all ills in the restaurant business? Well if you have it's one of those things we call a half truth. Let me explain. Let me start off by explaining the concept of the breakeven point. The breakeven point is every dollar comes in, every dollar goes out. You make no money you lose no money. Now, there are two factors in a breakeven point there are fixed expenses and there are variable expenses. A fixed expense is one that is fixed. That might be your rent $10,000 When they do $1 in sales or $100,000 in sales that month, you have a $10,000 bill that must be paid. Then we have variable expenses. Those are sales that go up and down with sales. That means if I'm busier, I get more labor because it's a percentage of sales from slower I get less marketing money to pay for supplies, janitorial, you get the picture. So the whole without going into the math of the equation, basically speaking is it's every dollar in every dollar out. Now we will talk about at some point in time when we pass that breakeven point in just a second. So here's the challenge. If we're going to talk about increasing sales, if we're going to talk about making a change in your business, it is important that you understand where your breakeven point is and that you can get past it. Because basically, there's a point where you can increase your sales and outpace a bad operation. So you are just blowing money left and right. You are undercapitalized expensed. You're not controlling labor, you're not controlling costs consult. There's a lot going on in your business. But there is a point in time where you can increase your sales and get to your grip breakeven point and get past it and make money. So whether you're overextending yourself, you're not operating profitably based on your operations. The reality is, you can make money, but you're going to beat the crap out of your business, your team yourself almost no reward. If you're a well oiled machine, an increase in sales and will explode your bottom line because you've covered your fixed expenses. Making the highest margins you can imagine ever on every dollar comes in the door. If you're over breakeven point. In fact, I would tell you, you could be looking at profitability of 25 cents to 40 cents on every dollar that comes in because once I cover that breakeven point, my variable expenses, prime cost marketing, discount rate on my credit cards, paper supplies, janitorial and so on. Let's say for just shits and grins we start with a 55% prime cost and we've got 15 more points. In variable expenses. That means for every dollar that comes in, we're going to use 70 cents. Well, that means we have three dimes leftover remember the break even point we keep stacking three dimes so we pay that $10,000 in rent. Then we stack three dimes until we pay for that $485 cell phone bill. And so on. Once we pass breakeven point, you're at a 30% profit margin. So you can if you're already efficient and you bring your breakeven point down, you start making money at an explosive rate sooner. And finally, for some of you raising with rising costs, I should say of product and labor. Your sales really may need to go up just

to handle what those increases have been. Basically increasing what the doctor has ordered to keep things the way you want them to be. So if you're happy with where you are today, and your costs have been rising, well that increase in sales may offset that increase in cost and still put you in a place where you're happy with business. No matter where you fall. There's not a restaurant owner in this world, worth their salt that doesn't want to increase their sales. Right? Think about it. Most people don't want to work with me because they've got to do work on the operations guy. They want the sexy sales guys, they want the hey, here's how we drive more business in your doors. Because we think that if I increase my sales, I can make more money. Well, now that we have this understanding of the breakeven point, and the fact that we can have explosive profits past our breakeven point, I want to address the elephant in the room. And that is I'm not a marketing expert. I'm about to talk about increasing so you would think I'm going to be talking about marketing. And I'm not necessarily going to be doing that. Maybe marketing in four walls, not advertising outside if we want to split hairs. But I'm the restaurant systems expert. I'm the accountability Reaper, if you will. I'm your biggest cheerleader. But what I'm not is a marketing expert. What I want to do is give you an operational perspective on increasing your sales and give you some concrete ideas on how you can start thinking about increasing your sales. In a new life. Understand there are only three ways to increase your sales. Number one is getting new customers walk in your door the most expensive form of marketing there is to get a new person to walk in the door often takes a Herculean amount of effort and money to do so. Number two, get your existing customers to come in more often. The more they come in, the more they spend the greater your sales. And finally number three customers spend more each visit just a little bit more, spend a little bit more every time they come in and make more money. I'm gonna increase my sales for argument's sake, because bringing in new customers is really advertising in my world. I'm gonna lead getting new customers walking your door out of the marketing discussion. I'm gonna leave that to the marketing experts. What I'm going to do is increasing your visits and getting them to spend more each time. Now in my world, there are two categories when it comes to where you should place your efforts in increasing sales. Category One is what you can do on a day to day basis. Here's what you can spend money on to make this happen. So I'm gonna focus right now on category one, what you can do in your restaurant as a leader of your restaurant, what you can do to increase your sales. make some assumptions here. We're gonna say when it comes to getting your restaurant going, you've got to be knocked out of the park and make sure you're killing it with restaurant 101 hot food hot cold food cold clean, safe work environment for the guests employees. Wow customer service incredible product, creating memories that you have a great restaurant that's critical and that you can increase your sales with planning, training and taking measurements. The theory behind everything is that which we measure improves with no measurements you may not see the improvement at all. So let's say that your goal for argument's sake, is to increase your sales by $250,000. In the next 12 months, you're gonna be right $250,000 Now for some of you, that sounds like an astronomical number and some of you that's just a small increase depending where your volumes are, no matter where you are. I'm going to show you how you increase your sales by $250,000 without spending $1 outside your your four walls on marketing. Now, I'm going to tell you, you may want to pause this podcast right now. Grab a pen and paper because you're going to want to write things down and stay with me a long list of numbers and figures I'm going to throw at you. I'm literally going to drop them on you and you're going to have to be writing them down to keep up. Now the beautiful part about a podcast is you can listen to it over and over again until it all makes sense to you. So I'm not really concerned that if you don't get your pen and paper right now that you'll be able to follow me because you'll be able to listen to it again. Listen to it again. Listen to it again. Here are some assumptions. We're going to make an assumption track if you will. For our example, I'm going to give you the corresponding numbers.

So our assumption number one is we're going to have a sales increase of $250,000 a year, that's $20,833 a month, or looking at it this way, that's $4,807.69 a week. And finally, the big number that really makes a difference that you can start to strategically think about your business. Is that just an ingredient $686.81 A day $686.81 You increase your sales by that that's $200,000 for some of you, that's doubling sales in a single day. In this example, we've got to further drill down so we can be on the same page. For the examples sake I'm gonna say you're a full service. If you're a quick service restaurant and I start talking about servers translate that to your salespeople, which are cashiers. If you were to sit there and say you scheduled on average five servers a day. You're currently doing $1 million a year in business, which is $2,747.25 a day $1 million here says you're doing about three grand a day $2,747.25 to be exact. We're going to make an assumption for our example that your restaurants doing $25 average ticket per person that means you're bringing in about 110 people or 110 customers a day. That means your servers are going to average about 22 customers and most likely have anywhere from seven to 10 tables right we have singles we have Doosan we have threes. We have fours we have eights, right you get the picture. So we're going to make an assumption that out of that seven to 10 that they have eight tables, each shift that makes the math work. We've got to make some sort of assumption. And you'll see I'm being very conservative in my numbers. If we sit there and say we're going to upsell me What if you get yourself to do the following if you could teach them how to sell at the table, and so one more appetizer per shift, and let's say that appetizers $15 Next, you're gonna teach them to sell one to 30 per shift. Remember all those customers coming in the number of tables they have, we're just saying one more. And let's say that deserves $15 At least one more bottle of wine at $25 Not some $100 bottle imagine you get $100 bottle sold how this changes the math a $35 bottle of $45 bottle of wine, but let's say it's $45. If you don't have wine in your business, translate that into some other item. That's going to be about $25. That means you'd have an average increase of $50 per server per shift per day. By the way. If you don't use your service to do this, let's chase the squirrel real quick. You taught them to increase their sales by only $55 per shift. A full time server works five shifts a week would make approximately $2,860 more a year in tips to 20% profit or I should say typically by us increasing our sales and teaching them to sell three items more a shift $5 increase almost three grand a year what if they can double that and so on. What does it mean? For you the business and what does it mean for them? So as you teach them, we're not just trying to say hey, we're the big bad restaurant owner. We're trying to make more money. It's, hey, let me teach you how you can make more money easily. The customers and the team already have like our goal of $200,000 increase will increase since again, we need to do we're going to do $55 per shift which translates to 37.5% of your tables. They're going to buy one for each. So 7% of each table has one more item that's only 3.6% of the customers because we had 22 of those only $55.05 servers is $275 per sales increase $100,000 100 $375 To be exact per year. So that $55 increase selling three extra items per shift per server is already 100 grand. That's about halfway to our goal.

So if we look at the math, our increase to $250,000 is $686 $686.81 increase per day. And the example we just went through the three items per server is going to average US $275 a day. So if I subtract that from the 686, we still need to figure out how to increase our sales by $411.81. So that's what's remaining. So now let's go kitchen let's get them involved. Let's get our chef or kitchen manager and say hey man you need to create the most incredible features. The specials I wanted to be high ticket weren't up to $25 per person ready? I want I want us to have something that say its feet per person. And our goal is we're going to sell 20 of those specials each weekend. So we're not talking about seven eight weeks specials just 10 specials sold on a Friday 10 specials sold on a Saturday, and if we don't get that done, we still have Sunday to get that done. Now, while if I sold 20 specials dollars would be $1,000 in sales. In reality that's only a $500 increase in sales because our guests with 25 hours walking in the door anyway. And that is going to bring you in $26,000 a year or seven $71.23 a day. So those 10 specials each day or 20 specials over the weekend is going to give us a $71 reduction in what we still need to get to get to our two and $50,000 a day. So after our three items were sold per server per shift, we took that away we had $411 left over now Chef putting out an incredible feature and we're selling those to take $411.81 Now the increase is 7123 per day. That means there's $304.58 remaining to get to our goal to reach $250,000 a year. What if you were to raise your prices by 5%. Now, I know we've been raising our prices over the last two years. Our costs have gone through the roof and we're going to record pace. Take about 5% and it's not going to be raised five minute across the border. If we hadn't be costing cards and our main net price by on top 123 Raising the slide and on some other things are still the position. Looking at a five minute series that would bring clean dollar business $7.30 a day. We were down to $40.50 4058 of $137.36. That means we still have 222 senators waiting to get tomorrow. Well, we've got one more tool in your toolbox to increase your sales and that's catering What if you were able to sell just three drop off caterings and an average of $475.48 Each, each and every week? Three caterings at under $500. Well, that would cover the remaining $203.22 a day. That's your number. So by teaching your servers to upsell and measuring their success because again that which we must prove so you have to have some sort of metrics and then they're selling by putting in larger ticket specials by raising your prices by an average of 5% and putting a small catering program in place. $500 An hour caterings a week which means you could do a wedding and never at all you could do one party at $1,500 and not the other you get the picture this is not out of your grasp. You my friend, Ken and will increase your sales by $250,000 a year. That's $50,000 Over the next 12 months. That arithmetic and none of that sounded unreasonable selling three special raising our price that price none of that made on a paintable realistic for each and every one of us to make that happen. Now let's move to category to spend money on and share with you a little bit of a microphone camera and founder verse reached out we face this problem and he comes out in a different one of the key components of

our services program which is the primary focus on getting customers to spend more and get more often also helps restaurants bring in new customers.

I'm not going to go into the program does put my name on him look him up. Repeat returns in fact he's got bacon getting there. And that's not why I'm sure cameras. Chairman's wisdom says as you can W increasing new customers by getting your cut

and percent more often embracing their average ticket by less than a year. Now, that's a different perspective and approach from the profit side. And I'll tell you there's some things I agree with that I look at differently. Just don't do the math. The math is let's say we have 100 customers just 100 customers make it easy for every 100 customers. They spend $10 Each visit not that the 25 we're talking about this $10 You'll see the math here $10 per visit, if they come in 10 times a year, and based on that they would spend $10,000 in sales. Cameron is gonna save an average restaurant and maybe average actually going to be profitability 80% of every dollar company spent on food and all your fixes. Restaurant, you're gonna net out, presented that 10 grand if you're to increase your customer service, spend more and get 10% more customers and 10 instead of 100 customers you'd have 110 customers instead of $10 per visit. They're going to spend $11 per visit. Instead of 10 visits a year they're going to do 11 visits a year you get the picture. Well, now instead of $10,000 in sales you do $13,310 Now, camera is the national Turner Association, some articles they put out but if you look at 10% increase, you wouldn't see an increase in labor and he's right. But I look at things just a little differently. And I say if you are planning on an increase in sales, I'll give you more label but let's just use his example. So now you just have a 30% cost of goods sold. Well now your profitability went from two grand to $4,317. You've doubled your profits. Again, since I'm an operation I don't agree with that I would increase your labor costs because in the systems I teach you, I'm going to make sure you have the labor to handle the increase in sales. If you're past your breakeven point who cares which school of thought that you live in? That's why when you look at your increased sales, you're gonna find out that on those same 100 customers that we had in category one example, you'd increase your sales by $172,120 a year. Oh, wait a second. There's a there's a disconnect. Because why? We're using in our example above of $25 per person. Can you see that? We're over this, right? We're doubling we're doing again, even more so. And so that number could be huge. If you implemented both categories, all the math is not going to net you double the double the 200,000 If you want the fact that hitting $250,000 increase, right it's going to be a whole lot easier because of the things you can do with Brandon Ingram back more often. Because of ology of a loyalty program makes them want to do and does things for you. So if you've been funding, any length of time, then you can start to see off the floor and in your office working strategically on your business. Because this is what happens when you focus and your energy on increasing your sales. It gets done. So if you want to change your world, increase your sales and make more money. Focus on restaurant one on one, make sure you've got that down. Make sure you become as efficient as possible and get your breakeven points as low as possible. Because for every dollar profit rate slows, but for good profitability if you're just looking to increase $50,000 You can be selling you know putting specials out and making the work up gets on it without any big marketing budget. Well, I'm going to tell you right now, if you didn't listen and grab a pen and paper I want you to I want you to write I want you to print out the method which makes an internal few you want you to start to put a plan in place that you can start to double your profitability like Cameron once or bring in another $250,000 Either way, it's going to take you thinking strategically.

Hey, that was an awesome episode. I want to thank you for taking the time to build a better, more prosperous restaurant. Before you go. I want to give you a refund. By combining leadership, action with systems and training, being checked by accountability are on your way to creating prosperity for you and your restaurant. To me from you. Please leave a review on Apple podcasts, Spotify, or wherever you happen to listen to podcast. By leaving us a review other restaurant pros seeking out this information are able to find it. I read the reviews and hearing how this information has benefited you. does wonders for me. And three, if you find any discussions helpful share them, the more restaurant pros who have access to them, the better we become as an industry. For more restaurant resources or to get in contact with me. Connect with me at Skippy Peter's dot com Be passionate about what you're doing. Be persistent, but more importantly become better and help everyone around you become better and your run is going to kick some ass.