



OPERATING FOODSERVICE SUCCESSFULLY IN THIS NEW ENVIRONMENT

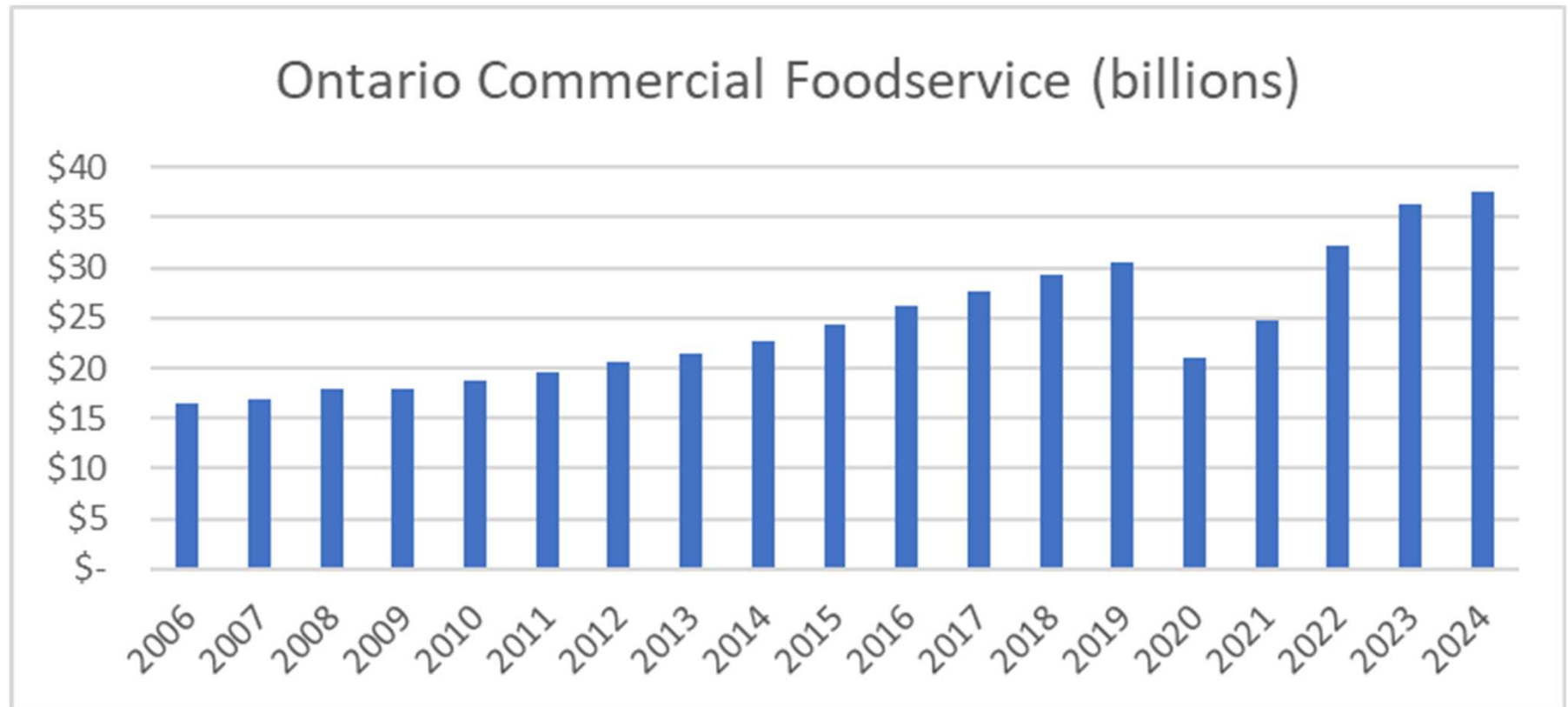
Challenges, Opportunities and What You May Not Have
Considered

What is Happening?

ONTARIO RESTAURANT HOTEL & MOTEL ASSOCIATION PRESENTS
**ONTARIO HOSPITALITY
CONFERENCE 2025**

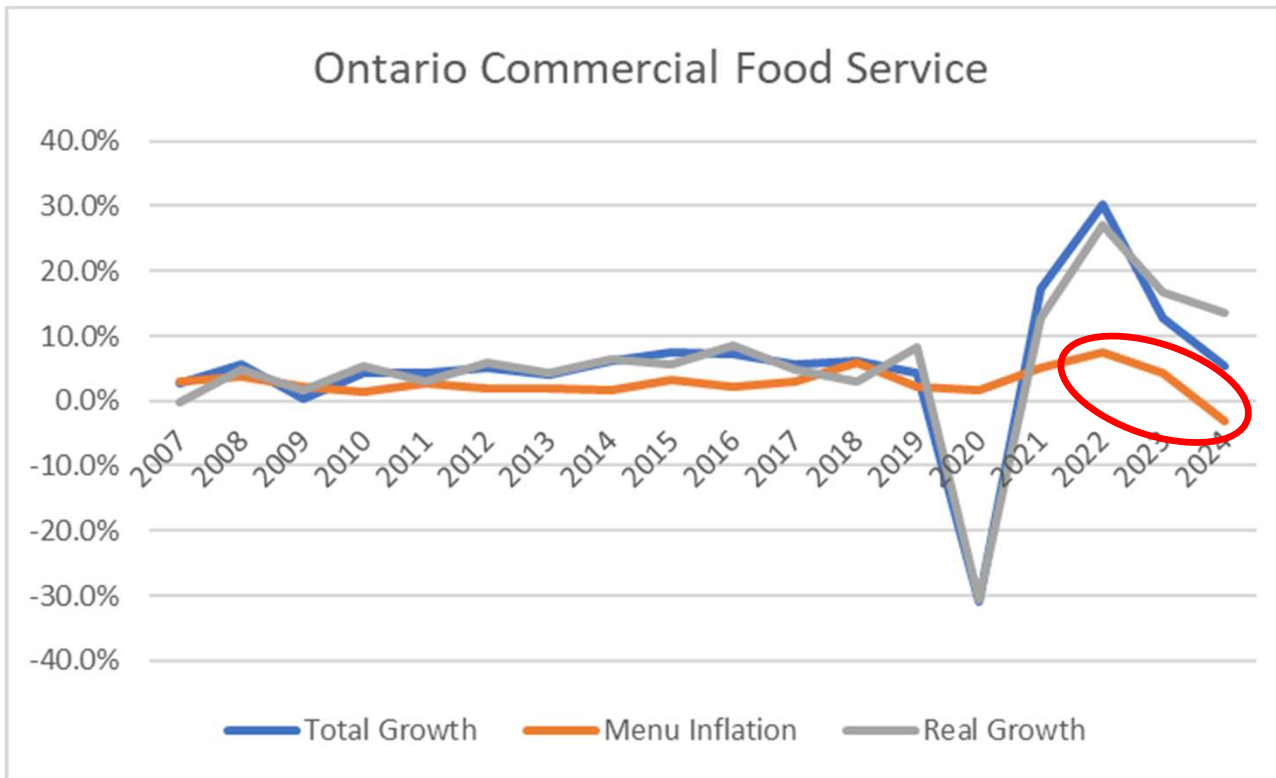


Commercial Foodservice



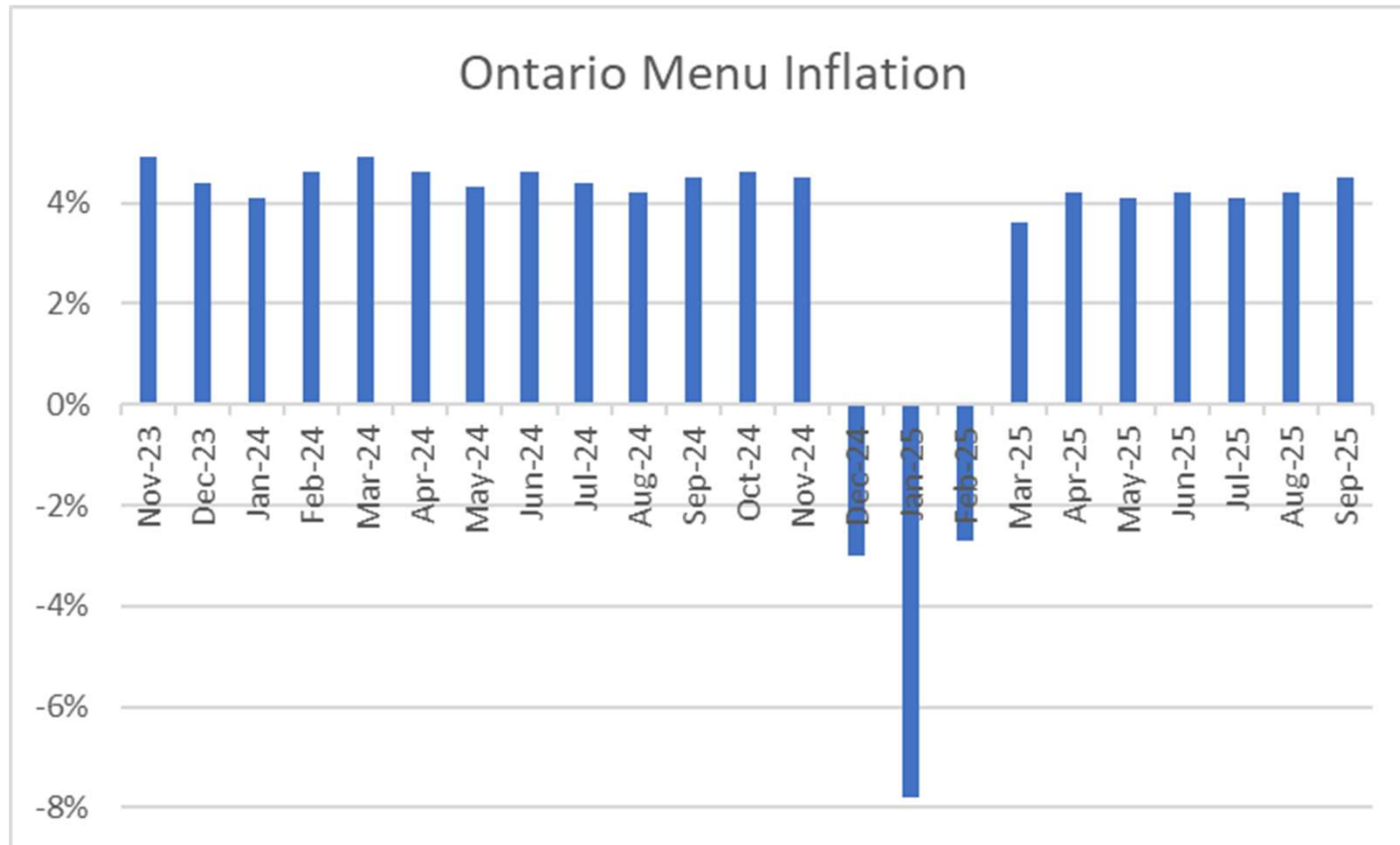
Source: Restaurants Canada

Real Growth



Source: Restaurants Canada

GST Holiday



Source: Restaurants Canada

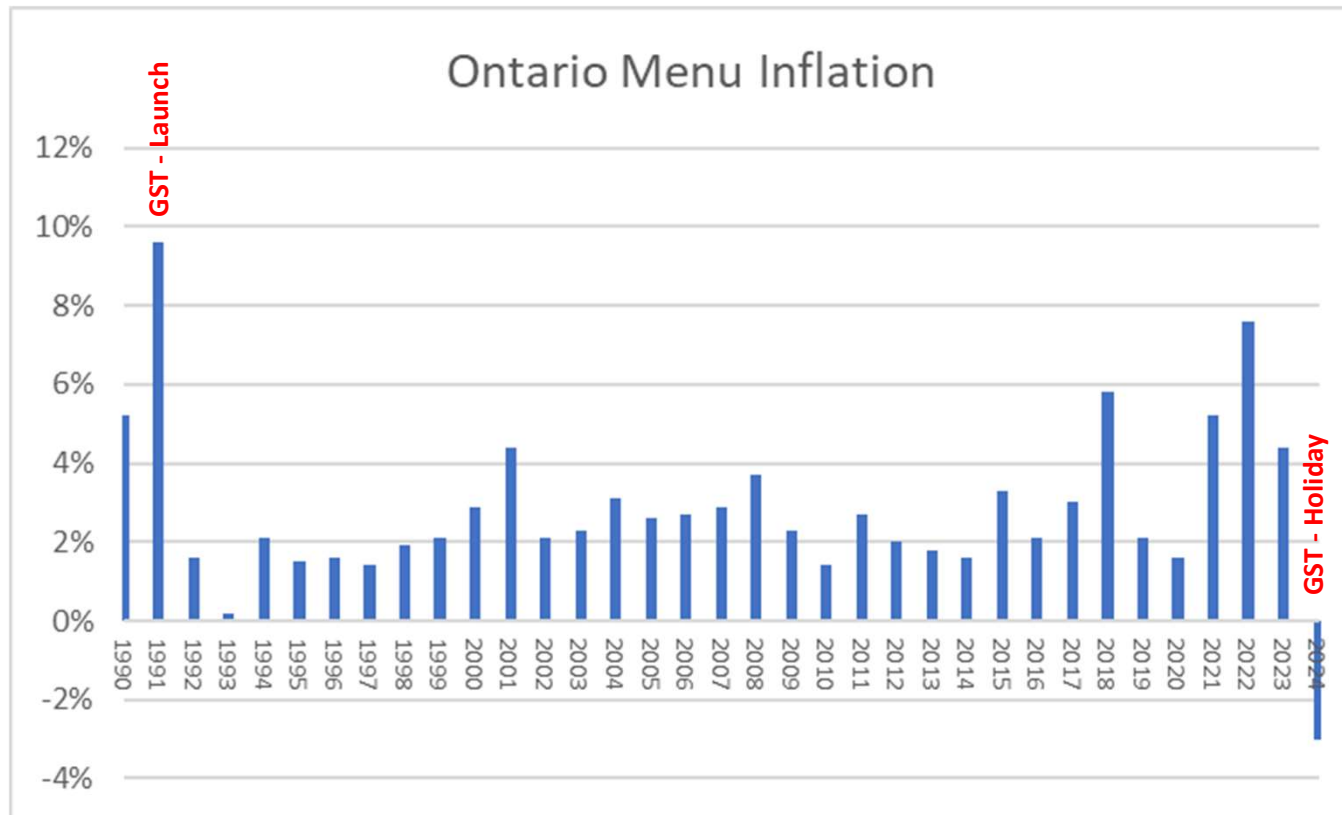
GST Holiday



The GST Holiday from December 14, 2024 to February 15, 2025 impact nationally:

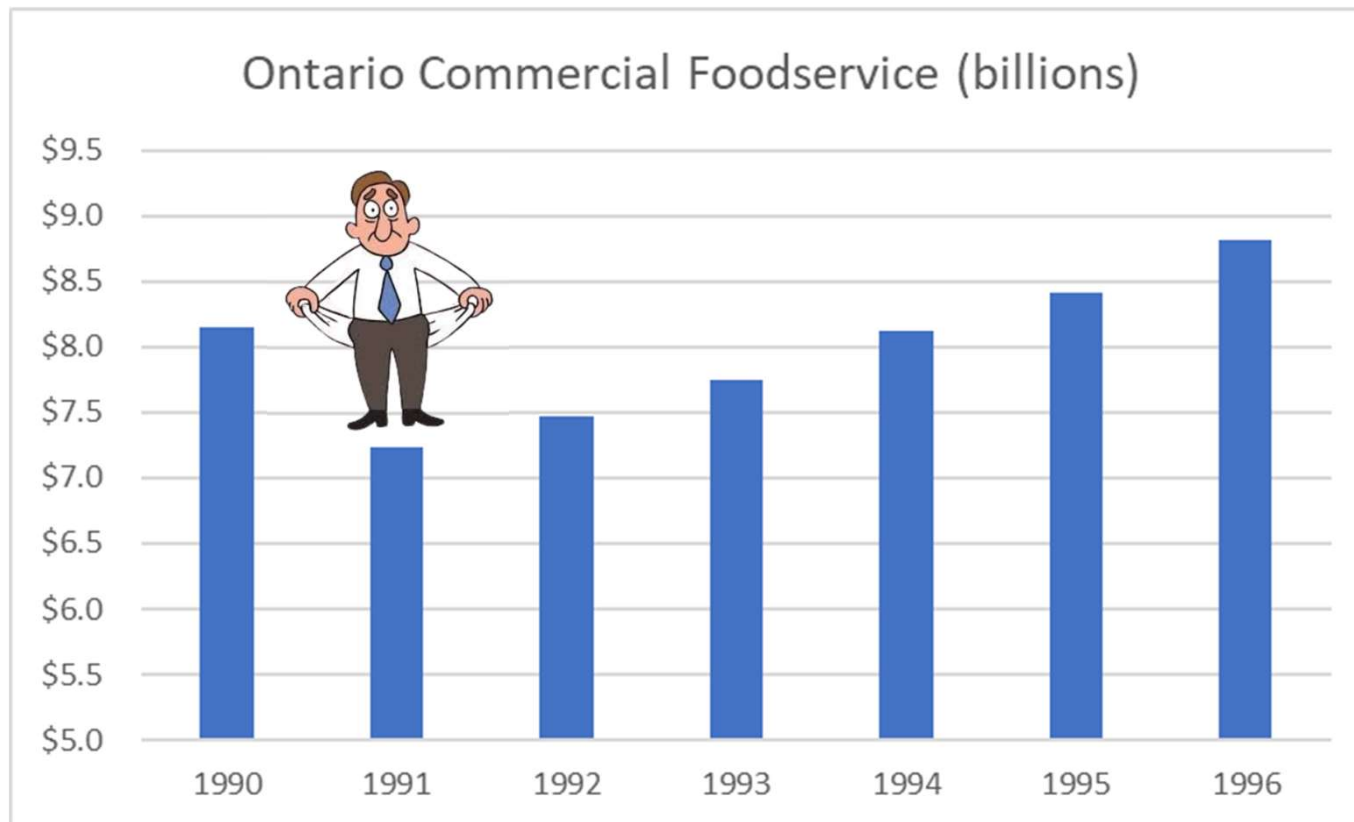
- Sales increased 8.6% in January 2025 compared to the previous year, 10% in Ontario
- The industry added 24,000 jobs
- Bankruptcies decreased 50% year-over-year
- People dined out more:
 - Two in five dined out or ordered from restaurants more often
 - One in four said they would dine out significantly more often if GST was permanently removed

Impact is Not Surprising



Source: Restaurants Canada

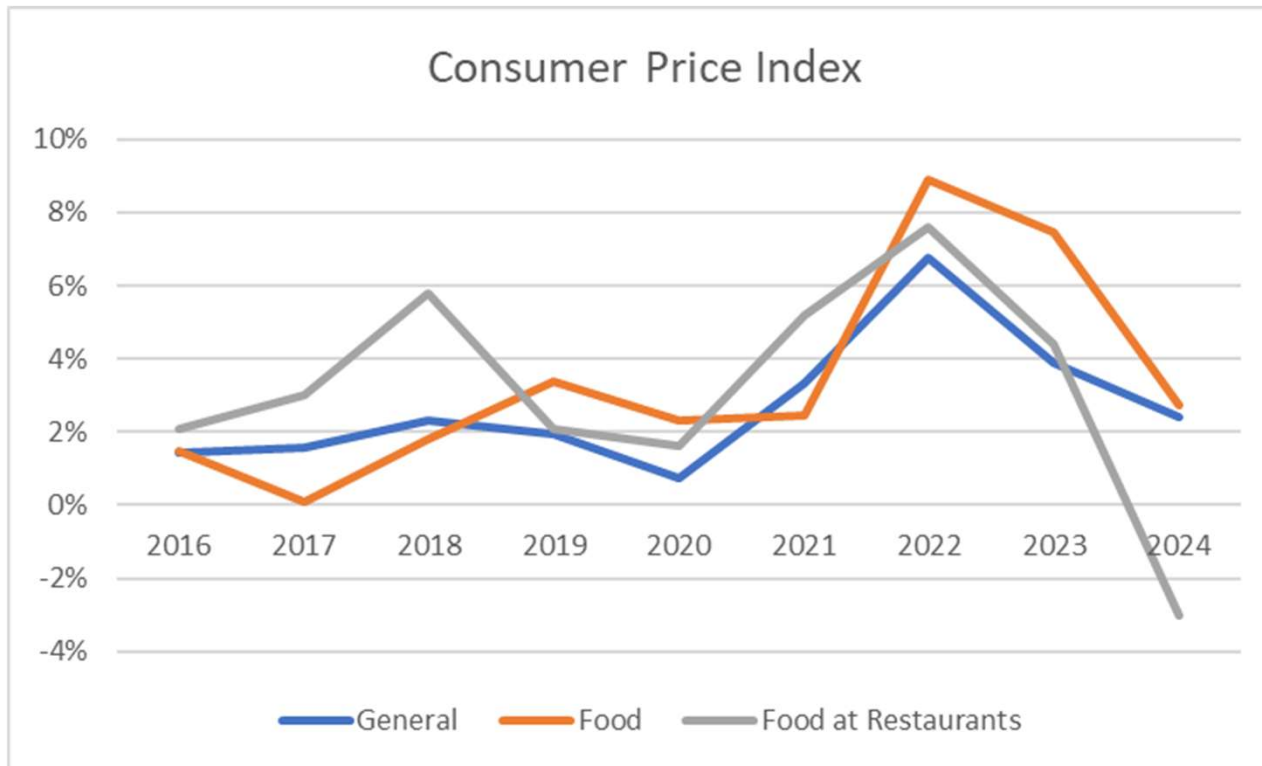
Impact is Not Surprising



- In Canada, real foodservice sales decreased 10.6% compared to a 2.1% decline in GDP – E&Y attributed $\frac{3}{4}$ of the decline to the GST
- In 1991, the foodservice industry laid off 46,000 people

Source: Restaurants Canada

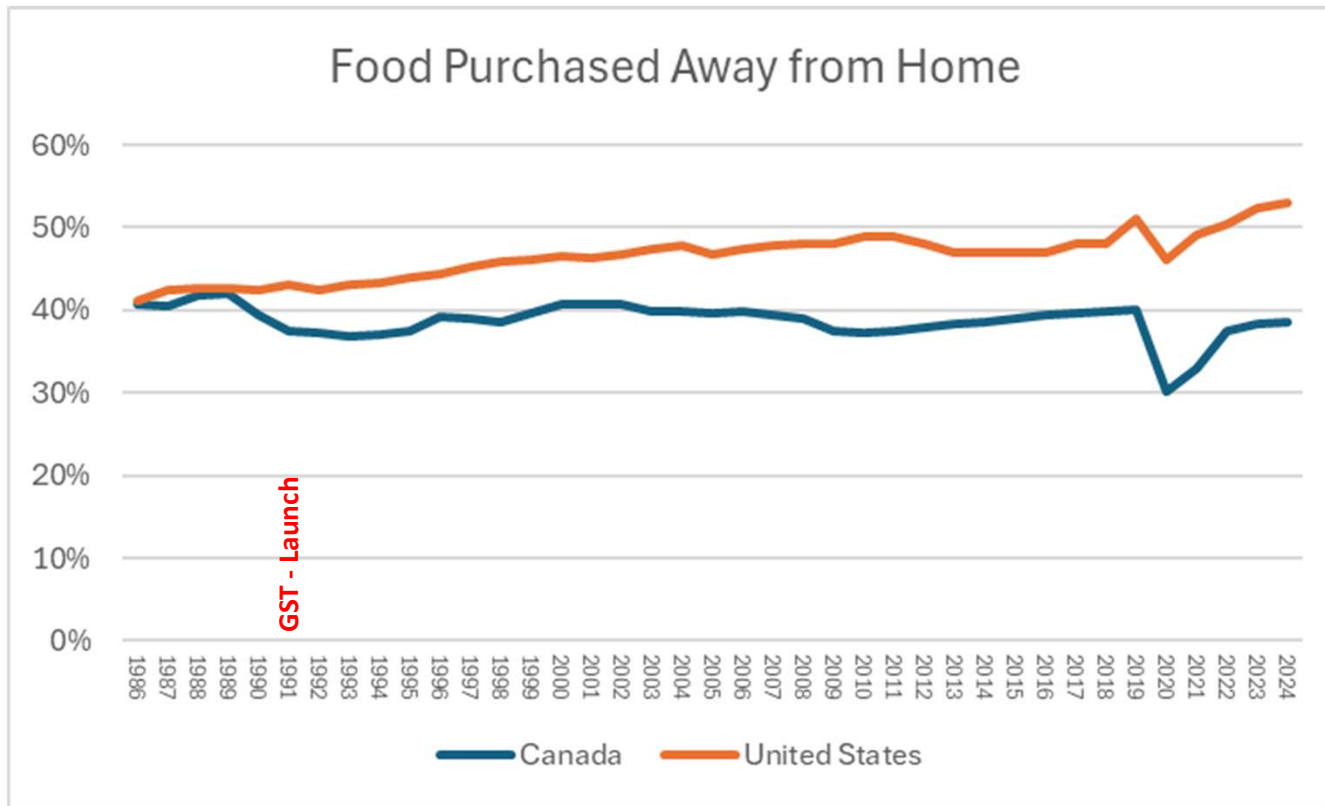
Inflation



The ability to take price to cover increased cost of food has disappeared

Source: Statistics Canada

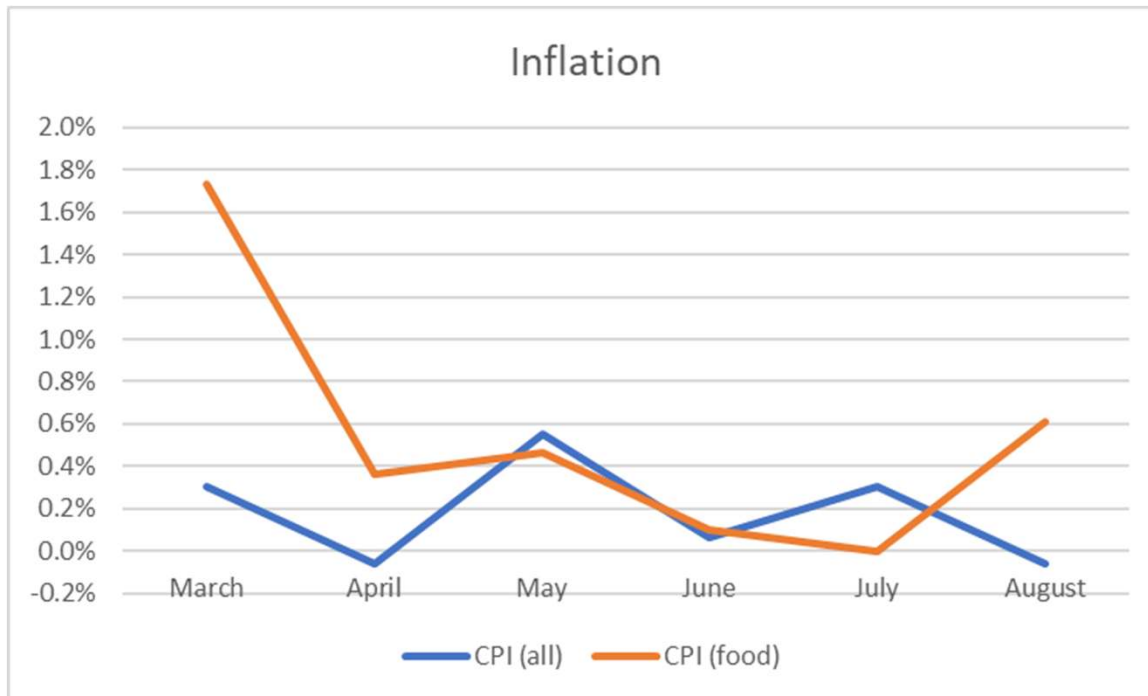
Share of Stomach



Gateway International reports that the average meal cost at an inexpensive restaurant ranges from CAD \$15 to \$25 while in the US, a meal at an inexpensive restaurant would be USD \$12 to \$20

Source: Statistics Canada, US Food and Drug Administration

Impact of Tariffs on Food

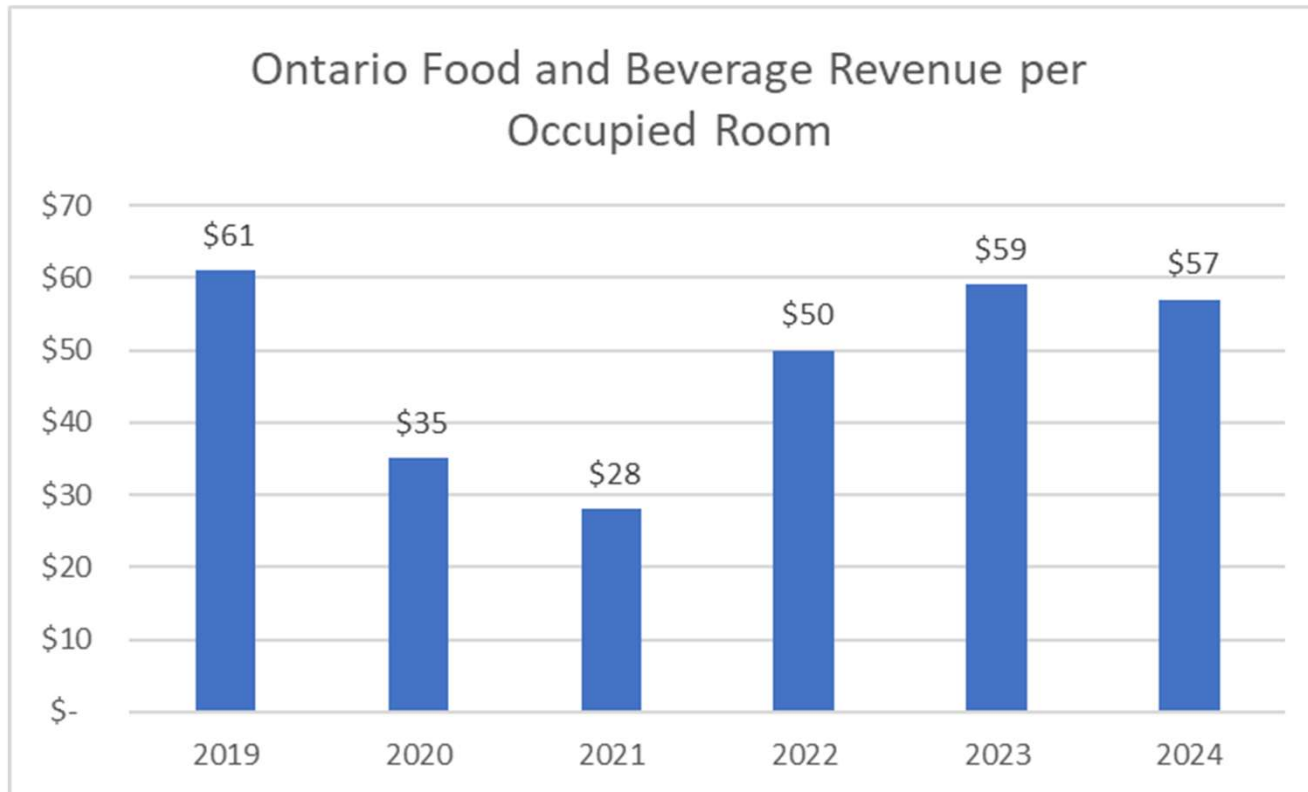


Source: Statistics Canada

Since March, Canada's CPI has increased 1.1%;
however, food inflation has been 3.3%



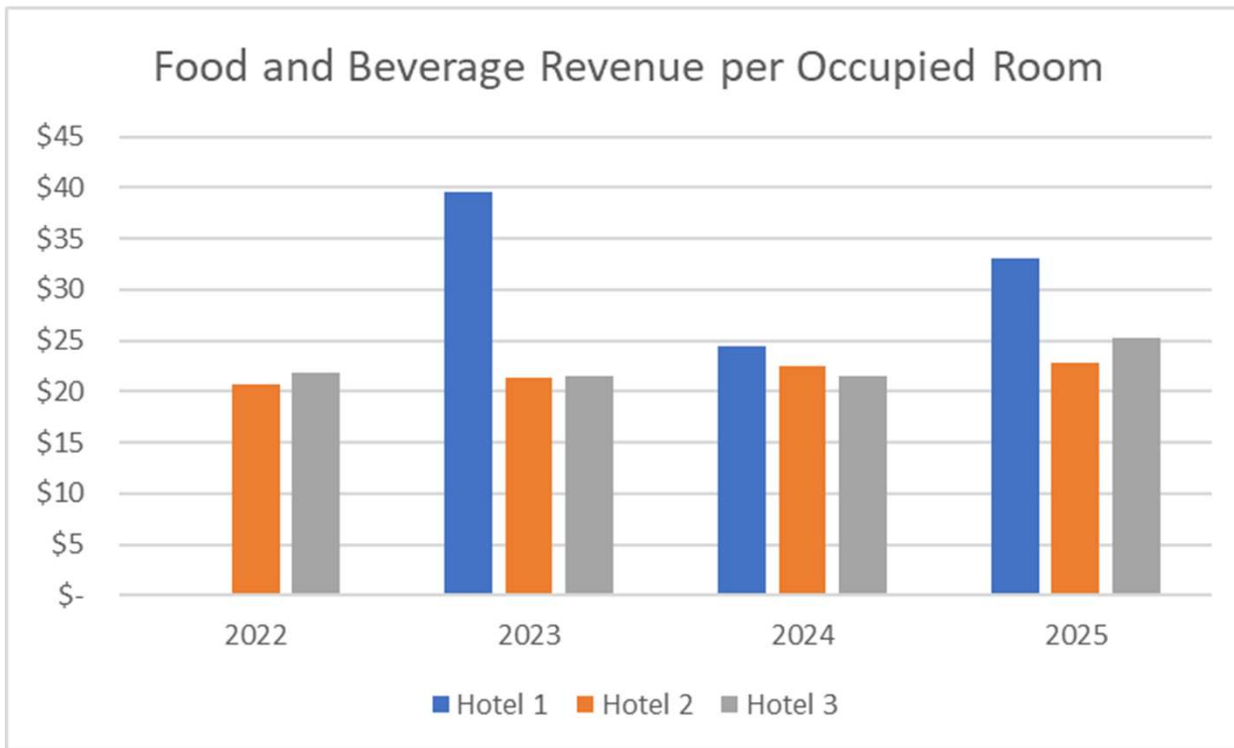
What About Hotels?



Source: CBRE Hotels



What About Hotels?



F&B POR increased at all hotels year-to-date August 2025 over the previous year



REVENUE—Driving the top line

Basic Economics



As prices increase, demand decreases

- An Angus Reid survey conducted in June 2025 indicated that 75% of Canadians say they are dining out less frequently than they used to due to the rising cost of living
 - By Age:
 - 81% of those aged 18-34
 - 70% of those aged 55+
 - By Household Income
 - 86% earning \$50,000 year
 - 70% earning \$100,000 or more

Consumers Seek Value



Consumers are dining out less.

To be successful, you must provide value options on your menu:

- Combos
- Deals
- Loyalty Benefits



Pricing Strategies



“You don’t take percentages to the bank”

Do you like this presentation so far?
Add a Tip?

25%

30%

40%

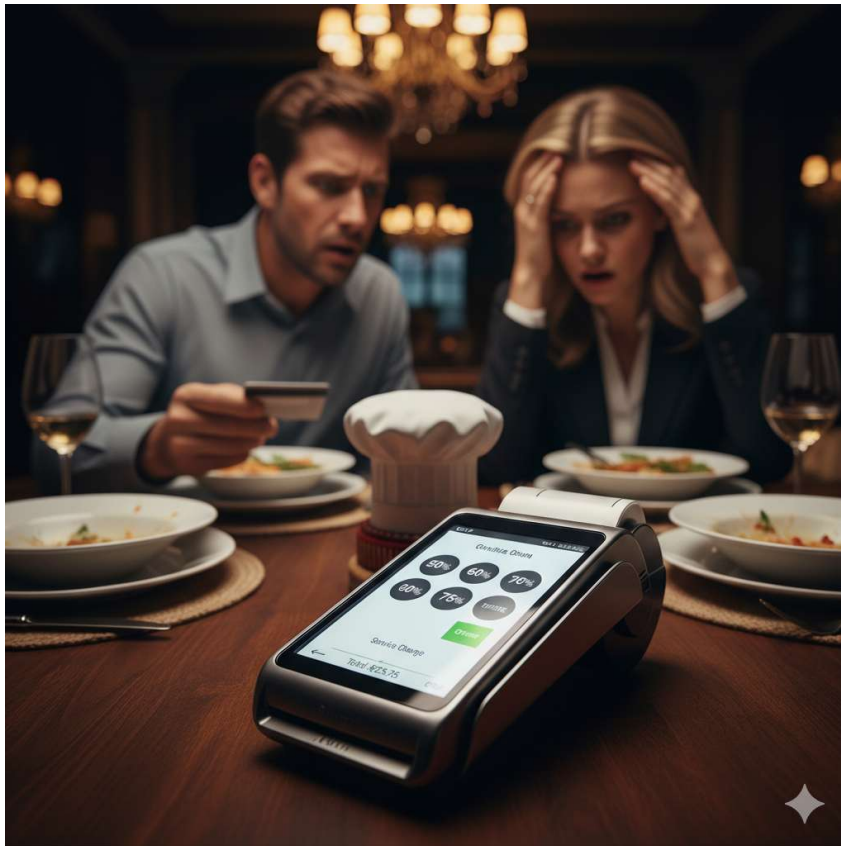
Custom

No Tip

The look on the baristas face when I only tip
15% on a cup of coffee



Tipping—Enough Already



- An H&R Block Canada survey shows:
- 90% of Canadians feel tips are too high
 - 82% say tipping is expected in more places than ever before
 - On average, people say 9% is the right amount to tip
 - One in four have been prompted to tip in places or situations that felt uncomfortable or unexpected
 - **A majority of Canadians (70%) have left a store or café feeling guilty**

Tipping—Enough Already



		20% Tip	
Check Subtotal	\$89.00	\$17.80	
Tax	\$11.57		
Check Total	\$100.57	\$20.11	22.6%

- If customers are eating out less because of the cost of living and restaurant meals, is it worth having relatively high starting tip prompts **and** applying those percentages to the after-tax total?
- What about credit card fees?

The Experience

Customer service offers significant benefits:

- Customer Retention & Lifetime Value
- Referrals
- Employee Retention



Service Excellence



Service Excellence

- Training
- Employee incentive programs
- Service recovery
- Management presence—solve problems before they leave
- Read your customer's body language
- Order of service, touchpoints
- Respond to online reviews
- Thank them and invite them to return



Throughput Analysis



Throughput analysis is key—are you losing business because of:

- Poor reservation or waiting list management?
- Lagging ticket times?
- Slow table bussing?



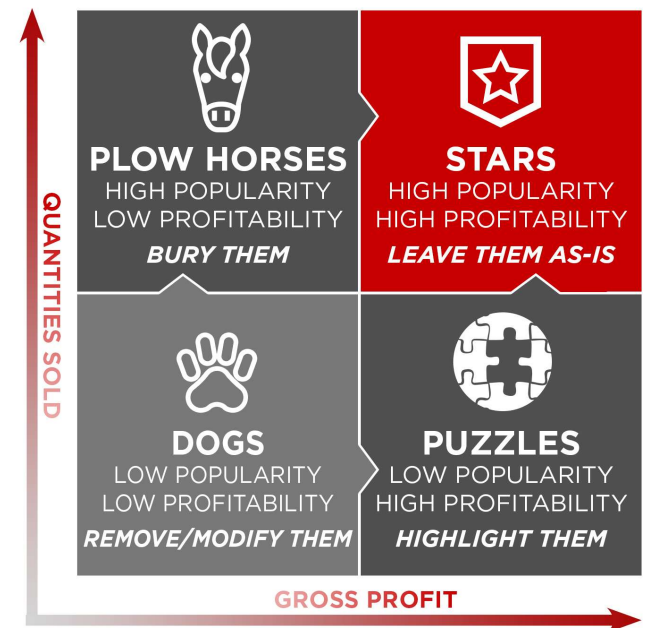


Managing the Middle of the Income Statement

Cost of Goods

Menu Planning

- Costed recipes and pricing strategies
- Menu engineering (solution to rising food costs cannot always be to raise prices)
 - \$10 Salad – 25% Food Cost, Gross Margin \$7.50
 - \$40 Steak – 50% Food Cost, Gross Margin \$20.00



Cost of Goods

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Cost of Goods

Procurement

- Are you getting the best price?
 - Check all suppliers
 - Tender broadline distributor
 - Group purchasing organization (GPO)
- Minimize number of vendors
- Annual vendor review

Receiving

- Count and inspect
- Check invoices/packing slip
- Track returns and credits



Cost of Goods

Inventory and Issuing

- Rotate all stock (FIFO)
- Transfer all product to the correct cost centre
- Ensure key controls are in place
- Deal with outdated and obsolete stock regularly



Cost of Goods

Production Controls

- Forecast based on projected sales
- High-cost items should be reconciled with sales
- Portion controls
- Production does not occur unless an item is entered in the POS
- Track waste



Sales Reconciliation



Date:	Item	Opening Count	Requisitions	Closing Count	Total Used	Total Sold	Over / Short
2025-05-29	8 ounce Sirloin Steak	53	0	30	23	23	0
2025-05-30	8 ounce Sirloin Steak	30	20	38	12	12	0
2025-05-31	8 ounce Sirloin Steak	38	0	29	9	9	0
2025-06-01	8 ounce Sirloin Steak	29	0	21	8	8	0
2025-06-02	8 ounce Sirloin Steak	21	0	15	6	5	-1

Waste Tracking



Date	Reported by Employee	Type of Waste	Product Description	Quantity	Reason / Cause
2025-05-29	Ben C.	Spoilage	Yukon Gold Potatoes	0.25	Partial bag was spoiled
2025-06-02	Sanaz R.	Preparation Error	8 ounce Sirloin Steak	1.00	Overcooked
2025-06-02	Sarah M.	Cross Contamination	Romaine Lettuce	1.00	Contact with raw chicken

Waste tracking sheets should be available in the receiving, storage, production and service areas



Waste Tracking



Waste Cost Dollars						
	Cross Contamination	Customer Return	Prep Error	Spillage	Spoilage	Grand Total
Customer		\$ 10.79				\$ 10.79
Dry Storage					\$ 4.95	\$ 4.95
Prep Area				\$ 6.00		\$ 6.00
Receiving	\$ 30.00					\$ 30.00
Refrigerated Storage	\$ 40.00		\$ 32.00		\$ 152.00	\$ 224.00
Service Line	\$ 3.74					\$ 3.74
Grand Total	\$ 73.74	\$ 10.79	\$ 32.00	\$ 6.00	\$ 156.95	\$ 279.48

Month End Analysis

- Operating statements should be completed for each revenue centre
- Inventory should be completed on a monthly basis
- Inventory should be cost extended using current costs
- Management should spot check high-cost items



Actual vs. Theoretical

- Cost of sales should be compared to theoretical cost of sales monthly
- Actual cost of sales should be one to 1.5 points greater than theoretical cost of sales
 - If not, weekly inventories until costs are inline



	Dollars	Percentage of Sales
Actual Sales Dollars for Period	\$ 31,390	100.0%
Actual Cost of Goods Sold (Inventory Method)	\$ 11,968	38.1%
Theoretical Cost of Goods Sold	- \$ 11,018	35.1%
Shrinkage / Potential Savings	= \$ 950	3.0%
Shrinkage / Potential Savings	\$ 950	3.0%
Waste Log Value	- \$ 679	2.2%
Unaccounted Loss	= \$ 271	0.9%

Labour Cost Control

- Scheduling should be completed based on forecasts—no “Monday” schedule
- Review and adjust hours of operation as appropriate
- Manage labour at the end of peak demand periods
- Use delivery to increase efficiency during non-peak periods



Labour Efficiency



Labour Efficiency = Total Revenue / Total Labour Hours

Example:

- Revenues \$9,265
- Payroll is 132.5 labour hours
- Labour efficiency is $\$9,265 / 132.5 = \69.92 per labour hour

Depending on a restaurant's concept, labour efficiency should be between \$60 and \$80 per hour

Labour Matrix



Hourly Covers	Average Check	Revenue (Low)	Revenue (High)	Payroll per Hour							Payroll	Benefits and Taxes (20%)	Total Payroll	Labour Percentage (Low Revenue)	Labour Percentage (High Revenue)
				Hosts (\$17.20)	Bussers (\$17.60)	Servers (\$17.75)	Dishwasher (\$17.95)	Cooks (\$18.50)							
1 to 20	\$ 18.95	\$ 18.95	\$ 379.00	-	1	1	-	2	\$ 72.35	\$ 14.47	\$ 86.82	458.2%	22.9%		
21 to 40	\$ 18.95	\$ 397.95	\$ 758.00	1	1	2	1	2	\$ 125.25	\$ 25.05	\$ 150.30	37.8%	19.8%		
41 to 60	\$ 18.95	\$ 776.95	\$ 1,137.00	1	2	3	1	3	\$ 179.10	\$ 35.82	\$ 214.92	27.7%	18.9%		
61 to 80	\$ 18.95	\$ 1,155.95	\$ 1,516.00	2	2	4	2	4	\$ 250.50	\$ 50.10	\$ 300.60	26.0%	19.8%		
81 to 100	\$ 18.95	\$ 1,534.95	\$ 1,895.00	2	3	5	2	4	\$ 285.85	\$ 57.17	\$ 343.02	22.3%	18.1%		

Final Word on Labour

Labour cost control should not be about minimizing labour cost; that will adversely impact service levels. Make sure you have enough labour to provide the level of service you desire and eliminate the rest.

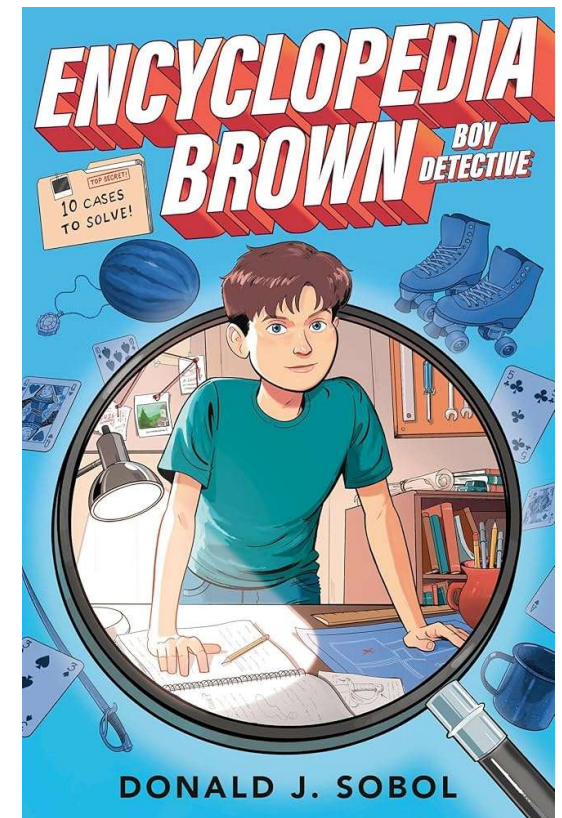


Other Expense Items

The greatest costs are food & beverage and labour; what else can you control?

- Cash control
- Review contracts regularly
- Preventative maintenance
- Sales and marketing—track for effectiveness

Nothing should be overlooked





FIVE QUESTIONS

Five Questions

1. What was the variance between actual and theoretical cost of sales? Is any corrective action required?
2. Does the theoretical food cost analysis suggest any required changes to the menu (reformulation, replacement, price adjustment, etc.)?



Five Questions

3. What did you learn from the waste sheet analysis? What actions are you taking this month to reduce or control waste?
4. What was the labour efficiency last month? Are any actions required to increase labour efficiency?



Five Questions

5. What are three areas of focus that you have identified to improve operations this month? What are your action plans? And, was last month's action plan successful?

