



Take Every Penny to the Bank!

Menu Engineering



Good things
come from
Sysco[®]

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Why is menu engineering so important?

As you try to find ways to increase profits in your restaurant, the easiest way to do that is to maximize the profit dollars from your existing customers. In other words...if you have the exact same number of people eat at your restaurant in a given year, you still have the opportunity to achieve higher profits by encouraging your guests to order more profitable items. This menu engineering exercise will allow you, as a business owner, to take the emotion out of decisions you make pertaining to your menu and allow you to base those decisions on data and facts.

Menu Engineering is a Three Step Process

Step 1 : Gather Your Data

There are four things you will need to gather to complete a Menu Engineering Exercise....


- 1. A Menu Engineering Spreadsheet**
 - This can be found in the member section of www.RestaurantOwner.com.
- 2. Your current pricing for each item on your menu**
- 3. The food cost of every item you sell on your menu**
 - For help with this, please contact your Sysco Connecticut Marketing Associate . They have a menu analysis program that will break down the cost of each ingredient that goes into a menu item.
This program also updates pricing automatically, so as prices fluctuate, it adjusts your costs.
 - Be sure to include some of the all too often “forgotten costs” such as plate garnish and sauces.
- 4. Your sales of each item on your menu for a given time frame**
 - With most POS systems, a sales report can be generated for a given time frame.
 - For an accurate menu engineering analysis, at least one month of sales totals is needed; however, the longer the time frame, the better information you will obtain.

Step 2 : Enter Your Data

There are several tabs on the spreadsheet, the first of which is a detailed set of instructions and the second tab is an example spreadsheet for you to refer to. The rest of the tabs are actual worksheets for you to enter in your data. The only information that you are required to enter is an item description, the quantity sold, the item food cost and the item sell price. The rest of the worksheet populates automatically.

Step 3 : Analyze the Data

To the right is a sample spreadsheet that is provided in the Menu Engineering Worksheet from www.RestaurantOwner.com. The last column on the far right provides you with valuable information to make educated business decisions regarding items on your menu. Each item falls into a "Menu Item Class": Star, Workhorse, Challenge or Dog. Below is an explanation of what each Menu Item Class means and what to do with those items.



each Menu Item Class means and what to do those items.

Menu Item Name:		Southwestern Chopped Salad	
Last Updated:		10/12/2009 2:47:07PM	
Serves -	1 for	\$7.99	
Plate/Serving	Total	%	
Price:	\$7.99	\$7.99	
Cost:	\$2.84	\$2.84	35.57
Profit:	\$5.15	\$5.15	64.43

**Example of
Menu Analysis from
your Marketing Associate.**

MENU ENGINEERING WORKSHEET

Enter Your Restaurant Name Here

Date Prepared: Jan 13, 2006

Period Covered: Week Ending Jan 12

A	B	C	D	E	F	G	H	L	P	R	S
Menu Item Name	Number Sold	Popularity %	Item Food Cost	Item Sell Price	Item Profit (E-D)	Total Cost (D*B)	Total Revenue (E*B)	Total Profit (H-G)	Profit Category	Popularity Category	Menu Item Class
ITEM											
Item # 1	100	10.8%	\$1.25	\$4.50	\$3.25	\$125.00	\$450.00	\$325.00	Low	High	Workhorse
Item # 2	50	5.4%	\$1.50	\$5.00	\$3.50	\$75.00	\$250.00	\$175.00	Low	Low	Dog
Item # 3	60	6.5%	\$1.60	\$6.00	\$4.40	\$96.00	\$360.00	\$264.00	High	Low	Challenge
Item # 4	110	11.9%	\$0.95	\$5.00	\$4.05	\$104.50	\$550.00	\$445.50	Low	High	Workhorse
Item # 5	25	2.7%	\$2.00	\$4.50	\$2.50	\$50.00	\$112.50	\$62.50	Low	Low	Dog
Item # 6	35	3.8%	\$1.60	\$5.00	\$3.40	\$56.00	\$175.00	\$119.00	Low	Low	Dog
Item # 7	75	8.1%	\$1.10	\$4.00	\$2.90	\$82.50	\$300.00	\$217.50	Low	High	Workhorse
Item # 8	90	9.7%	\$2.25	\$7.00	\$4.75	\$202.50	\$630.00	\$427.50	High	High	Star
Item # 9	140	15.1%	\$1.95	\$6.50	\$4.55	\$273.00	\$910.00	\$637.00	High	High	Star
Item # 10	25	2.7%	\$1.95	\$6.75	\$4.80	\$48.75	\$168.75	\$120.00	High	Low	Challenge
Item # 11	120	13.0%	\$2.30	\$7.50	\$5.20	\$276.00	\$900.00	\$624.00	High	High	Star
Item #12	95	10.3%	\$2.00	\$6.50	\$4.50	\$190.00	\$617.50	\$427.50	High	High	Star

Star



Makes Good Money



Sells Well

Stars are menu items that have a high gross profit and are very popular! The more you can influence the consumer towards these items, the more profitable your operation will be.

What to do with Stars:

- Do give these items the best placement on your menu.
- Do use these items in sales promotions and contests.
- Don't change the price too drastically.
- Don't change the presentation or recipe...your customers like it the way it is.
- Do encourage your staff to suggest these items to customers.
- Do highlight these on your menu as "house favorites" or "signature dishes".

Challenge / Puzzle



Makes Good Money



Doesn't
Sell Well

Challenges are items that have a high gross profit, but are not very popular. Typically, these are the more expensive items on your menu.

What to do with Challenges:

- Do evaluate the price on these items to be sure they are not priced above what the local market will bear.
- Do get staff and customer input on the menu item...it might not sell well because it doesn't taste good or fit the market.
- If you determine that the item is a good one, highlight these items on your menu to increase sales and use these items in sales promotions and contests.

Workhorse



Doesn't Make
Good Money



Sells Well

Workhorses are menu items that sell well but do not contribute all that well to your bottom line profits.

What to do with Workhorses:

- Don't raise the price on these items above what the local market can bear.
- Do look at alternative products to decrease the food cost without compromising the quality. Remember that Workhorses sell well, so your customers like the item.
- Do hide these items on your menu so it is easier for the customer to be drawn to more profitable items.

Dog



Doesn't Make
Good Money



Doesn't
Sell Well

Dogs are menu items that are not very popular and do not contribute very much to your profits.

What to do with Dogs:

- Do consider removing these items completely since they do not positively contribute to the profit or popularity of your business.
- If you decide to keep a Dog on the menu, our team can also give you ideas on how to make enhancements to increase the profitability and popularity of the item.
- Do get staff and customer feedback on the menu item to find out why it doesn't sell well.



Pricing Strategies... When every penny counts

• We recommend that your menu items should end in nines. By moving from fives to nines, a restaurant that sells 2,800 items per week will add \$5,824 in revenue each year with no added expense.

• Rounding Strategy

• Price all menu items under five dollars in the following increments (\$.29, \$.59, \$.79, \$.99)

• Price all menu items over five dollars in the following increments (\$.49, \$.99)

• Incremental increases move the item to the next highest price, ie., \$8.49 to \$8.99. Psychologically, the customer is less likely to notice the increased price.

• Evaluate your prices on similar items with comparable restaurants in your area.

Subjective Influences

- Perceived Value
 - Ask your employees and customers “What would you pay for this item?”
- Plate Presentation
 - Creative and unique product presentation is important in forming the value perception of an item. ie. items with height, garnishes, sauces, etc.

- Menu Description
 - Use descriptive adjectives to explain menu items. ie. pan seared, fire grilled, hand-selected old-fashioned, made from scratch, exceptional, tenderness, homemade, hickory smoked, sautéed, unique flavor, natural, simmered to perfection, served piping hot, slow-cooked, fork tender, loaded with . . . , bountiful, delicate, fresh & crunchy, robust, tangy, garden-fresh, loaded with flavor etc.
 - Avoid saying Deep-Fat Fried descriptive adjectives.

- Restaurant Location
 - Downtown areas and tourist driven markets typically bear higher prices.
- Atmosphere and Environment
 - From the moment a guest walks through your door, the atmosphere and staff professionalism will set the stage for their expectation of price.

Money Makers

Add Ons

- Offer toppings and add ons to current menu items for an additional price.
 - *Salads- grilled chicken, blackened shrimp, etc.*
 - *Steaks- sauteed mushrooms, crumbled bleú cheese, crab meat, etc.*
 - *Burgers/Chicken- fried onions, bacon, etc.*

Signature Dishes

- What menu selections do you offer that are unique, different or special to your operation?
 - Signature Dishes alleviate price comparison and allow for higher profit margins.

Quick Tips and Tricks

Your menu is your number one marketing tool. It is the one printed piece that everyone in your establishment is certain to read.

• **Leader Dots & Right Justifying** – When menu descriptions are on the left side of a menu and there are dots leading out to the prices lined up down the right side of a menu, this is right justifying. Right justification allows your customers to focus on the price of each menu item instead of reading the description and appreciating what goes into the dish. Remove the leader dots and tuck the price behind the description.

• **End Prices in 9’s** – Most consumers don’t recognize a price difference between \$7.95 and \$7.99, so take the extra four cents to your bottom line by ending all of your prices in 9’s.

• **Dessert Menu** – Take desserts off your full menu to add more white space and direct the customer to more profitable menu selections. Create a separate dessert menu with tantalizing pictures and mouth-watering descriptions or better yet, utilize a dessert tray.

• **Separate Wine & Drink Menu** – Take your wines and drinks off of your menu and create a separate menu with signature drinks and fun cocktails. Include colorful pictures and descriptions that no one can refuse.

Subs	
Cheese Steak (Chopped sirloin steak and provolone cheese).....	\$ 8.95
Chicken Cheese Steak (Chopped chicken breast and provolone cheese).....	\$ 8.95
Italian Cheese Steak	
(Chopped sirloin steak, grilled peppers, onions, homemade marinara sauce and provolone cheese).....	\$ 8.95
Italian Chicken Cheese Steak	
(Chopped chicken breast, grilled peppers, onions, homemade marinara sauce and provolone cheese).....	\$ 8.95
Italian Meatball (Homemade Marinara sauce and provolone cheese).....	\$ 8.95
*All Subs served on fresh sub roll with chips	
Wraps	
Buffalo Wrap.....	\$ 8.95
Chicken Caesar Wrap.....	\$ 8.95
Cheese Steak Wrap.....	\$ 8.95
Chicken Cheese Steak Wrap.....	\$ 8.95
Crab Cake Wrap.....	\$13.95
• All Wraps served with chips	
Platters	
Hot Roast Beef (Served open faced with mashed potatoes or fries with gravy).....	\$ 9.95
Hot Turkey (Served open faced with mashed potatoes or fries with gravy).....	\$ 9.95
Hot Hamburger Platter (Served open faced with mashed potatoes or fries with gravy).....	\$ 9.95
Pasta	
Spaghetti (With homemade meat sauce).....	\$ 9.95
Spaghetti (With homemade meat balls).....	\$11.95
Chicken Parmesan (Served with side spaghetti).....	\$14.95
Stuffed Shells (Topped with melted cheese).....	\$10.95
Chicken & Broccoli Alfredo	\$15.95
Seafood Alfredo (Served with lump crab meat and shrimp).....	\$18.95
Shrimp Scampi (Served over spaghetti in a garlic lemon butter sauce).....	\$18.95
All Pastas served with side salad and fresh dinner rolls	

How to hide the pricing

Entrées....	
All Entrées served with your choice of 2 sides and fresh dinner rolls.	
Homemade Meatloaf Your choice of Creole sauce or brown gravy. \$10.95	Fried Shrimp Six jumbo breaded and golden fried shrimp, served with cocktail sauce. \$15.95
Single Crab Cake- All Fresh Crab Meat 7oz Homemade jumbo lump crab cake Broiled or Fried. \$15.95	Chicken Long Beach Grilled chicken breast topped with crab imperial sauce. \$19.95
Double Crab Cake "Best in Town" Two- 7oz Homemade jump lump crab cakes. Broiled or Fried. \$24.95	Chicken Coron Blue Grilled chicken breast topped with Swiss cheese and a light cream sauce. \$15.95
12oz Rib Eye Steak* 12oz Angus rib eye grilled to your liking. \$16.95	Shrimp & Steak* 4 Fried shrimp and our 12oz grilled Angus rib eye steak. \$19.95
Rack of Ribs ½ Rack \$10.95 Full Rack \$17.95	Tuna Steak 6oz Tuna filet grilled or blackened with a light lemon dill sauce. \$18.95
Steak & Cake* Our 12oz grilled Angus rib eye and one crab cake. \$23.99	Fresh Tilapia 8oz tilapia filet seasoned to perfection then broiled or fried. \$13.95
Pasta....	
All pastas served with side salad and fresh dinner rolls.	
Spaghetti with homemade meat sauce. \$9.95	Platters....
Spaghetti & Meatballs with spaghetti sauce and homemade meatballs. \$11.95	
Chicken Parmesan Breaded chicken covered with cheese and tomato sauce served with side of spaghetti. \$14.95	Hot Roast Beef Top round thinly sliced and topped with brown gravy. \$9.95
Stuffed Shells Topped with melted cheese. \$10.95	Hot Turkey Right off the breast, fresh roasted and sliced turkey topped with turkey gravy. \$9.95
Chicken & Broccoli Alfredo Grilled chicken with broccoli atop fettuccine with creamy alfredo sauce. \$15.95	Hot Hamburger Platter 8oz of grilled and juicy beef topped with brown gravy. \$9.95
Seafood Alfredo Lump crab meat and jumbo shrimp atop fettuccine with creamy alfredo sauce. \$18.95	Sides....
Shrimp Scampi Served over spaghetti in a garlic lemon butter sauce. \$18.95	
Mashed Potatoes	Cole Slaw
French Fries	Vegetable du jour
Onion Rings	Baked Potato
Side Salad	Sweet Potato Fries
*Consuming raw or under cooked foods can increase your risk of food borne illness.	

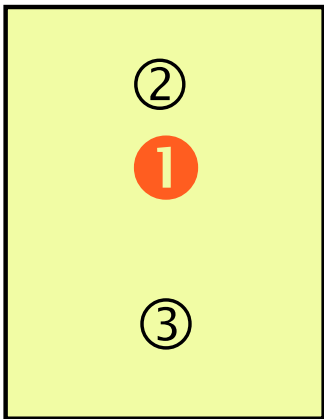


Menu Gaze Pattern

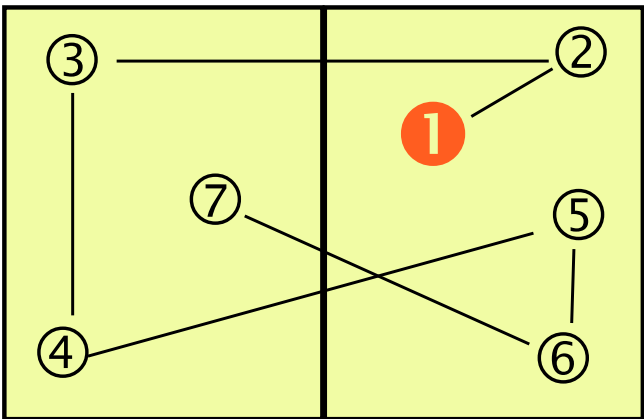
- Studies have shown that the eye follows a certain critical path in the brief time that a guest holds the menu. In order to maximize profit potential, the position and placement of your most profitable items in eye-catching spots increases the likelihood of them being ordered. For a two-page menu fold-out, the eye would first fall on the top of the second page and then to the top of the first page as seen in the example to the right.
- Since most customers order sequentially appetizers, salads or soups first, then entrees it makes sense to place the items in a traditional sequence. Items with higher profit margins (usually entrees) belong at the top of the second page, in the visual “sweet spot”.
- Using the same theory, your less profitable categories can be “hidden” by placing them on the bottom of the second page or even on the back of the menu.

The average guest only spends **109 seconds** reading the menu.

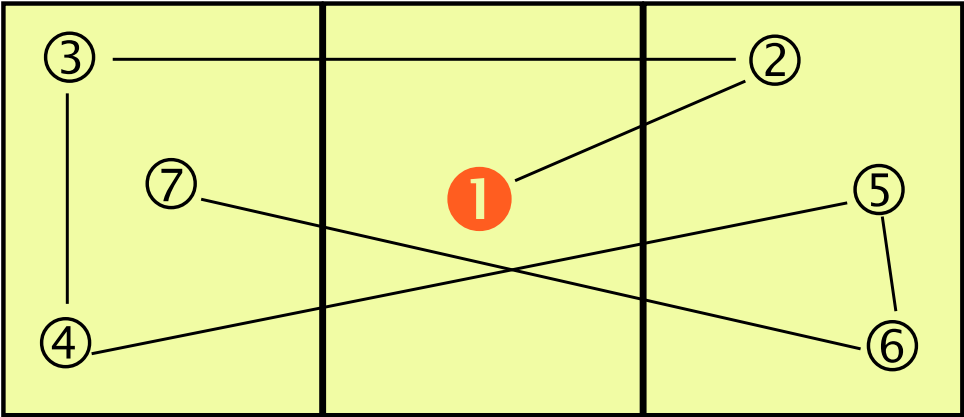
1 Pane View



2 Pane View



3 Pane View



Menu Real Estate.

Look at your menu as a prime piece of real estate. Why you might ask? It’s simple, staging your most profitable items like you stage a house to sell. In each category use a pop box to maximize your highest gross profit items that are easy for your kitchen to produce and it will with the menu items with low gross profits you want to hide the items that aren’t so flattering in the middle of the category so buyers won’t see them as easy.

How to list your items on the menu.

Within each category your menu items should be list with your first 2 and last one as the most profitable in the entire category. And the least profitable items in the middle of the menu. People remember the first and last thing they see or hear and through a lot of research the same theory applies to the menu item placement.

Other ways to Enhance the items you want to sell are:

Pop Box

These are your Star items based on the Star Chart as your highest gross profit items

Icons

These are your House Specialty or Signature Items, but don’t necessarily mean highly profitable

