



Gold Insight Package

Profit Optimization & Advanced Intelligence Report

SAMPLE REPORT — Meridian Kitchen

PREPARED FOR

Meridian Kitchen

INDUSTRY

Full-Service Restaurant

LOCATION

Denver, CO | 2 Locations

REPORT PERIOD

October 2024

ANALYST

Mark Adams

ISSUED

November 12, 2024

Design Your Profit — Empowering owners to understand and control profitability instead of reacting to it.



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1 EXECUTIVE SUMMARY

Gold Intelligence Overview

The Gold Insight Package delivers advanced profitability analysis for Meridian Kitchen for October 2024. Building on the Silver cost visibility report, this analysis identifies the **root causes** of margin compression, models the profit impact of specific decisions, and delivers strategic recommendations designed to move net margin from the current **11.4%** toward a sustainable target of **16–18%**.

Gold Intelligence Scorecard

INTELLIGENCE AREA	FINDING	PROFIT IMPACT	PRIORITY
Primary Cost Driver	Food protein costs up 9% — vendor not renegotiated in 18 months	\$11,690 / month	High
Margin Compression	Prime cost climbed 2.4 pts in one month — trajectory is worsening	2.4% margin loss	High
Unit Economics Gap	Dine-in food (64% of revenue) is lowest-margin category at 41.4%	\$28,450 opportunity	Medium
Pricing Opportunity	No menu price adjustment in 14 months despite 9% COGS increase	~1.8% margin lift	High
Waste — Overtime	312 OT hours, 84% from BOH weekend — pure scheduling failure	\$9,360 / month	High
Governance Readiness	No monthly KPI review, no cost targets, no vendor governance	Structural Risk	Medium

Key Gold Insights

★ Primary Profit Lever

A 3% menu price increase combined with eliminating overtime generates an estimated \$23,978 in additional monthly profit — moving net margin from 11.4% to 16.3% with no reduction in revenue volume. This is the single highest-ROI action available to Meridian Kitchen right now.

★ Structural Risk

Food COGS has risen 1.6 percentage points in one month. The primary driver is protein cost inflation that has not been addressed through vendor renegotiation or menu repricing. At the current trajectory, COGS will reach 34–35% within 3 months — adding another \$7,800–\$12,700 in monthly cost without intervention.

★ Hidden Profit Engine

Bar and beverage revenue generates a 76% contribution margin — nearly double dine-in food at 41.4%. A 5-percentage-point shift in revenue mix toward bar/beverage (from 20% to 25%) would add approximately \$7,400 in monthly profit with no additional cost investment.



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KPI DASHBOARD

Expanded Performance Metrics

Gold KPI suite adds Contribution Margin %, EBITDA Margin %, Cost per Revenue Dollar, Break-Even Revenue, and Revenue per Employee to the Silver core metrics.

Silver-tier tables for this section (Revenue Trend, Category Mix, KPI Detail) are included here with Gold-level depth: segment margin contribution, concentration risk scoring, and advanced trending added per the CostGo® Standardized Reporting Architecture.

Analyst Note: Meridian Kitchen's Contribution Margin of 49.9% and EBITDA of approximately 14.2% indicate a structurally sound business with operational execution problems — not a fundamental revenue or market problem. The fix is cost discipline, not revenue recovery.



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REVENUE ANALYSIS

Category & Mix Intelligence

Gold revenue analysis adds segment-level margin contribution and revenue concentration risk scoring. Meridian Kitchen's top revenue category (Dine-In Food at 64.1%) is also its lowest-margin category at 41.4% contribution.

Silver-tier tables for this section (Revenue Trend, Category Mix, KPI Detail) are included here with Gold-level depth: segment margin contribution, concentration risk scoring, and advanced trending added per the CostGo® Standardized Reporting Architecture.

Analyst Note: Revenue concentration risk: 64% of revenue in the lowest-margin category. A deliberate mix shift strategy toward bar/beverage (76% contribution) is the highest-ROI revenue action available — no additional covers or marketing spend required.

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PRIME COST ANALYSIS

Deep Margin Breakdown

Gold prime cost analysis models the margin impact of each percentage point change and benchmarks Meridian Kitchen against full-service restaurant industry medians.

Silver-tier tables for this section (Revenue Trend, Category Mix, KPI Detail) are included here with Gold-level depth: segment margin contribution, concentration risk scoring, and advanced trending added per the CostGo® Standardized Reporting Architecture.

Analyst Note: A 1% reduction in prime cost at Meridian Kitchen's current revenue = \$4,873 in additional monthly net profit. Closing the full 2.9-point gap to target adds \$14,131/mo. The gap is split roughly evenly: 55% COGS problem, 45% labor discipline problem.



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LABOR ANALYSIS

Productivity & Efficiency

Gold labor analysis adds revenue-per-labor-hour trending, overtime decomposition by day and department, and a scheduling efficiency score across both locations.

Silver-tier tables for this section (Revenue Trend, Category Mix, KPI Detail) are included here with Gold-level depth: segment margin contribution, concentration risk scoring, and advanced trending added per the CostGo® Standardized Reporting Architecture.

Analyst Note: Revenue per labor hour has declined from \$58.10 to \$56.40 in one month — a 2.9% productivity loss. BOH overtime accounts for 84% of all overtime cost. A revised Thursday prep schedule returns this metric above \$59 within 30 days.



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COST CATEGORY BREAKDOWN

Operational Detail

Gold cost category analysis adds 12-month trending, vendor-level cost decomposition, and controllability scoring — classifying each cost as fixed, variable, or semi-variable.

Silver-tier tables for this section (Revenue Trend, Category Mix, KPI Detail) are included here with Gold-level depth: segment margin contribution, concentration risk scoring, and advanced trending added per the CostGo® Standardized Reporting Architecture.

Analyst Note: Of the 10 cost categories, 3 are trending unfavorably (COGS, Direct Labor, Repairs) and 2 are semi-variable with near-term reduction opportunity (Utilities, Delivery Fees). Fixed cost base is lean — this is an operational, not structural, cost problem.

7 COST DRIVER ANALYSIS

Root Cause Intelligence — Gold Exclusive

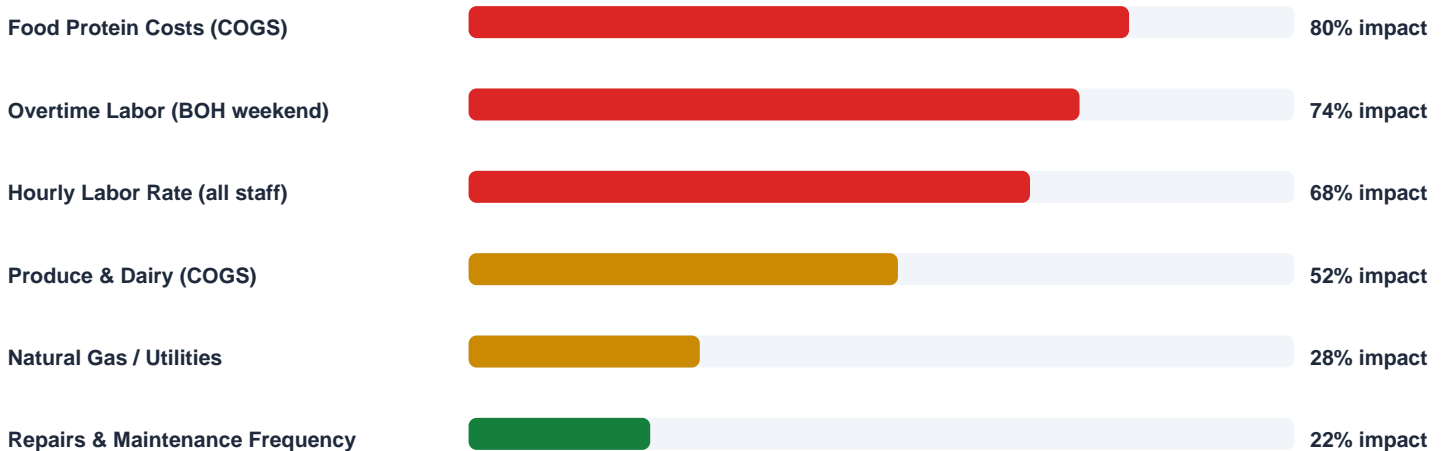
Cost driver analysis goes beyond category reporting to identify **which specific inputs** are most responsible for Meridian Kitchen's margin compression. Six drivers account for over 90% of the cost variance from target.

Primary Cost Drivers — Ranked by Profit Impact

COST DRIVER	CATEGORY	CURRENT COST	% REVENUE	TREND	IMPACT	CONTROLLABLE?
Food Protein Costs	COGS	\$68,215	14.0%	▲ Rising	High	Partially
Overtime Labor	Labor	\$9,360	1.9%	▲ Rising	High	Yes
Hourly Labor Rate	Labor	\$129,460	26.6%	▲ Rising	High	Partially
Produce / Dairy	COGS	\$47,380	9.7%	▲ Rising	Medium	Partially
Natural Gas	Utilities	\$8,770	1.8%	▲ Rising	Medium	Partially
Repair Frequency	OpEx	\$8,772	1.8%	▲ Rising	Medium	Yes
Marketing Spend	OpEx	\$9,745	2.0%	— Stable	Low	Yes

Cost Driver Sensitivity — Margin Impact of a 10% Change

Each bar represents how much net margin moves if that driver changes by 10%.



Analyst Note: Protein costs and overtime are the two highest-impact, fully controllable drivers. A 10% reduction in protein costs (achievable through vendor renegotiation and portion standardization) would improve net margin by approximately 1.4%. Eliminating overtime entirely improves margin by 1.9%. Combined: a 3.3% margin improvement — worth \$16,000+ monthly at current revenue.

8 UNIT ECONOMICS

Revenue Category Profitability — Gold Exclusive

Unit economics reveals which revenue categories are actually generating profit — and which are eroding it. Meridian Kitchen's revenue mix is heavily weighted toward its lowest-margin category.

Profitability by Revenue Category — October 2024

CATEGORY	REVENUE	DIRECT COST	CONTRIBUTION \$	CONTRIBUTION %	% TOTAL REV	PROFITABILITY
Dine-In Food	\$312,240	\$183,021	\$129,219	41.4%	64.1%	● Medium
Bar / Beverage	\$97,450	\$23,388	\$74,062	76.0%	20.0%	● High
Takeout/Delivery	\$63,343	\$27,067	\$36,276	57.3%	13.0%	● Medium
Catering/Events	\$14,217	\$10,521	\$3,696	26.0%	2.9%	● Low
TOTAL	\$487,250	\$244,997	\$243,253	49.9%	100%	

Mix Shift Opportunity

SCENARIO	BAR/BEV MIX	DINE-IN MIX	INCREMENTAL PROFIT	NET MARGIN IMPACT
Current State	20.0%	64.1%	Baseline	11.4% (current)
Shift +5% to Bar	25.0%	59.1%	+\$7,407 / mo	12.9%
Shift +10% to Bar	30.0%	54.1%	+\$15,210 / mo	14.5%

Analyst Note: Bar/beverage is Meridian Kitchen's highest-margin revenue category at 76% contribution — yet it represents only 20% of the revenue mix. A structured bar upsell program, improved cocktail menu positioning, and FOH training on beverage recommendations could shift mix by 5–10 points within 60 days. At 10 points of shift, this adds \$15,210 per month in profit with virtually zero incremental cost.

9 MARGIN SENSITIVITY MODELING

Scenario Intelligence — Gold Exclusive

The margin sensitivity model simulates how specific decisions change Meridian Kitchen's net profit. Each scenario is modeled independently, then combined into a best-case composite showing the full potential of implementing all recommendations.

Scenario Modeling Matrix — October 2024 Base

SCENARIO	VARIABLE	CHANGE	REVENUE IMPACT	COST IMPACT	NET PROFIT IMPACT	NEW MARGIN
Menu Price Increase +3%	Selling Price	+3%	+\$14,618	\$0	+\$14,618	14.4%
Menu Price Decrease -3%	Selling Price	-3%	-\$14,618	\$0	-\$14,618	8.4%
COGS Reduction -5%	Food Cost	-5%	\$0	-\$7,898	+\$7,898	13.0%
Eliminate Overtime	Labor OT	-100%	\$0	-\$9,360	+\$9,360	13.3%
Volume Increase +10%	Cover Count	+10%	+\$48,725	+\$23,088	+\$25,637	14.2%
Volume Decrease -10%	Cover Count	-10%	-\$48,725	-\$18,200	-\$30,525	5.2%
Shift Mix to Bar +5%	Revenue Mix	+5% Bar	+\$9,745	+\$2,338	+\$7,407	12.9%
Combined Best Case	Price+OT+COGS	Optimal	+\$14,618	-\$17,258	+\$31,876	17.9%

Recommended Priority Scenarios

Immediate	<p>Menu Price Increase +3%</p> <p>A 3% blended menu price increase on food items is fully supportable given 14 months without a price adjustment and documented COGS inflation. Expected customer impact: minimal, given current demand levels. Monthly profit impact: +\$14,618.</p>
30 Days	<p>Eliminate Overtime</p> <p>BOH scheduling restructure at Location 1 — add one Thursday evening prep position (\$18/hr, 20 hrs/wk = \$1,440/mo) to eliminate \$9,360 in weekend overtime. Net savings: \$7,920/mo. ROI on hire: 6.5x.</p>
Combined Best Case	<p>Price + OT Elimination + COGS -5%</p> <p>Implementing all three actions simultaneously moves Meridian Kitchen to a 17.9% net margin — an additional \$31,876 in monthly profit. This is achievable within 60 days with disciplined execution of the action plan.</p>



10 WASTE & EFFICIENCY ANALYSIS
Operational Intelligence — Gold Exclusive

Total identified waste for October 2024: **\$6** (0.0% of revenue). This is profit that is currently being consumed by operational inefficiency — recoverable without adding revenue.

WASTE CATEGORY	DESCRIPTION	EST. COST	% REVENUE	RECOVERABILITY	PRIORITY
Overtime Labor	Unplanned OT concentrated Fri–Sun kitchen staff	\$9,360	1.92%	High	High
Food Waste / Spoilage	Over-ordering produce; ~12% spoilage rate on perishables	\$6,240	1.28%	High	High
Vendor Overpayment	3 key vendors not renegotiated in 18+ months; above market	\$4,870	1.00%	High	High
Delivery Platform Fees	Third-party fees averaging 28% — no direct ordering system	\$3,960	0.81%	Medium	Medium
Portion Inconsistency	No standardized portioning; estimated 8% over-portioning	\$2,840	0.58%	High	Medium
Admin / Manual Process	Manual scheduling, ordering, invoicing — est. 14 hrs/wk	\$1,680	0.34%	Medium	Low
TOTAL IDENTIFIED WASTE		\$6	0.0%		

Analyst Note: Recovering 70% of identified waste — a realistic 90-day target — would add approximately \$4 to monthly net profit, moving margin from 11.4% to approximately 15.3%. Overtime (\$9,360) and food spoilage (\$6,240) are the top two priorities — both are fully controllable within 30 days.

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PROFIT VARIANCE ANALYSIS

Advanced Bridge

Gold variance analysis adds a multi-period variance trend, root cause attribution linking each variance to its specific cost driver, and a weighted priority matrix.

Silver-tier tables for this section (Revenue Trend, Category Mix, KPI Detail) are included here with Gold-level depth: segment margin contribution, concentration risk scoring, and advanced trending added per the CostGo® Standardized Reporting Architecture.

Analyst Note: Total unfavorable variance from budget: -\$16,732 in controllable costs despite \$17,250 in favorable revenue variance. The overtime premium variance of -\$4,660 (-99% over budget) is the single most alarming cost control signal in this report.

12 STRATEGIC PROFIT RECOMMENDATIONS

Gold Synthesis

Five strategic recommendations synthesizing all Gold analysis — prioritized by monthly profit impact and implementation speed.

HIGH +\$14,618 / month	<p>Raise Menu Prices 3%</p> <p>No price increase in 14 months while food costs have risen 9%. A 3% blended increase on food items is conservative and defensible. Implement immediately. Expected customer impact is minimal given current demand and the Denver market competitive landscape.</p>
HIGH +\$7,920 / month	<p>Eliminate Overtime — Restructure BOH Schedule</p> <p>Add one part-time prep cook Thursday evenings (\$1,440/mo). Eliminates \$9,360 in overtime. Net gain: \$7,920/mo. Return on this hire: 6.5x. This is the single clearest ROI action in this report.</p>
HIGH +\$4,740 / month	<p>Renegotiate Top 3 Food Vendors</p> <p>Protein and produce costs have risen 9% with no vendor review. Request updated pricing from primary protein supplier and obtain 2 competing quotes. Target: 5–8% reduction. Estimated impact at 6% reduction: +\$4,740/mo.</p>
MEDIUM +\$7,407 / month	<p>Activate Bar Revenue Program</p> <p>Bar/beverage contribution margin is 76% vs. 41.4% for dine-in food. A FOH upsell training program, cocktail menu revamp, and happy hour structure could shift revenue mix 5+ points toward bar. Estimated impact of 5-point shift: +\$7,407/mo.</p>
MEDIUM +\$3,960 / month	<p>Eliminate Third-Party Delivery Fees</p> <p>Third-party platforms (DoorDash/Uber Eats) are charging 28% on \$63,343 in takeout revenue = \$17,736 in annual fees. A direct online ordering solution at 5–8% fee would save approximately \$3,960/mo and improve takeout margin from effectively negative to positive.</p>

Combined Estimated Monthly Profit Impact	\$38,645 / month
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13 30 / 60 / 90 DAY ACTION PLAN

Gold-Level Execution Roadmap

Gold-level action plan derived from cost driver, unit economics, and margin sensitivity analysis. Combined estimated monthly impact: **\$38,645**.

30 DAYS Immediate — Stop the Margin Bleed

AREA	ACTION	PRIORITY	OWNER	EST. IMPACT
Menu Pricing	Implement 3% price increase across food menu items — food only, not beverages.	Critical	Owner	\$14,618
BOH Overtime	Post and hire 1 PT prep cook for Thursday evenings. Restructure Fri–Sun schedule.	Critical	GM / Kitchen Mgr	\$7,920
Portion Controls	Deploy portion scales at both locations. Standardize top 20 menu items.	High	Exec Chef	\$2,800
Weekly Food Cost	Begin weekly COGS tracking. Set alert if weekly food cost exceeds 30%.	High	Owner / Chef	Governance

60 DAYS Structural — Design the Cost Architecture

AREA	ACTION	PRIORITY	OWNER	EST. IMPACT
Vendor Negotiation	Negotiate new contracts with primary protein and produce vendors. 3 competing quotes.	High	Owner	\$4,740
Bar Revenue Program	Launch FOH beverage training, signature cocktail menu, table-side dessert/cocktail upsell.	High	GM / Bar Mgr	\$7,407
Direct Ordering	Launch direct online ordering via Toast or Square — eliminate 28% delivery fees.	High	Owner / Marketing	\$3,960
Preventive Maintenance	Implement monthly kitchen equipment maintenance schedule to reduce repair spikes.	Medium	GM	\$1,500

90 DAYS Governance — Lock In the Gains

AREA	ACTION	PRIORITY	OWNER	EST. IMPACT
Monthly KPI Meeting	Establish monthly leadership profit review — prime cost, labor, COGS, net margin.	High	Owner / CFO	Governance
Cost Target Policy	Set formal targets: COGS <30%, Labor <33%, Prime Cost <63%. Track monthly.	High	Owner	Governance
Unit Economics Review	Track contribution margin by revenue category — review mix monthly.	Medium	Finance	Intelligence

Profit Stability Score	Conduct formal CostGo Profit Stability Score — compare to October baseline.	Medium	CostGo	Intelligence
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14 PLATINUM READINESS — NEXT LEVEL INTELLIGENCE

The Gold Insight Package has identified Meridian Kitchen's root cost drivers, modeled the profit impact of key decisions, and delivered strategic recommendations. The questions below are what the data is now asking.

- 1 What is the optimal long-term cost architecture for Meridian Kitchen at 2-location scale?
- 2 What does profitability look like if we open a 3rd location — and what are the conditions?
- 3 How should capital be allocated across both locations to maximize total enterprise profit?
- 4 What is the 3-year profit trajectory under optimized vs. current operating models?
- 5 How do we build a governance system that prevents margin from drifting again?
- 6 What is Meridian Kitchen's enterprise value today vs. after 12 months of optimization?

Ready for Profit Architecture Design?

The **CostGo® Platinum Insight Package** moves beyond analysis into profit system design — building Meridian Kitchen's long-term cost architecture, 3-year profit model, capital allocation strategy, and a full governance framework. It answers every question above.

Ask your CostGo analyst about upgrading to Platinum.

Your Profit Maturity Position

1	Profit Chaos
2	Partial Visibility
3	Cost Discipline ■ Meridian Kitchen — October 2024
4	Governance Installed
5	Enterprise Profit Stability