



# Silver Insight Package

Cost Visibility & Profit Intelligence Report

## SAMPLE REPORT

### 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

This report provides Meridian Kitchen with a structured analysis of financial performance for October 2024. The restaurant generated **\$487,250 in revenue** — a strong top-line result — however profit margins are under significant pressure. Prime cost has climbed to **67.9%**, above the industry target of 65%, driven by rising food costs and uncontrolled overtime labor. Net profit margin of **11.4%** has declined from 13.7% in the prior period, representing a \$10,700 reduction in monthly profit despite higher revenue.

## Profit Stability Snapshot

METRIC	RESULT	BENCHMARK	STATUS
Total Revenue	\$487,250	Budget: \$470,000	● On Track
Gross Profit Margin	67.6%	Industry: >68%	● Caution
Prime Cost %	67.9%	Target: <65%	● At Risk
Net Profit Margin	11.4%	Prior Period: 13.7%	● At Risk
Operating Expense %	20.7%	Prior Period: 21.0%	● On Track

## Key Concerns Identified

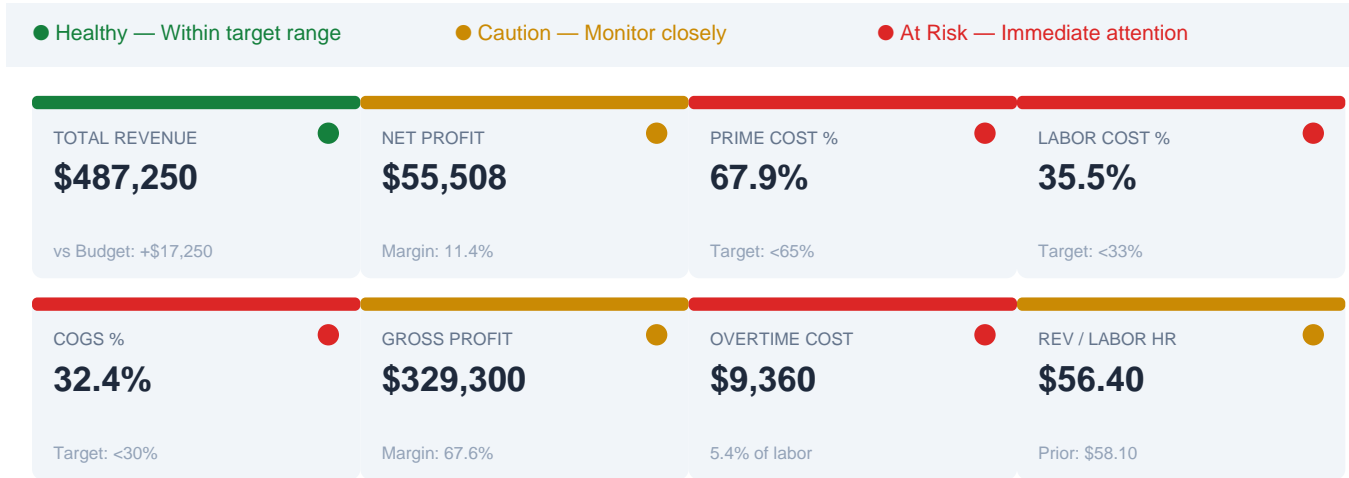
- Food & Beverage COGS:** Running at 32.4% — 2.4 points above the 30% target. Protein costs and vendor pricing are the primary drivers. This single issue is costing Meridian Kitchen approximately \$11,690 per month in excess cost.
- Overtime Labor:** 312 overtime hours in October at an estimated cost of \$9,360. Concentrated Friday–Sunday in the kitchen. No scheduling governance currently in place.
- Declining Net Margin:** Despite a \$25,450 revenue increase month-over-month, net profit increased by only \$588. Rising costs are consuming virtually all revenue growth.

## Analyst Commentary

*Meridian Kitchen is experiencing a textbook margin compression pattern: revenue is growing, but costs are growing faster. The restaurant has strong top-line momentum and a loyal customer base — the core business is healthy. The issue is operational discipline. Prime cost is running 2.9 points above target, and if left unaddressed, this trajectory will reduce net profit by an estimated \$56,000 annually. The 30/60/90 day action plan in this report identifies specific, actionable steps to reverse this trend within 90 days.*

## 2 KPI DASHBOARD

Primary operational metrics for October 2024. Color indicators reflect performance against target benchmarks.



### KPI Detail

KPI	CURRENT	PRIOR PERIOD	VARIANCE	BENCHMARK	STATUS
Total Revenue	\$487,250	\$461,800	+\$25,450 / +5.5%	Budget \$470K	● On Track
Gross Profit	\$329,300	\$316,552	+\$12,748 / +4.0%	Industry >68%	● Caution
Net Profit	\$55,508	\$63,267	-\$7,759 / -12.3%	Prior Period	● At Risk
Prime Cost %	67.9%	65.5%	+2.4 pts	Target <65%	● At Risk
Labor Cost %	35.5%	34.7%	+0.8 pts	Target <33%	● At Risk
COGS %	32.4%	30.8%	+1.6 pts	Target <30%	● At Risk
Profit Margin %	11.4%	13.7%	-2.3 pts	Prior Period	● At Risk
Op. Expense %	20.7%	21.0%	-0.3 pts	Prior Period	● On Track



## 3 REVENUE ANALYSIS

Meridian Kitchen generated **\$487,250** in October 2024 — a 5.5% increase over September. Revenue performance is strong. The concern is that margin is not keeping pace with revenue growth.

### Revenue Trend — May through October 2024

May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24
\$421,300	\$438,900	\$452,100	\$469,500	\$461,800	\$487,250

### Revenue Category Mix — October 2024

REVENUE CATEGORY	AMOUNT	% OF REVENUE	PRIOR PERIOD %	TREND
Dine-In Food Sales	\$312,240	64.1%	63.8%	▲ +0.3%
Bar / Beverage Sales	\$97,450	20.0%	19.5%	▲ +0.5%
Takeout / Delivery	\$63,343	13.0%	13.8%	▼ -0.8%
Catering / Events	\$14,217	2.9%	2.9%	— Flat
<b>TOTAL</b>	<b>\$487,250</b>	<b>100%</b>	<b>100%</b>	

**Analyst Note:** Bar/Beverage at 20% of revenue is a high-margin opportunity that is underutilized. Delivery/takeout at 13% carries a 28% platform fee burden, significantly eroding contribution on that channel. Dine-in remains the core profit driver.

## 4 PRIME COST ANALYSIS

Prime Cost (Labor + COGS) is the most critical profitability metric for restaurants. Meridian Kitchen's prime cost of **67.9%** is 2.9 points above the 65% industry target — costing an estimated **\$14,131 per month** in excess cost.

COMPONENT	AMOUNT	% OF REVENUE	TARGET %	VARIANCE	STATUS
Food & Bev COGS	\$157,950	32.4%	<30%	+2.4 pts	● At Risk
Total Labor Cost	\$172,930	35.5%	<33%	+2.5 pts	● At Risk
<b>PRIME COST TOTAL</b>	<b>\$330,880</b>	<b>67.9%</b>	<b>&lt;65%</b>	<b>+2.9 pts</b>	<b>● At Risk</b>

### Prime Cost % — 6-Period Trend

May '24	Jun '24	Jul '24	Aug '24	Sep '24	Oct '24
64.8%	65.1%	64.9%	65.7%	65.5%	67.9%

**Analyst Note:** Prime cost has been creeping upward for 3 consecutive months. The October spike of +2.4 points is not seasonal — it is driven by COGS inflation and overtime growth. A 2-point prime cost reduction at current revenue would add approximately \$9,745 to monthly net profit. This is the single highest-priority financial target for Meridian Kitchen.

## 5 LABOR ANALYSIS

Labor is Meridian Kitchen's largest cost at **\$172,930 (35.5%)** of revenue. The primary concern is overtime — 312 hours at \$9,360 in October, concentrated in kitchen staff on weekend service. This is a scheduling and governance problem, not a staffing shortage.

LABOR METRIC	CURRENT	PRIOR PERIOD	TARGET	STATUS
Total Labor Cost	\$172,930	\$160,195	—	● At Risk
Labor Cost %	35.5%	34.7%	<33%	● At Risk
Management Labor %	7.0%	7.1%	<8%	● On Track
Hourly / Direct Labor %	28.5%	27.2%	<25%	● At Risk
Overtime Hours	312 hrs	187 hrs	Minimize	● At Risk
Overtime Cost	\$9,360	\$5,611	<2% of labor	● At Risk
Revenue per Labor Hour	\$56.40	\$58.10	Maximize	● Caution
Labor Productivity Index	1.41x	1.49x	>1.5x	● Caution

### Department Labor Breakdown

DEPARTMENT	LABOR COST	% OF TOTAL	% OF REVENUE	NOTES
Kitchen / BOH	\$89,323	51.6%	18.3%	OT concentrated here — \$7,900 of \$9,360 total OT
Front of House	\$49,507	28.6%	10.2%	Within acceptable range
Management	\$34,110	19.7%	7.0%	On target
<b>TOTAL</b>	<b>\$172,930</b>	<b>100%</b>	<b>35.5%</b>	

**Analyst Note:** Kitchen overtime is the most controllable cost in this report. \$7,900 of the \$9,360 in overtime originated in BOH Friday–Sunday. A revised scheduling model — adding one part-time prep cook on Thursday evenings — would eliminate an estimated 60–70% of this overtime at a net savings of \$5,500–\$6,500 per month.

## 6 COST CATEGORY BREAKDOWN

Line-by-line examination of all operating cost categories for October 2024. Three categories are trending unfavorably: Food/Bev COGS, Direct Labor, and Repairs & Maintenance.

COST CATEGORY	AMOUNT	% OF REVENUE	PRIOR %	CHANGE	STATUS
Food / Beverage COGS	\$157,950	32.4%	30.8%	+1.6%	●
Direct Labor (Hourly)	\$138,820	28.5%	27.2%	+1.3%	●
Management Labor	\$34,110	7.0%	7.1%	-0.1%	●
Occupancy / Rent	\$48,725	10.0%	10.6%	-0.6%	●
Utilities	\$17,541	3.6%	3.1%	+0.5%	●
Marketing & Advertising	\$9,745	2.0%	2.2%	-0.2%	●
Technology / POS	\$4,385	0.9%	0.9%	0.0%	●
Insurance	\$6,334	1.3%	1.3%	0.0%	●
Repairs & Maintenance	\$8,772	1.8%	1.2%	+0.6%	●
Other Operating	\$5,360	1.1%	1.0%	+0.1%	●
<b>TOTAL OPERATING COSTS</b>	<b>\$431,742</b>	<b>88.6%</b>			

**Analyst Note:** Three categories are driving cost deterioration: (1) Food/Bev COGS is up 1.6 points — protein and produce pricing have increased and no vendor renegotiation has occurred in 18 months. (2) Direct labor is up 1.3 points, driven entirely by overtime. (3) Repairs & Maintenance jumped \$3,132 above prior period — a preventive maintenance program would reduce this volatility.

## 7 PROFIT VARIANCE ANALYSIS

October 2024 budget vs. actual analysis. Despite \$17,250 in revenue above budget, cost overruns consumed \$16,732 — leaving only \$588 in net profit improvement.

VARIANCE ITEM	BUDGET	ACTUAL	VARIANCE \$	VARIANCE %	CATEGORY
Revenue	\$470,000	\$487,250	<b>+\$17,250</b>	+3.7%	Revenue
Food / Bev COGS	\$141,000	\$157,950	<b>-\$16,950</b>	-12.0%	COGS
Direct Labor	\$128,700	\$138,820	<b>-\$10,120</b>	-7.9%	Labor
Overtime Premium	\$4,700	\$9,360	<b>-\$4,660</b>	-99.1%	Labor
Repairs & Maintenance	\$5,640	\$8,772	<b>-\$3,132</b>	-55.5%	OpEx
Utilities	\$15,040	\$17,541	<b>-\$2,501</b>	-16.6%	OpEx
<b>NET PROFIT</b>	<b>\$54,920</b>	<b>\$55,508</b>	<b>+\$588</b>	<b>+1.1%</b>	<b>TOTAL</b>

**Analyst Note:** The overtime premium variance of  $-\$4,660$  (-99.1% over budget) is the most alarming single line item. The restaurant budgeted \$4,700 in overtime and spent \$9,360 — nearly double. Combined with the COGS overrun of \$16,950, Meridian Kitchen is absorbing \$21,610 in excess monthly cost that is directly preventable with operational discipline.



## 8

**STRATEGIC OBSERVATIONS**

1

**Revenue Is Outpacing Governance**

Meridian Kitchen's top-line growth is a genuine strength — 6 consecutive months of revenue increases demonstrate strong market position and customer demand. However, the operational infrastructure has not kept pace. Cost discipline, scheduling governance, and vendor management have not scaled with the business.

2

**COGS Drift Is a Structural Problem**

Food cost has risen 1.6 percentage points in one month — from 30.8% to 32.4%. This is not seasonal variation. Protein costs from the primary supplier have increased approximately 9% in the last quarter, and portion controls are inconsistent across both locations. Without intervention, COGS will continue drifting toward 34–35%.

3

**Overtime Is a Scheduling Problem, Not a Staffing Problem**

312 overtime hours in October is not caused by insufficient staff — it is caused by insufficient scheduling structure. The BOH team at Location 1 is running overtime every weekend due to a Thursday prep gap. One part-time prep hire or schedule restructure resolves 70% of this cost.

4

**Bar Revenue Is an Underutilized Profit Engine**

Bar and beverage revenue generates a contribution margin of approximately 76% — the highest margin category in the business. It currently represents only 20% of revenue mix. A deliberate strategy to increase bar covers during peak dining hours represents a significant low-cost profit opportunity.

## 9 30 / 60 / 90 DAY ACTION PLAN

Prioritized actions based on profit impact and implementation speed. Combined estimated monthly impact: **\$28,000 – \$34,000.**

### 30 DAYS Stop Margin Erosion

AREA	ACTION	PRIORITY	OWNER	EST. IMPACT
<b>COGS / Protein</b>	Contact top 3 food vendors — request updated pricing, obtain 2 competing quotes on proteins and produce.	<b>Critical</b>	Owner / Chef	<b>\$5,000–\$8,000</b>
<b>Overtime</b>	Audit BOH scheduling at Location 1 for Fri–Sun. Add 1 PT prep cook Thursday evening.	<b>Critical</b>	GM / Kitchen Mgr	<b>\$5,500–\$6,500</b>
<b>Portion Control</b>	Implement portion scales and standardized recipe cards for top 10 menu items.	<b>High</b>	Executive Chef	<b>\$2,000–\$3,500</b>
<b>Financial Reviews</b>	Begin weekly food cost tracking. Confirm P&L; delivery within 10 days of month-end.	<b>High</b>	Owner / Accountant	<b>Governance</b>

### 60 DAYS Build Structural Controls

AREA	ACTION	PRIORITY	OWNER	EST. IMPACT
<b>Vendor Renegotiation</b>	Execute new pricing agreements with top 3 vendors. Target 5–8% reduction.	<b>High</b>	Owner	<b>\$3,000–\$5,000</b>
<b>Delivery Channel</b>	Evaluate direct online ordering to reduce 28% third-party platform fees by 50%.	<b>High</b>	Owner / Marketing	<b>\$1,500–\$2,000</b>
<b>Bar Revenue Program</b>	Launch structured bar upsell program — train FOH staff, create signature cocktail specials.	<b>Medium</b>	GM / Bar Manager	<b>\$2,000–\$4,000</b>
<b>Repair Program</b>	Implement monthly preventive maintenance schedule to reduce emergency repair costs.	<b>Medium</b>	GM	<b>\$1,500–\$2,500</b>

### 90 DAYS Install Governance

AREA	ACTION	PRIORITY	OWNER	EST. IMPACT
<b>Monthly KPI Review</b>	Establish monthly leadership KPI meeting — review prime cost, labor, COGS every month.	<b>High</b>	Owner / GM	<b>Governance</b>
<b>Cost Targets</b>	Set formal monthly cost targets: COGS <30%, Labor <33%, Prime Cost <63%.	<b>High</b>	Owner / CFO	<b>Governance</b>
<b>Profit Stability Score</b>	Conduct formal CostGo Profit Stability Score diagnostic — track score quarterly.	<b>Medium</b>	CostGo	<b>Intelligence</b>
<b>Gold Analysis Prep</b>	Compile unit economics by menu category for Gold-level analysis.	<b>Medium</b>	Owner / Chef	<b>Intelligence</b>



## 10 GOLD READINESS — NEXT LEVEL INTELLIGENCE

The Silver Insight Package has identified Meridian Kitchen's key cost and profit visibility gaps. The questions below are what the data is now asking — and what the **CostGo® Gold Package** is designed to answer.

- 1 Which menu items are actually profitable — and which are eroding overall margin?
- 2 What is the exact margin impact of a 3% menu price increase vs. a 5% COGS reduction?
- 3 What would a 5% shift in revenue mix from dine-in to bar/beverage do to net profit?
- 4 How much margin is being destroyed by the delivery platform fees, and what's the fix?
- 5 Which cost drivers are structural vs. controllable — and what's the ROI on fixing each?
- 6 What does the break-even look like at each location, and is Location 2 profitable?

### Ready for deeper intelligence?

The **CostGo® Gold Insight Package** delivers cost driver analysis by menu category, unit economics, margin sensitivity modeling, and strategic profit recommendations — giving Meridian Kitchen the answers to every question above and a clear path to 15%+ net margin.

Ask your CostGo analyst about upgrading to Gold.

### Your Profit Maturity Position

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