**Operational Restaurant Metrics**

These metrics measure the efficiency and effectiveness of an operation or process. They indicate the progress of the restaurant business’s goal.

**1. Cost of Goods Sold (CoGS)**

Cost of Goods Sold is the cost required to make each item on your restaurant’s menu. It also represents the total amount you need to spend on the inventory to acquire the raw material required for cooking over a period of time. It helps you determine if the menu items are priced correctly or if the food cost is high. This is one of the most important restaurant financial metrics a restaurant owner should keep a track of.  Calculating this metric helps you determine and compare the Cost of Goods Sold restaurant industry average

**How to calculate the Cost of Goods Sold**

This formula will help you calculate the Cost of Goods Sold –

***CoGS = (Beginning inventory of F&B) + (Purchases) – (Ending inventory)***

**2. Labor Cost Percentage**

The Labor Cost Percentage is the percentage of the revenue that pays for the restaurant labor. It is the second prime expense for a restaurant business after the food cost. In order to yield more profits, this [labor cost percentage should be low](https://www.posist.com/restaurant-times/editors-pick/7-lesser-known-ways-to-reduce-labour-costs-in-the-restaurant-business.html).

**How to calculate the Labor Cost Percentage**

Calculate the labor cost percentage of your restaurant using this formula –

***Labor Cost Percentage = Labor / sales***

**3. Prime Cost**

The Prime Cost is the total sum of your labor costs and the cost of goods sold(CoGS), including the food and liquor cost. It represents the restaurant’s largest expenses, it affects your entire operations including how you price the menu, create your budget and set the goals for your restaurant.

**How to calculate the Prime Cost**

Use this formula to calculate the Prime Cost of your restaurant –

***Prime Cost = CoGS + Total labor cost***

**4. Break-even Point**

The break-even point is one of the most essential restaurant metrics to calculate. It helps you determine how your sales should be performing to earn back what you have invested. You can use this number to forecast [how long will it take for you to earn back what you have invested](https://www.posist.com/restaurant-times/restro-gyaan/breakeven-manage-restaurant-finances.html) in your restaurant business. It is also a crucial number if you are looking for investors.

**How to calculate the Break-even Point**

***Break-even Point = Total fixed cost / [(Total Cost – Total Variable Cost) / Total Sales]***

**5. Food Cost Percentage**

[Food cost](https://www.posist.com/restaurant-times/restro-gyaan/yield-management.html) percentage is the difference between the cost of creating a specific item on the menu and the selling price of the food item. This restaurant metrics is important because you have to have an idea about how much you are selling a particular item for and if it is profitable for your restaurant business or not.

**How to calculate the Food Cost Percentage**

Here’s the formula to calculate your Food Cost Percentage –

***Food Cost Percentage = Item Cost / Selling Price***

**6. Gross Profit**

Gross Profit is the money your restaurant business makes after deducting the cost of the goods sold. It tells you how much money you are left with to pay for other expenses like rent, electricity, etc. after deducting the CoGS.

**How to calculate the Gross Profit**

Use this formula to calculate your restaurant’s Gross Profit –

***Gross Profit = Total Revenue – CoGS***

**7. Inventory Turnover Ratio**

The [Inventory](https://www.posist.com/features/restaurant-inventory-software/) turnover ratio is an important restaurant metric that refers to the number of times your restaurant has sold out its total inventory during a period of time. This number prevents you from overstocking or understocking your inventory and also keeps a tab on how often you use your entire inventory.

**How to calculate the Inventory Turnover Ratio**

This is how you can calculate your restaurant’s inventory turnover ratio –

***Inventory Turnover Ratio = [CoGS / (Beginning inventory + Ending inventory) / 2]***

**8. Net Profit Margin**

 The Net Profit Margin of your restaurant is the money your business makes after accounting for all the expenses like CoGS, rent, electricity, etc. This is your profit margin and an essential restaurant metric to calculate since any profit made is a cause to celebrate.

**How to calculate the Net Profit Margin**

Calculate your restaurant’s Net Profit Margin using this formula –

***Net Profit Margin = (Gross Sales – Operating Expenses) / Gross Sales***

**Performance Restaurant Metrics**

Performance restaurant metrics are the metrics that help you determine the performance of your restaurant. It gives you hard data and yields result. Good performance metrics form the chances of better achieving the goals set for your restaurant business.

**9. Average Cover Or Restaurant Revenue Per Seat**

It is the amount a single customer spends at your restaurant. It tells you how efficient your restaurant staff is at maximizing sales. You can also use this metric to forecast sales.

**Calculating The Average Cover**

Calculate your restaurant’s Average Cover with this formula –

***Average Cover = Total Sales / Number of Covers***

**10. Table Turnover Rate**

It is the number of tables turned over during a period of time. A quick table turnover rate would mean more money in your pocket. It would help prepare your kitchen for the evening and would also equip you with more information for reservation.

How to calculate the Table Turnover Rate:

Calculate the Table Turnover Rate of your restaurant using this formula –

***Table Turnover Rate = Number of guests served during a time period / Number of seats***

**11. Employee Turnover Rate**

Your restaurant’s Employee Turnover Rate refers to the frequency at which the employees leave your restaurant over a period of time including resignations, dismissals or retirements. It does not include internal moves like promotions. It will help you [determine any underlying issue with the workplace](https://www.posist.com/restaurant-times/restro-gyaan/a-complete-guide-on-how-to-reduce-employee-turnover-rate-in-your-restaurant.html) if the turnover rate is high.

**Calculating Employee Turnover Rate**

You can calculate your restaurant’s Employee Turnover Rate with this formula –

***Employee Turnover Rate = (Employees Departed / Number of Employees) X 100***

**Customer Metrics**

Restaurant customer metrics help you measure customer satisfaction and it also summarizes the customer feedback results. Customer metrics represent the mental process of your customers and their opinions and attitude towards your restaurant.

**12. Customer Acquisition Cost**

 It is a marketing metric that shows how much it costs to get a new customer to your restaurant. It is helpful as it helps you determine if your marketing strategies are effective or not. By comparing different customer acquisition costs you can prioritize the marketing strategy that gives you the maximum return on investment. Therefore, calculating restaurant customer metrics is an essential task.

**Calculating Customer Acquisition Cost**

Here’s how you can calculate your Customer Acquisition Cost –

***Customer Acquisition Cost = Marketing Expenses / Total New Customers Acquired***

**13. Customer Retention Rate**

This metric tells you the number of customers your restaurant business retains. Acquiring more customers is more expensive than [retaining the old ones](https://www.posist.com/restaurant-times/restro-gyaan/restaurant-loyalty-program.html); therefore it is important to keep measuring this number from time to time and determining if you are doing something wrong.

**How to calculate the Customer Retention Rate**

Here’s how you can calculate the Customer Retention Rate of your restaurant –

***Customer Retention Rate = [ ( Total Customers – Total New Customers) / Total Customers] X 100***

Running a restaurant business is no child’s play, it requires you to deal with many numbers day in and day out. These list of metrics would help make the calculations easy for you and help you run your business better. In order to gain true insights into your restaurant’s performance, you have to get into the habit of calculating these metrics regularly.