

8

MEASURING IMPACT AND THE BOTTOM LINE

Evaluating the breakfast offering



'If we don't ask the right questions...'

'...we don't gather the information needed to inform menu changes and service improvements.'

Measuring staff performance and evaluating guest satisfaction are essential tasks for management. Breakfast is no exception.

Evaluating breakfast – the role of staff

Measuring staff performance against Standard Operational Procedures (SOPs) can ensure consistency in service levels and help deliver an efficient breakfast operation. Ways to do this include:

- a) Pre-Shift service briefings
- b) Service debriefs
- c) Weekly staff meetings
- d) During training

But that's only part of the equation...

There is a direct link between guest satisfaction ratings for breakfast and the kitchen team. How closely is that link understood in your hotel?

Is guest satisfaction with breakfast a key performance indicator (KPI) for your kitchen staff? Is your breakfast team held accountable for guest satisfaction?

Guest satisfaction is not just about service; we need to understand how guests feel about all aspects of the breakfast offering.

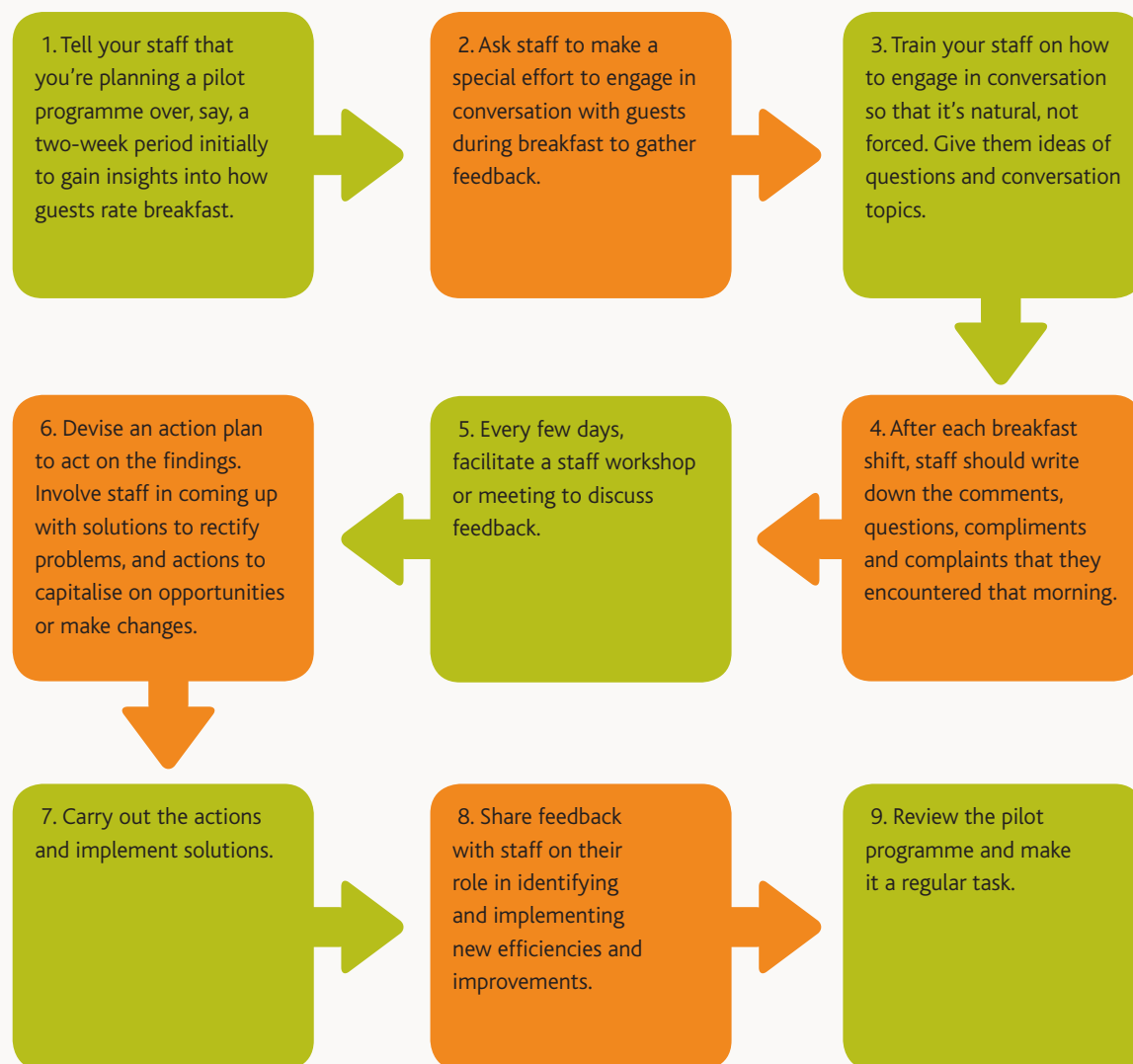
Do you gather specific guest feedback on breakfast? Do you get good quality insights from customers on menu choice, quality of food, quality of presentation as well as service?

Too often, customer feedback forms don't capture the right information.

If we don't ask the right questions, we don't gather the information needed to inform menu changes and service improvements.

8 simple steps to getting staff involved with guest feedback

Insights can be uncovered from every breakfast service. If gathering guest feedback is a weakness in your current breakfast operation, consider these simple steps:



As a manager, owner or chef, make time to ask and listen. Your front-line staff gather lots of feedback – often subconsciously – just by talking to guests during service.

Help staff understand the importance of sharing this information with you. What do guests often ask for that you don't have? What brings about the biggest smile? What is most likely to cause a sigh of disappointment?

'Moments of truth' give you and your team the opportunity to either delight or disappoint the guest.

Train staff to ask properly, to listen properly, to make a note of comments and to discuss same with management.



Gathering feedback from guests

Levels of repeat and referral business are key influencers on business success. Happy customers are repeat customers. Happy customers tell other customers.

Some hotels just have one or two questions about breakfast on their guest comment card or survey. Others don't gather specific feedback on breakfast at all.

What would happen if you specifically asked about breakfast quality and service in guest satisfaction surveys and factored the feedback into performance measures, would it change how breakfast is viewed within the hotel? Would breakfast get more of the attention that it deserves?

Guest feedback involves two stages:

1. **Making it easy for guests to give feedback.** See below for some tools for gathering feedback and see the Appendices for examples and templates.
2. **Analysing and using the findings.** Do a deep dive of results, not just a quick scan. While certain ratings/comments/suggestions might be expected, guest feedback will always contain useful new information, insights that you – as an owner, chef, manager or server – would not otherwise know about. You don't experience breakfast in the same way as your guest does, so gaining an understanding of their experience is invaluable.

Tools to gather feedback

Some guests are happy to give verbal feedback. But how good are we at asking and listening? A cursory, "Was everything ok?" usually results in a nondescript reply, wasting the opportunity to get useful feedback. Training staff to ask in a conversational and light manner will yield better results.

Other guests prefer not to give face-to-face feedback; instead, they are happy to use technology or give written feedback.



Guest feedback tools

- Questionnaires
- Follow up email with link to online survey
- Comment books
- Comment cards
- Mystery shopper
- Focus groups
- Online review sites such as Google Reviews and Tripadvisor
- Interactive feedback station located at dining room exit
- Observation: place an assessor in the dining room to discreetly observe customer behaviour.

In-house feedback tools

- Team self-assessment
- Group brainstorming sessions
- Group sessions to hear about customer comments and questions
- One-to-one staff meetings
- Service briefings and debriefings
- Staff training
- Observation: place an auditor/assessor in the dining room to observe staff performance (see the **Audit Checklists** in the supporting materials to this module.

3 top tips

1. Don't second-guess your guest! It's easy, consciously or subconsciously, to explain away why guests give certain ratings for breakfast. View guest feedback as a gift that can help improve your offering. The next great idea (big or small) could come from a customer telling you what they liked or what they'd change about breakfast in your hotel.
2. Undertake surveys, focus groups, comment cards or interviews regularly. Customers change, competitors change, motivations change, markets change. If your offering is always the same, it could be seen as dated.
3. Audit your breakfast service to assess staff performance against standards.

We can assume that we know what guests like or dislike and make decisions about breakfast menus, service and staffing based on what we think is important to them.

Or we can ask guests to tell us their likes and dislikes. Doing so helps remove uncertainty and leads to more informed decision making.



Action plan

1. Review your guest comment cards and surveys. Add specific questions about breakfast.
2. Assign responsibility to a team member to do a specific analysis of how guests rate your breakfast in their online reviews. Present the findings to the full breakfast team, including your kitchen team and your communications team (there may be interesting content for your social media channels).
3. Conduct some online research to review how breakfast is positioned and promoted in a selection of hotels that you admire and consider to be examples of good practice.



Measuring financial impact and efficiencies

Two important questions

Are you measuring the right things?

Do staff understand their role in measurement?

The impact of change

Although largely driven by changing consumer behaviour and COVID-19 regulations, the ultimate prize of breakfast innovation is an improved financial position and a better experience for guests.

So, the old adage – what gets measured gets managed – certainly applies.

We've already looked at measuring guest satisfaction (see *Evaluating the breakfast offering*) so let's now look at measuring the financial impact.

Remember, not all changes will have equal impact on your overall financial performance, but these are the three **financial Key Performance Indicators (KPIs) – Sales, Costs & Profit**.

Within each of these KPI areas, management should agree and establish the specifics that they want to track, then implement a system to record the relevant data on a daily basis, and finally, set up a process of analysing and reporting. This last step should include sharing information with kitchen and service teams – it's vital that everyone understands their role in measuring the impact.

Financial KPIs

1.
Sales

2.
Costs (food and labour)

3.
Profit margin

1. Sales

When deciding on the specific KPIs you will measure, consider the following:

Growing sales

- ▶ Target your existing customer base
- ▶ Reach new customer audiences (e.g. people in the new local community who are now working from home and whose work-style could possibly reflect a hybrid working model of home and office working, in the future)
- ▶ Increase repeat business through customer satisfaction and value for money (VFM) offers
- ▶ Introduce new products/offers to target new segments (e.g. Breakfast to Go)

Increasing average customer spend

- ▶ Re-engineer the breakfast menu to include premium options and dishes with a higher profit margin
- ▶ Train staff in how to upsell and influence customer selection towards daily specials or premium products with higher margins

**top
tip**

Now is the time to adopt a service-to-sales strategy that encourages and recognises staff for upselling results achieved per shift.

Review contribution pricing for Breakfast (based on actual cost of sale of guest consumption)

- ▶ Consider if you need to increase prices for breakfast allocation for those on a B&B rate. Good quality data will help ensure that you are taking account of the true cost of customer ordering/selection and consumption.



How to measure sales

Your Point of Sale system should be programmed to capture the following data on a daily basis, so that you can review and compare it against customer types/profiles.

Critical Breakfast Sales Metrics	Total breakfast sales in € 	Total breakfast covers as a percentage of total sleepers 	
Resident Breakfast Sales Mix	Percentage and number of table service breakfasts sold to residents 	Percentage and number of room service breakfasts sold to residents 	Percentage and number of breakfasts-to-go sold to residents 
Non Resident Breakfast Sales Mix	Total number of table service breakfasts sold to walk-ins or non-residents 	Total number of breakfasts-to-go sold to walk-ins or non-residents 	

Benefits of tracking and analysing data include identifying trends, better staff scheduling, reporting on performance improvements, painting a clear picture of customer profiles, understanding daily and seasonal differences in performance, and determining which aspects of your promotional efforts are most effective in growing revenue.

2. Costs

When tracking key cost areas to identify savings, consider the following:

Food costs



▶ Procurement:

purchase better value ingredients and purchase just in time to minimise money tied up in holding excess stock. Equally consider collaborating with others and set up joint purchasing agreements where feasible to access group purchasing discounts and benefits.

▶ Accurate food costing:

accurate recipes and costings will help ensure correct pricing.

▶ Portion control:

follow recipes and develop standardised recipe sheets and SOPs for preparation, garnishing and portion size to better manage and reduce plate waste.

Labour costs



▶ Staff rostering:

schedule staff according to demand on an hourly basis, using a table booking system to allow you to better forecast demand hour by hour

▶ Production:

increase efficiencies in food preparation and production; where possible, prepare food ingredients in bulk for upcoming service (e.g. *Creamed potato prepared for a dinner menu can work well to create potato farls with a local Artisan Pudding and Organic eggs the next morning for breakfast as part of your Breakfast Special dish*)

▶ Reduce over-production:

it's a waste of staff time if they're making something that you won't sell, not to mention the food waste costs. *Once a prepared item is depleted during service, consider offering a menu item alternative for the latter end of service. By tracking this, you will know if it happens regularly, then you know you need to revise your production levels.*

▶ Reduce under-production:

there's a cost in having to go over a job again and it also impacts sales by not having the product to sell. *Again, if staff teams are adequately skilled they can recommend an alternative if you run out of a dish, so long as it's not happening regularly, which suggests production volumes need to be revised.*



Average spend per customer

Point of Sale systems can also be configured to capture other valuable metrics that inform business decisions including:

- **Average spend per table service breakfast (resident)** – assuming not all residents are on a fixed breakfast allocation from a B&B rate
- **Average spend per table service breakfast (non-resident)** – assuming non-residents are offered an à la carte menu. [Total revenue for table service breakfast divided by number of units sold]
- **Average spend per room service breakfast**
- **Average spend per breakfast-to-go sales** – assuming breakfast-to-go options are priced individually

top tip

Average spend is a great metric when assessing the performance of your upselling programme.





Kitchen and service staff need to know not only the breakfast items with the highest price tag, but more importantly those that have the best profit margins. Your chef/kitchen team, who have re-engineered the breakfast menu and updated menu costings, should brief service teams on this regularly as menus change.

How to measure food cost as a percentage of sales

Individual breakfast dish costings have a big impact on profit margins, so it's important to understand them.

With full table service for breakfast, unlike a buffet, hotels can now measure the order value of individual customers based on their menu selections.

Costing each breakfast dish and keeping costs updated (as ingredient prices change, as you switch suppliers or as you swap to better value or premium ingredient items, etc.) requires discipline. But, doing so allows you determine if you are achieving your profit KPI targets on each breakfast dish.

Use our simple **Breakfast Costing Calculator** (Module 5) or our **Create your Own Food Costing Calculator** (Module 5) to see the implications of the dish cost, the food waste percentage and VAT implications on dish pricing.

Tracking and weighing the three types of food waste – 1) spoilage 2) over-production and 3) plate waste – is vital. While various artificial intelligence (AI) and online technologies can help, the basic practice of having three separate waste receptacles in the kitchen that are weighed after each shift to calculate cost, will identify any significant waste problems that need to be addressed.



The real cost of food waste: it directly impacts profit margins, it has a negative impact on your carbon footprint and it costs money to remove it, as it's usually calculated on weight.



The industry average acceptable rate of **food waste as a percentage of all food produced should be no more than 4%.**

Avoidable food waste in a kitchen can make up 66% of total kitchen waste.



A 2019 EPA published food waste study across the catering industry identified that the average cost for removal of food waste from hotels was €3.38 per kg, considerably higher than other non-food waste.

Did you know?

Food waste is also more detrimental to the environment and our carbon emissions, than most other hospitality industry waste, as the methane gases produced can take up to 10 times longer than other waste to neutralise in the atmosphere. See www.stopfoodwaste.ie for more information.

How to measure labour cost as a percentage of sales

For many hotels, pivoting from the self-service breakfast buffet to full table service has increased labour costs. While for others, it has placed additional demands on management teams to be heavily involved with breakfast operations.

On the flip side, reduced capacities in dining rooms due to social distancing, should, in theory, translate as less staffing requirements (based on an average of 60% capacity versus 100% pre-Covid-19 capacity and having space previously taken over by out of commission customer self-service buffet stations). For this theory to translate to reality, there may be a need to better promote in-room breakfast service and support growing customer preferences for in-room dining for safety reasons.

So how should this translate in terms of impact on labour costs per breakfast shift? We can only truly answer this if we are measuring staff costs per shift and scheduling staffing requirements to reflect projected sales per shift.

Our free to download **Labour Cost Calculator and guidance document**, within the supporting materials to module 5 of this toolkit, will give you an accurate picture of the costs of a single breakfast shift, when you factor in projected versus actual sales against service and kitchen staff rostered.



Does breakfast get the right allocation?

The idea that, within the revenue from a guest's stay, breakfast doesn't get a sufficiently high allocation towards breakfast costs is not uncommon. To address this, quality financial data and a clear picture of the cost of a guest's inclusive breakfast order are needed. This should be tracked over time to make a case for any change in F&B allocation to accurately reflect the profitability of breakfast.



With flexible part-time work becoming more common in staff contracts, you can **adopt greater flexibility in rostering**. Roster a core complement of staff – enough to cover the projected sleeper bookings for the week ahead and any non-resident breakfast bookings on file. Then review this for the day ahead and roster supplementary part time or casual staff as required. Rostering in this manner, i.e. directly aligning staff to sales demand, helps maintain lean staff schedules.



Once breakfast is operating as efficiently as possible in terms of staffing levels, **focus on growing customer sales** (i.e. more tables turned per shift per employee). In addition, work with staff on their upselling skills to increase average spend – something probably not focused on as much in the past when customers were on a B&B inclusive rate and most hotels operated a self-service breakfast buffet.



While staff are now familiar with the additional safety and sanitisation demands of full table service at breakfast, it's timely to update SOPs to ensure service approach and standards are consistent. Modules 5-6 of this toolkit have great tips to optimise service flow and staffing efficiencies.



Cost rosters on a shift-by-shift basis against sales projections and adjust for actual sales after each shift (see our simple Labour Cost Calculator in Module 5 Support materials). Reconcile results against forecasts to give you a more accurate picture of labour cost per shift for breakfast.

The impact of upselling on labour costs as a percentage of sales

Breakfast shift A

Total breakfast covers = 90 pax
Spend of €10 per cover on basis of breakfast allocation = €900
Labour cost before upselling = **€315** (35%)

Breakfast shift B

Total breakfast covers = 90 pax
Same labour cost as shift A: €315
Staff upselling delivers **additional €67.50 revenue** (i.e. €1.50 incremental spend from 50% of covers reflecting some premium coffee upsales @ €1.20 supplement and some breakfast specials @ €2 supplement).

The impact of the additional €67.50 revenue from upselling is to reduce labour cost from 35% to 32.5%.

Or another way of looking at it, it covers the cost of an extra staff member's breakfast shift!



A quick recap on costs and profit benchmarks

- **Profit** is what's left from sales after direct and indirect costs, as well as VAT, are deducted
- **Revenue** = sales (including VAT which then needs to be deducted)
- **Gross profit** = Sales less cost of sales (food + drink ingredient costs)
- **Net profit** (before tax) = Gross profit less non-food costs (labour+ Energy, waste water & other overheads)
- **Labour cost** typically should not run over 28-32% for breakfast (with some exceptions for Higher service rating properties)
- **Food Waste Cost %** should not exceed 4% of Sales
- Cost of Sales should be no more than 28-20% for a healthy Gross profit
- **Net profit** percentage should ideally be a healthy 10-12% of Nett Sales (i.e. Sales after VAT is deducted), (this can vary by type, scale and quality rating of property)

3. Profit

In many hotels, calculating profit on breakfast alone is often not a straightforward task as it tends to be combined with other F&B departments and is calculated by the hotel's accounts department at the end of a trading period (usually monthly).

Direct costs for breakfast will include variable costs (ingredients and labour) and semi-variable costs (light, heat, water and power).

But there are also **indirect costs**. These can be variable (like management, administration, marketing, web, telephone and IT) or fixed (such as insurance and rates). These costs, collectively referred to as overheads, tend to make up between 22-27% of a hotel's cost structure, depending on the nature of the operation, the location, the level of passing trade and, of course, the grade of the hotel.

Ensuring that **you reflect the deduction of VAT** on food and drink sales is also critical as it is payable monthly to Revenue and the VAT inclusive rate does not reflect the true sales figure.

Although the breakfast kitchen and service teams have direct responsibility to drive sales, influence average spend and control food costs, other indirect costs will usually be calculated and attributed by the accounts department in conjunction with the GM and financial controller.

Therefore, the importance of the breakfast team (service and kitchen) contributing to management account meetings at a departmental level cannot be overstated. This approach leads to better understanding of the contribution that breakfast makes to the overall profitability of the business.