

# The 3 Profit Control Zones

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## What Your Numbers Should Actually Look Like

### A Free Cheat Sheet for Full-Service Restaurant Owners

From McPherson Hospitality Consulting - [mcphersonhc.com](http://mcphersonhc.com)

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## Why Most Restaurants Stay Broke (Even When They're Busy)

You're doing solid revenue. The dining room is full. The reviews are good.

And yet - the bank account doesn't match the effort.

It's not a revenue problem. It's a **control problem**.

After 35+ years in hospitality - including losing my first restaurant and rebuilding a \$1.5M restaurant from 4% profit to 15% - I've found that every profit problem lives in one of three zones.

Here's how to check yours.

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## Zone 1 - COGS (Cost of Goods Sold)

Your food and beverage costs as a % of revenue.

| Status     | Your COGS %  |
|------------|--------------|
| ✓ Healthy  | 25% or below |
| ⚠ Watch it | 26–30%       |
| ✗ Leaking  | 31%+         |

### What drives COGS up:

- No recipe costing or portion control
- Over-ordering and waste
- Supplier pricing left unchecked
- Menu items priced by feel, not by math

**Quick check:** Pull your last 30-day P&L. Divide food + beverage cost by total revenue. What's your number?

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## Zone 2 - Labor

Total labor cost (including management, FOH, BOH, payroll taxes) as a % of revenue.

| Status     | Your Labor %        |
|------------|---------------------|
| ✓ Healthy  | <b>30% or below</b> |
| ⚠ Watch it | 31–35%              |
| ✗ Leaking  | 36%+                |

### What drives Labor up:

- Scheduling by habit, not by projected covers
- Overtime going unchecked week to week
- No accountability system for managers
- Being the hero - covering shifts yourself instead of building a team

**Quick check:** Add up all labor costs for the last 4 weeks. Divide by total revenue. What's your number?

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## Zone 3 - Everything Else (Overhead)

Rent, utilities, insurance, supplies, marketing, and all other operating costs as a % of revenue.

| Status     | Your Overhead %     |
|------------|---------------------|
| ✓ Healthy  | <b>20% or below</b> |
| ⚠ Watch it | 21–25%              |
| ✗ Leaking  | 26%+                |

### What drives Overhead up:

- Rent above 8–10% of revenue
- Subscription creep (services you forgot you're paying for)
- No monthly review of vendor contracts
- Reactive repairs instead of preventative maintenance

**Quick check:** Add every non-COGS, non-labor expense. Divide by total revenue. What's your number?

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## The Number That Actually Matters - Prime Cost

**Prime Cost = COGS + Labor**

This is the single most important number in your restaurant.

| Status            | Your Prime Cost %   |
|-------------------|---------------------|
| ✔ Healthy         | <b>55% or below</b> |
| ⚠ Tight           | 56–62%              |
| ✘ Break-even trap | 63%+                |

If your Prime Cost is above 55%, you are working for your restaurant. It is not working for you.

**The math:** At 55% Prime Cost and 20% Overhead, you keep **25% gross** - and after fixed costs, that's real profit. At 65% Prime Cost, there's nothing left to keep.

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## Your Self-Audit Scorecard

Run the numbers from your last full month's P&L and fill this in:

| Zone              | Your % | Target       | Status |
|-------------------|--------|--------------|--------|
| COGS              | ___%   | 25% or below |        |
| Labor             | ___%   | 30% or below |        |
| Prime Cost        | ___%   | 55% or below |        |
| Overhead          | ___%   | 20% or below |        |
| <b>Net Profit</b> | ___%   | <b>10%+</b>  |        |

**If your net profit is below 10%**, at least one zone is leaking. Usually two.

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## What Happens Next

This cheat sheet shows you *where* the leak is.

The free **Audit for Profit call** shows you *exactly how to fix it* - with your actual numbers, mapped into these three zones, with specific % targets for your restaurant at your current revenue.

It's 30 minutes. You send your P&L 48 hours before. I do the analysis. You leave with a clear picture and a starting point.

No pitch. No pressure. Just your numbers, and what they mean.

→ **Book your free Audit for Profit call: [mcphersonhc.com](http://mcphersonhc.com)**

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*McPherson Hospitality Consulting*

*Chris McPherson - Owner, Operator, Profit Coach*

[mcphersonhc.com](http://mcphersonhc.com) / [chris@mcphersonhc.com](mailto:chris@mcphersonhc.com)

*Working with full-service restaurant owners doing \$500K+ revenue who are done breaking even.*