Card 2: The formulas

The formulas the book runs by hand. Every one fits on an index card.

Formula	How it runs	Taught in
Prime cost	(Food cost + beverage cost + all labor, payroll taxes and benefits included) / net sales. Keep under 62%	Ch 6
Point value	1 point = 1% of period net sales. Times 13 for annual dollars	Ch 6
Weekly flash P&L	Sales, cost of goods from purchases, actual labor, then prime cost. About 20 minutes	Ch 6
Usage	Beginning inventory + purchases, minus ending inventory	Ch 7
True cost percent	Usage / that category's sales	Ch 7
Theoretical usage	The period's product mix priced at recipe spec	Ch 7
Variance gap	(Actual usage minus theoretical) / theoretical	Ch 7
Contribution margin	The share of each sales dollar left after variable costs	Ch 7
Break-even sales	Fixed costs / contribution margin	Ch 7
Runway	Working capital / period loss, in periods. Times 4 for weeks	Ch 3
Labor by daypart	Each daypart's actual hours at actual rates, payroll taxes and benefits included / that daypart's sales. 3 or 4 dayparts, about 20 minutes a week	Ch 14
Menu engineering	Popularity line = total units / item count. Margin line = total margin dollars / total units. Sort each item against both. Re-cost and re-sort quarterly, entrees against entrees; 1 workhorse price move per quarter, units watched for 4 weeks	Ch 14
Payback	Cost of the fix / savings per period, in periods	Ch 12
Turnover cost	Ads + your hiring hours + trainer drag + ramp, fully burdened, about $1,350 per hourly departure. Only the ads are cash	Ch 13