

# Double YOUR PROFITS

## Focus On Peak Selling Periods in Your Business

By Matt Rolfe



The 80/20 rule. We've all heard of it, and in our industry, it means that your operation will do 80 per cent of its sales in 20 per cent of your operating hours (maybe that's Friday nights between the hours of 7 pm and 10 pm).

Our team at Barmetrix operates in four countries and 98 per cent of the time, this rule holds true for our bar, restaurant and quick service clients. Based on the impact that these hours have on your business revenue and on your bottom line, I am shocked how little time the average operation spends focusing on maximizing these parts of the day. At Barmetrix we have worked with hundreds of businesses on their peak selling periods and our goal is always to increase peak period revenue by a minimum of 20 per cent. We have made this promise many times in the past as most operators don't feel that type of growth is possible. I can tell you the opportunity does exist, and this increase can dramatically change your bottom line.

### LET'S DO THE MATH!

**Profitability Breakdown** – The numbers below are round figure forecasts. Your volumes might be higher or lower but I encourage you to use this as an example, and do the math for your business!

- Sales Revenue During Peak Selling Periods - \$10,000
- Profitability on Initial \$10,000 @ 10% = \$1,000
- 20% Increase from Peak Trade Sales of \$10,000 = \$2,000
- Profit on that 20% Sales Increase @ 60% = \$1,200!

Based on the math outlined above, by making these changes specifically during peak trade periods, you can more than double your profitability! When you increase peak trade sales the only cost to the business is your food or beverage costs; for the sake of round figures let's make that 35 per cent. You might also see an increase in labour costs, hydro costs

and a few other minor discrepancies, so let's actually round up to a 40-per-cent cost on the increase in revenue. Your rent stays the same, the bulk of labour remains the same, as do your other core expenses.

### SHIFT YOUR FOCUS

So many operators in the industry are focused on growing business during the slow parts of the day. While I do feel this is important, it can also lead you down a very expensive road: investing money in areas that don't provide a large return. If we are going to truly change the bottom line, we need to focus on increasing revenue during those peak selling periods.

Increasing revenue during your peak trade periods is a win for everyone. Your customers receive increased service, the bill averages go up so the staff see an increase in their tips and the owners and managers see the benefit from increased profits. Allow me to take you through just how and where to get started.

### WHERE TO START

The first step is identifying your current revenue cap during your peak selling periods. Your revenue cap is the average maximum sales your team can produce during these peak times. For most reading this, this information lives in your POS system. All you need to do is pick a peak selling period (let's use Friday from 7-10 pm) and run 4-6 weeks of sales from your POS system. Come

up with an average and make sure to remove any variables (parties, short staff, etc.).

Now that you have your revenue cap we can start to focus on increasing it. I want you to set a goal for a minimum 20-per-cent increase during peak volume. The steps below will get you started:

**Communicate the Goal to Your Staff** – The most successful businesses share with their team the revenue expectations during their peak selling periods. This can be shared in your pre-shift meeting. Make sure to explain to the staff the impact this will have on their tips to get them engaged.

**Add Labour Where Possible** – Yes that's right! What would the impact be if you added one more host, server, bartender or cook? The cost will be minimal, somewhere between \$25-50 in most cases. The returns will be exponential.

**Right Players in the Right Positions** – Be wary of entrenched culture. Make sure you have the right staff at the right stations. Have the fastest bartender at your biggest bottleneck area, even if they are the newest person on staff. The short-term ripples from these staffing changes will pass and in the meantime your profits can double.

We have designed workshops around this this concept and I have to say it is one of our favorite topics to work on with our clients. If you are looking for more information on how to increase your peak sales by a minimum of 20 per cent, I am happy to share more steps and insights on the implementation of this strategy with you.

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