

Cashflow and Cost Reduction Checklist

Restaurants, Cafés, Pubs



GENERAL		Check
1.	Forecasts: While it is difficult to predict business levels it is important to create monthly projections. This will help you to forecast the level of revenues and the associated costs with running the operation. The costs will include the variable costs with opening along with the fixed costs of the business (e.g., insurance, utilities, etc.).	
2.	Capex: Have you a plan for capital expenditure for the next three years? This not only relates to upgrading facilities but can also relate to cost saving systems or replacement of equipment with more energy efficient models.	
3.	Have you considered becoming part of a purchasing group? You might explore if it is beneficial to your operation?	
4.	Have you considered the changing needs of your business and your customers? Have you reviewed the impact of changing your opening/closing hours/days? For example, what would be the impact of opening/closing a half hour earlier/later? This should be based on business needs and may help with reducing staffing requirements. E.g., if you normally had lunch service from 12.00pm - 3.00pm, what would be the financial impact of changing these hours to 12:30pm - 2:30pm, for example, without an impact on business levels?	
5.	Prepare monthly cashflows to ensure that you are managing working capital.	
6.	Review every cost line item. Is there an alternative? For example, can specific stock items be re-negotiated or sourced elsewhere at a most cost-effective price? Remember to consider cost/quality requirements.	

DIRECT AND DEPARTMENTAL COSTS		Check
7.	<p>Food: critically review each of your menus. Can you reduce/change your menu offering to improve food GP? Ensure that each menu item is accurately costed and priced and that all food items/condiment/extras are included in the menu price. Review pricing from all suppliers and new/different options. When re-stocking kitchens and cold rooms, review projections and business levels to ensure, as much as possible a reduction in food waste.</p>	
8.	<p>Beverage: critically review your beverage lists. Can you reduce/change your offering to reduce stock levels? Are each of your beverages priced correctly? Particularly in relation to cocktails? Can you avail of rebates from suppliers? Request out-of-date stock to be replaced from suppliers. Review all beverage consumables to see if there are any costs savings?</p>	
9.	<p>Review all consumables/non-consumables to reduce or change where appropriate? E.g., paper goods, types of take-away/disposable containers, etc.</p>	
10.	<p>Determine the hygiene/cleaning requirements and schedule. Who cleans and when do they do it? Is this the most efficient schedule or is there a more efficient schedule? Are there quiet periods when this can be completed? Also consider the deep cleaning schedule.</p>	
11.	<p>Ensure that good kitchen policies and procedures are in place and will be adhered to stock rotation, stock management, wastage, and portion control.</p>	
12.	<p>Ensure all purchases are checked and docketed.</p>	
13.	<p>Ensure that all linen (if applicable) received is of high quality. Return and quantify any below standard items to reduce the linen bill.</p>	

PAYROLL		Check
14.	<p>Review your full operational labour costs.</p> <p>Review your fixed and variable payroll cost needs.</p> <p>Have you considered any potential additional training costs that may improve upselling or productivity?</p> <p>If hiring new staff ensure all costs are factored into this such as recruiting, uniforms, training.</p>	
15.	<p>Do you know all your staff costs?</p> <p>Review all staff costs to see if any excessive or unnecessary elements can be eliminated or reduced, e.g., motor expenses, additional uniforms, etc.</p> <p>What is necessary to attract and retain staff?</p>	
ADMIN AND GENERAL		Check
16.	<p>If Procurement/ Purchasing contracts exist, is it possible to receive a reduction in base or membership fees?</p>	
17.	<p>Have you reviewed all leased equipment? this could include vehicles, IT rentals, printers, merchant services, debit/credit card terminal rental fee, kitchen equipment etc.</p>	
18.	<p>Is it possible to change your credit card terminal for a more cost-effective option?</p>	
19.	<p>Have you reviewed all your subscriptions? Is it necessary to retain all of these or are there subscriptions that would improve efficiencies and reduce costs in the long-term, such as a payroll system, for example? If cancelling any reservations software, ensure to enquire if you will lose your revenue history, as you may then choose not to do this.</p>	
20.	<p>Have you reviewed all motor costs? If there are any costs that are not directly linked to the operation of the business these should be removed?</p>	
21.	<p>Talk to the bank to see about reducing bank charges. Have you engaged with other creditors? can you implement any payment plans to manage cashflow.</p>	
22.	<p>Can you reduce your telephone, print or postage needs?</p>	

SALES AND MARKETING		Check
23.	<p>Have you completed a return-on-investment review of all sales, marketing, and advertising campaigns to determine which ones deliver business? Are there any annual rolling advertising campaigns you should review to determine if they are worthwhile and if not that they should be cancelled/amended?</p> <p>Have you reviewed each of your tasks and staff roles within the department? Are there tasks that can be subcontracted?</p> <p>Have you reviewed the time required for tasks? For example, what is the time required/allocated for digital marketing and who completes this? Is it targeted?</p>	
24.	<p>Have you suspended or sought reductions for any online advertising promotional memberships, subscriptions?</p>	
25.	<p>Increase your social media presence and ensure the social media channels you are using are appropriate to your consumer.</p>	

	UTILITIES	Check
26.	Are there any 'green' efficiencies that the hotel can undertake to reduce costs? For example, using LED lighting.	
27.	Is large equipment operating efficiently? E.g., fridges, freezers. If these are not maintained well, they can cost more to operate.	
28.	Have you reviewed all operating equipment, particularly in the kitchen to determine the cost/benefit of purchasing newer more efficient models? This may be completed on a phased basis.	
29.	Monitor oil prices.	
30.	Have you reviewed wastage levels and recycling?	
31.	As your contracts with each utility provider end, ensure that you renegotiate where possible and shop around for the best price/value.	
32.	<p>Review water consumption:</p> <ul style="list-style-type: none"> • Fix all leaks and consistently check water consumption to highlight any leaks as they occur. • Review ways of reducing water consumption such as low flow toilets. • Discuss with local authority or Irish Water ways to help reduce water consumption. <p>Educate staff on how to minimize water waste, particularly in the kitchen.</p>	
33.	Explore Maximum Import Capacity (MIC) usage in relation to electricity. MIC is the upper limit on the total electrical demand a business can place on the network system, so it should be high enough to meet the requirements of your business. Your electricity bill will show you what maximum MIC level you are guaranteed. It is important to choose the correct capacity for your premises. If the MIC is too high, you may be paying for more capacity than you require. If the MIC is too low; you may incur an 'Excess Capacity' charge. For more information, contact your provider.	

REPAIRS & MAINTENANCE		Check
34.	Where possible seek to reduce your maintenance contracts but not at the expense of reduced service which may impact your building/equipment e.g., lifts, air conditioning, kitchen equipment, other equipment etc.	
35.	Review purchases to determine if the best product/price/value is being obtained for goods required.	
36.	Review areas/equipment requiring high levels of maintenance. E.g., if there is a regular call out on a boiler, then calculate the cost of replacing the boiler along with the reduced costs of operation and maintenance.	
FIXED COSTS		Check
37.	Insurance: Speak to insurance broker/ insurance provider annually to obtain the best price. Ensure there are good health and safety policies and procedures in place.	
38.	Rent and Rates: Do you have a payment plan agreed so that you are managing cashflow	
39.	Debt Repayments: Ensure you are having regular conversations with relationship managers/ funders/owners, e.g., banks, debtors, local authorities, Revenue, etc. to ensure that you are managing your repayment schedule.	