



 **ORDERLY**

The Ultimate
COGS
Workbook



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Part 1

What the heck is COGS, anyways?

In basic terms, Cost of Goods Sold is the total costs you can attribute to the production of goods sold over a period of time.

For a restaurant, it's the total cost it took you to create all the food – from your signature burger to your soup special – you sold over a period of time.

Make sense? Guess we're done here.

... Well, we'd say that if we didn't truly care about saving you money.

Let's get more specific. After all, your COGS is the metric that stands between you and some angry investors – and regulars who will be devastated when you have to shut your doors.

It looks at everything that came into your restaurant over a period of time (at Orderly, we suggest making this one week, and doing it every week) as well as your total sales. It also accounts for the ingredients on the shelf you have before and after the period.

It's a specific number. It's a number that's vital, and one that, when monitored correctly, can save you thousands.

And now it's easier to calculate than you might think.



A background image of fresh vegetables including asparagus, tomatoes, and basil on a white wooden surface.

Part 2

Why Do I Need My COGS?

Simply put, your COGS is the most important metric for determining the on-going financial health of your restaurant.

You may be able to keep running without measuring it regularly, but you won't be nearly as profitable as you could be.

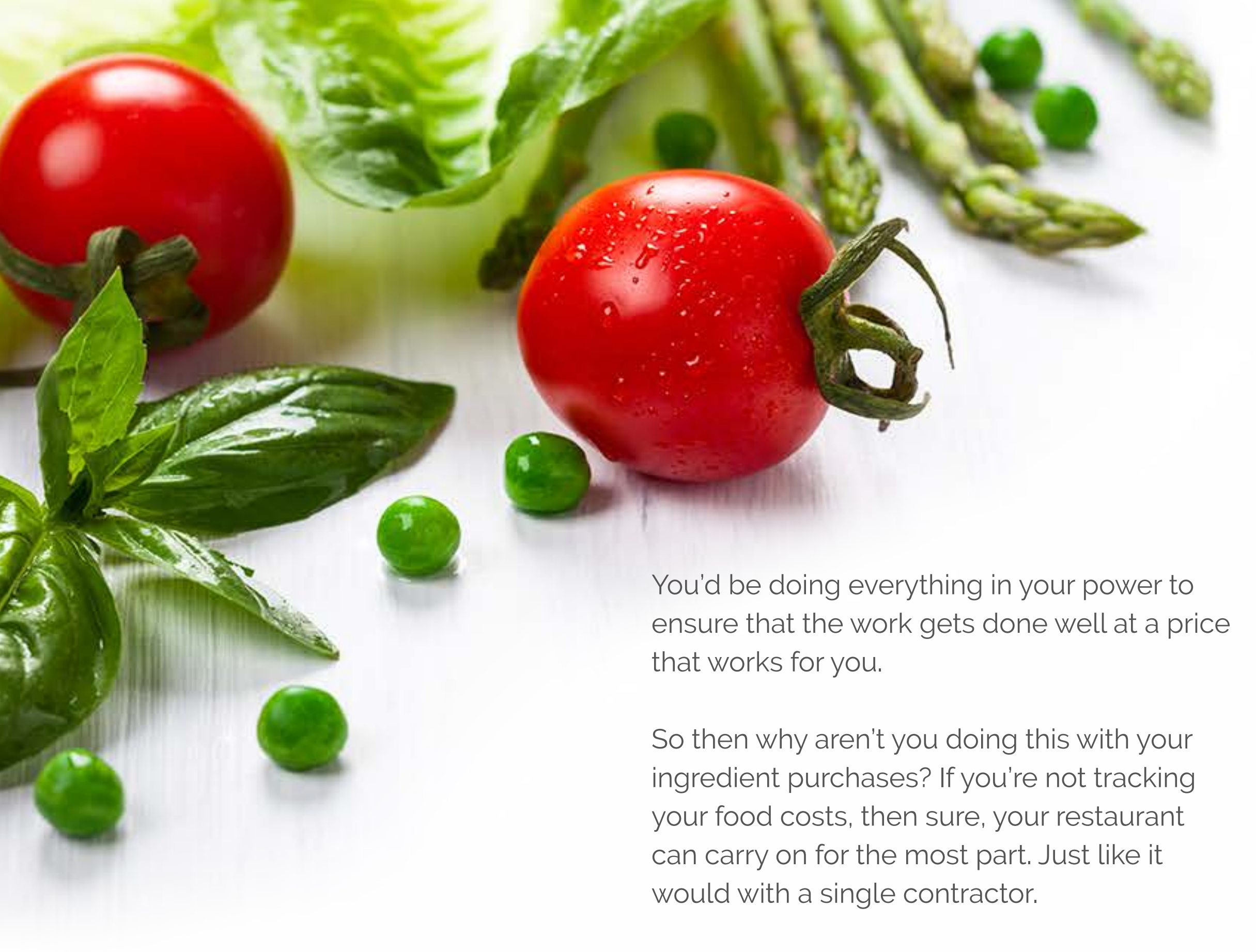
Imagine you're renovating your entire restaurant.

Would you ever give the entire job to one contractor? If so, there's no way you'd tell him to just send you a bill when he's done. You'd likely want to check his work along the way.

If you did this, you'd probably be shocked by the final bill. And you'd find a bunch of things throughout your restaurant that'd need to be re-worked.

This is simply a ridiculous way to do a renovation, right? Any restaurant owner knows to get multiple bids and to hire different contractors for different parts of the job.

You'd shop around. You'd probably negotiate for better prices. You'd maybe even ask your restaurant-owning friends how much they paid, or if they have recommendations for cost-saving measures.



You'd be doing everything in your power to ensure that the work gets done well at a price that works for you.

So then why aren't you doing this with your ingredient purchases? If you're not tracking your food costs, then sure, your restaurant can carry on for the most part. Just like it would with a single contractor.

But you'll be losing money left and right. Your staff is probably over-ordering food... Just in case. And you'll probably be overpaying for that over-ordered food, since your suppliers will be taking advantage of the fact that you're simply not paying attention.

If you start calculating and following your COGS, it'll make a world of difference.

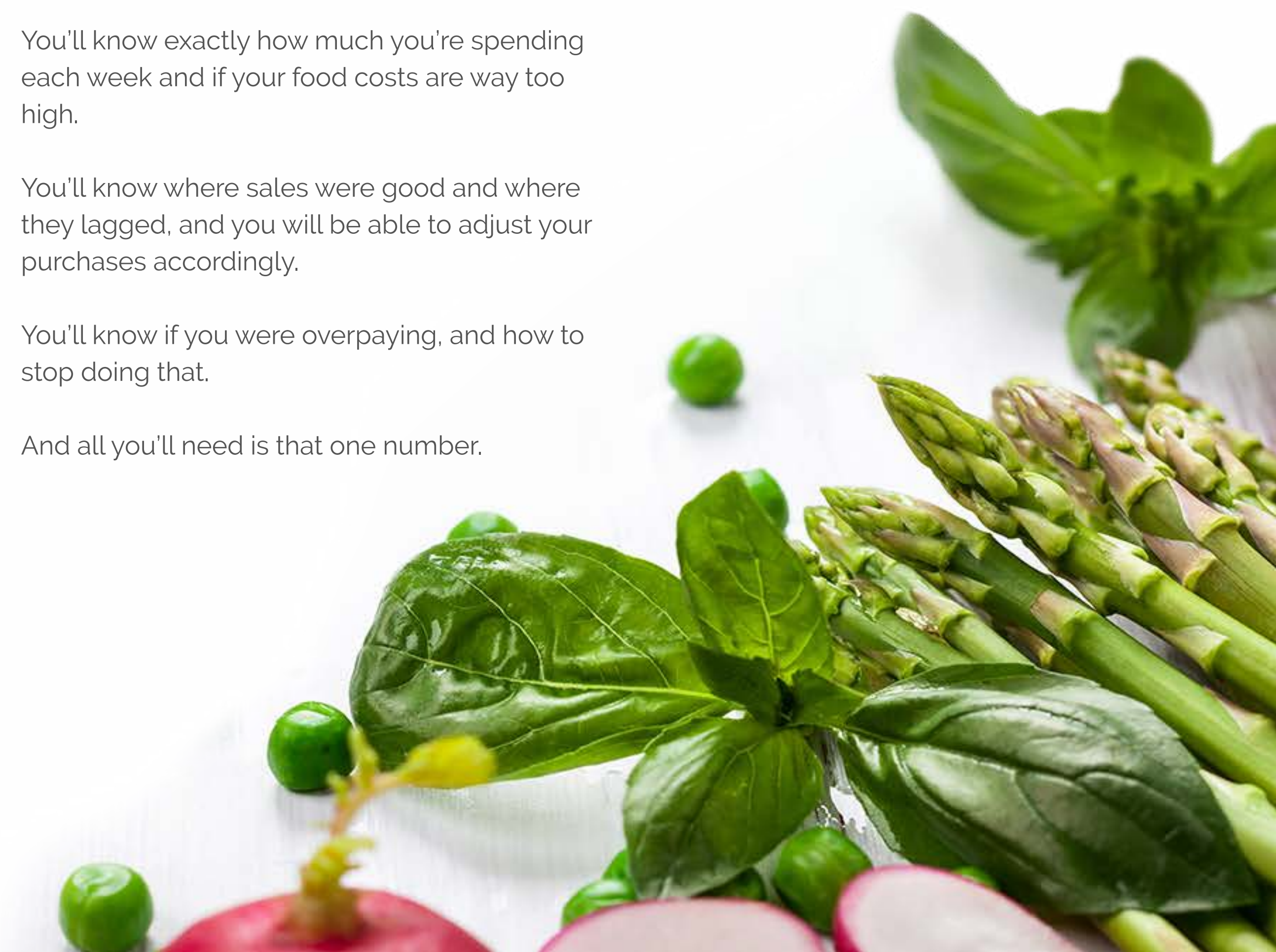


You'll know exactly how much you're spending each week and if your food costs are way too high.

You'll know where sales were good and where they lagged, and you will be able to adjust your purchases accordingly.

You'll know if you were overpaying, and how to stop doing that.

And all you'll need is that one number.



Part 3

How do I find my COGS?

So, now you know what your Cost of Goods Sold is and why it's important.

But how do you find it?

Well, before we can dive into a formula, there are a few numbers you'll need to gather:

First, you'll need the value of your inventory at the start of the period.

That's your total inventory – from the stacks of boxes in the stockroom to the stray strawberries in the fridge – at the beginning of a specific time period (Remember: One week).

You may have done a complete inventory before, or you may have put it off for months now.

Either way, you probably aren't a big fan of spending hours in the stockroom.

But, you need to know what's on your shelves if you want to know how to find your Cost of Goods Sold.

Next, you'll need all your purchases over that same period of time you decided on. Every invoice – your ground beef, your soda, your kimchi... They all go into this figure.

While you're at it, be sure to update the prices on your inventory count sheet with the latest price you paid for every single ingredient. This will help you later on, when you're trying to figure out where to cut costs.

Last, you'll need the value of your ending inventory. Yeah, that means it's back to the stockroom. You've gotta know all the ingredients you have at the end of that time period, too.

This may sound like a lot of work. But it's work that will keep your restaurant afloat and money in your pocket.

Plus, if you keep reading, we'll show you an easier way to do this...





Once you get all your numbers, you plug them all into the COGS formula:

$$\text{Starting Inventory Costs} + \text{Purchases} - \text{Final Inventory Costs} = \text{COGS}$$

Seems simple enough, right?

Just remember: If you want to get accurate numbers out of the equation, you have to put accurate ones in. So if you or your staff are fudging inventory counts or not paying attention while inputting data you may not have the right results.



A decorative border of small white bowls containing various chopped vegetables, including carrots, cucumbers, onions, bell peppers, and tomatoes, arranged in a circular pattern around the central text.

Part 4 What Should My COGS Be?

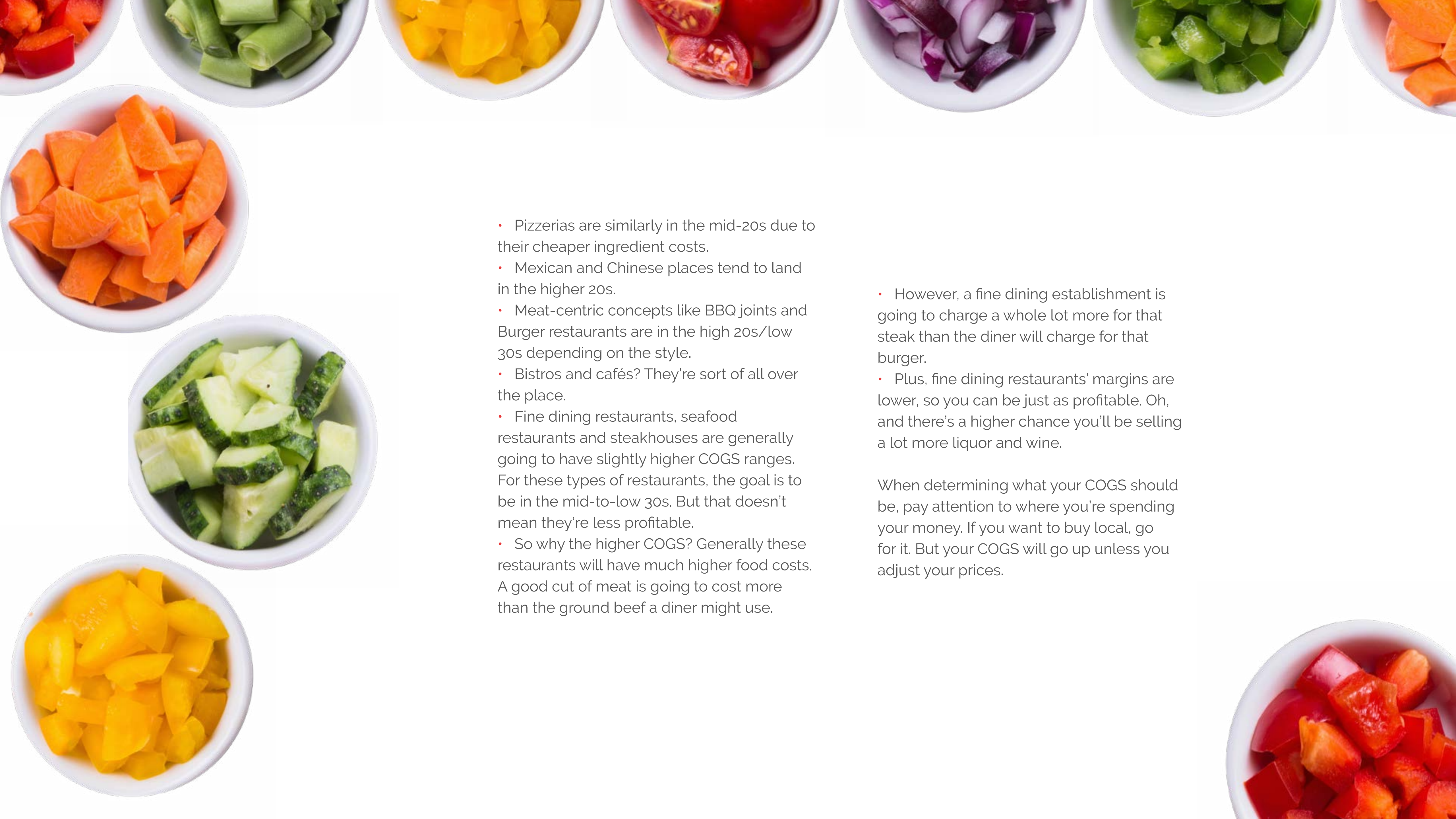
That's the ultimate question, isn't it?

To get the best answer for this, we picked the brains of the numerous restaurant experts here at Orderly.

And that best answer is... That it depends.

So, we rolled our eyes and then asked them to expand on it. Here's some of what they had to say:

- In general, where your COGS should be mostly depends on what type of restaurant you run. Various cuisines or styles of foods have vastly different profit margins and ingredient costs, which means you can have a similar profitability at very different COGS.
- Amongst Orderly customers, bakeries had the lowest COGS, ranging from the high teens to the low 20s. This is likely because ingredients are so cheap; chocolate, flour, sugar – they're not really going to break the bank.
- But, a lower COGS doesn't guarantee a profitable place. At bakeries, things like labor costs can be much higher. Just something to remember.



- Pizzerias are similarly in the mid-20s due to their cheaper ingredient costs.
- Mexican and Chinese places tend to land in the higher 20s.
- Meat-centric concepts like BBQ joints and Burger restaurants are in the high 20s/low 30s depending on the style.
- Bistros and cafés? They're sort of all over the place.
- Fine dining restaurants, seafood restaurants and steakhouses are generally going to have slightly higher COGS ranges. For these types of restaurants, the goal is to be in the mid-to-low 30s. But that doesn't mean they're less profitable.
- So why the higher COGS? Generally these restaurants will have much higher food costs. A good cut of meat is going to cost more than the ground beef a diner might use.

- However, a fine dining establishment is going to charge a whole lot more for that steak than the diner will charge for that burger.
- Plus, fine dining restaurants' margins are lower, so you can be just as profitable. Oh, and there's a higher chance you'll be selling a lot more liquor and wine.

When determining what your COGS should be, pay attention to where you're spending your money. If you want to buy local, go for it. But your COGS will go up unless you adjust your prices.



Part 5 The Orderly Way

Man, getting an accurate Cost of Goods Sold sounds like a lot of work, doesn't it?

Plus, you have to make all these plans to monitor and maintain your numbers.

If you do things the old school way, it won't be easy. Lots of counting and spreadsheets and wasted time.

That's where we come in.

Orderly is built to give you an accurate COGS without any of the hassle.

All that counting and inventory? No need. A deep dive into math problems? No need. You're not in high school anymore.

Instead, all you have to do is snap photos of your invoices and update your sales once a week in the Orderly App.





Your invoices are stored in an online filing cabinet. Orderly's system takes them, and along with your sales figures, calculates your COGS. Our highly-trained team analyzes every purchase you make over time to learn what's on your shelves every week.

Sound too good to be true?

Well, not only have customers found Orderly's numbers to be **more accurate**, but they're **more consistent**, too. When you're taking inventory counts by hand, you may find yourself guesstimating. Or you miss things. Or the employees you've assigned to take it are inconsistent and sloppy.

This results in weekly COGS numbers that are all over the place. Your COGS shouldn't be changing by 9% each week.

With Orderly, the only fudged numbers are on invoices that have literal fudge on them.





Part 6


Can You Give Me an Example?

We've got dozens, but here's one of our favorites.

One of our customers owns a small bistro in a Rocky Mountain town.

Though sales (and her food, of course) were always great, she felt she could be saving more. She hadn't been regularly measuring her COGS – **she simply hadn't had the time.** So, she decided to give Orderly a try.

The first COGS that Orderly found for her was at 37%. Not the worst we'd ever seen (the stories we could tell...), but far from the best.





As she spent more time using Orderly's service, this customer saw **marked changes**. She received **weekly recommendations**, which told her exactly which ingredients she was **overpaying** for. She was able to monitor her prices with flash reports. She even had a weekly budget automatically set for her, simply based on her goals and sales estimates.

And, of course, by snapping photos of her invoices and updating her sales, she had her COGS calculated for her each week, no inventory required.

With this accurate, weekly reporting, our customer was able to move her COGS from 37% down to 31%.

We hear you saying, "Only 6%?" Bet you were expecting something bigger.

Well, that **6% drop** resulted in **\$90,000** worth of savings over the course of a year.

Ninety. Thousand.

That's \$90k that would've gone to suppliers or right into the trash. Instead, it went right into our customer's pocket.

All it took her was two easy steps.



Keep Your Cash in Your Business

Inventory has historically been an area of struggle for restaurateurs.

But at Orderly, we believe it **doesn't** have to be this way.

It's a digital age, and technology is at its best... technology that provides a powerful alternative to manual methods or archaic, clunky software and hardware systems.

We created the Orderly App as an **easy-to-use, do-it-for-me restaurant app.**

No spreadsheets. No data entry. No price lookup. Just accurate inventory in half the time.

Do yourself a favor... ditch the spreadsheets and clunky technology.

[Download the Orderly App Today!](#)

ORDERLY

Your Hassle-Free Way
to a **Smarter Restaurant**