



The
**Complete Guide to
Bar Profitability**

Presented by ORDERLY

Table of Contents

Chapter 1 A Toast to Profitability

Chapter 2 Where to Start

Chapter 3 How to Find Your Bar's COGS

Chapter 4 Ways to Be Proactive

Chapter 5 Other Places Your Profitability Can Suffer

Chapter 6 Tips & Tricks

Chapter 7 The Orderly Way

Chapter 1

A Toast to Profitability

You thought adding a bar to your restaurant would be easy and fun.

It'd bring in extra money hand over fist, you said.

It'd allow you to hire a unique mixologist who would quickly create some buzz – you were sure of it.

And you could've sworn it'd give you and your staff a great place to unwind, chat, and bond after a busy shift.

But, reality hit fast.

Running a bar isn't like running a restaurant at all. It's a completely different beast.

There are new tasks to monitor, new costs to consider, and a whole list of unexpected ways money could be flying out of your bank account.

You'd finally taken control of your restaurant's costs, and now you have to deal with this, too?

Well, just like for your restaurant, it's easier than you'd think to master your bar costs. You don't have to keep drowning in the kegs beneath your counter.

This guide is built to turn your bar from your restaurant's drunk uncle into its secret weapon.

We've compiled everything you need to know about making your bar as successful as possible. You'll learn how to manage costs, keep your bartenders in check, and count for usage in a new way.

Plus, we'll tell you all about how technology like Orderly can make it even easier to keep your bar's costs low – with a fraction of the work.

Don't wait around. Let's raise a glass to your future success.



Chapter 2

Where to Start

So, you're ready to make your bar profitable once and for all.

The first thing you need to do to manage your bar costs is to, well... *Know* your bar's costs.

That means our favorite term is back:

You need to know your bar's Cost of Goods Sold.

For the uninitiated, your [Cost of Goods Sold](#), or COGS, is the total cost you can attribute to the production of goods sold over a period of time.

In the case of your bar, it's the total cost it took you to create and serve all the drinks you served over that time period.

It looks at everything you brought into your bar, from the kegs to the bitters, as well as your weekly sales.

It's a specific number. You can use it to determine how well your restaurant's bar is doing – and where you could be saving more cash.

Now, we'll be honest: technically, you could keep running your bar without ever calculating your COGS. And it'll run, maybe for a long time. But will it run well?

You'll be missing opportunities to pay less for ingredients and liquors. You'll whiff on ordering, and will probably keep re-stocking your bar with unnecessary booze that doesn't sell. Or liquor you're paying way too much for. And you'll be drowning in debt instead of swimming in cash.

So, sure. You could run a restaurant blindly without accurate numbers.

But when you know your COGS, you can be more profitable.

Plus, it can help you run a better business:

- You'll be able to see where your sales vary from your inventory, so you can combat theft or stop your managers from giving out too many comped drinks
- You can monitor how your orders compare to your sales, and curb spending where possible
- You'll be able to decrease waste – no one likes spoiled beer, anyways



Chapter 3

How to Find Your Bar's COGS

Calculating your COGS the old-fashioned way is a time consuming, yet rewarding process. And if done right, it can help you and your restaurant save thousands.

First, you need to select a period of time to calculate your COGS over. We suggest one week.

Note: Calculating your COGS once is great. But to truly see long-term benefits, you'll want to calculate it week over week.

You'll need 3 things:

- Your starting inventory
- Your purchases
- Your ending inventory

Yes, if you're calculating your COGS the traditional way (we're talking long counts and spreadsheets), you'll need to take a full inventory. Twice.

So, if you were to look at this over the course of a week, you'd need to take an inventory on the first Sunday, an inventory on the following Sunday, and calculate all your purchases from in between.

And no fudging your numbers. It may seem like

guesstimating how many eggs you have is no big deal, but it actually hurts you in the long run.

You wouldn't only halfway do your bar prep for the day, would you?

Sure, you technically could...

But, you'd be running a much less efficient shift.

You'd be chopping limes on the spot, adding time to every order. You'd never have clean glasses when you need them. Ingredients would get lost or forgotten.

Sure, drinks would still get across the bar, but it'd take double the time – which means half the profits.

It's ridiculous to not do everything as effectively and efficiently as possible.

Same thing goes for fudging your numbers when counting.

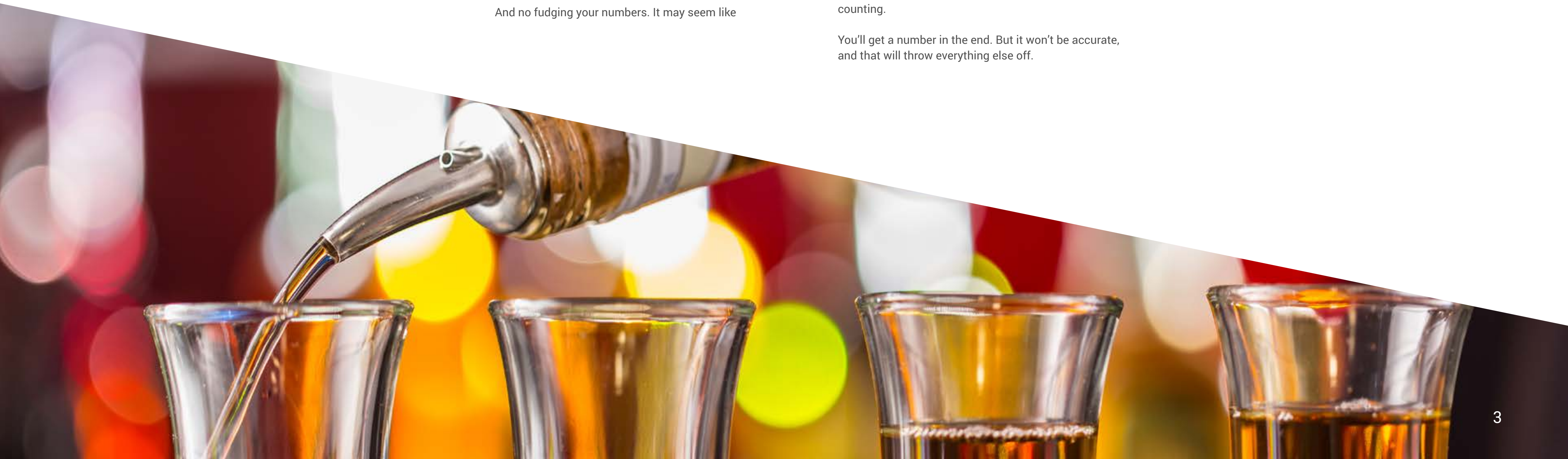
You'll get a number in the end. But it won't be accurate, and that will throw everything else off.

A little extra time, care, and preparation can save you a whole lot of stress in the long run.

With accurate numbers in hand, you'll plug them into this formula:

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

From there, you can determine if your COGS is too high and if you need to make some changes, or if you're on the right track.



Chapter 4

Ways to Be Proactive

When you decide to really start taking charge of your bar's profitability, there are a few ways you can start getting ahead of the game to make your life a little easier.

ORGANIZATION

When you're doing a count – be it for inventory or for usage – it's already time-consuming to begin with.

The last thing you want to do is go search for where your bartender decided to put the scotch this time.

Having clear, set organization outlines can make those long counts move a bit faster (so can the right technology, but we'll get to that). Plus, a well-organized liquor display may inspire a customer who wasn't going to drink to think about purchasing a libation or two.

VARIANCE

Your variance is the difference between what you actually have in stock and what you think you have. It's related to portioning and loss in your bar.

Sizing up your variance starts by monitoring your usage, which we'll get to in a later chapter. .

But keep in mind, it's going to be different for beer and liquor:

- For liquor, pay attention to the portioning, or how much your bartenders are pouring into each drink
- For beer, it's all about the loss. Sloppy pours and free drinks aren't great for business

PRICE TRENDS

Blindly purchasing booze is, to be frank, a dumb idea. When you're not paying attention to local and national prices, you're giving away money that could be going into your pocket.

Sure, discrepancies may not be as extreme as they are with produce, but taking the time to find out what you should be paying versus what your vendor is charging can make a huge difference.



Chapter 5

Other Places Your Profitability Can Suffer

Profitability isn't all just numbers and counting.

Though, you know, it's a pretty big part of it.

There are many other areas you could be shedding money as well. But if you simply pay attention, your taps could turn to gold.

...Or maybe you'll just see some extra cash in your bank account.

Focus on these areas of your business to stop the cash from pouring out.

STAFF

Larry may have been your first ever employee.

Emily might be one of your top bartenders.

And maybe James brings an energy to your team that's unmatched by anyone else on staff.

All three could be valuable members of your bar, but if you're not paying attention, **they could be draining your profits, too.**

Maybe some members of your staff tend to make their pours extra heavy. After all, they like the nice tips that come with those boozy drinks.

But if a double shot gets marked as a single in your POS (and it keeps happening over and over), it's going to throw your numbers off.

Your orders will be wrong. And you'll be spending more money than you're bringing in.

If they're not even putting the drink in the system at all, that's a whole extra level of issues.

While a comped drink is a great way to appease a customer every now and then, too many can mess with your bottom line.

With proper policies and guidelines in place, you can stop these issues from happening.

Build a training program for new hires, and hold re-training sessions for your vets.

But, make sure it doesn't seem like a punishment. Keep it fun and light, creating games and offering incentives.

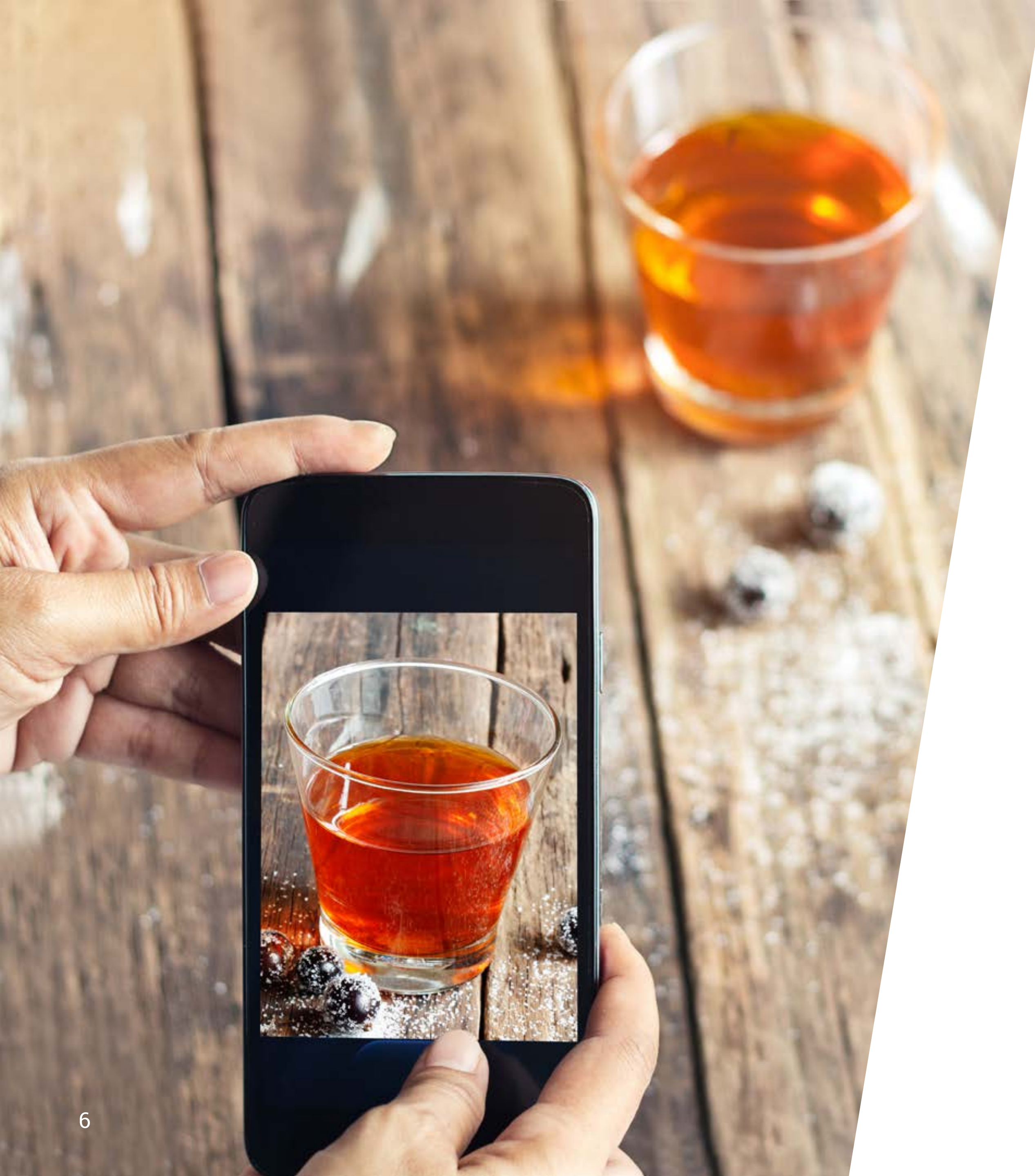
This can also help curb another issue – your staff could simply be stealing from you, too.

You don't need to set up a security perimeter to make sure Jackie didn't stick a bottle of Merlot in her bag. But paying attention – and stressing your dedication to lowering your bar costs – can make a world of difference.

So can simply keeping employee morale high. After all...

Happy employees are less likely to cause you problems.





MARKETING

Do you have a happy hour? Some unique specials?

Good for you. So does the guy next door.

While a happy hour can bring some people through the doors, updating your marketing tactics can bring even more customers into your restaurant's bar – and they won't be drinking at a discount.

Nowadays, people like to scope out your bar before they show up.

So, check your website and social media pages. Do you have your signature cocktails posted? What about a beer list?

Do the photos look like they were taken by a professional or by your 90-year-old Aunt Gertrude?

Don't kill your chances of winning over a customer before they even set foot through your doors.

Get creative. Make a hashtag. Run a contest. Post unique photos.

Offline, the creativity doesn't have to stop.

Create special menus (that you can of course share online) or plan celebrations for holidays and big events. Partner with local companies and sports leagues, getting yourself involved with the community.

Get your name out there and you'll see your profits grow. Ignore your Marketing, and you may see business slow to a trickle.

Chapter 6

Tips and Tricks

Running a more profitable bar is more than just accurate counts. Here are a few tips and tricks to help you out.

MONITOR USAGE

When you've monitored usage, you've likely been counting every single bottle, keg, and crate each week.

Seems like a lot of time. Especially when you sell a glass of that aged scotch maybe twice a month.

Here's the thing. Your bar has 3 types of booze:

Your 10-12 "highest-volume" liquors

These are your well vodkas, your light beers and other similar drinks. They're going to account for 60-80% of your weekly spend.

Your 60 or so "mid-volume" liquors

You order these every few weeks.

Your 40ish "low-volume" liquors

Like that aged scotch, you're not selling these often – and are only ordering them twice a year, if that.

If you're only selling some booze once in a blue moon, why are you counting its usage weekly?

Definitely monitor your high-volume booze every week. Since you're using a lot, there's plenty of room to lose money on it.

For the rest, set up a rotation. Maybe monitor half of the mid-volume liquors each week, or just a third of them. Those low-volume ones? Count them even less often.

Don't completely ignore them, though. If your staff knows you're not paying attention, they know which booze is ripe to snag a drink or four from.



GET STAFF INVOLVED

A lot of the staff issues discussed in the last chapter can be eliminated simply by getting your employees involved with the day-to-day management of your bar's profitability.

Maybe it's getting them to help with counts. Maybe it's just keeping them aware of how seriously you're taking your numbers.

Whatever you choose, an engaged staff is a happy staff. And a happy staff not only works harder, but they tend to stick around, too.

LOCK IT UP

If you start to notice your pricey booze disappearing, it might be time to lock it up. Have policies in place where only managers have the key. That way, if issues continue to arise, you know exactly where to start your questioning.



Chapter 7

The Orderly Way

So you've made it through the Guide. And you may be excited to dive in on your bar's profitability, but it seems like it's going to eat up a lot of your time.

Well, what if you could get an accurate COGS without spending Sunday nights behind the bar?

What if you could increase your profitability in a fraction of the time?

Fudged numbers no more. And no need to get your staff bogged down in long counts and confusing spreadsheets.

Orderly is bar cost management done for you. It's easy to use, and hassle-free.

Orderly can give you a true weekly COGS without you ever having to take an inventory at all. We analyze your invoices and sales numbers. We then use machine learning and analytics to determine your patterns and depletion model.

Sound confusing? Don't worry, you're not involved in that part.

All you have to do is snap photos of your invoices and update your sales.

Managing your profitability can be that simple.

So do yourself a favor. Ditch the spreadsheets, save yourself hours, and watch the cash flow in.

Download the Orderly App Today





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