GUIDANCE NOTE FOR RESTAURANTS, CAFÉS, BARS & GASTROPUBS

USING THE CAPACITY AND COMMERCIAL IMPACT CALCULATOR
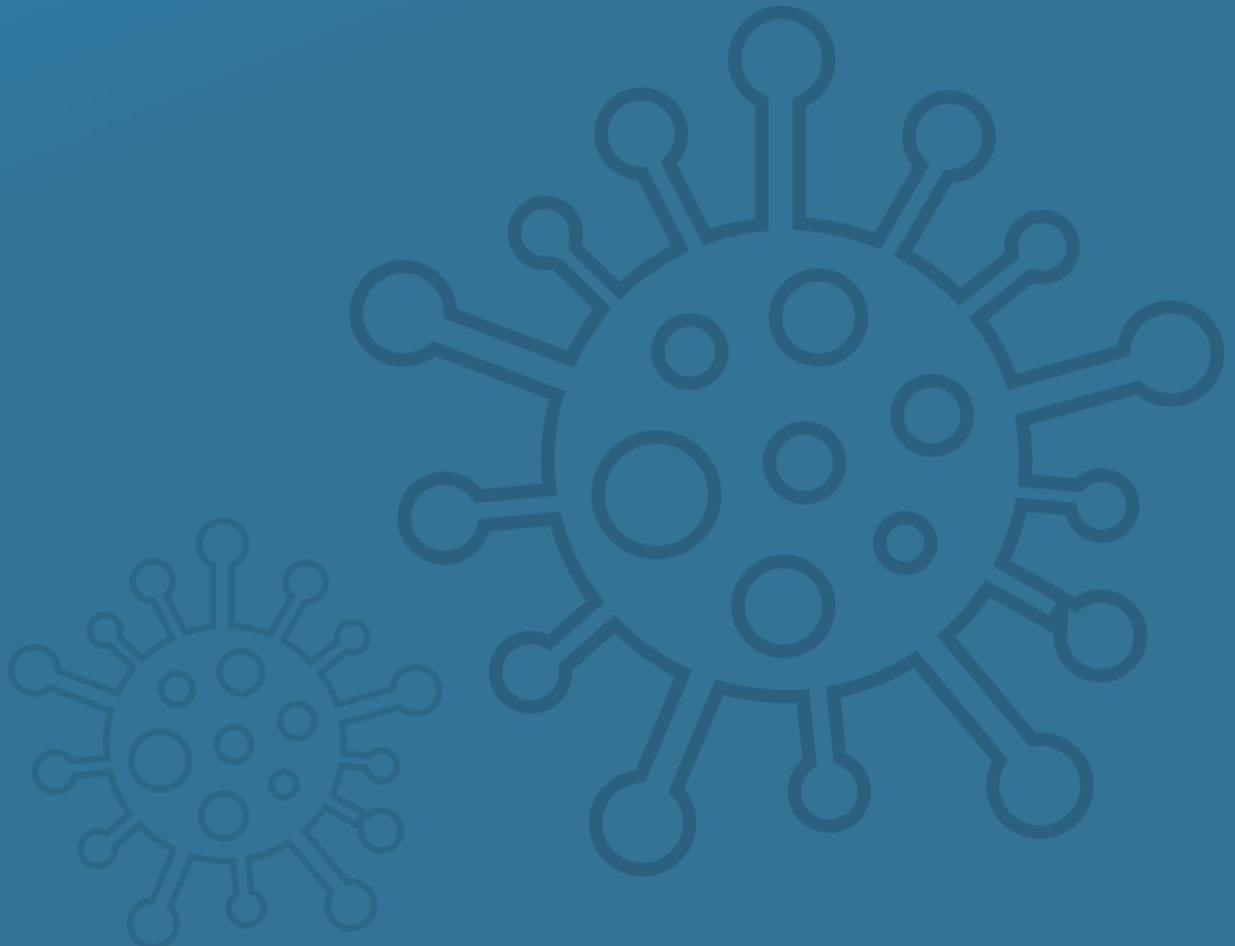
It has never been more important to critically assess which aspects of your business can function profitably and where to drive efficiencies. To help you with this Fáilte Ireland have developed a Capacity and Commercial Impact Calculator.

This guide will explain how to input into the calculator and what outcomes to expect from this. Please also refer to the accompanying video for further guidance on using the calculator.

Use of the Calculator will help you determine:

- The effect of reduced capacity in your various service offerings (e.g. breakfast, lunch, dinner, take-away, outside catering, cookery classes, etc).

- How to maximise the trading performance of each of your service offerings, reducing the potential for losses during the difficult transition period.

- The feasibility (revenue and costs) of new services you introduce (e.g. use of new areas inside or outside your premises for serving food, cook-at-home offerings, new boxed breakfast take away option, etc).

- Estimation of required sales to breakeven and the estimated number of weeks required to recover your start-up costs

- Expected performance by day and week for all areas, allowing a high level comparison of:

    - Expected year on year performance.

    - Performance with previous years.

Before you start to use the Calculator

Physical distancing will require major changes in operations. The first step is to reorganise layouts to maximise capacity while complying with physical distancing directives.

Each business will be different in terms of size, fit-out, shape and so on. Therefore you will need to work out your capacity and input it into the calculator.

As a rough guide it could be that your capacity, compared to pre-COVID levels, will be reduced along the following lines:

Trading outlet	Potential reduction in capacity
Restaurants and other food outlets (depending on table layout/restaurant size)	50% - 70%
Bar/lounge areas	50% - 70%

If you have previously, or you are planning to introduce new services e.g. Breakfast, take-away, cook-at-home, private dining, you also need to be mindful of how that will operate under physical distancing measures in matters such as order taking, payment, collection, delivering, handling and so on.

The Calculator

The calculator is presented over six tabs in the Excel Template. Over the following pages, an explanation of the inputs (the information you need to input to the Excel Template) and the outputs (what the template will tell you based on the information you provide) are presented for the following areas of your business:

1. Standard Calculator (where the business has limited sales and costs data available)

2. Detailed Calculator (where the business has detailed sales and costs data available)

3. Option 1 (e.g. for those considering additional services such as breakfast)

4. Option 2 (e.g. for assessing take away or cook at home etc)

5. Option 3 (e.g. cookery classes or outside catering etc)

6. Overall Summary

You do not need to complete all the tabs – only those relevant to your business.

Data needed for Standard vs Detailed Calculator

Some businesses gather, and have access, to detailed historic information on sales, booking patterns, costs and so on. For others, access to such detailed information may not be possible. The Excel template caters for both scenarios. Depending on the quality of historic information you have, input details in **either** Standard Calculator **or** Detailed Calculator.

Standard Calculator Input Summary	Detailed Calculator Input Summary
Expected daily revenue (net of VAT) OR Expected average spend per cover (both net of VAT). If using this, expected covers must also be entered	Projected income each day (net of VAT) for breakfast, lunch and dinner split by food served on premises, beverages served with food, income from beverage only customers, take away food income, take away beverage income, and any other income that may be generated **OR** Separate food and beverage average spend per cover (net of VAT) by service option e.g. sit in, takeaway, bar, restaurant. Service periods of breakfast lunch and dinner available if average spend varies throughout day Expected covers by service option and time of day must also be entered.
Food cost of sales and Beverage cost of sales figures	Food cost of sales and Beverage cost of sales. Take away food and beverage cost of sales % plus any other variable costs (as a %). Sales ratios by service period can be entered if necessary.
Fixed weekly wage cost to the business in Euros (inc PRSI and 8% holiday pay)	The total expected wage cost each day (including PRSI and 8% holiday pay) as a lump sum **OR** The expected number of hours worked each day by staff in the kitchen, service staff, bar staff, cleaning staff and other staff entered by rates of pay and the appropriate PRSI %. There is no need to enter each different job category. The model will calculate the daily wage costs by area of operations.
Expected variable weekly wage cost (inc PRSI and 8% holiday pay) to the business as a % of turnover	
Other variable operating costs as a % of turnover	Expected weekly costs in € related to operating the business (inc. rent, rates, insurance, maintenance, promotion, expected replacement of crockery/glassware etc, but not including loan or interest payments).

INPUTTING DATA

PLEASE NOTE:

When using the Excel Template only input your data into the pink coloured cells.

Cells with a small red triangle in the upper right hand corner provide a pop-up descriptive narrative.

Businesses can choose to complete either the Simplified Standard Calculator (see guidance note on Page 9), **or** the Detailed Calculator (see guidance note on Page 11)

Please also refer to the accompanying video for further guidance on inputting into the calculator

The structure of the Calculator template

Some businesses gather, and have access, to detailed historic information on sales, booking patterns, costs and so on. For others, access to such detailed information may not be possible. The Excel template caters for both scenarios. There are **six** tabs in the spreadsheet:

Tab	Content
1	Standard calculator: less detailed analysis of your core lunch/dinner offering
2	Detailed calculator: detailed analysis of your core lunch/dinner offering
3	Option 1 should be used for testing the commercial feasibility of any additional service you are considering to augment your current offer (i.e. breakfast). You can test up to three options to help you decide which offers the best prospects.
4	Option 2 can be used for testing another service line, e.g. take-outs, cook at home, etc.
5	Option 3 can be used to test a third service line, e.g. cookery classes, outside catering, etc.
6	Standard calculator: less detailed analysis of your core lunch/dinner offering

Depending on the quality of historic information you have, input details in **either** Standard Calc. **or** Detailed Calc.

Thereafter, you will only need to use the other spreadsheets (Option 1etc.) if you want to test new service offers that you may be thinking of introducing and for those you will require estimates for bookings, sales, costs etc) to be entered in order to generate profit and loss estimates. Then it will estimate profit and loss and identify opportunities - for cost reduction and income generation. See "Optimise Your Operations" for ideas.

The Overall Summary provides a snapshot of expected performance by day and week for all areas, allowing a high level comparison of expected year on year performance.

Each tab will allow forward forecasting for up to 4 weeks (from Monday to Sunday) in any month you choose (up to March 2022). You do not need to populate the calculator with estimates for up to 31 days each month – it will take the information you have provided and calculate a pro-rated full month estimate if you require it.

Basic assumptions

The quality and accuracy of information input to the spreadsheets will improve the value of the outputs.

The following assumptions apply in all cases:

- Employee pay attracts PRSI contributions at either 8% or 11.05%.

- An additional 8% is added to payroll costs to account for holiday pay.

- Prices or average spend estimates can be changed by day, but if no change is required you need enter them once only. All prices, average spend estimates and cost information will be net of VAT.

- You can select the month that you want the calculations to apply to but the Excel template works only on the basis of trading weeks commencing on Monday. It will not allocate dates to each day. The assumption is that estimates for a full trading week are more important than the calculations commencing on the first day of the month. You need only populate the model with information for as many days in that month as you choose to. It will automatically provide estimates for the full month, if required.

When making decisions about what services to provide and where you must choose between possible options due to some constraint (financial, space, staffing etc.), choose the one providing the best absolute level of expected profit, unless it is prohibitively expensive to do so.

1. Overall Summary (Tab 1)

What this calculator will tell you

- Shows the increase in expected revenues and profits (in absolute and % terms) of the different options.
- Analyses sales by type and provides a full month estimate of turnover by food sales, beverage sales or "other" sales.
- Year on year movement in departmental profits for the month (before introduction of new revenue streams)

Outputs from the Overall Summary Calculator

This tab collates the results from the various other tabs by week. By entering sales information for the corresponding month in the prior year (in cells L70 to L76), the calculator will estimate overall year on year movement in sales by revenue type and the % change in sales.

You may use these sales results when populating the "Fáilte Ireland Restaurants, Bars, Cafes P&L Template" (at rows 14, 20, 26, and 30 under the Trading Input Sheet tab). This is available on the Fáilte Ireland website.

2. Standard Calculator (Tab 2)

What this calculator will tell you

- Expected trading results by day and by week, including weekly KPIs
- Which service types offer the best level of profit or the highest level of loss, i.e. sit-in diners, take-away, beverage only customers
- The cost of delivery of each service type and what the impact of a price increase will be by changing the spend for cover/customer inputs.

What to enter

The Standard calculator (for businesses that do not have detailed historic trading information) requires less inputs than the Detailed calculator on tab 3.

- Month for which you want to produce trading projections (click on cell C2 and choose from the drop-down menu).

- Enter actual trading performance for a typical month (pre Covid-19) in Cells C9 to C27 – this will generate cost of sales ratios / revenue split by service type and will be applied to monthly projections unless you provide the information shown below.

- The cell range H9 to I15 (week 1) allows you to provide an estimate of income on a daily basis for sit-in or take-away food and beverage sales/snacks (inc. tea & coffee) or an average spend per cover/customer. If you enter an average spend per customer/cover you MUST also enter the expected number of covers each day for each week (rows 33 to 35) otherwise the Calculator will not work. If you do not know or do not wish to input the expected average spend per cover/customer, leave the cells blank or enter €0.00 (cells I9 to I15 (week 1), AI9 to AI15 (week 2) BI9 to BI15 (week 3). CI9 to CI15 (week 4), in which case you should enter an estimate for income in cells H0 to H15.

- Enter any changes to cost of sales ratios and expected weekly fixed costs in cells I21 to I27. These will replicate in subsequent weeks at Cells AI21 to AI27 (week 2) and BI21 to BI27 (week 3) and CI21 to CI27 (week 4) unless over-ridden by you.

- As you are unlikely to have details on the number of beverage only customers served on the premises (especially in a bar setting), the model requires that you input an estimate for beverage only sales for each day (row 37).

Outputs from the Standard Calculator

Summary trading results (in the area coloured cream) by day and by week are shown at rows B40 to L54. Weekly KPIs for week 1 in column M and income, cost and profit or loss per cover at column N (with subsequent weeks in AB40 to AL54 (week 2), BB40 to BL54 (week 3) and so on.

The summary is supported by a detailed analysis of each service type for each week at rows 57 to 87. This allows you to assess opportunities to reduce the cost of, or your reliance on, less profitable options while increasing more profitable solutions. You can also re-assess the cost of delivery of each service type and what the impact of a price increase will be by changing the spend for cover/customer inputs.

A summary of trading performance for the full number of days that you have entered data, with a pro-rated full month estimate is shown at cells CQ40 to DG53. You can also enter actual monthly revenues, payroll costs and departmental profits from the corresponding month last year (cells DC45, 50 & 53) – the calculator will show the year on year projected change in performance.

3. Detailed Calculator (Tab 3)

What this calculator will tell you

- Expected trading results by day and by week, including weekly KPIs
- Detailed performance by period of trading (breakfast/lunch/diner) and by service type (sit-in, take-away etc.) daily and weekly
- Where profits do not meet expectations, so you can re-assess your projected costs and opportunities to increase sales to improve profitability

What to enter

- Month: click cell C2 and choose from the drop-down menu.

- For breakfast/morning service (if you offer it), the number of covers sitting in, or using take away (if you offer it) and whether they take food and beverages or beverages only – rows 7 to 12 (other services can be named in Cell B12). Enter the same information for lunch/afternoon service in rows 36 to 40. For dinner/evening service, enter the number of covers expected each day in rows 64 to 68. Only enter information for the services that you offer and the days you are open.

- Enter expected average spend (net of VAT) by service type (i.e. eaten on the premises, take away, or take away beverages only) as follows: Breakfast/morning: rows 15 to 21; Lunch/afternoon: rows 43 to 49; Dinner/evening: rows 71 to 77.

- As an alternative to entering the number of covers and average spend (as per the two points above), you can enter a projected level of revenue for each customer type for each day (net of VAT) – the Calculator will automatically assign operating costs on the basis of revenues from each source, rather than by employee role. This approach is less accurate but should, nonetheless, give a realistic representation of performance by service type. In this case, enter revenues as follows: Breakfast/morning: rows 24 to 31; Lunch/afternoon: rows 53 to 59; Dinner/evening: rows 81 to 87.

- Pay rates and expected hours of work for each day by area of activity (i.e. kitchen, waiting staff, cleaning etc.), by job grade and by service period go in the following rows: Breakfast/morning: rows 211 to 239; Lunch/afternoon: rows 253 to 281; Dinner/evening: rows 295 to 323. Rates of pay (by hour) will copy to subsequent weeks.

What to enter (*continued from previous page*)

- As an alternative to entering pay rates and hours, you can enter expected total payroll costs by day (remember to include holiday pay and PRSI) at Row 90 and the Calculator will automatically assign costs on the basis of revenues from each source by service period (morning / afternoon / evening). This approach is less accurate but should, nonetheless, give a realistic representation of payroll costs by service type and service period.

- Cost of sales percentages are entered as follows: breakfast at Cells C337 to C341 (these will be replicated for each subsequent week at Cells AC337 to AC341 (week 2) and BC337 to BC341 (week 3) etc.), lunch/afternoon (Cells C350 to C354) and dinner/evening service (Cells C364 to Cell 368). Percentages will be replicated in subsequent weeks or you can over-ride them.

- Other variable cost of sales (as a % of related turnover) such as linen, packaging etc. go in Cells C344 to C346 (breakfast/morning with percentages automatically replicated in subsequent weeks at Cells AC344 to AC346 (week 2) and BC334 to BC346 (week 3) etc.). Corresponding percentages for lunch/afternoon go in Cells C358 to C360 and dinner/evening in Cells C372 to Cell 374. Costs will be replicated automatically in subsequent weeks or you can over-ride them.

- Enter fixed or irregular departmental costs (e.g. menu production, rent, rates) on a cost per week basis at Cells C378 to C391. Name them individually and they will replicate in subsequent weeks at Cells AC378 to AC391 (week 2) and BC378 to BC391 (week 3) etc.) unless over-ridden by you.

Outputs from the Detailed Calculator

Summary trading results are shown by day and for each of a maximum of 4 weeks in the area highlighted cream at rows 91 to 106, with weekly KPIs in columns M & N (week 1) AM & AN (week 2), BM and BN (week 3) and so on.

Detailed performance by period of trading (breakfast/morning; lunch/afternoon etc.) and by service type (sit-in, take-away etc.) for each day and week are at rows 108 to 204.

A summary of trading performance for the full number of days that you have entered data with a pro-rated full month estimate is shown at cells CQ93 to CZ103. You can also enter actual monthly revenues, payroll costs and departmental profits from the corresponding month last year (cells DC97, 100 & 103) - the calculator will show the year on year projected change in performance.

4. Option 1, 2, 3 Calculator (Tabs 4, 5, 6)

These tabs are optional. They test other services you might offer to boost revenues and contribute to fixed costs. Options such as "take-aways", a part-prepared but cook at home "meal box", delivery, or such like. You can name options in Cell E2 (note: this will not change the name on the spreadsheet tab).

What these calculators will tell you

- Summary results by day and week with weekly KPIs
- The feasibility of new services you introduce (e.g. use of new areas inside or outside your premises for serving food, cook-at-home offerings, new boxed breakfast take away option, etc).
- Estimation of required sales to breakeven and the estimated number of weeks required to recover your start-up costs

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What to enter

Enter the information below to calculate the expected income, costs and surplus or loss from this service on a daily and a weekly basis for up to 4 weeks.

- Month that you want to project (by mm/yy (i.e. Jul 20)) in cell C19.

- Enter the expected selling price per cover for food and beverage sales (net of VAT) for sit-in and take-away service (as relevant) in Cells C6 to C9 – prices will be replicated for subsequent weeks (Cells AC6 to AC9 in week 2, Cells BC6 to BC9 week 3 and so on) unless over-ridden by you.

- Cost of sales ratios in Cells C11 to C16 for food and beverage and other variable costs of breakfast provision (e.g. take-away boxes, disposable cups etc.). Entries will be replicated in subsequent weeks (Cells AC11 to AC16 in week 2, Cells BC11 to BC16 in week 3 and so on) unless over-ridden by you.

- Expected incremental employee costs (i.e. above and beyond normal activity and which relate only to the service provision being assessed) and other expected variable operating costs (e.g. electricity, gas etc.) are input as a cost to sales % (at Cells C13, C14 and C16) or by inputting a fixed value each day (at rows 27, 28 and 29). Choose one or the other - if you inadvertently input data in both the aforementioned cells and rows, the calculator will prioritise the value entered rather than the %). Cells C13, C14 and C16 will be replicated in subsequent weeks (Cells AC12, AC14, AC16 in week 2, Cells BC13, BC14, BC16 in week 3 and so on) unless over-ridden by you.

- The template will calculate the number of weeks' payback on pre-opening costs (e.g. marketing, equipment, training) if you enter those costs in cells J6 to L16.

Outputs from the Options 1, 2 & 3 Calculator

Summary results by day and by week (highlighted cream) at rows B31 to L44, with weekly KPIs for week 1 in column M and income, cost and profit or loss per cover at column N (results for subsequent weeks are at rows AB31 to AL44 (week 2), BB31 to BL44 (week 3) and so on. This allows you to assess whether or not such a service is financially worthwhile.

The calculator also estimates the required increase in sales to break-even if, in any week, the service is expected to generate a loss. It will also estimate the number of weeks required to recover start-up costs - see Cells M46 and M49 respectively in week 1, Cells AM46 and AM49 (week 2), Cells BM46 and BM49 (week 3) and so on.

A summary of performance for the full number of days that you have entered data, with a pro-rated full month estimate is shown at cells CP32 to CZ46.