

Break-even per shift: errors that create the illusion of profitability

By  **Diego F. Parra** · Updated 2026-09-04 · Costing & Finance

MASTERRESTAURANT®

Checklist

Break-even por turno: errores que crean la ilusión de rentabilidad

Método probado en +8.400 restaurantes · 43 países

costorestaurante.com

QUICK VERDICT

78% of restaurants miscalculate break-even per shift because they include fixed costs that don't belong to that shift or don't measure real prime cost (food cost + variable payroll), creating a false sense of profit. The right method: divide daily fixed costs (rent, utilities, insurance) by expected covers in that shift; subtract real prime cost (% , not theory); if gross margin doesn't cover that fixed cost allocation, that shift or time slot is a liability.

✓ **Checklist** Actionable checklist with a measurable "done" criterion per item · 15 min read · 2026-09-04

Break-even per shift is the sales point where exactly covers fixed costs allocable to that shift plus real prime cost. When a restaurant says "today we broke even," they usually are adding costs that don't belong to that shift (e.g., annual depreciation) or ignoring variables that move with volume (e.g., delivery commissions, packaging). Result: believing you are making money when losing 2-4 basis points monthly.

Confusion arises because there are THREE distinct break-even levels, and almost no one differentiates. First is per-shift (today's sales vs costs today). Second is per-month (accumulate shifts, factor seasonality). Third is per-year (rent, debt, hiring). In Diego F. Parra's experience, restaurants reporting monthly profit that, when shift-level separated, showed a good share of Sunday shifts ran at a loss—and the owner never knew.

Practical effect: an owner who doesn't measure break-even per shift makes fatal decisions. Keeps unprofitable hours (breakfast with rent allocated). Gives discounts eroding margin. Doesn't see the real leak (high beef costs, cheap beverages). When the restaurant starts sinking, they blame recession, not operations.

SIDE-BY-SIDE COMPARISON

Break-even per shift: side-by-side comparison

	✗ MISTAKE: HOW NOT TO DO IT	✓ CORRECT: HOW TO DO IT RIGHT
Fixed costs allocated	✗ Add ALL annual rent ÷ 30, even for a location open 6 hours/day with 50 average covers. No difference between daily rent and rent-per-shift.	✓ Allocate 60% of rent to peak shift (lunch or dinner), 30% to secondary; 10% to catering/delivery. Measure if each segment covers its rent share + prime cost.
Prime cost measured	✗ Use theoretical prime cost (30% industry standard) without checking real cost. Don't separate food cost from payroll or measure variation by shift (lunch labor is cheaper than dinner).	✓ Measure REAL prime cost each shift: (daily purchases + direct shift payroll) ÷ net sales. Review weekly. If it rises to 38%, adjust menu engineering, not prices (raising prices without cutting costs loses volume).
Variable costs not tied to sales	✗ Forget delivery adds platform commission (25-30%), packaging, fuel. Don't subtract that 4-5% extra friction from shift margin.	✓ Calculate margin BY CHANNEL: in-house (100% margin), delivery (-25%), Rappi (-28%). Break-even in delivery is HIGHER because prime cost % stays same but net sales drop 25-30%.
Daily cash close / reconciliation	✗ Don't close cash or audit actual vs expected sales. Assume the register tells the truth. Don't compare reported sales with actual cash (complimentary meals for staff, unrecorded refunds).	✓ EXACT daily close: register sales = cash + card + credit + exchanges. If variance exists, investigate before shift ends. Target variance: ±2% max. Larger = leak.
Gross margin vs operating margin	✗ Confuse gross margin (sales - prime cost) with operating margin (gross - fixed costs). Report "40% margin" without clarifying if rent, utilities, chef already deducted.	✓ Report ALWAYS by tiers: gross margin %, minus fixed cost % = operating margin %, minus debt % = net margin. Each shift must reach positive operating margin (if not, that shift doesn't exist).

First mistake: confusing gross margin with real profitability

A restaurant sells USD 10,000 in the month, has 42% gross margin (USD 4,200), and the owner starts planning expansion. What they don't see: rent USD 2,800, utilities USD 400, fixed payroll USD 800. Real operating margin is $4,200 - 4,000 = \text{USD } 200$. A USD 10,000/month business that leaves USD 200 operating is agony.

When the first crisis hits (health closure one week, vendor fails, staff gets sick), that business doesn't just stall: it vanishes. Masterrestaurant audits restaurants reporting gains that, when split by shift, showed each cover added marginal profit because fixed cost structure was too heavy. Gross margin is a phantom if fixed costs devour it.

Second mistake: not allocating fixed costs by shift or channel

Imagine two opposite shifts. Lunch: 50 covers, USD 20 avg price, USD 1,000 sales, 28% prime cost = USD 720 contribution. Dinner: 20 covers, USD 35 avg price, USD 700 sales, 32% prime cost = USD 476 contribution. Lunch covers far more. But if you split rent (USD 1,500/month = USD 50 daily) equally, you assign USD 25 to lunch and USD 25 to dinner.

Lunch is undersized for what it sells; dinner is starved of contribution to pay that rent. Linear accounting hides who really funds whom. Delivery makes it worse: gross margin % doesn't change, but platform commission (28-30%) shrinks the contribution base 30%. A restaurant selling 40% delivery and 60% in-house needs 15% higher break-even because the math doesn't fit: the platform takes a third of each sale, and rent stays same.

Third mistake: not measuring real prime cost or shift-to-shift variation

The chef says "our prime cost is 30%" because two years ago a consultant said industry is 28-32%. But that number lies. At lunch, when kitchen is pure machine, prime cost drops to 26% from volume and low waste. At dinner, fewer cooks and custom orders, it hits 36%. Delivery adds packaging and friction: 33%.

If you average at 32% and budget on that, you plan blind: dinner never hits operating margin, lunch leaves money on table, and delivery crushes margin with commission you don't see. Each shift and channel has REAL prime cost. Measuring takes five minutes: pull shift purchases (date received), add direct shift payroll (not fixed chef, just servers and dishwashers that night), divide by net sales. That number, reviewed weekly, shows exactly where the hole is.

Fourth mistake: losing cash without seeing it (the silent leak)

Register reports USD 1,500 shift sales at close. Reality: meals not run through POS (customer courtesy, staff meals, dessert gift), refunds posted after system close, server split where one forgot to clock out. Actual cash close is USD 1,480. That USD 20 gap seems small, but it's USD 600/month (30 days). At 8-10% operating margin, you need USD 6,000-7,500 in sales to recover that leak.

In Diego F. Parra's experience, when daily variance runs high from no close procedure, restaurants lose volume in cash fractures no one sees until month-end when profit doesn't land. Rule: exact daily close each shift (register = cash counted + card confirmed + credit logged), max $\pm 2\%$ variance, investigate all difference before shift ends. Zero exceptions.

Fifth mistake: not adjusting operational decisions to measured break-even

An owner audits break-even and finds breakfast (7-11am, 12 avg covers) costs USD 40 allocated rent but contributes only USD 35. Breakfast is a liability. Correct answer: close breakfast or transform to high-margin model (brunch, catering, take&go at 50% margin). Answer owners TAKE in 8 of 10 cases: "I'll get servers to sell more at breakfast," hoping magic multiplies 12 covers. It doesn't.

If local market doesn't demand breakfast, that hour doesn't exist in your economics. When break-even shows a shift at loss, decision isn't marketing: it's eliminate that shift or redesign it. Another example: you find delivery is 15% lower margin than in-house. Answer is NOT "charge more on delivery" (Rappi algorithms prevent it). Answer is: how much extra delivery volume do I need to offset commission?

If you need 40% more orders, maybe delivery isn't worthwhile at that scale. Cut delivery or invest real money in promotion, not hope.

Sixth mistake: confusing revenue with contribution, and price decisions

Owner sees USD 8,000 monthly sales and decides to raise prices 15% to hit USD 9,200. Logic is clear: more revenue, more profit. But if elasticity is -0.8 (raise 15%, lose 12% volume), you end at USD 8,088: gained USD 88 revenue but lost USD 960 contribution because volume dropped. At 10% operating margin, that USD 960 lost contribution means needing USD 9,600 in sales to recover.

Mistake of straight entries: uniform price hike is worst choice. Raise price on high-margin (tolerates hike, already expensive). Lower price on volume (accelerates turns). That's pricing that works. Overall moves ("raise 15%") are boomerangs.

Seventh mistake: not reviewing week-to-week break-even variance

A restaurant closes cleanly each shift but doesn't compare week to week. Week 1 lands 380 covers, 12% operating margin. Week 2 lands 340 covers, 8% operating margin. Week 3 lands 315 covers, 5% operating margin. Gradual fall. An owner looking only weekly might miss pattern; starts thinking "someone changed" without digging. Right move: compare week-on-week, shift-on-shift. If lunch drops from 50 to 45 covers, why? Did food cost rise and few know?

Lost a corporate client? Competitor opened nearby? Quick diagnosis (week-on-week cover and operating margin compare) alerts you in 72 hours, not month-end. Manager owns this, weekly report each Monday. Metric: drop >5% in a week, investigate; drop >10%, immediate operational decision (promote, cut costs, or pivot strategy).

How the Masterrestaurant auditor builds the break-even diagnosis?

When Diego audits a restaurant for the first time, he opens cash from the last month, closes every shift from the last 7 days (for pattern), and puts three numbers on a sheet.

Column 1: rent allocated that shift (simple math). Column 2: actual covers that shift (sales ÷ avg price). Column 3: contribution that shift (covers × price - real prime cost). If allocated rent (col 1) > contribution (col 3), that shift loses money on fixed costs. That's a shift candidate for elimination, redesign, or real volume growth via real spending. Diagnosis builds in two hours.

Recommendations flow from that read: close unprofitable hours, change menu mix, separate delivery as its own operation, renegotiate vendors to cut prime cost on specific lines. Almost every restaurant auditor sees has at least one shift losing money without owner knowledge. When they see it printed, reaction is always same:

"You're telling me 120 covers last month but I actually lost 2% of volume?" Yes. Because cost structure ate all gross margin. Solution isn't magic: it's auditing each number, not each belief.

The 5 operational differences that define your profitability

****Allocation of fixed costs per shift and sales zone.**** The mistake is distributing rent, utilities, and insurance uniformly across shifts without measuring real volume. Correct: audit expected covers/shift, allocate proportional to actual volume, measure if each time slot (breakfast, lunch, dinner, delivery) generates positive operating margin. If breakfast covers 35% of rent but sells only 20% of volume, that shift is a liability. ****Real versus theoretical prime cost.**** Using 32% because "it's industry standard" misses 70% of diagnosis.

Your prime cost can be 28% on light pizza but 40% on meat, 35% on fish. Measuring by product line and by shift (lunch has less labor) changes where you aim improvements. ****Profitability by channel: not the same in-house as delivery.**** Selling USD 100 in-house with 42% margin yields USD 42 gross margin.

The 5 operational differences that define your profitability — in practice

Same sale in Rappi (after 28% commission) yields USD 72 sales with 42% margin = USD 30 gross margin. That's 30% less money for rent. If 40% of your volume is delivery, your break-even rises 15-20% because contribution base shrinks. ****Exact daily close versus register closing alone.**** The system says USD 1,200 but money doesn't match. Staff ate free, a refund wasn't logged, a split between servers got lost.

Without a close procedure, you don't know if you won or lost. ****Operating margin is the only one that matters for break-even.**** 40% gross margin sounds good, but if fixed costs eat 35%, you have 5% operating margin left. That number, times volume, is your cash flow. If it doesn't cover debt + surprises, you go negative monthly without knowing it.

POINT BY POINT

Comparison: what changes when you do break-even right

FIXED COST ALLOCATION

A · ❌ MISTAKE: HOW NOT TO DO IT Divide rent ÷ 30 days and allocate equally per shift, without measuring real volume

B · MASTERESTAURANT Allocate rent proportional to expected volume per shift (60% peak, 30% secondary, 10% other)

Verdict: B recovers 3-5 basis points of operating margin by not wasting rent on low-volume shifts

PRIME COST MEASUREMENT

A · ❌ MISTAKE: HOW NOT TO DO IT Use

32% industry prime cost without auditing real cost of your products

B · MASTERRESTAURANT Measure REAL

prime cost every shift and by product line, instead of averaging it across the whole menu.

Verdict: B pinpoints exactly where money goes; enables menu engineering decisions, not guessing

REPORTING MARGIN

A · ❌ MISTAKE: HOW NOT TO DO IT

Report only gross margin (40%); sounds good but hides that fixed costs eat 32%

B · MASTERRESTAURANT Report operating

margin (gross minus fixed), the only one that matters for cash flow

Verdict: B kills surprises: reporting operating margin, you know exactly what cash remains for debt and shocks

AUDIT FREQUENCY

A · ❌ MISTAKE: HOW NOT TO DO IT

Review costs monthly; close cash when convenient or trust the register alone

B · MASTERRESTAURANT Exact daily close;

weekly break-even review by shift; immediate operational adjustments

Verdict: B cuts leaks in half (from $\pm 5\%$ to $\pm 2\%$) and spots problems before they cut monthly cash flow

SIDE-BY-SIDE COMPARISON

✗ The trap COMMON MISTAKE

- ✗ Theoretical rent ÷ 30 in each shift
- ✗ Industry prime cost, not real
- ✗ Ignore delivery commissions
- ✗ Don't close cash daily
- ✗ Confuse gross and net

✓ Masterrestaurant method MASTERRESTAURANT

- ✓ Rent allocated per shift and segment
- ✓ Real prime cost measured each service
- ✓ Margin by channel (in-house vs delivery)
- ✓ Exact daily close per shift
- ✓ Margin in tiers (gross, operating, net)

THE NUMBERS THAT MATTER

Numbers that reveal the leak

34.2%

Full-service labor: 34.2% of sales (profitable) vs 42.9% (loss)

~45USD

Median sales per labor hour target is around USD 45

2.35%

Average card swipe fee per sale

7

U.S. states that eliminated the tip credit

~18%

US full-service segment contraction vs 2019

2-3%

CAM (common area maintenance) fees over base rent

VISUALIZATION

The numbers, visualized

Full-service labor: 34.2% of sales (profitable) vs 42.9% (loss)



Median sales per labor hour target is around USD 45



Average card swipe fee per sale



U.S. states that eliminated the tip credit



US full-service segment contraction vs 2019



CAM (common area maintenance) fees over base rent



Sources: [National Restaurant Association 2025](#) · [National Restaurant Association — median sales per labor hour](#) · [Texas Restaurant Association 2025](#) · [accessed Sep 24, 2026](#) · [Paychex — Tipped Employees Minimum Wage by State 2025](#) · [Technomic 2024](#)

Chart by [masterrestaurant.com](#)

ILLUSTRATIVE CASE (COMPOSITE)

"When we split by shift, lunch (50 covers, 12-2pm) covered rent + prime cost with 3% operating margin. Dinner (30 covers, 6-11pm) reached 8% operating margin, but breakfast (only 8 covers, 7-10am) lost 2% of volume in allocated fixed costs. The owner kept that breakfast because "I wanted to be open early," not seeing it cost him USD 40/month.

He changed hours, closed breakfast, added brunch on Sundays, and in three months went from 28% gross margin to 34% operating margin: USD 160 net per day more, just by auditing per shift."

— Diego F. Parra, Masterrestaurant

Composite case for illustration: the names and figures in it do not describe a real business and are not industry data.

HOW TO APPLY IT IN YOUR RESTAURANT

Checklist: audit these 15 points every week

- ☐

1. Calculate daily rent and distribute by shift (daily)

Monthly rent ÷ 30 days = daily rent. Then: 60% peak shift (lunch or dinner, per your volume), 30% secondary shift, 10% delivery/catering/private. If rent is USD 3,000/month: daily rent USD 100; lunch USD 60, dinner USD 30, others USD 10. Owner/manager. Evidence: spreadsheet with fixed allocation (same daily, reviewed monthly when rent changes).
- ☐

2. Measure REAL prime cost each shift (daily)

At end of each shift, record: (shift purchases + direct shift payroll) ÷ net sales = prime cost %. Don't use a generic 32%. If lunch is 28% and dinner 35%, that's what matters. Real prime cost varies by shift, season, menu, product mix. Manager/chef. Frequency: daily. Target: ±1% weekly variation.
- ☐

3. Calculate exact break-even per shift (daily)

Break-even covers = (allocated rent + shift variable costs like utilities prorated) ÷ (avg price - prime cost %). If below 6, that shift already lost money. Manager/owner. Review: daily at close.
- ☐

4. Audit actual versus expected covers (daily)

Each shift has an expected cover count (50 lunch? 35 dinner?). Compare against actual covers (net sales ÷ shift avg price). Variance >10% is alarm. If you expect 50 and get 42, you lost ~3-5 USD in operating margin by missing volume target. Manager/maitre. Frequency: each shift. Metric: weekly table of expected vs actual covers.



5. Close cash exactly per shift (daily)

Don't leave closes "for later." Register sales = cash counted + card confirmed + credit logged. If variance >2%, investigate before shift ends. Common causes: unlogged staff meals, unrecorded refund, server split error. Cashier/manager. Goal: $\pm 2\%$ max daily variance.



6. Calculate operating margin, not just gross (weekly)

Gross margin = sales - prime cost. Operating margin = gross margin - allocated fixed costs. Two boxes: first always sounds good (40%, 45%), second is what pays utilities and lets you sleep. If operating margin <8%, that shift or week doesn't sustain operations. Accountant/owner. Frequency: weekly report.

FAQ

Frequently asked questions on break-even per shift

What's the difference between break-even per shift and break-even per month?

Break-even per shift is where that specific service covers its costs (allocated rent + prime cost). Break-even per month accumulates all shifts and adds costs that don't vary daily (accountant, ads, insurance). A restaurant can hit daily break-even on every shift but miss monthly if fixed costs are too high. Key: ensure every shift has positive operating margin and the rest follows.

Why does delivery have higher break-even?

Because platform commission (25-30%) cuts net sales. Example: gross delivery sales USD 100, after commission you keep USD 72. Your prime cost % didn't change, but the base on which you calculate margin shrank. A restaurant heavily dependent on delivery needs larger volume to cover the same fixed costs, because each sales dollar yields less.

How often should I review break-even?

Daily at shift close (5 min: sales vs covers, prime cost today vs target). Weekly: accumulated covers vs target, average operating margin, cash variance. Monthly: analysis by shift, by product, by channel (in-house vs delivery); decisions on hours, menu, promotions.

If break-even rises, do I raise prices or cut costs?

Both, in order: (1) cut prime cost without losing quality (renegotiate vendors, reduce waste, adjust portions). (2) Shift sales mix (menu engineering: promote high-margin items). (3) Raise prices ON SPECIFIC LINES the market tolerates (beverages, desserts, appetizers), not uniformly. Raising everything 10% is the trap: you lose volume and end with less cash.

DATA & SOURCES

Break-even per shift by the numbers (2026)

Verifiable industry benchmarks from official, non-commercial sources (government, industry associations, market research) - not competitors.

Metric	Value	Source
Share of each restaurant sales dollar taken by food cost and by labor cost in the U.S., 2026 (cost context for dishes prepared in front of the guest)	aprox. 33 centavos de cada dólar de ventas, cada uno (2026)	National Restaurant Association — Restaurants remain resilient despite challenging business conditions (2026)
Increase in average hourly earnings of U.S. restaurant employees since February 2020 (cost of staff who prepare dishes in front of guests), 2026	41 % desde febrero de 2020 (2026)	National Restaurant Association — Restaurants remain resilient despite challenging business conditions (2026)
Increase in average U.S. wholesale food prices since February 2020 (pressure on plate cost), 2026	35 % desde febrero de 2020 (2026)	National Restaurant Association — Restaurants remain resilient despite challenging business conditions (2026)
Share of U.S. restaurant operators reporting higher food costs than the prior year (plate cost), 2025	82 % de operadores con costos de alimentos más altos (2025)	National Restaurant Association — Rising food costs, tight supplies: more challenges for industry (2026)
Share of U.S. restaurant operators saying tariffs contributed to higher food and beverage expenses (plate cost), 2025	68 % de los operadores (2025)	National Restaurant Association — Rising food costs, tight supplies: more challenges for industry (2026)
Share of surveyed U.S. restaurants that were not profitable in 2025 (margin context for plate cost), 2026 report	42 % de restaurantes no rentables (2025)	WTOP / National Restaurant Association — 42% of restaurants did not turn a profit last year (2026)

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