

# Your Menu Is Your P&L: Portfolio Decisions in 90 Days



By **Diego F. Parra** · Updated 2026-07-09 · Menu & Menu Engineering

**MASTERRESTAURANT®**

Executive Brief

## Su Menú es su Estado de Resultados: Decisiones de Portafolio en 90 Días

Método probado en +8.400 restaurantes · 43 países

[costorestaurante.com](https://costorestaurante.com)

### QUICK VERDICT

Your menu doesn't sell dishes: it allocates capital. Every line on the menu is a portfolio position with its own contribution margin, turnover and risk. The error I see again and again: owners treating the menu as a marketing piece when it is, literally, their income statement in print. With sector net margins of just 3–9% (Statista) and menu inflation at +3.5% year over year (National Restaurant Association, 2025), there's no room for dishes that hurt profit. Disciplined menu engineering —real portion costing, measured sales mix and pricing psychology— reorders the portfolio in 90 days and moves EBITDA without raising prices blindly or changing locations.



**Executive Brief** · Strategic brief · CEOs, boards & investors · 11 min read · 2026-07-09

INTELLECTUAL PROPERTY OF MASTERRESTAURANT® — EXCLUSIVE FOR SECTOR LEADERS

A 40-line menu isn't a card: it's a portfolio of 40 distinct unit economics, each with its own contribution margin, turnover and labor draw.

In 2026, with casual-dining food cost at 30–34% (National Restaurant Association) and net margins of 3–9% (Statista), deciding which dish to push and which to retire outweighs any campaign.

This brief lays out the Masterrestaurant framework to turn the menu into a decision architecture: what to measure, what to retire and what to reprice in an auditable 90-day cycle.

SIDE-BY-SIDE COMPARISON

Side-by-side comparison

|                                | MENU AS MARKETING<br>(STATUS QUO)                      | MENU AS P&L (MASTERRESTAURANT<br>FRAMEWORK)                                         |
|--------------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------------|
| Casual-dining food cost        | ✗ 34–40% uncontrolled per dish (drifts to fine dining) | ✓ 30–34% with standard recipe and portion costing (National Restaurant Association) |
| Business net margin            | ✗ 3–4% (low end of sector range)                       | ✓ 7–9% (high end of range, Statista)                                                |
| Absorbed menu inflation        | ✗ Passed on blindly or eats the margin                 | ✓ +3.5% repriced by elasticity (National Restaurant Association, 2025)              |
| Spend per guest (price design) | ✗ Dollar signs and weak anchoring                      | ✓ +8.15% when removing the \$ sign from the menu (Cornell University, 2009)         |
| High-margin dishes prioritized | ✗ No measured mix; chef decides by taste               | ✓ Pasta at 65–70% margin prioritized in the mix (Sauce, 2025)                       |
| Portfolio decision cycle       | ✗ Annual or reactive (when cash hurts)                 | ✓ Auditable 90-day cycle with KPIs and AI shortlist                                 |

1. Why is your menu a profit-and-loss statement, not a marketing piece?

Your menu allocates capital: every line is a portfolio position with its own contribution margin, turnover, and labor draw.

The mistake I see again and again, in kitchens across 43 countries, is owners treating the menu as a brochure when it is their P&L laid out horizontally. With casual-dining food cost between 30–34% (National Restaurant Association) and sector net margins of 3–9% (Statista), a poorly placed dish is no aesthetic slip: it drains cash month after month. A 40-line menu is 40 distinct unit economics, not a pretty list. Menu-price inflation closed at +3.5% year over year in May 2025, a 16-month low per the National Restaurant Association, so the cushion that once hid portfolio errors is gone. You decide with numbers, not taste. Measure contribution margin per dish and per table-hour, not average food cost. Average food cost is a mirage: it says the kitchen «runs fine» while three star dishes subsidize twelve losers.

2. What should you measure: average food cost or contribution margin per dish?

The Masterrestaurant framework separates each line by what it contributes in dollars after its ingredient cost, then crosses it with real turnover.

With optimal food cost between 28–35% per the National Restaurant Association, a dish at 40% can be your best business if it turns high and its absolute dollar margin is large; and one at 25% can be the worst if nobody orders it. Pasta proves the point: typical profit margin of 65–70% per Sauce, which makes it a portfolio lever, not filler. Stop chasing the percentage and chase the dollars per occupied table-hour. Decide on the menu every 90 days, not once a year. The annual review arrives late: by the time the owner reacts, three quarters of margin are already lost to dead dishes. The Masterrestaurant 90-day cycle is auditable: measure, retire, reprice, and measure again, with evidence at each step. Input costs move fast; the U.S.

### **3. How often are the menu's portfolio decisions made?**

**cattle herd fell to ~86 million head in 2025, a low since the 1950s per the USDA, pushing the beef-plate cost upward quarter by quarter.**

A menu frozen for 12 months ignores that hit until it has already eaten the margin. With consumer restaurant spending up barely +2% in 2024 and traffic stalled per Circana, there is no extra volume to rescue a neglected portfolio. Quarterly rhythm, or silent loss. Set price by psychology and elasticity, not by copying the menu next door. Copying the competitor imports a cost structure you do not know and forfeits the cheapest lever there is. Cornell (School of Hotel Administration, 2009) documented that removing the dollar sign from the menu raised spend per person by +8.15%, without changing a single dish or price. That is pure decision architecture. Taco Bell (Yum! Brands, 2024) reported 20% higher spend on its digital channel versus the human cashier: interface design reprices the ticket without touching the list.

### **4. How do you set price: by psychology and elasticity or by copying the competitor?**

**Markup says the same: spirits at 400–500% versus wine at ~200% per Provi. Push what design and elasticity favor, and stop reading the competitor's menu as if it were your accountant.**

Retire the dish that neither delivers absolute margin nor turns, and push the one that combines high contribution margin with real demand. The rule is simple and ruthless: low margin plus low turnover is an immediate cut candidate; it does not deserve a line in your P&L. A low-margin but very high-turnover dish can stay as a traffic magnet, with fine-dining food cost reaching 34–40% per the National Restaurant Association only if it justifies its place. The winners—pasta at 65–70% margin per Sauce, or trending categories like hot honey, present in ~11% of U.S. menus and +197% in four years per Datassential 2024—go to the highest-visibility zone.

### **5. Which dishes get retired and which get pushed in the 90-day cycle?**

**With over 1 million locations competing per the National Restaurant Association, every lost line is margin given away. Read trends by generation and monetize them by margin, not by fashion.**

Gen Z demand is measurable and pays a premium: 71% prefer cold or iced beverages per Datassential (2025), and 57% of Gen Z had a cold drink as their first habitual coffee per Tastewise (Gen Z Coffee Trends 2025). That is no whim; it is a high-margin category waiting on your menu. Some 58% of Gen Z and millennials pay more for beverages with health benefits per Hardtank (2025), and plant-based iced lattes grew +22.9% in one year per Technomic via CSP Daily News. The Masterrestaurant framework turns each trend into a 90-day test with a margin threshold, not an emotional bet. With food-and-beverage spend up +3% year over year in the first half of 2025 per Circana, demand exists; the job is to capture it with price, not enthusiasm.

6. What is the return of treating the menu as an auditable portfolio?

The return is defended margin in a sector where net lives between 3–9% per Statista. Diego F. Parra puts it plainly: at Masterrestaurant we do not reinvent the dish, we reorder the portfolio.

With full-service menu inflation at +3.6% through December 2024 per the National Restaurant Association and BLS, every point of poorly defended margin evaporates within a quarter. The 90-day cycle —measure contribution margin per table-hour, retire the dead lines, reprice with proven elasticity like Cornell's +8.15%— is the framework that separates the restaurant that survives from the one that merely rings sales. Loyalty pays too: 36% of diners with allergies always return to the same place versus 17% without them per the Food Allergy and Foodservice study. Your menu is already your income statement; the only question is whether you manage it with data or with nostalgia. Measurement: the P&L framework measures contribution margin per dish and per table-hour; the status quo watches only average food cost.

7. What separates a profitable menu from one that bleeds margin?

Horizon: portfolio decisions every 90 days vs. a reactive annual review that arrives too late. Price lever: psychology and elasticity (Cornell, 2009: +8.15% per guest without the \$ sign) vs.

copying the competitor.

POINT BY POINT

A/B analysis: two ways to run the menu

PROFITABILITY LEVER

A · MENU AS MARKETING (STATUS QUO)

Volume: sell more dishes at the same blind margin

B · MASTERRESTAURANT Mix and contribution margin: prioritize 65–70% lines (Sauce, 2025)

**Verdict:** Reordering the mix moves EBITDA faster than pushing volume over dishes that hurt profit.

## PRICING STRATEGY

### A · MENU AS MARKETING (STATUS QUO)

Copy the corner competitor's price

### B · MASTERESTAURANT Elasticity +

pricing psychology (Cornell, 2009: +8.15% per guest)

**Verdict:** Disciplined repricing and menu design beat blind comparison on spend per guest.

## DECISION HORIZON

### A · MENU AS MARKETING (STATUS QUO)

Reactive annual review when cash hurts

### B · MASTERESTAURANT Auditable 90-day

portfolio cycle with KPIs

**Verdict:** The 90-day cycle catches food cost variance before it erodes the 3–9% net margin (Statista).

## SIDE-BY-SIDE COMPARISON

### The menu as a marketing piece STATUS QUO

- ✗ Prices set by comparison with the neighbor, not by real costing
- ✗ Blind average food cost, no per-dish variance
- ✗ Chef's favorite dishes that hurt the portfolio's profit
- ✗ Reactive repricing once inflation already ate the margin
- ✗ No read of the real sales mix

## The menu as an income statement    MASTERESTAURANT

- ✓ Every dish with a documented standard recipe and portion costing
- ✓ Food cost variance monitored by line, not by average
- ✓ Menu engineering: stars, cows, puzzles and dogs classified
- ✓ Repricing by elasticity and pricing psychology, not blindly
- ✓ AI recommendation shortlists on the mix to decide the portfolio

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### THE NUMBERS THAT MATTER

## The 2026 portfolio-decision scorecard

**30**

– 3.4 %

well-managed casual-dining food cost

**3-9%**

typical net margin of the restaurant sector

**3.5%**

year-over-year menu price inflation (16-month low)

**8.15%**

more spend per guest when removing the \$ sign

**65**

-70%

typical profit margin on pasta dishes

**20%**

more spend on digital self-order vs human cashier

## VISUALIZATION

### The numbers, visualized

well-managed casual-dining food cost



typical net margin of the restaurant sector



year-over-year menu price inflation (16-month low)



more spend per guest when removing the \$ sign



typical profit margin on pasta dishes



more spend on digital self-order vs human cashier



## REAL CASE

*“We had 46 dishes and 60% of the profit came from 9. When we measured contribution margin by line and retired the 11 dogs from the portfolio, food cost dropped from 37% to 32% and the average check rose without touching base prices. The menu stopped being the chef’s wish list and became our income statement.”*

— Casual-dining chef-owner, 2 locations (synthesis of Masterrestaurant framework cases)

## HOW TO APPLY IT IN YOUR RESTAURANT

### Strategic roadmap: 90 days to reorder the portfolio

#### 1 Phase 1 (days 1–30): Portfolio audit and standard recipe

Deliverable: documented portion costing of every menu line with its standard recipe and real food cost variance. Success metric: 100% of dishes with contribution margin calculated and per-dish food cost  $\leq 32\%$  identified (reference: National Restaurant Association places casual dining at 30–34%). Without this baseline, any pricing decision is a bet. This is where dishes that add value separate from those that hurt profit.

#### 2 Phase 2 (days 31–60): Menu engineering and elasticity repricing

Deliverable: menu-engineering matrix (stars, cows, puzzles, dogs) with a decision to retire, redesign or reprice each line. Success metric: repricing of  $\geq +3.5\%$  on low-elasticity lines (aligned with menu inflation reported by the National Restaurant Association, 2025) and menu redesign applying pricing psychology —no dollar sign (Cornell, 2009: +8.15% per guest). Goal: lift the mix contribution margin by 3–5 points.

#### 3 Phase 3 (days 61–90): Sales mix and AI shortlist

Deliverable: weekly sales-mix dashboard and AI recommendation shortlist that prioritizes high-margin dishes (pasta 65–70%, Sauce 2025) on the card, digital menu and floor suggestion. Success metric: +2 sustained points of EBITDA and food cost stabilized at 30–34%. The digital menu also captures the documented effect of +20% spend on digital self-order (Taco Bell / Yum! Brands, 2024).

## FAQ



## Board-level questions on the menu as a P&L

### What does it cost NOT to reorder the menu portfolio?

It costs the margin. With a sector net of 3–9% (Statista) and dishes with uncontrolled food cost drifting toward the 34–40% of fine dining (National Restaurant Association), a few dishes that hurt profit can erase an entire location's EBITDA. Not deciding is deciding to lose margin.

### Is raising prices the only lever in 2026?

No. Menu inflation was +3.5% year over year (National Restaurant Association, 2025), but pricing psychology matters just as much: removing the dollar sign lifts spend per guest +8.15% (Cornell University, 2009). Reordering the mix toward 65–70% margin dishes (Sauce, 2025) moves margin without touching the base price.

### What is menu engineering applied to the income statement?

It's classifying each dish by contribution margin and popularity —stars, cows, puzzles, dogs— to decide what to push, redesign or retire. With well-managed casual-dining food cost at 30–34% (National Restaurant Association), menu engineering is what separates a profitable menu from one that bleeds.

### How soon do EBITDA results show?

The Masterrestaurant framework cycle is 90 days: 30 of audit and standard recipe, 30 of repricing and menu engineering, 30 of mix and AI shortlist. The quantified goal is +2 points of EBITDA and food cost stabilized at 30–34% (National Restaurant Association reference) without opening another location.

## DATA & SOURCES

### Sector data 2026 (official sources)

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

| Metric                                             | Benchmark 2026                                                             | Source                             |
|----------------------------------------------------|----------------------------------------------------------------------------|------------------------------------|
| Crecimiento del matcha en menús (EE. UU.)          | +50% desde 2010                                                            | Datassential — 2025                |
| Aumento de pedidos de matcha en delivery (EE. UU.) | +34% en 2025                                                               | Grubhub — 2025<br>Delivered Report |
| Tamaño del mercado global de matcha                | USD 4,17 mil millones en 2025 → USD 7,15 mil millones en 2030 (CAGR 11,6%) | Grand View Research — 2025         |
| Crecimiento del té helado en menús (EE. UU.)       | +6% en el último año (fine dining +14%)                                    | Datassential — 2025                |

| Metric                                            | Benchmark 2026                        | Source              |
|---------------------------------------------------|---------------------------------------|---------------------|
| Generación Z que prefiere bebidas frías o heladas | 71% de la Gen Z                       | Datassential — 2025 |
| Penetración del cold brew en menús de EE. UU.     | De menos de 1% en 2014 a 7,7% en 2024 | Datassential — 2024 |

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