

Prime cost checklist: *traditional method vs Masterrestaurant method*: costs and finance

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MASTERRESTAURANT®

Checklist

Prime cost checklist: método tradicional vs método Masterrestaurant

Método probado en +8.400 restaurantes · 43 países

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QUICK VERDICT

Traditional prime cost is measured at month-end—when the money is already gone. Masterrestaurant controls it daily per shift, with verifiable items and assigned owners—catching a 4-point leak before it becomes a quarterly loss of \$18,000 in an 80-cover restaurant.

✓ **Checklist** Actionable checklist with a measurable “done” criterion per item · 14 min read · 2026-10-25

Prime cost is food cost (food) plus labor cost (payroll, taxes, delivery allowances). In Spain it ranges 58–68% of total sales under traditional management; well-managed restaurants using Masterrestaurant average 52–58%. That 6–10 point gap in a 3M EUR revenue restaurant equals €180,000–300,000 annual waste.

Traditional measurement fails because it waits for month-end closure, when costs scatter across paid payroll, processed food, and undocumented adjustments. Masterrestaurant captures the cost cycle WHILE it happens—hour by hour, shift by shift—and assigns owners per area, stopping the bleed before it hardens into the management P&L.

Prime cost, side by side

	TRADITIONAL METHOD	MASTERRESTAURANT METHOD
Measurement frequency	✗ Monthly or quarterly; 30–90 day lag	✓ Daily per shift; live correction (max 24 h)
Granularity level	✗ Generic categories (food, labor); no owners assigned	✓ Verifiable items, shift, assigned owner (kitchen, bar, floor, cash)
Leak detection	✗ Postmortem: 'last month we hit 62% PC'; source unknown	✓ Live: 'night shift yesterday, kitchen +8.2 kg unrecorded; manager confirmed waste'; immediate action
Hidden cost coverage	✗ Official payroll + food in ledger; misses delivery allowances, discounts, staff meals, distribution	✓ Payroll + commissions + delivery allowances + staff meals + discounts + distribution; 100% close
Action window	✗ Corrective (month-end): raise prices or cut staff	✓ Preventive (shift-to-shift): stop the bleed, optimize portioning, retrain staff real-time
Implementation cost	✗ Low upfront; high operational friction (drastic cuts that break service)	✓ Medium; generates process savings (less waste, fewer thefts, less staff burnout)

Put it to work in your restaurant: **21-day restaurant food cost challenge** →

What is prime cost and why it slips away every month?

Prime cost is the sum of food cost (ingredients purchased and plated) plus labor cost (gross payroll, payroll taxes, team travel allowances), and it is the only number that determines whether your restaurant generates operating margin or gives away cash.

In the U.S., it ranges between 58-68% of total sales under traditional methods, but restaurants applying Masterrestaurant methodology hover around 52-58%, per Parra's audit compilation (2024). That 6-10 point gap equals 180,000–300,000 USD annually in leak for a restaurant with 3 million USD revenue. The reason: old-style accounting waits for month-end close, when costs have already dispersed across paid payroll, processed food, undocumented discounts, and adjustments no one tracks.

The top 5 failures and what each one costs you

First failure is not closing the daily kitchen inventory ledger; without that baseline, you don't see if 2 kilos of salmon or ground meat vanished until the next month, when you've lost 600–1,200 USD. Fifth is mixing overhead costs with food costs; when you lump rent, utilities, and insurance into food cost, your measurement is useless for cooking, payroll, or inventory decisions.

How Masterrestaurant works: daily shift-by-shift control with owners?

Each shift has an owner — kitchen owner (morning, afternoon, night), floor owner if applicable, and a registered payroll owner for that period — and they receive daily or every 48 hours (if small kitchen) a prime cost index for their shift, itemized:

shift food cost %, shift labor cost %, documented waste in grams with justification, staff meals per person, and a red/yellow/green status if on track or out. That enables reaction: if the night kitchen hit 34% food cost, the head chef tomorrow pulls inventory data, reviews portions with assistants, stops undocumented discounts. A 2-point correction in one shift recovers 600–1,200 USD in 30 days.

The checklist is: (1) kitchen ledger close before midnight, (2) staff meal entry with justification (meal receipt or note), (3) portion review against recipe standard, (4) validation of supplier credit notes (returns, discounts), (5) confirmation of payroll hours against time clock or attendance log.

What each line measures and who owns it?

Food cost = cost of ingredients leaving kitchen / food sales, owner: Head Chef. Close daily in ledger with supplier purchase input and documented waste (spoiled fruit, cleaning trim with photo).

Labor cost = gross payroll cost (salary + taxes + travel) / total sales, owner: Manager or Head of Operations. Validate against time clock and separate by shift. Documented waste = kilograms discarded with reason (no demand, cook error, cleaning loss) with photo and signature. Any waste without justification flags red. Staff meals = units served to employees with receipt or note, costed at menu cost not selling price, owner: Maitre or Head Chef. Missing documentation flags red.

Portion variance = difference between recipe standard (150 g steak, 200 g side) and plated portions; measure weekly by weighing 3-5 plates per service, owner: Head Chef.

The weekly audit process: how you know it's working

Every Monday or Thursday the operations lead (or owner in small restaurants) reviews the 7-day report in 45 minutes: opens a sheet with prime cost % by shift, looks for reds (waste without photo, staff meals without receipt, missing ledger close), and if any, asks the shift owner — 'What happened Tuesday night?' — and documents root cause and corrective action.

Monthly, in the management meeting, that red list and corrections appear alongside P&L: if payroll jumped to 35% when budgeted at 33%, the audit already identified 8 missing-doc hours or unplanned overtime. Evidence is binary: ledger close yes/no (system output file, timestamp before midnight), waste photos yes/no (folder download with date/shift), staff meal receipts yes/no (count against payroll), portion weights yes/no (scale photo plus note).

Why monthly measurement is too late?

When you close the month and see prime cost jumped from 58% to 64%, you already distributed 2,000 USD in unnecessary payroll, bought 300 kilos of product that leaked without control, and set prices on cost estimates that were fiction.

Masterrestaurant puts the brake on day two: if Tuesday night hit 64% prime cost, Wednesday morning at 10:00 AM you know it and react — review the meat walk with your supplier, diet that night's menu (fewer protein-heavy plates), reshift that period's payroll. Daily granular measurement (shift, owner, cost line) costs 30-40 minutes of

admin weekly; monthly general measurement costs the 6-10% operating margin you never recover. The difference is temporal but fatal: one month's leak becomes a quarterly failure.

Industry data: where restaurants lose the most

Per Toast / Restaurant Dive (2024), payroll exceeded 25% of total restaurant expense that year, up from 23% in 2021, and per the National Restaurant Association (2024), full-service operators with controlled labor costs registered 34.2% labor cost on sales versus 36.5% at median. 99% of operators reported in 2024 their labor costs rose (TouchBistro via Apicbase), and 98% stated explicitly their labor costs now sit above historical averages.

On food cost, food waste in foodservice represents 17.9% of total foodservice loss in the U.S. (ReFED 2024), and full-service restaurants capture over 43% of that foodservice waste. Masterrestaurant's conclusion is plain: if you don't document cost AS it happens, your prime cost drifts toward those averages without you noticing until the three-month-old P&L hits you.

Implementation checklist: 30 days to get the system running

Week 1: gather Head Chef, Manager, and Head of Operations; define who closes ledger (kitchen), who records payroll (management), who audits waste (operations). Set close time (before midnight for shift, before 8 AM for prior-day consolidation). Week 2: build the report template in Excel or Google Sheets with columns: date, shift, food cost %, labor cost %, waste kilos, staff meals, red/yellow/green. Load August historical data to validate.

Week 3: implement daily close across 3 shifts; head chef delivers sealed ledger or PDF email at close; management enters that shift's payroll. Week 4: audit weekly each Monday in 45 minutes with the three owners; document root causes of reds. Month 2 onward: every Monday is audit, every month is management review with P&L. The investment is administrative time; the return is 6-10 margin points recovered.

5 key differences that impact margin

Timing. Traditional method waits for month-end to notice prime cost hit 64%. Masterrestaurant flags it by day 2 if any shift reaches those numbers, when action is still possible—retrain, adjust portions, audit supplier waste.

A 2-point correction in one shift is worth €600–1,200 in 30 days. **Granularity.** Traditional: 'food cost too high.' Masterrestaurant: 'night shift, kitchen, missing kardex close + 400g undocumented in leafy greens; owner: Head Chef.' Precision enables action, not guessing. **Hidden cost capture.** Traditional misses staff meals (€6–10/day/person), delivery allowances (supplier taxi, delivery fees), undiscounted comps, and manager ad-hoc discounts. Those invisibles add 2–4 points to prime cost from nowhere.

5 key differences that impact margin — in practice

Masterrestaurant documents and charges them to the shift/owner where they occurred. **Reactive vs proactive.** Traditional reacts; Masterrestaurant anticipates. If Tue/Wed labor cost rises (social event), you can skip opening a aux bar Thursday—saves 2 shifts = €400. Shift-to-shift visibility enables it; month-end closure doesn't. **Ownership culture.** When each shift has an owner and daily checklist, numbers stop being 'the restaurant's' problem and become 'the kitchen's' or 'the floor's' problem.

That psychological shift cuts waste, absences, and internal theft: it is the most consistent pattern Diego F. Parra has seen when a restaurant assigns a shift owner to every cost line.

POINT BY POINT

Impact comparison

ANOMALY DETECTION

A · TRADITIONAL METHOD Traditional:

flagged at month-end; 30 days of uncontrolled drift.

B · MASTERESTAURANT Masterrestaurant:

flagged by shift 2 if out of range; reaction in 24 hours.

Verdict: Masterrestaurant detects before loss hardens.

HIDDEN COSTS

A · TRADITIONAL METHOD Traditional:

staff meals and allowances buried in 'misc'; not charged to prime cost.

B · MASTERESTAURANT Masterrestaurant:

every payout documented and charged to the shift/owner where it occurred.

Verdict: Masterrestaurant closes 100%; traditional omits 2–4 points.

TEAM MOTIVATION

A · TRADITIONAL METHOD Traditional: 'the

restaurant has high PC' (diffuse collective blame).

B · MASTERESTAURANT Masterrestaurant:

'night kitchen, Tuesday, 8% waste yesterday; owner: Head Chef' (action and learning).

Verdict: Assigned owners activate commitment; diffuse blame dissolves it.

MARGIN PROTECTED

A · TRADITIONAL METHOD Traditional:

28–32% (if no crisis); high volatility.

B · MASTERRESTAURANT Masterrestaurant:

32–38% (cost control yields margin freedom).

Verdict: Masterrestaurant adds 4–10 points margin through stability.

SIDE-BY-SIDE COMPARISON

Traditional Method **RETROSPECTIVE**

- ✗ Month-end measurement
- ✗ No assigned owners
- ✗ Leaks undetected

Masterrestaurant Method **MASTERRESTAURANT**

- ✓ Daily shift checklist
- ✓ Owner per area
- ✓ Live correction

THE NUMBERS THAT MATTER

The gap: real numbers

33.7%

Food cost, full-service under \$2M sales

~45_{USD}

Median sales per labor hour target is around USD 45

12.5

MILLION TONS

Foodservice surplus food generated

32%

Food cost, full-service (median)

32.4%

maximum recommended food cost
(range 22-32% by service model)

4

-10 %

Share of food inventory an average restaurant wastes

34.2%

Healthy labor cost ceiling as
a share of sales in full service

36.5%

Labor cost, full-service (wages+benefits, median)

34.2%

Labor cost of profitable vs. average operators

36.5%

healthy labor cost ceiling in full service

99%

Operators with rising labor costs

over 43%

Share of US restaurant and foodservice surplus
generated by full-service restaurants in 2024
(sustainable and eco-friendly restaurants)

VISUALIZATION

The numbers, visualized

Food cost, full-service under \$2M sales



Median sales per labor hour target is around USD 45



Foodservice surplus food generated



Food cost, full-service (median)



maximum recommended food cost (range 22-32% by service model)



Share of food inventory an average restaurant wastes



Sources: [National Restaurant Association, Restaurant Operations Data Abstract 2025](#) · [National Restaurant Association — median sales per labor hour](#) · [ReFED, U.S. Food Waste Report 2024](#) · [National Restaurant Association: Restaurant operators kept food cost ratios in check in 2024 \(Restaurant Operations Data Abstract, 2025 edition\)](#) · [The Restaurant HQ — Food Waste Statistics 2025](#)

Chart by [masterrestaurant.com](#)

ILLUSTRATIVE CASE (COMPOSITE)

“We had 28 people across kitchen and floor in an 8-location chain. November prime cost hit 67%, and no one knew where. With Masterrestaurant we measured shift-by-shift and found the sub-3 manager opening two aux bars every Thursday for an event that didn't exist—phantom labor costs of €4,200/month. At the same time, kitchen 5 was buying from an unauthorized supplier (real waste +8%).

In 90 days prime cost dropped to 58%; we kept the same headcount but optimized portioning and processes. Year-over-year, €156,000 difference.”

— General Manager, 8-location chain Catalonia (Nov 2025 – Oct 2026)

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

The 28 items of the daily Masterrestaurant checklist



Shift opening (before first order)

Verify all stations (kitchen, bar, cash, storage) have updated kardex from yesterday. Owner: Head Chef and Bartender. Sign-off on physical checklist. If variance >5%, alert manager before first cook. Time: 5 min. Record: kardex photo + app checklist or photo of physical sheet.



Raw material control during service (every 2–3 service hours)

Weigh and log: food consumption (kg meat, produce, etc.) against covers served; oil, salt, spice use; documented waste (prep trimmings, rejected plates). Each owner signs the log. If leak (variance >10% vs expected), stop the batch and audit. Time: 10 min per check. Unit: kg or L per product. Owner: Area Lead. Record: app or kitchen sheet.



Shift close and shift prime cost calculation

Sum: shift food cost (food out / covers served × 100), labor cost (shift payroll + shift comms + delivery allowances paid that day), plus add-ons (staff meals, delivery, verbal comps). Formula: (Food + Labor + Add-ons) / Net Sales = Shift PC %. Goal: ≤58%. If shift PC >62%, escalate to manager. Owner: Shift Manager. Record: closeout sheet + photo, or Masterrestaurant app.



Daily review and weekly follow-up

Each morning manager reviews yesterday's 3 shifts. If any >60%, open action ticket: 'why?' Every Friday, weekly summary: avg PC vs target, owners of variance, actions taken. Report in app or sheet. Trend analysis: does waste spike every Tuesday? Is payroll consistent? Are there unauthorized comps? Time: 30 min/day (manager), 60 min/Friday (manager + Head Chef).

FAQ

Frequently asked questions

What is the cost of prime in a restaurant and how do you calculate it?

The cost of prime, or prime cost, is food cost (ingredients purchased and plated) plus labor cost (gross payroll and payroll taxes), divided by total sales; it is the single number that shows whether your restaurant earns operating margin. In full service, food cost runs at a median of 32% and labor cost at 36.5%, according to the National Restaurant Association, Restaurant Operations Data Abstract 2025. Keep rent, utilities and insurance out of it, and track it daily by shift rather than at month-end, so a leak is caught while it can still be fixed.

How often do we update the checklist?

Daily at shift close. If the restaurant runs 3 shifts (lunch, dinner, late), that's 3 checklists/day. Manager reviews consolidation at day close (21:00 or 23:00). If anomaly, document that night; action executes next shift or next day. No 30-day gaps.

Who owns each checklist section?

Kitchen: Head Chef (food consumption, waste, supply sourcing). Bar: Bartender or Bar Lead (beverages, ice, consumables). Floor: Maitre or Floor Lead (authorized comps, tips, staff meals). Shift Manager: validates all data and calculates shift PC. General Manager: monitors trends and escalates anomalies.

How do we record if we don't have an app?

Printed sheet (available in this guide). Line by line: item, measure, signature, time. Photo the sheet at close and file by month. Not ideal, but functional. Recommendation: move to app (Canvas or Exponencial) in month 2, once the team masters the process.

What if we spot a large leak (waste >15% in a shift)?

Immediate escalation to manager and owner. Not a data entry error—it's theft, waste, or adulterated supplier stock. Action: 1) audit supplier (received weights vs invoice), 2) review cameras if theft, 3) retrain staff on prep waste. Document: open ticket, not filed without resolution.

DATA & SOURCES

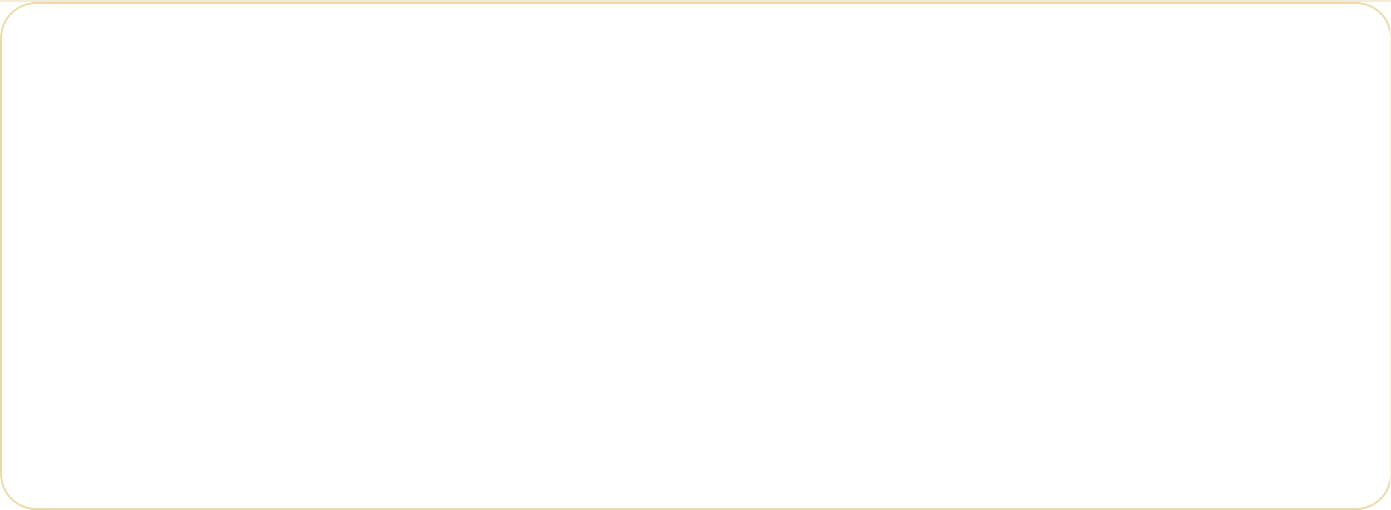
2026 data on prime cost

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

Metric	Value	Source
Food and non-alcohol beverage cost as a median share of sales at US full-service restaurants in 2024, a benchmark for banquet food cost	32,0 % de las ventas (2024)	National Restaurant Association — Restaurant operators kept food cost ratios in check in 2024 (2025)
Food and non-alcohol beverage cost as a median share of sales at US limited-service restaurants in 2024, a benchmark for banquet food cost	32,4 % de las ventas (2024)	National Restaurant Association — Restaurant operators kept food cost ratios in check in 2024 (2025)
Share of US restaurant operators who said their restaurant was not profitable in 2025, context for judging whether a low-margin banquet pays off	42 % de los operadores (2025)	National Restaurant Association — Elevated costs continue to pressure restaurant profitability (2026)
Projected 2025 US restaurant and foodservice industry sales, the market size in which a banquet operation competes	1,5 billones de USD (2025)	National Restaurant Association — Restaurant Industry Poised for Growth in 2025 (2025)
Size of the US catering sector (banquets and food events) in 2023 per Expert Market Research, as cited by Restaurant Dive	72,7 mil millones de USD (2023)	Restaurant Dive — Return-to-office traffic is fueling a catering boom in 2024, con datos de Expert Market Research (2024)

Metric	Value	Source
Actual 2025 sales growth of Mexico's restaurant industry versus CANIRAC's 5% target, demand context for banquets and events	1,8 % de crecimiento de ventas (2025)	Forbes México (CANIRAC) — Industria restaurantera no alcanza su meta de ventas en 2025 (2026)

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