



Menu Engineering

Grow your margins with a different technique

Menu engineering is a marketing-oriented approach to the evaluation of current and future menu pricing, design and content decisions. Menu engineering is a quantitative model designed to provide a basis for analyzing a menu's success both in terms of attracting and maintaining clientele as well as in terms of profitability.

Increase

Sales and

Profits





Menu engineering focuses on four elements:



1. **Customer demand** - The total number of customers served;
2. **Menu mix** - Number of each menu Item sold in a given period;
3. **Gross margin** - The gross profit for each menu Item; and
4. Historically, foodservice managers have evaluated food costs using percentages. However, Menu Engineering is primarily concerned with **margin management**, the banking of dollars, not just the achievement of targeted food cost percentages. After all, we take dollars to the bank not percentages.



Menu engineering steps:

First, analyze each item sold during a given period. Items may be classified by:

Category - The category on the menu (i.e., entrees and pasta).

Number sold - The number of menu items sold during the Analysis Period.

Selling price - The price charged for the menu item.

Item cost - The total cost of food required to produce the menu item including the standard recipe cost, the garnish cost and any supplementary food cost (i.e., bread, salad, etc. served with menu items). This is best determined by creating a [menu explosion](#) model.

Total revenue - The total revenue generated from the sale of the menu item during the analysis period.

Gross margin - The difference between the selling price and the item cost.

Some managers also include item complexity (the amount of work required to prepare an item ranging from basic assembly and cooking of ingredients to several stages of pre-preparation and sophisticated assembly and cooking) in the menu item analysis.



Menu engineering steps...

Secondly, each item is plotted on a scatter graph by menu item category (i.e., entrees). Typically, the vertical position of the plot point for each menu item is based on the margin of a single unit of sale. The horizontal position of the plot point for each menu item is based on sales mix as a percentage (the percentage of units sold within the menu category belonging to the given item). These scatter diagrams divide menu items into four quadrants that are used to evaluate the menu success as follows:

Stars - Menu items that are high both in popularity and gross margin.

Work horses - Menu items with high popularity and low margin.

Problem children - Menu items with low popularity and high margins.

Dogs - Menu items that are low both in popularity and margin.





The underlying concept when using this tool is simple: Identify items that can be enhanced to improve popularity, and opportunities to improve margin through recipe reformulation or price increase to match market values. Cull the menu to remove items that do not perform, thereby focusing sales efforts on those items that are popular and make you money.

Build your marketing strategies to promote the sales of items that make you the most money rather than those that look the prettiest in a picture. These typically include the positioning of items on the menu, use of images, boxing in, changing fonts and several other strategies that change based on type of operation.

It is important to control all marketing on your menu be it direct or unintentional. Examples of unintentional marketing might include icons indicating “chef’s favourite,” or “new”. Any and all highlighting of items must be in line with your intention to sell the most profitable items.





[Strip Steak with Japanese Dipping Sauce](#)

by David Myers; Hinoki & The Bird, Los Angeles, CA

Ingredients

2 sprigs rosemary plus leaves for serving
2 sprigs thyme plus leaves for serving
2 strip steaks (about 1" thick; 1 1/2 pounds total), cut in half crosswise, room temperature
1 tablespoon olive oil
Kosher salt, freshly ground pepper
1/2 cup ponzu
1/4 cup finely grated carrot
1/4 cup finely grated daikon (Japanese white radish)

Preparation

Prepare grill for medium-high heat. Place rosemary and thyme sprigs on a plate and microwave on high until brittle, about 2 minutes.

Rub steaks with oil, season with salt and pepper, and sprinkle with herbs, crushing gently and pressing to adhere.

Grill steaks to desired doneness, about 4 minutes per side for medium-rare. Let rest 5 minutes.

Meanwhile, mix ponzu, carrot, and daikon in a small bowl. Top steaks with rosemary and thyme leaves; serve with dipping sauce.

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Nossack Code # 96261: Beef New York Steak, 6oz C/C



Menu engineering is an ongoing process!

The greatest success in increasing margin occurs the first time Menu engineering is implemented. In food service STRATEGY's experience, margin improvements of as much as 20 per cent have been realized. Menu engineering is an important tool that should be used regularly by every operator to maximize profitability!

