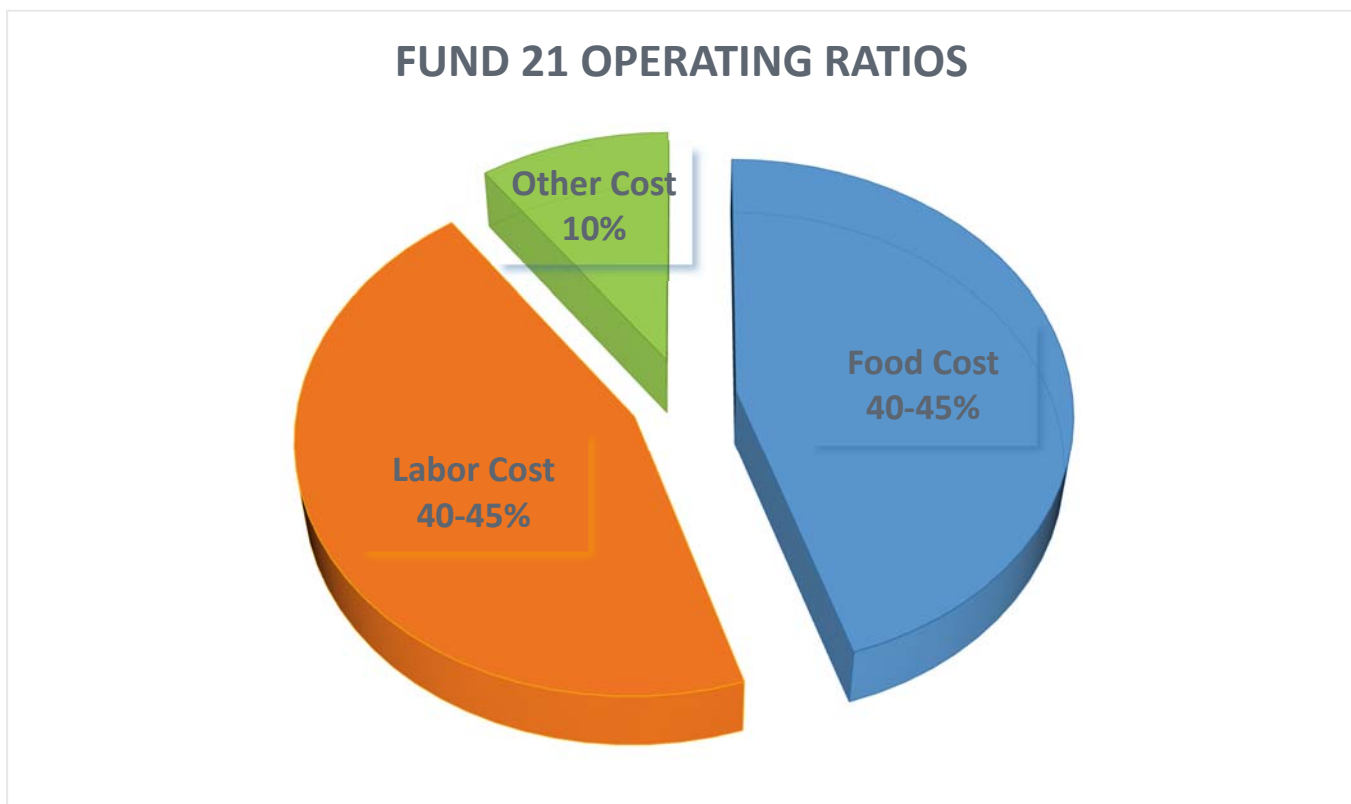


Operating Ratios

Operating Ratios = expenditures as a percentage of revenue

- Food costs 40-45% purchased food, USDA Foods, processing fees
- Labor costs 40-45% salary/wages, benefits, substitute pay and benefits, contractual work
- Other cost 10-20% chemicals, paper, supplies, indirect costs
- 100%



Food Cost Percentage

$$\frac{\text{Total Food Cost (purchased food + beginning inventory) - ending inventory}}{\text{Total revenue}}$$

Labor Cost Percentage

$$\frac{\text{Total Labor Cost (wages + benefits)}}{\text{Total revenue}}$$