



ISSUE 1

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## A CASE FOR RAISING PRICES



I can't increase my prices – no one will come – all of the competition is cheaper...And on and on and on...

If your business is built on price alone, you will die by price. Someone will come along and do it cheaper (at least for a while, until they fail or decide to quit working for nothing).

If everything in this world was decided by price alone, there would be no BMW's, there would be no Starbucks, no designer clothes, and no custom built homes – and the only restaurant would be McDonald's.

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## Georges. A Mosaic of Culinary Creativity.

Located on busy St. Joseph Boulevard in Gatineau, Georges is the area's newest restaurant. The concept at first blush is neighbourhood Bar and Grill, although Georges is one local establishment that will not be easily defined.

The setting is eclectic and fun, a trendy eatery that celebrates a range of artistic expressions. Art is everywhere in Georges. From the culinary delights that adorn each plate, to the distinctively colourful pieces of art that dress the walls and add to the unique décor, to music spun by a live nightly D-Jay – even the service reflects the restaurant's creative flare.

The cozy interior is neither large nor small but rather intimate and interactive. Divided into three sections, a mix of trendy guests are able to socialize and sip lager and martinis at the centrally situated bar while business people in suits wine and dine clients among fun-loving families and couples in the dining area.

Georges wait staff is highly attentive – delivering a diverse menu that is gourmet in spirit but not in price and includes everything from premium quality Angus Certified beef and creatively presented pasta dishes, to the type of appetizers you would expect to find at your favourite bar and grill. An average meal here ranges in price from \$10-\$30 per person.

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## PST AUDITS – ARE YOU READY TO DEFEND YOUR COSTS?



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### GET TO KNOW US

Hospitality Solutions offers a unique, personalized service to help restaurant and bar operators reduce, control and monitor food and beverage costs with accuracy and efficiency. Using state-of-the-art inventory software we provide ongoing cost reduction advice that is supported by partners and associates, all of whom are all former operators.

For more information please visit our Web site at [www.hospitalitysolutions.ca](http://www.hospitalitysolutions.ca) or call toll free 1 877 384-1461.

## A CASE FOR RAISING PRICES

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We all know that just isn't the case. People buy based on value – not just on price.

In study after study it is shown of all the reasons that customers leave a business, that only 9% of them leave because of price. If you think about it – which of your customers would really leave because of price – probably the ones that complain the most, are often looking for discounts or freebies, and the ones that order whatever is on special with a glass of water...are these the customers that you want to keep?

You work hard, you have a lot of money invested in your business, you have a lot of overhead – **you are entitled to make a decent profit!**

Increasing prices across the board, or randomly picking items and increasing those prices might help – but generally that is not the best answer.

Proper Menu Costing and Menu Engineering are the tools necessary to provide the correct answers to setting prices. You need to know which items give the biggest bang for the buck, and how to place and promote them on your menu for maximum sales, highest margins and contributions, in turn producing maximum profit.

Watch for our next newsletter to see how these tools can work for you.

## GEORGES. A MOSAIC OF CULINARY CREATIVITY.

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### A TESTIMONIAL

*As a long time owner of a highly successful restaurant, and the new owner of a second establishment, I rely greatly on the services Hospitality Solutions provides. In fact, I was one of their very first clients.*

*The reality is that the company and their auditors are extremely knowledgeable. Knowledgeable in areas that are important to their clients. These guys aren't just number crunchers; they know how the hospitality business works. They know about the products out there and how to use them.*

*Restaurant operators are busy people. We understand the crucial importance of keeping track of our inventory numbers and costs, we're simply too busy to give these things the attention they deserve. Hospitality Solutions gives me management reports that help me manage and improve my food and beverage costs. They keep me informed of which products are selling, and which aren't, and they work with me to develop a plan of action for improvement.*

*One of the most recent examples of how Hospitality Solutions helped me increase profits is when they offered feedback on one of our best selling menu items. In comparison with the rest of the industry, we had it priced too low.*

*Our Hospitality Solutions consultant explained to us that a minor adjustment to our pricing strategy would likely go unnoticed and that the promise of a profit on our end was too great not to take advantage.*

*We took their advice and turned a profit, without turning off any customers.*

*The best way I can describe it is that Hospitality Solutions constantly has it's finger on the pulse of my business, offering me feedback and guiding me toward opportunities that may have otherwise been overlooked. In this business, that means profit. What they do is imperative to my operation. I wouldn't think of operating without them.—David Chan, Owner*

**Restaurant:** Georges  
**Owner:** David Chan  
**Head Chef:** Allan McRoberts  
**Address:** 755 boul. St. Joseph  
Gatineau  
**Phone:** 819-776-3737



## PST AUDITS – ARE YOU READY TO DEFEND YOUR COSTS?

Does that sound ridiculous – defend your cost to the tax man? Believe it – it happens. Currently in Ontario selling your restaurant will generally create an automatic tax audit – as usual, they want to get theirs first!

As part of the “tax man analysis” they will look at your menu prices and determine what they think your margins should be – if your margins do not line up with their expectations, quite often they will assess you for missing sales, based on poor margins.

They have very little compassion for theft, shrink, poor yielding product – that is your responsibility – they still want their money based on what they think you “should have sold”.

An effective way to combat this absurd method of tax collection is to have an independent valuation (ongoing) of your food and beverage costs. Over the past few years many of our clients have successfully fought and won against tax audits based on having detailed records of the actual costs in their restaurants, not the “ideal cost” that the tax department believes they are entitled to collect tax on.

*Serving the Ottawa Region*

**HOSPITALITY SOLUTIONS**  
17125 Willy Allan Rd.  
St. Andrews West, ON  
K0C 2A0

**Toll Free 1 877 384-1461**

Tel: 613 936-8741  
Fax: 613 932-0877

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