BAR PROFITABILITY

Material cost doesn't tell you if you're making a living. The numbers that actually decide.

1 · PRIME COST

THE health ratio: material cost + fully-loaded payroll. Aim **under 60%** of ex-tax revenue. Red line at **65%**: past it, rent, energy and depreciation don't fit.

> prime cost = material cost + loaded payroll

2 · PAYROLL

30 to 40% of revenue in a bar. It's the line that makes or breaks your margin, far more than material cost on a cocktail bar.

3 · ON-PREMISE VAT (FRANCE)

Split it per line, or the tax office reclassifies everything at the highest rate.

> alcohol **20%** · soft drinks & food on-site **10%** · sealed to-go **5.5%**

4 · GROSS MARGIN ≠ PROFIT

An 80% gross margin cocktail says nothing about the bottom line. Realistic net margin, after everything: **10 to 20%** of revenue.

POUR COST BY FAMILY (GUIDE)

House cocktails	**18-24%**
Neat spirits	**18-20%**
Draft beer	**15-18%**
Bottled beer	**24-28%**
Wine by the glass	**35-45%**
Soft / coffee	**10-15%**

REFLEXES

1. Track **theoretical vs actual** pour cost every month: that's where margin leaks.
2. Material cost ≠ full cost: markup runs on the spec sheet, price is validated on full cost.
3. Wine by the glass has the **worst** ratio, not the best.
4. Manage prime cost, not just material cost.

Track your ratios, painlessly.
Labor cost, margin, break-even: the tools are here:

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