WHAT SHOULD MY POUR COST BE?

(The answer is not what you think)

Written by: Nathan Bahr and Ian Foster, Sculpture Hospitality

sculpture hospitality

WHAT SHOULD MY POUR COST BE?

That's one of the most common questions that bar and restaurant operators ask us.

There is no shortage of "experts" offering to provide an answer – no matter how misguided. A typical example of awful advice on the subject is this (from a major industry publication): "When it all washes out, based upon differing sales mixes, prices and costs, a typical (combined) beverage cost is 21%. When your beverage cost goes above 21% of your beverage sales, something is very wrong."

It's this kind of foolish advice that blinds restaurateurs to the enormous losses that most bars incur. The average bar is missing over 20% of their alcohol to over-pouring and lost sales – but this loss is hidden in most operations because this kind of misguided advice encourages you to rely on pour cost to manage your bar.

At the end of this article you'll find a study of over **30 bars** listing the pour cost for each of them. You'll be tempted to compare your pour cost to those in the study. But, as you'll see, our analysis suggests that would not be a good idea. In fact, the important question is not "what is a good pour cost?" but rather "what is the right pour cost for my bar?"

IT'S NOT THAT SIMPLE

So what should my pour cost be?

Unfortunately the answer is: **"it's not that simple."** Don't we all love that kind of non-answer? But here's an analogy that might be useful. If we told you that our neighbor weighs 190 pounds, would you say that is good or bad?

"Well," you would say, "I can't tell without more information. Is your neighbor male of female? Is your neighbor a child or adult? And how tall are they?"

And if it turns out that our neighbor is a 6'1" athlete then most of us would agree that 190 pounds is appropriate. But if the neighbor is a 5'1" 10-year old child then 190 pounds isn't good at all.

Pour Cost is exactly like that. You need some context. Knowing your pour cost without knowing an appropriate target or comparison is not just useless – it will actually cost you a lot of money by hiding the over-pouring, theft and lost sales that are part of every bar's operations.

The fact is that your pour cost is only half the equation. You also need to know your ideal pour cost.

WHAT IS IDEAL POUR COST?

Ideal pour cost (also known as theoretical pour cost) tells you what your pour cost should be if every item is poured and rung up correctly. In other words, ideal pour cost tells you what your costs would be without any losses. Done correctly, ideal pour cost factors in spills, comps and specials – basically eliminating all the variables so that you get a number that you can target.

Ideal pour cost tells you what your costs would be if was no over-pouring or theft

But here is the thing: there is no single ideal pour cost that works for every bar. If you think about it, every operation charges slightly different prices for the same drink. For example, imagine two bars that only sell Budweiser and both bars pay $1 per bottle. One is a dive bar that charges $3. Their ideal pour cost would be **$1 ÷ $3 which is 33%.** The other bar is a resort hotel that charges $4. Their ideal pour cost would be **$1 ÷ $4 which is only 25%.**

Let's extend this example, again with the same two bars only selling Budweiser. But this time let's assume that both offer $1 off during happy hour pricing and that the dive bar sells 10% of their beer during happy hour while the hotel sells 25% of their beer during happy hour. Now their ideal pour costs have shifted: the ideal at the **dive bar would be 35%** and it would be **38% at the hotel.**

	COST	FULL PRICE	HAPPY HOUR PRICE	HAPPY HOUR SALES	IDEAL PC
Dive Bar	$1	$3	$2	10%	35%
Hotel	$1	$3	$2	25%	38%

A COUPLE STORIES

HAWAII

A hotel in Hawaii was considering using our inventory control service. But they told us that "our pour cost is only 14% which is better than any other hotel location in our chain - so we know for sure that we don't have any losses."

When they had us do a test audit we found, however, that they were **losing one out of every four drinks to over-pouring and theft** (ie: 25% of their inventory was missing every week). When we calculated their ideal pour cost it was 10%. They were happy at 14% but should have been at 10%. That's four points too high; but if you think about it, four points actually means that their cost is 28% higher than it should be (because 4 ÷ 14 = 28%).

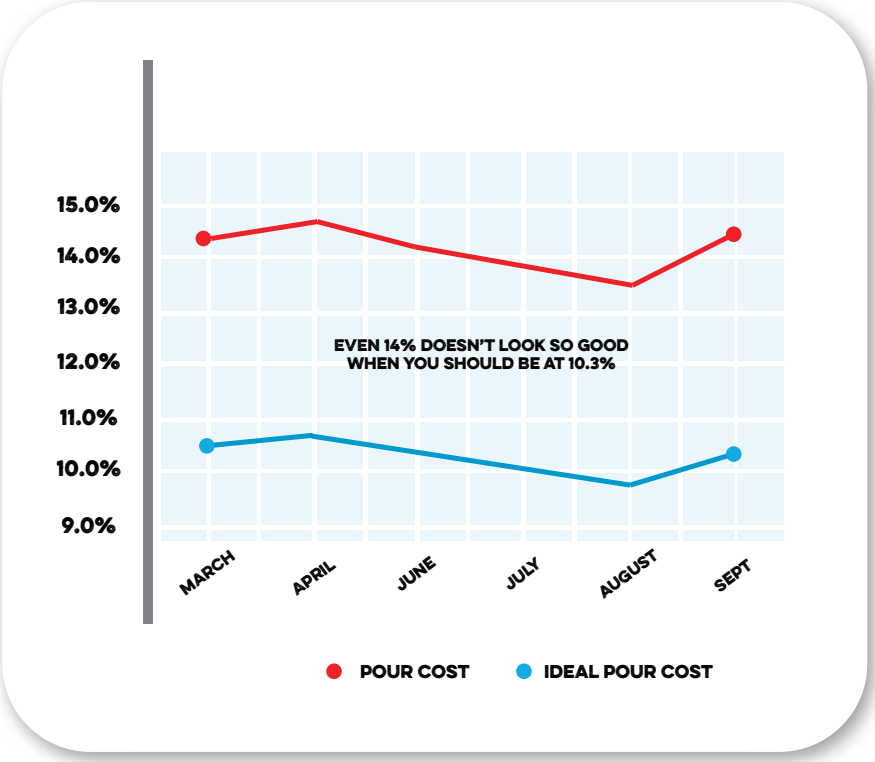
The reason that they were getting such low costs despite large hidden losses was because more than half their sales were poolside Mai Tais which only cost the hotel 37¢ but sold for $8 (which is about a 5% ideal pour cost).

Once they understood that their ideal pour cost was 10%, they realized that their 14% cost was not very good at all and, in fact, as they cleaned up the over-pouring and theft, their profits jumped.

TGI FRIDAYS

A TGI Fridays franchisee hired us to work with their worst locations. They **identified those as the locations with the highest pour cost** and our audits showed that all those locations did, indeed, have large losses. We were quickly able to help them **drop their pour costs** at the worst locations from an average of **28% to about 23%**, which was very close to their ideal pour cost.

That got them thinking and the franchisee asked us if their target pour cost at the other locations might be too high (they had set a goal of a 25% pour cost for each location). In order to find out they started to use our service at a few high performing locations that were comfortably hitting their 25% pour cost target. Again, our audits found significant losses and we moved that group from an **average pour cost of 24% down to their ideal pour cost below 20%**.



We were able to show the franchisee that their locations in more affluent communities sold more premium drinks, like Grey Goose, which carried a higher ideal pour cost. As a result, TGI Fridays thought those locations were underperforming. And by selling premium drinks, those locations made more money than locations with lower pour costs. **But all their locations actually had the same loss problems**, regardless of whether they were able to achieve the arbitrary 25% pour cost target. TGI Fridays quickly realized that they **needed to know the ideal pour cost for each location in order to understand which ones were actually performing well.**

Finally they decided to try us in their "superstar" location that regularly ran a pour costs of 17% or 18%. They were shocked to find that even that location had **serious losses**. And they were more shocked to discover that their management team in that location was actively gaming the system to engineer a low pour cost. That team discouraged up-selling, manipulated their accounting system, and coached their bartenders to under-pour; all of which helped the managers look good **but was not good for their business.**

WHY DOESN'T MY POUR COST MATCH MY IDEAL POUR COST

Your ideal pour cost is an important barometer for your business. It puts your pour cost in perspective the same way that knowing our neighbors height helps us understand whether or not their weight is healthy.

For example, if your ideal pour cost in January was 17% but your accountant determines that your actual pour cost was 21% you can now begin to understand that 21% wasn't really as good as it sounded. So instead of saying "great, our pour cost was only 21%", your management team will ask a different, and better, question, **"why was our pour cost 4 points higher than it should be?"**

So why might your pour cost be 4 points higher than your ideal pour cost?

Well, there are typically only **five reasons**, and they include:

1) Your ideal pour cost was not calculated properly. This is a difficult calculation to make. It requires that you pull all the necessary data correctly from your POS system. It requires that all your recipe costs are calculated properly, and kept up-to-date. If any of these or other factors are entered incorrectly then any analysis **will be flawed**; garbage in is going to equal garbage out. We explain how to calculate your ideal pour cost correctly a little later in this white paper

2) Your bartenders are not preparing drinks correctly. For example, your bartenders might be pouring Jack Daniels instead of Jim Beam when preparing Old Fashioneds. Or perhaps they routinely make margaritas with Cointreau instead of Triple Sec without up-charging to a premium margarita. Or they might be pouring 1.5-ounce White Russians with ¾ oz of Kahlua and ¾ oz of well vodka instead of ½ oz of Kahlua and 1 ounce of well vodka. **All these examples would lead to a higher pour cost.**

3) Your physical inventory was not performed properly or the pour cost was calculated incorrectly.

Beginning Inventory $ + Purchases $ – Ending Inventory $ = Used $

Used $ ÷ Sold $ = Pour Cost

Was the inventory miscounted? Was an invoice accidentally omitted from your purchase calculation? Did you use the correct bottle cost for every product? Did you mistakenly include deposit costs for beer? Did you factor in discounts (in Oregon, for example, the OLCC factors in a 5% discount)?

4) Your bartenders are over-pouring. This is not a question but a fact. **All bars, everywhere, have problems with chronic over-pouring.** That absolutely has a significant impact on pour costs. For example in Oregon Jack Daniels costs 82.6¢ per ounce. If your standard pour size is 1.5 ounces, then Jack Daniels should cost $1.24 per drink. At $6 per drink, the ideal pour cost would be 20.67% ($1.24 ÷ $6). Now, let's pretend that drink was poured at 1.8 ounces – an over-pour of just 3/10ths of an ounce - how would that affect your actual pour cost? Well, Jack Daniels still costs 82.6¢ per ounce, so a 1.8 ounce pour would mean a cost of $1.487. Thus your pour cost is now 24.8% ($1.487 ÷ $6). So your pour cost is 4.13 points higher than the correctly poured drink. (Looking at this in percentage terms, when your cost rises from $1.24 to $1.48, that means your cost has risen by 19%).

One can understand why, in the real world, over-pouring costs most bars tens of thousands of dollars per year.

5) Your bar could be plagued with "unauthorized" comps or outright theft. It's no secret that this happens all the time. Your bartender collects the money but "forgets" to ring up a drink and pulls the cash out as a tip at the end of the night. Or your bartender's friends drop by and drink for free all night. Our clients often tell us that "we felt something wasn't right but we didn't realize how many drinks weren't getting rung up until we were able to quantify it." Well, one way to quantify it is to compare your actual to ideal pour cost. Those two numbers should be within ½ of 1% of each other. So **if your ideal pour cost is 20%, your actual pour cost should be 20.5% or lower.** If they aren't within half a point you almost certainly have problems with over-pouring, giveaways and theft.

HOW TO CALCULATE IDEAL POUR COST

If you use Sculpture's inventory control service, your reports will include your pour cost and ideal pour cost and the efficiency Rating, which **measures the difference between the two and assigns a score out of 100** (most clients are above 95%). We calculate the ideal pour cost by identifying the losses on each brand, and then determining the cost of those losses to figure out the ideal pour cost each week.

If your inventory system cannot identify losses for each brand, you'll need to use this alternative method:

1. **Calculate the ideal pour cost for each drink in your POS system**
2. **Run a sales report that includes the percentage of sales for each drink**
3. **Multiply the ideal pour cost (#1 above) by the percent of sales (#2 above) for each drink**
4. **Total up the sum by adding the product for every drink**

It might be easiest to look at a very simple example. Let's say your bar sells seven drinks with the costs and selling prices listed below:

DRINK	COST	SELLING PRICE	IDEAL POUR COST
Well Vodka	$0.45	$4.00	11.3%
Happy Hour Vodka	$0.45	$3.00	15.0%
Grey Goose	$1.45	$7.45	20.0%
Margartia	$0.75	$5.50	13.6%
Happy Hour Marg	$0.75	$4.00	18.8%
Pint Bud	$0.92	$4.00	23.0%
Happy Hour Bud	$0.92	$2.00	46.0%

If we multiply the sales mix percentage from the POS report times the ideal pour cost we get the numbers in the yellow column below. Then we just add them up to calculate the ideal pour cost:

DRINK	COST	SELLING PRICE	IDEAL POUR COST		SALES %	=
Well Vodka	$0.45	$4.00	11.3%	×	25.0%	2.8%
Happy Hour Vodka	$0.45	$3.00	15.0%	×	5.0%	0.8%
Grey Goose	$1.45	$7.25	20.0%	×	15.0%	3.0%
Margarita	$0.75	$5.50	13.6%	×	20.0%	2.7%
Happy Hour Marg	$0.75	$4.00	18.8%	×	5.0%	0.9%
Pint Bud	$0.92	$4.00	23.0%	×	25.0%	5.8%
Happy Hour Bud	$0.92	$2.00	46.0%	×	5.0%	2.3%
					IDEAL POUR COST:	**18.3%**

CAN WE "SET IT AND FORGET IT"

Once you know your ideal pour cost, can't you just work out the ideal cost once and then just use that as the target every week to see if your bar is running well? In other words, if I know my ideal pour cost is 18.3%, can't I relax if I know my actual pour cost is below 18.6%? **The answer is yes, but only for a week or two.**

The complicating factor is that **Ideal Pour Cost is a moving target.** It changes constantly so you really need to recalculate it regularly. There are two reasons it is constantly changing. **First, your costs and pricing change over time.** Second, and usually the biggest factor, is that your **sales mix changes constantly.** You cannot control what your guests order.
The most obvious impact would come from **happy hour sales.** Imagine that the 18.3% ideal pour cost in the previous table was based on a Tuesday. And that the bar's happy hour sales are much higher on a Friday. Look how the ideal pour cost might change if calculated on a Friday with higher happy hour sales:

DRINK	COST	SELLING PRICE	IDEAL POUR COST		SALES %	=
Well Vodka	$0.45	$4.00	11.3%	×	18.0%	2.0%
Happy Hour Vodka	$0.45	$3.00	15.0%	×	10.0%	1.5%
Grey Goose	$1.45	$7.25	20.0%	×	15.0%	3.0%
Margarita	$0.75	$5.50	13.6%	×	15.0%	2.0%
Happy Hour Marg	$0.75	$4.00	18.8%	×	10.0%	1.9%
Pint Bud	$0.92	$4.00	23.0%	×	22.0%	5.1%
Happy Hour Bud	$0.92	$2.00	46.0%	×	10.0%	4.6%
					IDEAL POUR COST:	**20.1%**

Just that one factor raised the ideal pour cost above 20%. Another factor is seasonality. In the summer, most bars sell more vodka/tonics and more margaritas – drinks with low pour costs. In the winter, they sell slightly fewer of those drinks and more martinis and red wine. As a result, their ideal pour cost is a little lower in the summer and a little higher in the winter.

When you think about the complexity in a real bar – several hundred drinks in the POS system, costs changing all the time, a revolving selection of craft beer, premium brands suddenly becoming popular (like Don Julio 1942) – and you can see that ideal pour cost is not a static number. **Your ideal pour cost is dynamic**, meaning it changes depending on the time period examined.

This is also helpful in understanding why your pour cost likely jumps around from one month to the next.

IDEAL POUR COST CASE STUDY

Our Oregon team just completed a study of **31 bars** to get an idea of what an ideal pour cost benchmark could look like in one state. Between June of 2018 and April of 2019 we analyzed all the sales of liquor, beer, wine and draft beer for each of these bars, factoring in comps and spills and any promotional drinks. We determined their **ideal cost of goods** by looking at each invoice (Oregon has standard pricing from the Oregon Liquor Control Commission which is a tremendous advantage in establishing benchmarks, as everyone is paying the same for their products). For each bar we also **calculated a separate cost for liquor, wine, bottled beer, and draft beer** where possible, and we determined each bar's "overall" ideal pour cost. We did not include mixers, garnishes, or ice in our calculations. Below is a summation of our findings.

COLUMN 1	OVERALL IDEAL POUR COST	LIQUOR IDEAL POUR COST	WINE IDEAL POUR COST	BOTTLED BEER IDEAL POUR COSTS	DRAFT BEER IDEAL POUR COST
Mean	23.0%	17.9%	32.2%	30.3%	27.1%
Median	22.8%	17.9%	31.6%	29.6%	27.0%

BAR NAME	BAR TYPE	LOCATION	OVERALL	LIQUOR	WINE	BEER	DRAFT
Bar #1	Lounge/restaurant	Ashland	--	21.3%	28.2%	29.6%	--
Bar #2	Entertainment concept	Bend	22.7%	16.6%	18.9%	30.1%	26.9%
Bar #3	Restaurant (beer)	Bend	24.1%	14.7%	17.7%	31.4%	27.7%
Bar #4	Fine dining (wine)	Bend	29.7%	22.4%	36.8%	28.5%	27.0%
Bar #5	Pub/pizza parlor	Downtown Portland	27.9%	18.3%	27.6%	39.7%	34.2%
Bar #6	College bar	Eugene/Springfield	15.9%	12.4%	38.9%	30.0%	23.9%
Bar #7	Tavern/music venue	Eugene/Springfield	20.4%	16.4%	38.1%	29.3%	20.5%
Bar #8	Nightclub	Eugene/Springfield	20.8%	17.8%	23.5%	34.1%	29.7%
Bar #9	Tavern/restaurant	Eugene/Springfield	20.9%	16.0%	30.1%	30.6%	25.7%
Bar #10	Restaurant/sports bar	Eugene/Springfield	22.1%	17.6%	26.1%	25.9%	28.3%
Bar #11	Tavern/music venue	Eugene/Springfield	22.2%	14.9%	36.8%	32.6%	31.0%
Bar #12	Sports bar/restaurant	Eugene/Springfield	23.9%	18.4%	23.0%	31.6%	31.9%
Bar #13	Lounge (specials)	Eugene/Springfield	24.2%	21.9%	50.8%	39.5%	23.7%
Bar #14	Pub/music venue	Eugene/Springfield	24.5%	18.3%	19.0%	29.3%	37.0%
Bar #15	Sports bar/college bar	Eugene/Springfield	24.9%	19.5%	39.3%	38.4%	28.0%
Bar #16	Sports bar	Eugene/Springfield	26.4%	25.9%	47.7%	27.2%	23.1%
Bar #17	Pub (whiskey)	Eugene/Springfield	26.6%	23.2%	35.1%	30.7%	30.5%
Bar #18	Tavern (beer)	Eugene/Springfield	30.3%	16.1%	31.8%	52.4%	34.8%
Bar #19	Tavern	Eugene/Springfield	--	18.7%	39.9%	25.0%	--
Bar #20	Tavern/college bar	Eugene/Springfield	--	14.4%	--	--	--
Bar #21	Entertainment concept (craft cocktails)	Downtown Portland	15.3%	13.6%	16.2%	22.1%	18.3%
Bar #22	Tavern (beer)	Downtown Portland	19.3%	15.3%	41.4%	27.2%	25.2%
Bar #23	Lounge (DJs)	Downtown Portland	23.6%	20.2%	31.6%	30.5%	25.0%
Bar #24	Gentlemen's Club	Downtown Portland	--	13.7%	46.0%	23.8%	--
Bar #25	Entertainment Concept	Portland Metro	20.4%	17.4%	22.0%	21.7%	23.4%
Bar #26	Sports bar/pub	Portland Metro	20.6%	15.1%	29.3%	27.3%	25.1%
Bar #27	Sports bar/pool hall	Portland Metro	21.8%	20.0%	29.2%	24.7%	25.6%
Bar #28	Restaurant (craft cocktails)	Portland Metro	22.5%	20.5%	25.4%	24.7%	23.9%
Bar #29	Sports bar	Portland Metro	22.8%	15.4%	46.1%	32.9%	27.1%
Bar #30	Sports bar/pub	Portland Metro	24.4%	18.5%	37.9%	25.8%	27.0%
Bar #31	Pub	Portland Metro	--	18.9%	--	--	--

WHAT DID WE LEARN

At first glance it appears that if your overall pour cost is running much above 23.0% in Oregon you may be leaving profit on the table. Or if your pour cost on liquor is running much over 18.0% you probably have high losses.

But those are average numbers and a closer look shows that they **actually don't help at all.** That's because the range of pour costs in the detailed table confirms that there isn't a definitive "good pour cost" – only a "good pour cost for my bar at this time."

DRINK	COST	SELLING PRICE	IDEAL POUR COST	PROFIT
Well Whiskey	$0.35	$4.50	7.8%	$4.15
Crown Royal	$0.86	$7.00	12.3%	$6.14
Bookers Bourbon	$2.05	$11.50	17.8%	$9.45
Higland Park 18yr	$4.30	$18.00	23.9%	$13.70

Let's look at some examples that prove that you'd be foolish to target the 23% average pour. If we look at **bar #6** in Eugene, we can see that their ideal pour cost is only 15.9% overall. If they had settled for the 23% ideal pour cost in our study, their costs would have been **7 points higher than they should be!** If their sales are $75,000 month, that would have cost them, at a minimum, **over $5,000 every month.** The real cost is actually much higher (to understand why see the section on "How much money are you missing?" below).

If you are **Bar #17** also in Eugene, you are running a 26.6% pour cost. But that doesn't mean you have a problem. In fact #17's ideal pour cost on hard liquor is 23.2%, well above the 18% average in our study. Yet they consistently have one of the highest profit per ounce numbers in our client roster. Why? Because they sell lots of top-shelf spirits that carry a higher ideal pour cost - but they make a lot more money that way. To illustrate, which of these whiskies would you rather sell? Well whiskey has the lowest pour cost and a profit of $4.15. But I'd certainly be happier making a profit of $13.70 by selling the Highland Park.

YOUR POUR COST IS TOO HIGH

What else did we learn? The table below compares the **original pour cost before they started using our service to the current pour cost at the same bar.** The fairly dramatic improvement at every single location would tell us that your pour cost right now is probably too high – unless, that is, you are already monitoring your ideal pour cost and you know for a fact that you within ½ of a point of your ideal pour cost.

BAR NAME	IDEAL POUR COST	STARTING POUR COST	CURRENT POUR COST	IMPROVEMENT POINTS	IMPROVEMENT (%)
Bar #1	--	--	--	--	--
Bar #2	22.7%	28.2%	24.0%	+4.2	18%
Bar #3	24.1%	29.8%	25.1%	+4.7	19%
Bar #4	29.7%	37.8%	30.6%	+7.2	24%
Bar #5	27.9%	35.1%	30.0%	+5.1	17%
Bar #6	15.9%	19.5%	16.8%	+2.7	16%
Bar #7	20.4%	25.4%	23.2%	+2.2	9%
Bar #8	20.8%	26.0%	22.0%	+4.0	18%
Bar #9	20.9%	25.3%	21.5%	+3.8	18%
Bar #10	22.1%	27.7%	23.6%	+4.1	17%
Bar #11	22.2%	27.8%	24.0%	+3.8	16%
Bar #12	23.9%	30.1%	26.0%	+4.1	16%
Bar #13	24.2%	30.0%	25.1%	+4.9	20%
Bar #14	24.5%	29.5%	24.7%	+4.8	19%
Bar #15	24.9%	31.0%	27.5%	3.5	13%
Bar #16	26.4%	33.0%	29.0%	+4.0	14%
Bar #17	26.6%	32.9%	27.4%	+5.5	20%
Bar #18	30.3%	36.5%	30.6%	+5.9	19%
Bar #19	--	--	--	--	--
Bar #20	--	--	--	--	--
Bar #21	15.3%	19.1%	15.8%	+3.3	21%
Bar #22	19.3%	24.8%	22.1%	+2.7	12%
Bar #23	23.6%	29.5%	24.8%	+4.7	19%
Bar #24	--	--	--	--	--
Bar #25	20.4%	25.5%	21.6%	+3.9	18%
Bar #26	20.6%	26.0%	21.8%	+4.2	19%
Bar #27	21.8%	26.9%	24.6%	+2.3	9%
Bar #28	22.5%	28.0%	24.2%	+3.8	16%
Bar #29	22.8%	29.1%	23.9%	+5.2	22%
Bar #30	24.4%	30.5%	26.0%	+4.5	17%
Bar #31	--	--	--	--	--
			AVERAGE:	+4.2	17.1%

HOW MUCH IS THIS COSTING YOU?

"Well," our client asked, "**how much money am I throwing away?** I know now that my actual pour cost is 2.9% higher than my ideal pour cost. But that doesn't sound like a lot." It didn't sound like a lot, but it added up to **$4,000 in lost profit every month** – which would be a lot to me (and was to our client as well)!

But the amount you are losing also varies tremendously from bar to bar – all depending on the reason for the losses.

For example, if your bartender pours a $5 pint, collects the money for it but doesn't ring it up, you are out the full $5 (plus the cost of the beer). Such kinds of "losses at full retail" typically make up about a third to half of the problem at most bars.

If you throw out a pint of foamy beer, then you are only out about $1. These kinds of "losses at cost" typically make up less than a quarter of the problem.

Over-pouring is by far the biggest problem at most establishments. And eliminating over-pouring usually has a surprisingly large effect on profits. At first glance, one would think that over-pouring results in a loss at cost. If your bartender pours an extra ½ ounce of Hendricks Gin, you would think that you lost out on the $1 cost of that extra ½ ounce. And sometimes that is true.

Over-pouring is by far the biggest problem at most establishments.

More often, though, **over-pouring ends up being a loss at retail.** In San Diego I recently ordered a Hendricks on the rocks. The bartender charged me $7 and I gave him $10. But instead of pouring me 1-½ ounces, he completely filled the rocks glass. It was more than a double, probably a triple.

As a result, **I never ordered another drink.** Whereas I likely would have bought three drinks for $21, I only spent $7 on one drink that night. The bar owner lost out on the other $14 – which definitely falls into the category of "loss at retail".

(Ironically, the "generous" bartender also lost out because he only received a $3 tip on one drink instead of $9 on three drinks over the course of the evening).

HOW CAN YOU REDUCE YOUR POUR COST?

You could raise your prices although that has the obvious down-side of driving away some guests. Or you could encourage your guests to order cheaper drinks - that would reduce your pour costs alright, but you would lose money by selling cheaper wells rather than premium drinks. Of course, you want your guests to order drinks with higher pour costs because you put money in the bank, not pour cost percentages.

In truth, the **best way to reduce your pour cost is to focus on eliminating the over-pouring and lost sales** that plague virtually every bar in the world.

The best way to reduce your pour cost is to focus on eliminating over-pouring and lost sales

The first step would be to **find out exactly how much alcohol you are missing** by calling in an independent third-party company to undertake a Discovery audit for you. The Sculpture Hospitality analyst in your area can do that as well as figure out your ideal pour cost. Call 1-888-238-4626 and ask that your local analyst give you a price quote and a free consultation.

Only with the correct information can you be sure your pour costs are as low as they should be.

HOW TRADITIONAL POUR COST ANALYSIS HIDES LOSSES

By Charlie Diebel (Sculpture Ohio)

Most bars calculate their current actual pour cost and then compare it to the pour cost for the last couple of months. So if **this month's pour cost is 21%** but **last month was 22%** and the month prior to that was 21.7%, then the bar owner is pretty happy.

But when you count your cash you don't do it that way at all. What would happen if you did? Let's say that on Monday you **collected $1,000** in the drawer, however, instead of comparing the $1,000 to your sales report, you compare it to the cash count from last Monday, which **was $1,050**. So now you believe you are $50 short. But are you really? When you run the sales report, which represents the ideal amount of cash you should have for that day, the sales are **actually $1,004**. So you are not short $50, only $4 is missing.

Comparing results of different periods to each other is "trend" analysis. **You are measuring trends**, for example, when you compare this month's pour cost to that of the past few months.

Variance analysis is when you are comparing an actual number for a certain period of time, such as the number of bottles of Corona used this week, to the ideal number for the same period of time, such as the number of Corona sold this week. This is how you calculate losses. **You have to calculate ideals.**