

Step 32 · Costing

Frequently Asked Questions

What tool should I use to cost my menu?

Use a spreadsheet or costing app you can maintain and check. It should connect purchase prices and pack sizes to recipe quantities, usable yield, and portions, then update items when prices change. Test one real drink and one batch by hand before trusting its results. Consider invoice and sales connections only if they save useful work; a complicated system with stale inputs will still give misleading costs.

What percentage of sales should my ingredients and supplies cost?

Use other owners' percentages only when they count the same things. Define whether your figure includes packaging, waste, and other supplies, then calculate it consistently from your own records. Coffee, food, and different selling channels can produce very different results. A low ingredient percentage does not prove profitability: payroll, rent, fees, and other costs still have to be covered.

How should I track COGS and inventory?

Keep purchase records and regular physical counts in consistent units. Compare stock used during a period with what your recipes and sales would predict, and investigate waste, remakes, staff use, or recording errors. Software can help organize this work, but it does not make missing counts disappear. Keep recipe costs current and ask your bookkeeper to align the stock and accounting records so you compare like with like.

Should cups and lids be included when I cost a drink?

Yes. For a useful per-drink decision, count the packaging actually supplied as well as ingredients: cup, lid, sleeve, straw, and other items as applicable. Keep assumptions consistent and allow for normal waste. Track labor, processing fees, and overhead too, without counting the same expense twice. Your accountant may group expenses differently in the books; that should not hide a real cost when you assess a drink's margin.

Educational guidance. Check your own circumstances with the appropriate local professional.