Menu Costing and Pricing

Turn invoices and portion standards into clearer menu decisions



PRACTICAL GUIDE / WORKED EXAMPLES / EDITABLE TEMPLATES

Tools for independent restaurant owners and managers

Start with one practical change

Cost one representative menu item, verify the physical portion, then apply the same method to the rest of the menu. This toolkit separates recipe cost, contribution, and whole-business profit so a low food-cost percentage does not become a misleading goal. All ingredient prices, yields, sales volumes, and results are hypothetical. Use current invoices and your own measured yields. This is an operating planning tool, not accounting, tax, nutrition, or legal advice.

Inside this toolkit

1. Start with accurate units and yields
2. Build the complete plate cost
3. Price for contribution and guest value
4. Review menu mix instead of one item
5. Implement and check the change

Make the templates your own

Read the short guide, work through the example, and choose the forms you need. The printable forms follow the guide. The companion Word file lets you change instructions, add your restaurant name, and replace every blank or bracket before use. Duplicate a clean copy for each new shift, campaign, employee, or event.

The companion Excel workbook contains editable inputs and live formulas or planning fields. Read its instructions before changing values. Its hypothetical examples may use a more detailed set of assumptions than the guide. Use consistent units and cost definitions, and never treat contribution as full accounting profit.

Edition October 2026. Examples are original and hypothetical. This is an operating resource, not legal, employment, accounting, or food-safety advice. Confirm location-specific requirements and get qualified review where needed.

Start with accurate units and yields

Choose a recent invoice and a current recipe version. Record the product specification, pack size, invoice cost after relevant discounts, measurement unit, and date. A “case” is not a usable costing unit until you know what is inside it. Do not mix fluid ounces with weight ounces or raw weights with cooked portions.

- Convert the purchased quantity into the recipe’s measurement unit. For US weight measures, one pound contains 16 ounces. Do not use that conversion for volume.
- Measure usable yield under the restaurant’s normal preparation method. Purchased weight, trimmed weight, and cooked weight describe different stages.
- Yield fraction = usable quantity ÷ purchased quantity. Usable unit cost = purchased cost ÷ usable quantity. Record which losses the yield already includes.
- Do not add the same trim or cooking loss again as a blanket waste percentage. Separately identify avoidable spoilage or overproduction if you model it.
- Use repeated representative tests rather than one unusually good batch. Record operator, equipment, and method when these change the result.

Hypothetical chicken test: 40 lb costs $160 and produces 30 lb of usable cooked chicken. Yield is 30 ÷ 40 = 75%. Cooked cost is $160 ÷ 30 = $5.333 per lb. A 6 oz cooked portion costs $2.00, because 30 lb produces 80 portions of 6 oz. Costing it as 6 oz of raw chicken would understate the cost.

USDA’s Food Buying Guide distinguishes purchased quantities and edible-portion yields. It is designed for Child Nutrition Programs; use it as a conceptual reference rather than assuming its yields match your restaurant’s exact ingredients and process. (Source 1)

Build the complete plate cost

A plate includes more than the main ingredient. Cost every component served to the guest, including sauces, garnishes, oils, sides, and bread if included. For a batch recipe, divide total ingredient cost by the measured number of usable portions, not the number you hoped to produce.

Hypothetical chicken bowl	Portion basis	Food cost
Cooked chicken	6 oz from measured yield	$2.00
Rice	Standard cooked scoop	$0.65
Vegetables	Standard prepared portion	$0.85
Sauce	Measured ladle	$0.40
Garnish	Documented portion	$0.10
Total food cost	One complete bowl	$4.00

Photograph the finished portion and write the utensils or weights that produce it. Ask two cooks to assemble the same item independently. If one bowl uses 7 oz of chicken instead of 6 oz, the extra ounce costs about $0.33 at this yield. Across 100 bowls that is roughly $33, before any other difference.

- Keep ingredient purchase data separate from recipe quantities so an invoice update can flow through related recipes.
- Cost subrecipes once, such as a sauce batch, then use their per-ounce or per-portion cost in every dish. Do not also add the full sauce batch to each dish.
- Record substitution rules. A substitute ingredient may change cost, allergens, labeling, flavor, and preparation.
- Add packaging and other variable selling costs in a separate layer. Keep them out of “food cost” if you want that measure to remain comparable.

Hypothetical takeaway layer: $4.00 food + $0.60 packaging + $0.50 modeled payment cost = $5.10 variable cost per sale. The payment figure is an assumption, not a provider quote. Add actual platform commissions or other costs for the channel used.

Price for contribution and guest value

Food-cost percentage = food cost ÷ net selling price. It is one measure, not a universal pricing rule. A price derived from a target percentage still has to cover labor, overhead, channel costs, and the value guests perceive. There is no single percentage target that suits every restaurant.

Hypothetical bowl: at a $16 net selling price and $4 food cost, food-cost percentage is 25%. With $5.10 modeled variable costs, contribution is $10.90 per sale. That contribution helps pay costs not included in the model; it is not profit. General break-even analysis uses selling price less variable cost to assess how sales cover fixed costs. (Source 2)

- Check the local guest proposition and comparable alternatives without copying a competitor’s price blindly. Their recipe, rent, portion, and service may differ.
- Run a range of candidate prices with your real recipe and selling costs. A percentage-derived price is a starting point for review, not an instruction to publish it.
- Check each channel separately. Delivery packaging, commission, promotions, and payment charges can materially change the contribution.
- Treat price changes, portion changes, recipe changes, and menu removal as different choices with different guest consequences.

Hypothetical cost increase: the bowl’s modeled variable cost rises from $5.10 to $5.70. At $17, new unit contribution is $11.30. To match the prior contribution from 100 bowls at $10.90, it needs $1,090 ÷ $11.30 = 96.46, rounded up to 97 bowls. At 95 bowls, contribution falls to $1,073.50. This is a sensitivity test, not a forecast of customer response.

Review menu mix instead of one item

Export item-level sales for a comparable period and pair them with current standard costs. Group similar items before comparing them: mains with mains, sides with sides, and the same channel with itself. Decide what “high” demand and contribution mean in your own category rather than importing a generic benchmark.

Pattern	Question to investigate	Possible test
Popular and stronger contribution	Can we execute it consistently at volume?	Protect quality and availability
Popular and weaker contribution	Is portion drift or an uncosted extra eroding value?	Correct the recipe or test a careful change
Less popular and stronger contribution	Do guests understand the item?	Improve factual description or placement
Less popular and weaker contribution	Does it serve a strategic need?	Simplify replace or remove after review

Hypothetical comparison: Item A sells 100 units at $10.90 contribution, producing $1,090. Item B sells 40 at $13 contribution, producing $520. B has stronger contribution per unit, but A currently contributes more total dollars. Removing A solely because B has a better percentage could damage the business.

- Check prep time, bottleneck equipment, waste, ingredient overlap, guest dietary needs, and brand fit before cutting an item.
- Do not count discounts as full-price revenue. Use realized net sales and investigate comps separately.
- If a dish brings guests who also buy other items, review the basket before judging it alone. Avoid assuming every sale is truly incremental.
- Flag stale cost dates. An elegant menu matrix built from last year’s invoice prices is not decision-ready.

Use the review worksheet to choose one or two actions, not a total menu overhaul. Keep a dated recipe and price record so you can explain the change later.

Implement and check the change

Choose a change with a clear reason, owner, effective date, and review window. The kitchen, POS, printed menu, website, delivery channels, and staff explanation must agree. A good analysis can still create a bad guest experience if an old price remains visible.

- Before launch: approve the recipe and portion, recost all affected subrecipes, check channel fees, and confirm the published description still matches the food.
- Check whether ingredient, portion, or description changes require updates to allergen information, nutrition disclosures, or other applicable requirements. FDA menu-labeling rules cover certain establishments, including qualifying chains; other rules may also apply. (Source 3)
- Brief staff on the factual change. Avoid inventing a justification or blaming a supplier if that is not accurate.
- After launch: compare unit sales, realized price, contribution, waste, refunds, and guest feedback with a comparable baseline. Note other changes in hours, traffic, season, and promotion.
- Recheck physical portions and invoices. Decide whether to keep, adjust, or reverse the change based on evidence and service impact.

Hypothetical rollout: Cedar Table changes the bowl price to $17 after the cost increase, keeps the documented portion, updates every channel before opening, and reviews two comparable weeks. If units fall to 95 per baseline-equivalent period, the modeled contribution is lower than before. The owner investigates guest response and other traffic changes rather than assuming the higher price solved the problem.

Create a review rhythm: refresh volatile ingredients when invoices change, inspect a small set of portions each week, and review the full menu on a schedule appropriate to the operation. These are management suggestions, not legal or industry-required intervals.

Ingredient and yield record

Record one ingredient and one preparation stage per sheet. Use the same unit for purchased and usable quantities before calculating yield.

Field	Your record
Ingredient and supplier specification	_____
Invoice date and reference	_____
Pack description and purchased quantity	_____
Net cost allocated to this quantity	_____
Preparation method and stage measured	_____
Usable quantity in matching units	_____
Yield fraction or percent	_____
Cost per usable unit	_____
Losses already included	_____
Test operator and equipment	_____

Repeated test	Purchased quantity	Usable quantity	Yield
1	_____	_____	_____
2	_____	_____	_____
3	_____	_____	_____

Hypothetical completed check
Purchased: 40 lb chicken for $160. Usable cooked weight: 30 lb. Yield: 75%. Cost: $5.333 per cooked lb. Eighty 6 oz portions cost $2 each. The 75% yield already includes the loss between the purchased and final cooked stages used in this test.

Approved planning yield and reason: _____
Next test trigger or review date: _____

Recipe and portion costing

Menu item: _____ Recipe version: _____ Date costed: _____
Channel: _____ Batch yield: _____ Portion standard: _____

Component	Usable quantity	Cost per unit	Extended cost
Main ingredient	_____	_____	_____
Side or starch	_____	_____	_____
Vegetable	_____	_____	_____
Sauce or dressing	_____	_____	_____
Garnish and extras	_____	_____	_____
Other	_____	_____	_____

Total ingredient cost: _____
Measured usable portions in this batch: _____
Food cost per portion = total ingredient cost ÷ usable portions: _____
Packaging per sale: _____ Other variable costs per sale: _____
Total modeled variable cost per sale: _____

Hypothetical plate check
Chicken $2.00 + rice $0.65 + vegetables $0.85 + sauce $0.40 + garnish $0.10 = $4.00 food cost. Packaging $0.60 and modeled payment cost $0.50 bring the total to $5.10. Use actual fees for your channel.

Portion utensil or weight and photo reference: _____
Subrecipe versions used: _____
Cost assumptions or exclusions: _____
Checked by kitchen lead: _____ Approved by: _____

Portion consistency check

Observe normal preparation without changing food-safety procedures. Use appropriate equipment and avoid returning handled test food to service. The purpose is process coaching, not punishment.

Item and component	Target portion	Observed portion	Reason for difference
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Date and shift: _____ Recipe version: _____ Observer: _____
Measurement unit: _____ Scale or utensil checked: _____

Calculate the cost effect
Difference per portion = observed quantity − target quantity.
Cost difference per portion = quantity difference × cost per usable unit.
Estimated period effect = cost difference × relevant portions sold.
Treat the period result as an estimate unless the observation is representative.

Hypothetical example: 7 oz cooked chicken instead of 6 oz adds 1 oz. At $5.333 per lb, the extra cost is about $0.33 per bowl, or roughly $33 for 100 bowls. It does not follow that every bowl in the period was overportioned.

Likely cause: unclear recipe / wrong utensil / training / deliberate change / other
Corrective action and owner: _____
Staff demonstration completed: _____
Recheck date and observed result: _____

Pricing scenario worksheet

Compare the same cost definitions across scenarios. Use net realized selling prices. If fees depend on selling price, recalculate them for every scenario.

Input or result	Current	Scenario A	Scenario B
Net selling price	_____	_____	_____
Food cost per sale	_____	_____	_____
Other modeled variable costs	_____	_____	_____
Total modeled variable cost	_____	_____	_____
Contribution per sale	_____	_____	_____
Food cost percentage	_____	_____	_____
Expected units for sensitivity test	_____	_____	_____
Total contribution	_____	_____	_____

Formulas
Contribution per sale = price − modeled variable cost.
Food-cost percentage = food cost ÷ price.
Total contribution = contribution per sale × units.
Units to match baseline contribution = baseline total contribution ÷ new positive contribution per sale, rounded up.

Hypothetical check: current 100 units × $10.90 = $1,090. New contribution of $11.30 requires 97 units to match or exceed that amount. At 95 units, the result is $1,073.50.

Guest-value reason for the candidate price: _____
Demand assumption and uncertainty: _____
Channel-specific charges checked: _____
Decision owner and review date: _____

Menu review worksheet

Category: _____ Channel: _____ Baseline dates: _____
Costs refreshed through: _____ Excluded unusual dates: _____

Item	Units sold	Contribution per unit	Total contribution
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

Your category comparison thresholds
Demand measure and threshold: _____
Contribution measure and threshold: _____
Why these comparisons are useful for this menu: _____

Item to investigate	Operational or guest factor	Proposed next step
_____	_____	_____
_____	_____	_____
_____	_____	_____

Check before removing an item
Does it meet a guest need that the remaining menu will not? _____
Does it share ingredients efficiently or create avoidable waste? _____
Does it create a bottleneck or require unique preparation? _____
Do basket data or staff observations suggest a broader role? _____

Choose no more than two changes for the next test. Owner: _____
Information still missing: _____
Next review date: _____

Menu change and results plan

Item and channel: _____ Owner: _____ Effective date: _____
Change type: Price / Portion / Recipe / Description / Availability

Before launch	Owner and completion
Reason and intended measurable result documented	_____
Recipe portions and costs approved	_____
Allergen nutrition and other disclosure review completed	_____
POS print web and ordering channels updated	_____
Staff explanation and escalation route briefed	_____
Old materials removed or corrected	_____

Measure	Baseline	Review result
Units sold in comparable period	_____	_____
Realized net price per unit	_____	_____
Modeled contribution per unit	_____	_____
Total contribution	_____	_____
Waste refunds and guest issues	_____	_____

Other factors affecting comparison: _____
Physical portion check result: _____
Guest feedback themes without personal details: _____
Keep adjust or reverse and why: _____
Next action owner and date: _____

Plain staff explanation template
“The [item] is now [accurate price or recipe description]. [State any material portion or ingredient change clearly]. I can check the current ingredient information with [designated person] if you have a question.” Do not substitute a sales script for accurate disclosure.

Sources and use notes

Official reference sources were checked during preparation in October 2026. Numbered source mentions in the guide refer to the entries below. Original worksheets, examples, and calculations are 63Labs planning tools, not material endorsed by these organizations.

Source 1 USDA About the Food Buying Guide

Distinguishing as-purchased quantities and edible-portion yields. The source is designed for Child Nutrition Programs; the toolkit does not adopt its specific yields as restaurant standards.

https://foodbuyingguide.fns.usda.gov/Home/About

Source 2 SBA Break Even Point

Contribution and break-even reasoning. All example prices and demand scenarios are original hypothetical arithmetic, not forecasts.

https://legacy.sba.gov/business-guide/plan-your-business/calculate-your-startup-costs/break-even-point

Source 3 FDA Menu and Vending Machine Labeling

Certain establishments have federal menu-labeling obligations; applicability and other local requirements need separate review.

https://www.fda.gov/food/nutrition-food-labeling-and-critical-foods/menu-and-vending-machine-labeling

Before use

Replace hypothetical values with verified restaurant data. Confirm responsibilities, approval limits, dates, offer terms, and local requirements. Do not send drafts, promise prices, or change operating procedures until the appropriate owner has approved them. The pack does not include legal contracts or ongoing updates.