

# Prime Cost — TL;DR

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## Shakey's Pizza El Monte · Manager Training Guide Summary

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**Prime Cost** is the #1 KPI for Shakey's El Monte managers. It's the sum of two halves.

### Cost Side

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Food + beverages + paper/packaging delivered to the guest + game room toys.

The simple test — *did the guest eat it, drink it, or was the product handed to them inside it?* If yes, it counts. Napkins, back-of-house supplies, and cleaning chemicals do **not**.

### Labor Side

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**Factored Labor = Gross Payroll × 1.13**

The 13% covers employer taxes and workers' comp. This "factored labor" number is what shows on the **Team Hot Sheet Dashboard**.

### The Math

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**Prime Cost % = Prime Cost ÷ Net Sales**

Net sales = food + beverage + game room deposits, minus sales tax. Game room deposits historically run about **11%** of food + bev sales.

### The Target

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**Prime cost must never exceed 52% of net sales.**

That leaves 48 cents of every dollar for rent, utilities, equipment, and profit.

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## Key Takeaways for Managers

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### Waste hurts twice

Cost goes up, but there's no sale to offset it. The same applies to comps and discounts — they shrink your sales (denominator) while costs (numerator) stay the same.

## Every extra hour needs ~\$64 in sales

The average factored hourly wage is about \$18.50. Divide by the 29% labor target and you get **\$63.79** in additional sales needed to justify one more hour on the schedule.

## Food and labor are a team, not a tug of war

Don't optimize them independently. Cutting labor too deep creates waste and kills sales. The target is **52% combined** — it doesn't matter how the halves split as long as the total lands.

## Two levers, not one

You can fix high prime cost by **cutting costs** and **driving more sales**. Sales growth often moves the needle faster than trimming expenses.

## Track everything

Unlogged employee meals, unclaimed vendor credits, and missed rings are all invisible waste. If it's not tracked, it can't be managed.

## Watch the trend, not the day

- **Daily** = temperature right now (noisy, misleading)
- **Weekly** = this week's weather (your accountability number)
- **6-week trailing average** = the season (the pattern that matters most)

## Check every delivery

Count cases while the driver is still there. Document shortages, get credits the same day, and follow up to confirm they hit the next statement.

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## Quick Reference

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Term	Definition
<b>Prime Cost</b>	Food/bev/paper/toy costs + factored labor costs
<b>Prime Cost %</b>	Prime Cost ÷ Net Sales × 100
<b>Target</b>	Never exceed 52% of net sales
<b>Net Sales</b>	Food + Beverage + Game Room deposits, net of sales tax
<b>Cost Side</b>	Food + beverages + packaging delivered to guest + game room toys
<b>Factored Labor</b>	Gross Payroll × 1.13 (ER taxes + workers' comp)

Term	Definition
<b>Game Room Rule</b>	Historically $\approx$ 11% of food + beverage sales
<b>Sales per Labor Hour</b>	Avg Hourly Wage $\div$ Labor Target % = $\sim$ \$64