



# Top Five Tips: How Best to Manage Your Restaurants' Finances

An integral part of any business' survival is effectively managing your cashflow and day-to-day expenditure. However, with increasing regulations being placed on restaurants, time is becoming limited and it is getting more and more difficult for business owners to stay on top of their operations. Here are our top tips to help save you time and get your business back on top.

## 1. The Customer is Always Right

Get unique insights into your inventory and sales with a Point-of-Sale (POS) system. Not only will a POS system act as an effective component to managing your business' operations, but it also gives you more control and better visibility into your inventory.

We recommend a Xero add-on called Vend; a sophisticated POS system which offers numerous features specifically for restaurants, such as letting you keep track of your best customers, what your most popular food options are and what time you are most profitable. This information will help you gain repeat business and ensure you are never caught out of stock again. What is more, through seamless integration with Xero you can manage your inventory, customers and finances all in one place.

## 2. Cashflow is King

Cashflow is the amount of cash coming in versus the amount of cash going out of your business on a daily, weekly and monthly basis. Monitoring cashflow is essential for all businesses, but especially those who are growing quickly. Make sure to build an effective supplier relationship in order to retain or build a positive cashflow. This will help prevent you from spending more cash than needed in the short term and allow for a longer payback period.

All businesses should be familiar with '[three-way forecasting](#)' too, which allows you to confidently manage and assess your business' inflows and outflows of cash, through visuals and insights.



### 3. **Your Workforce**

Similarly to cashflow and daily sales, another area you need to be vigilant about is your staff. Managing your employee's time can be very tricky. You need enough staff to give excellent customer service, but you need to be careful not to 'overstaff'.

Overstaffing creates two problems: 1, you create more expenses for yourself and 2, you are underutilising staff and often pay them to do nothing. A great place to start is by reviewing your employee's tasks and how long it takes to complete each job. This will give you a better insight as to how many staff you need and allow you to access alternative options such as [zero contracts](#). Also, having a clear policy on staff switching shifts can reduce the potential for overtime.

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### 4. **Seek Alternative Finance**

Alternative sources of finance are a great place to start if you are looking for an injection of cash into your business - whether for a particular project, thinking about growth through acquisition or even looking to sell. There are a range of options available on the market, from loans to grants and schemes. However, you may find that lenders will be reluctant to deal with you if your finances are poorly managed and accounts are missing.

Your accountant should be able to help you co-manage your finances and through the use of cloud accounting software, will be able to access trends in your finances to ensure you are running a profitable business suitable for finance. There are a range of different types of alternative finances options that may be of benefit to you. Find out which ones best suit you in our article, "[Alternative Finance for the Hospitality Sector](#)".

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### 5. **Problem Solving**

As a restaurant owner, there is no doubt that problems will arise. The key to a successful restaurant is to be hands-on in your approach. Implementing effective processes will ensure that you take a proactive approach to problems before they spiral out of control.

One way you can do this is through advanced reports, such as Scenario Planning. This type of reporting allows you to foresee several business scenarios and where you stand financially before you proceed with it. In this way, you can see the most lucrative and/or damaging possibilities to your business.