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accountant has an important role to play when it comes to guiding their clients.

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By Izzy Kharasch.

The restaurant/hospitality business is a business of pennies. With the average profit for full-service restaurants falling below 7 percent, the accountant has an important role to play when it comes to guiding their clients. Honesty and some hard truths are what your restaurant clients need and what they deserve.

As a restaurant consultant, I work with owners and managers on operations,

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share more information with the accountant, thereby getting better, more definitive numbers. And the accountant could have alerted the client to areas of concern, thereby allowing for corrective action to be taken earlier.

In this article I'll give some examples of how restaurant owners and accountants can work together more effectively.

What your clients aren't telling you

The top example of what a client typically doesn't tell their accountant is if they are in some way "hiding" cash or cash transactions. This is certainly a tough situation because many times the client doesn't understand that, by not showing accurate income, all their costs will appear higher.

The next area where the client may not discuss pertinent information with their accountant is comps. Usually, I see comps on the P&L listed on one or two lines. What the owner may not understand is that the more detail that we have in terms of comps, the better we can catch theft or abuse in the comp category.

Often, I find that the comps are excessive, and if we had more detail, we would have discovered that our staff all had the code to comp friends, family or high-tipping guests. In my recent meeting with my clients and their accountants, we discovered that comps had gone from \$1,000 per month to over \$5,000 per month!

My advice: Push your clients to give you substantially more detail so that you can advise them better.

A different angle on the accountant/client relationship

When I do training for service staff in restaurants, I discuss with them the two types of servers they can be: an order taker or professional server.

The order taker goes to the table and says, “What can I get you today?” The

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Certainly, you will want to point out what is good in the report, but more importantly you need to focus on what is going wrong and drive the conversation about why they're losing money or why the profits are half of what they should be. (Comps maybe?)

How I choose an accountant for my clients

Very often I help my clients hire their accountants. The key driver for me is the firm that says, “We will spend time with you reviewing and explaining your financials. In addition, we are going to give you ideas on how to improve your position by focusing on food costs, labor costs, beverage costs and profitability.”

I think another thing that the accountant can do is to lay out the financials and P&L in an easy-to-understand presentation. By this I mean that, in addition to the numbers, percentages need to be in place. By doing this, you as the accountant can speak to the customer about their percentages compared to industry averages or your other industry-comparable clientele.

The best accountants that I work with guide their restaurant/hospitality clients by driving the conversation to two areas:

1. You are losing money.
2. Here is why you are losing money.

Essentially they are saying, “We are not order takers. We are the professionals who will help you drive your business forward!”

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