

The Restaurant Labor Benchmark Sheet

From The Restaurant Bottom Line · Updated 2026

Labor % benchmarks by concept type (2026)

Concept	Labor % target	Prime cost target
Quick service	25 - 28%	55 - 60%
Fast casual	27 - 31%	58 - 62%
Full service casual	30 - 33%	60 - 63%
Full service upscale	32 - 35%	62 - 65%
Bar-forward	26 - 30%	55 - 60%
Pizza / Italian	25 - 28%	54 - 58%

Source: NRA Restaurant Industry Operations Report; TDn2K Black Box.

What a 1-point improvement is worth

For every \$1M in annual net sales:

- 1 point of labor = **\$10,000/year**
- 1 point of food cost = **\$10,000/year**
- 1 point of prime cost total = **\$20,000/year**

For a \$2.5M unit, a single point of labor is **\$25,000**. Cutting labor by 2 points equals hiring a full-time GM without expanding.

5 questions to ask before you cut hours

1. What was the sales-to-labor-hours ratio last week, by daypart? Ratio is more useful than percent.
2. Are you cutting FOH or BOH? Cutting FOH kills service scores. Cutting BOH kills speed of service.
3. What is the wage floor in your market for the position you are cutting? A cut you cannot back-fill is not a saving.
4. What is the schedule impact on your top 5 performers? Losing a strong opener to a cut is a step backward.
5. Did the last cut hold, or did the labor % drift back up within 60 days?

Where labor slippage actually comes from

- Overstaffed Tuesday and Wednesday (top 2 drift days for casual dining).
- Overtime creep from managers not tracking approaching thresholds.
- Salary-to-hourly split shifting toward salary above 30% of total labor.
- Extra prep hours that do not tie to a sales-per-labor-hour target.

This is a starter reference. The Restaurant Financial Toolkit includes a full Labor Scheduling & Cost Model that shows dollar impact of a schedule change before you make it, plus benchmark ranges wired into the model. See restaurantbottomline.com/toolkit.