BarkeepOnline – Troubleshooting Negative Variance

Negative Variance caused by mistakes in your Sales Data, Sales Items and Recipes
The examples in this document show when negative variance appears in Reports caused by issues in your Sales Data and/or errors in your Sales Items and Recipes. The examples focus on liquor usage but are applicable to any Items you track with Barkeep including beer and wine.

There is an additional document found on our help page focusing on troubleshooting including **Negative Usage Beer** that includes examples of negative variance caused by mistakes in Inventories.

Why does the Report show Negative Variance?
You might run a Variance Report (or Pour Cost Report) that will show negative variance and it could also show results where Items are Over/Short. This document has examples with the steps you can take to troubleshoot and get to the source of these numbers. The examples will help you correct errors in your Sales Items and Recipes as well as spotting mistakes by bartenders and other staff.

Negative Variance – A problem with Gin & Tonics

Below is an example of Variance Details from a Variance Report.

Item	Sales	Used	Ideal Used	Over / Short	Cost	Ideal Cost	Over / Short (Cost)
Bacardi 151	$200.00	1.2	1.2	0	$25.74	$25.38	$0.36
Bacardi O	$1,790.00	10.6	10.6	-0	$174.37	$175.16	$-0.79
Bailey's Irish Cream	$209.00	0.9	0.9	-0	$19.78	$20.35	$-0.57
Beefeater Dry Gin	$1,100.00	16	8.9	7.1	$340.85	$189.62	$151.23
Bombay Dry Gin	$0.00	2.4	0	2.4	$57.96	$0.00	$57.96
Campari	$512.00	7.7	7.7	0	$165.78	$165.57	$0.21
Canadian Club 6 Yr	$341.00	2.1	2.1	0	$39.80	$39.23	$0.56
J & B Scotch	$1,017.00	8.2	8.2	0	$205.09	$203.92	$1.17
Jack Daniels	$5,306.00	44.6	44.6	-0	$1,191.71	$1,192.06	$-0.34
Jagermeister	$2,343.50	16.6	16.6	0	$332.00	$331.26	$0.74
Jameson	$176.40	1.3	1.3	0	$31.60	$30.69	$0.91
Kahlua	$1,048.00	11.6	11.5	0	$249.25	$248.93	$0.32
Mount Gay Rum	$140.00	1.1	1.1	0	$19.84	$19.21	$0.64
Myers Dark Rum	$160.00	1.2	1.2	0	$23.34	$23.01	$0.33
Seagram's 7 Crown	$310.00	2.4	2.4	0.1	$34.29	$33.53	$0.76
Skyy Vodka	$490.00	4.1	4.1	-0	$64.72	$64.89	$-0.17
Southern Comfort	$1,709.00	13	13	-0	$243.10	$243.36	$-0.26
Tanqueray Gin	$1,481.00	15.5	14.2	1.3	$327.54	$300.98	$26.56
Wild Turkey 101	$765.00	4.8	4.8	0	$106.51	$106.32	$0.19
All Items	$1,176.00	0	11	-11	$0.00	$241.38	$-241.38
Total	**$28,928.9**	**239.9**	**239.9**	**-0**	**$5,260.93**	**$5,260.33**	**$0.60**

Let's look at the Category **Call Liquor**:

- Notice how the subtotal number of bottles of **Call Liquor** Used (based on your Inventories) and the Ideal Used (based on your Sales Data) are the same (239.9). **(a)** In this example you can see that your liquor usage and your sales are in sync. So, where is the problem?
- The final line of **Call Liquor** has an unspecified "All Items" line **(b)** showing the Ideal Used is 11 bottles but it does not indicate which Item should have been used. This indicates that you have Sales Items with Recipes that specify the Category **Call Liquor** but the Recipes do <u>not</u> specify a specific Item - so Barkeep is unable to determine exactly which Items should have been used.
- Notice how the Over/Short column **(c)** has some Items where your Usage is significantly over, for example **Beefeater**, **Bombay Dry Gin** and **Tanqueray**. According to the Variance Report, you used more than you should have based on the Sales Data. Even if a Bartender was giving away some free drinks and or over-pouring, these numbers seem high.
- Because your subtotals for **Call Liquor** match, it is less likely to be an issue with your Inventories.
- You need to focus on your Sales Data and Sales Items. Begin by selecting the Sales Data tab to investigate more closely. **(d)**

Negative Variance – A problem with Gin & Tonics (cont.)

- You can narrow down the list of Sales Data by using the search field. **e** For example, search on "gin."
- BarkeepOnline will display all the Sales Items with gin in the name or using gin.
- Look at the Sales Items for Gin & Tonics in the **Call Liquor** Category that are assigned to specific varieties of gin (e.g., **Beefeater Gin & Tonic**, **Tanqueray Gin & Tonic**). Also note how those all have no Sales Count.
- At the top of the list of Sales Items is **Call Gin & Tonic**. **f** This Sales Item's Recipe is assigned to the Category **Call Liquor** but there is no Item assigned to the Recipe.

In this example it looks like your Inventories are correct, drinks are being poured correctly, but your staff is selecting the **Call Gin & Tonic** key in the POS System. Moving forward, if your staff starts using the correct keys in your POS System for the Sales Items by brand, your Variance Reports will not have this issue.

> **Sales Items without specific Items in the Recipe**
> When can you have Sales Items where you do not assign a specific Item/product?
> The example on the previous page shows how unspecified Sales Items will be accounted for in a Variance Report under "All Items." This may be appropriate for you, particularly with less expensive well liquor, happy hour specials, etc. But, with a detailed POS System, one where you assign keys to each product, you probably do not want to use generic Sales Items like one called **Call Gin & Tonic**.

A Recipe Problem

In the Variance Details notice that you have used 10.9 bottles of **Jose Cuervo** based on your Inventories. Your Sales Data has an Ideal Used count of only 5 bottles. **a** You are over by 5.9 bottles of **Jose Cuervo**.

Item	Sales	Used	Ideal Used	Over / Short	Cost	Ideal Cost	Over / Short (Cost)
Jack Daniels	$5,306.00	45.6	44.6	1	$1,218.46	$1,192.06	$26.41
Jagermeister	$2,343.50	16.6	16.6	0	$332.00	$331.26	$0.74
Jameson	$176.40	1.3	1.3	0	$31.60	$30.69	$0.91
Jose Cuervo 1800	$885.00	10.9	5	5.9	$228.90	$104.54	$124.36
Kahlua	$1,048.00	11.6	11.5	0	$249.25	$248.93	$0.32
Mount Gay Rum	$140.00	1.1	1.1	0	$19.84	$19.21	$0.64
Myers Dark Rum	$160.00	1.2	1.2	0	$23.34	$23.01	$0.33

The following steps can help you resolve this issue:

1. In your Variance Details you can click on the Item name (i.e., **Jose Cuervo**) to review all the Inventories factored into the Variance Report.
2. In this example, after reviewing the Inventories, you are certain the numbers are correct.
   You did use 10.9 bottles of **Jose Cuervo**.

Item	Sales Item	Sales Count	Average Price	Total Sales
Jose Cuervo 1800	Call Margarita	86	$9.42	$810.00
Jose Cuervo 1800	Jose Cuervo Cocktail		$0.00	$0.00
Jose Cuervo 1800	Jose Cuervo Shot	15	$5.00	$75.00

3. Assuming the Sales Data is correct, this could mean that some liquor has gone missing. Or it could indicate that some Sales were incorrectly entered into your POS System.
4. Select the Sales Data tab. **b** Next enter a search (i.e., "jose") **c** to narrow down your list.
5. This Variance Report factored three Sales Items that use **Jose Cuervo**. You sold:
   - 15 shots of **Jose Cuervo**
   - 0 **Jose Cuervo Cocktails**
   - 86 **Call Margaritas** that use **Jose Cuervo**.
6. Right away you realize that you would use more than 5 bottles of **Jose Cuervo** if you sold 86 Margaritas.
7. Select the Sales Item **Call Margarita** to take a closer look. **d**

A Recipe Problem (cont.)

8. Take a look at the Sales Item and look at the Recipe.
9. Notice the quantity for **Jose Cuervo** was only 1.25 oz.
   This is the quantity you pour for a shot of tequila. You use 3 ounces for Margaritas.
10. Correct the Recipe and change the quantity form 1.25 oz. to 3 oz. **e** of **Jose Cuervo**.
11. Press the [Done] button **f** on the top of the screen to return to your Variance Report.
12. After you re-run your Variance Report, notice that your Used/Ideal Used counts **g** now are the same.

Item	Sales	Used	Ideal Used	Over / Short	Cost	Ideal Cost	Over / Short (Cost)
~~J & B Scotch~~	~~$1,017.00~~	~~0.2~~	~~0.2~~	~~0~~	~~$200.00~~	~~$200.92~~	~~$1.11~~
Jack Daniels	$5,306.00	45.6	44.6	1	$1,218.46	$1,192.06	$26.41
Jagermeister	$2,343.50	16.6	16.6	0	$332.00	$331.26	$0.74
Jameson	$176.40	1.3	1.3	0	$31.60	$30.69	$0.91
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In this example, reviewing your Variance Report helped you find an error in your Recipes.

Note: Once you have located the source of the error and made the necessary corrections. We suggest you always re-run the same Report to double-check that the issues have been resolved.

If you are still having trouble finding the source of negative variance you can contact us at
support@barkeepapp.com