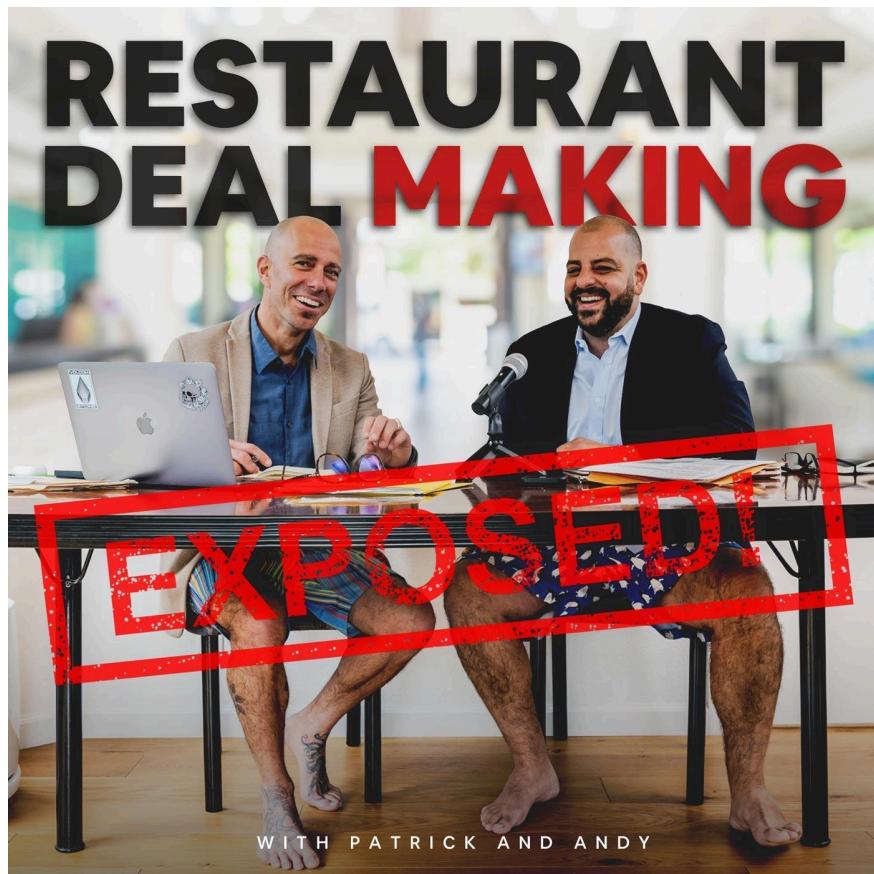


Ep #45: The 2026 Financial Playbook for Restaurant Owners with CFO Matt Granville



Full Episode Transcript

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Welcome to *Restaurant Deal Making EXPOSED!*, the only show that equips you with everything you need to know about restaurant transactions. In this show, we tell you all about how to make the sale or purchase of your restaurant not just possible, but successful. Now, here are your hosts, ex-restaurateurs, and seasoned brokers, Patrick Totah and Andy Mirabell.

Patrick Totah: Hey everyone, thanks for joining us at *Restaurant Deal Making EXPOSED!* Today's episode is The 2026 Financial Playbook, how restaurant owners, operators should approach 2026 from a financial perspective, cost trends, adaptability, and the strategic mindset required to stay profitable in today's new normal.

Today, we're joined by Matt Granville. Matt Granville is an experienced restaurant executive with deep expertise in operations and finance, most recently serving as chief financial officer and vice president, COO at Armadillo Willy's Barbecue, which at one point had six locations throughout California. This long-running barbecue chain is known for its wood-fired Texas-style barbecue.

Over more than two decades with Armadillo Willy's, Matt has led financial strategy, cost management, and operational planning during periods of significant market change. In these roles, he has overseen budgeting, forecasting, P&L discipline, and cost control initiatives designed to strengthen profitability and resilience in challenging restaurant climate.

Matt's career reflects commitment to bridging the financial discipline with real world restaurant operations, equipping leadership teams with the insight and tools they need to navigate cost volatility, refine prime cost management, and build scalable value-driven businesses.

Andy Mirabell: Here we go. Well, I heard prime cost in there. I'm sure we're going to get to that, aren't we, Patrick? All right. So, Matt, thank you for being here. We really appreciate you. You have quite a storied past in the restaurant world, but looking through the lens of the numbers, the dollars and cents, right?

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Matt Granville: That's correct. It's been 42 years.

Andy: Gosh. Well, we love having guests on that are, you know, restaurant-focused or restaurant-minded, CFO, accountants, you know, these types that really help because we know what a specific business this is. We know there's dozens of different types of accounting styles, which we see on a daily basis with restaurants and restaurants we are potentially going to sell. So, we would love to, you know, get into your head on some of these issues here.

We're in a new year. We're a little ways into 2026. So we've got our footing a bit here, but we still want to take a dive into how a CFO like you, looking over multi-unit restaurants or, you know, even a single operator, how should you approach a new year? You know, is there things that you should be doing mentally, financially, to approach this 2026 from the mindset going, you know, when you get into the year, and how do you prepare for a new year in general?

Matt: Well, typically for me, the new year starts in August. I start getting a funny twitch that it's time to start thinking about budgets for the following year. And so that's where it starts for me is I start looking at what we have done in the current year, and then try and figure out where we're going for the remainder of the year. And then once I have that blueprint, then I can start thinking about the following year from a budgetary standpoint.

Andy: So, you start twitching in August. I get that. We're kind of closing out, you know, the year here and preparing. So when you bring up the word budget, do you break up your budget, say, "Hey, I'm going to set up a budget for next year, 2026, for example"? Or are you breaking it down quarterly, monthly? How do you approach that to prepare?

Matt: I've always done a full-year budget, and then within the last maybe five or 10 years, I started attacking my forecast sooner than mid-year or somewhere during the third quarter just because things do change. You know, for instance, COVID, you have a shelter in place, and that obviously we all know changed the world there. So, that's where it's changed from there that it's, I start looking sooner, but I do like a full year.

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I use a budget model that I developed back in 19... this is going to date me, but it's going to be 1987, '88. Now, it's evolved over the years. It's still done in, back then it was done in Lotus 1-2-3, now it's Excel. But I forecast, I project daily guest counts. And then we know how many days we're going to be open for lunch, how many days we're going to be open for dinner. So then you get your total guest counts. You have historical per-person spends for food, wine, liquor. You use all that, so I can develop food sales by lunch, food sales by dinner, beverage sales by lunch, dinner, et cetera. And then do that for every month.

And then I also developed a, and again, this is nerdy stuff, but a regression analysis where I started comparing number of guests per day part versus how many hours we have in the kitchen, how many hours in the front of the house. If you have a liquor license with a bar, all of that. So then, if you remember, you know, drawing that nice straight line on your graph, that's how your hours, so I can line up hours to guest counts. So then I start projecting, okay, we're going to do 2,000 guest counts this week. You get so many hours in the kitchen, so many hours in the dining room, so many hours. And then we start building, then you start going down, breaking down the store's scheduled by day.

So, I get really precise that way. It's a lot easier. You know, food costs, you kind of say, "Okay, we want to run a 29%." We know what our pricing is. You have your ideal food costs from menu mix. That all comes into it. The same thing is you should know if you have an extensive wine list, you should pretty much know what your overall markup is, what your pouring costs are, you know, beer costs. And then the things like your controllables, you just kind of forecast PG&E is going to be blank. And the same with some other things. And then there's some things that you can kind of use a percent of sales, you know, your paper goods, if you got a takeout business, that's going to run, that should be pretty consistent. So, I go line by line, item by item, all 12 months.

Andy: So, what it really sounds like, you're really creating something that's an amazing tool for the management team, the leadership team of the company, of each unit. When you head into a new year, once you've locked in your budgets and you think you've done your work on your end, what are you talking to your

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team about? What is the conversation that you have with your leadership team? What do you focus on?

Obviously, you just talked about you know what your food cost should be pretty much. You know what your liquor cost should be pretty much. What are some of the more unique conversations you have with them here to set them up for success from your point of view?

Matt: Well, one of the things that I like to do is relating what I do, my accounting, how it relates to what your managers and your chefs and sous chefs do on a daily basis. And every time you touch a button on your POS system, it ends up in your P&L. So I want them to understand that operationally, every single decision you make, whether you decide lunch is slow, I got to get people out, it's going to flow back to your bottom line.

And so I try and encourage them to just, it's kind of a raw session, I guess. It's you encourage them to be proactive. I've given you all these tools. I've taught you all these things that I know that you can use and exercise on a daily basis. You can do it by day part. And then it's just for this business, it's such a nickel-and-dime business. You have to execute every single day part.

Andy: Yeah.

Matt: You just can't wait for the end of the week on Friday and go, oh gosh, I'm going to blow out my budget this week. Well, you can't do anything at that point. It's going to happen.

Andy: We've laughed quite a couple times with Dan Engle, our restaurant accounting specialist that we've had on. I've worked with him for decades, but we've laughed a lot together saying, not laughed, I shouldn't say that, but we really, we've talked about it and smiled that a lot of these restaurateurs wait for the P&L to come out 45, 50 days after the month is over sometimes, and you're like, how do you react? This market moves quick and it's a nickel-and-dime business. So thank you for bringing that up. You need to act quickly.

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Patrick: Can I jump in real quick? I'm curious, on your budgeting, how often are you accurate on your budgets? How often does it actually meet or exceed budget? Because obviously you're doing it, you know, in advance, and I'm just curious how that ends up coming out at the end of the year.

Andy: Right to the juggler, Patrick, huh?

Patrick: No, I'm curious. I've always been curious about this.

Andy: Yeah. I bet he has a good track record, so.

Matt: It's not bad. It's not bad. I probably make it 85%, 90% of where I think it should be, and the restaurant achieves. I mean, there are times where the restaurant overachieves, which is fantastic. And then, I've had some pretty stinkers where things you can't control that happen is that a gas main blows up, a water main blows up.

Andy: Yeah.

Matt: You know, they're digging up the pavement because they have to repave and people can't get in.

Andy: Can't get in. Yeah.

Matt: And you don't, I mean, that's the one thing I don't do. I know there's some people out there that, you know, sit there and they can go to the city. What are you going to do in front of my restaurant this year? I don't usually, I've never delved that deep.

Andy: Probably not a good use of your time. You we talk about kind of the budgets year to year. You know, are there historical benchmarks that you reiterate annually to the team? And then are there also some unique ones that maybe have come up since 2020 that, you know, you really need to budget for, plan for that weren't something we dealt with a decade ago?

Matt: Yeah, I mean, you always, I know prime costs, back when I started 40 years ago, if you were 50% or under, that was amazing. You were just making

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money hand over fist. And it was pretty good like that until maybe 15 years ago. And that's when the whole minimum wage movement started. And, going into 2026, in the Bay Area, I think the lowest one I saw was \$18.50, and that was Mountain View or Sunnyvale. And then the highest one was Emeryville at \$19.90.

Andy: Yeah.

Matt: So, now if you're getting under 60% prime, you're doing well, but you're not making the same kind of money because your throughput is off. So, with every year, if there's a cost-of-living adjustment on your minimum wage, your labor benchmark moves. And you know, you can't, and I think this is a mistake some operators make is they try to price themselves out of trouble, but they just price themselves into trouble. So.

Andy: Well said.

Matt: That's where a really experienced operator and coupled with someone like me, you really have to start working, you know, really fine tune your labor and but, you know, from a percentage standpoint, you try and keep everything in the same, you know, whether you've decided you're going to run a sub-30 food cost or a plus-30, that really depends on, you know, how many turns you're doing or how much volume you're doing and, you know, once you cover your fixed cost and everything else is just variable from your prime cost and it just falls through the bottom line. But you used to have, on your incremental sales over your breakeven, you'd see 60 cents on every dollar coming through. Now it's probably 10 or 20 cents.

Andy: Yeah, yeah.

Patrick: This was actually the next thing that I was going to talk about because Andy always gives me crap about prime cost, you know, because like you said, 50% used to be what you would shoot for. And I see restaurant operators as high as, you know, 70% sometimes, 35 here, you know, 35 there or give or take. And I always wondered like, are larger operators like, you know, doing \$5 million

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plus, are they able to get back down to the 50% or is that just not doable for anybody at this point?

Andy: In California, we might want to preface.

Patrick: Yeah.

Matt: Well, there is a point where, and that's where I was talking about my regression analysis, is that the amount of labor it takes, let's say, to do another 50 guests a day, could only be one hour in the kitchen. So, then you're going to start seeing the throughput you want to see to the bottom line. Same with the front of the house. I mean, you know, maybe you just, you're turning your tables faster, or you're filling all of your tables rather than having all these empty seats, which is a problem.

So, that's where I see that you can make it at the higher volumes if you're pushing enough sales through, then you're getting efficiencies on labor. Your food cost is going to be what it is because you're still selling \$5 million worth of food, wine, and liquor. But, you know, you're able to do that \$5 million with less labor once you passed that, your little break-even point.

Andy: I like the point he just brought up. He said, if you're efficient about it, essentially that one hour of labor, if you have 50 more customers in those seats and you can work it right, that one hour of labor that you're adding on to feed those 50 customers or service them, it really pays off.

I walked into a new restaurant the other night, Matt, and this is going to make you cringe, I'm sure. Brand new restaurant. I walked in just to check it out. I didn't say if I was eating or not. And the young hostess came up and I kind of poked in the dining room. They only had a couple tables on a Thursday night. new, their new place. And the hostess goes, "Would you like to see a menu?" I said, "Absolutely." And she said, "By the way, right now we have a promotion on DoorDash. You can order two-for-one sushi rolls for on DoorDash." I'm in their restaurant. You want my rear end in your seat. You know, and you know what I

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mean? I don't need to explain further, but that my arm hair went up when I was like, oh boy, from an operational standpoint, that was a fail.

Patrick: Yeah, yeah.

Matt: Oh, it is. And I have a similar story when I was working at Spectrum Foods. We had a new CEO come in, and so he was making unannounced visits. He wasn't recognized yet. And he walked up to one of, he went to one of our restaurants, and I think it was like 9:30, quarter to 10, and the restaurant closed, the kitchen closed at 10:00. And the hostess kind of just said, "Well, our kitchen is closing in 15 minutes. Sorry, can't seat you." And he didn't lose it in front of her, but he the next day, he pulled the general manager out and ripped him a new one. So it's another the same thing is you don't turn people away. I mean, you can't have them banging on the door 15 or 20 minutes after you've locked it.

Andy: But you gently tell them, "We would need to get your order in the next 15 minutes, but by all means, come on in."

Patrick: Yeah. Yeah.

Andy: Patrick, prime cost. I didn't mean to stifle you on that one. I have a question for Matt on prime cost, though, because we had the owner of World Wraps on, and it blew my mind. We know what prime costs are, right? But he said that his third-party commissions paid every month on the P&L is now the third largest expense they have. It is higher than rent and they're in San Francisco. And he was okay with that because of the amount of revenue it drove to them. But he said that's my new normal. That's on my books, and it is one of the top three costs. And I absolutely was floored. Not in a bad way, it's just genuine surprise. I don't think your the concepts with Armadillo Willy's and stuff, was that something that has crepted its way in a big way?

Matt: It had. We were lucky, I guess, to call ourselves early adopters and we got really good, if you can call it good, I don't think it was, but we got a good pricing. I mean, we were only being charged 20% commission. But when that's still a lot

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of money nowadays, especially when you're pushing 55%, 60% prime cost, that's a lot of sales to give up.

And you know, I'm not a fan of the DoorDashes, the Uber Eats, Grubhub because of what they do. And I'm looking at it from the business side. You know, I know my kids, they come home, and they plop themselves on the couch and they pick up their device, and hey, I'm not moving my butt out of this seat for the next four hours. And they can knock on my door, leave it at the doorstep, whatever. And they don't seem to care. And even though you tell them, do you know how much it costs you? They one, they don't know, and two, they really don't care. But I think if they really knew, they would care.

Andy: Yeah.

Matt: But I think it's I think it's difficult for the business, but I think everyone's gone down that rabbit hole and they're not coming back out unless the third-party deliveries somehow fail. And I think there's probably going to be some consolidation again. I don't know who's going to survive. I don't think Grubhub is doing well. DoorDash seems to be okay and Uber Eats seems to be okay, but it's, to me, it was a bane of my existence that it just, it was so, so expensive.

And we even at Willy's tried to re-educate the public. We were slipping in stickers on the boxes saying, "Save 20% by ordering, either calling us on the phone or ordering through our website. You can still pay for delivery. That's fine." But no one would do it. And then we were marking our prices up like everyone does on the third-party sites. And then you run into the trouble, "Well, you're so expensive." Well, no, we're not. "Well, yeah, look at your menu on DoorDash." That doesn't count. Come into the restaurant. So.

Andy: Hard to stand out from that pack if you're trying to do something different. It really is, you know?

Matt: And people didn't, again, it proves that the people didn't care. They liked having their device in their hand. And this is my opinion. I'm a dinosaur. But they liked having the device in their hand and ordering from their couch. And when

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you could in the old days, you just called up and said, "Okay, I'll be down in 20 minutes to pick it up."

Andy: Yeah.

Patrick: Question for you, Matt. When you're at Armadillo Willy's, are you constantly doing menu costing? And every year, do you update the new cost and create a new, so you understand what every single menu item costs you? Is that something that you're, that's always ongoing?

Andy: Or the chef's role to do so?

Matt: Actually, we didn't really have chefs. We had, sometimes we had a pit master, I guess, or a kitchen manager. It's, you know, it changed over the years, but I use, I'm sure you probably, I know you've heard of it, but I still call it C2It, but it's part of Restaurant365. It's a polling service, and I worked with the founder way back when at Lark Creek Restaurant Group. So, what we decided to do was the program we were using just became obsolete, and then it stopped working.

So we needed a new solution and so we turned to C2It, and they have a really good recipe module that the, your more sophisticated vendors, you get all of their invoices get downloaded electronically. Some of the smaller ones, like our produce guy, we put that in by hand, but we put every single input went into this module. And then it gives you, it would cost it. And we had, you know, we knew what our recipes, we had our recipes, so we did have printed recipes. So we threw all that in and then so you get all these cost inputs and it's grabbing your sales, it's grabbing unit.

Andy: We're talking weekly because of invoices are coming in one or more times a week?

Matt: Yeah, we're every time an invoice is generated by your Ciscos or by rights, it's downloaded the next day right into C2It. So, we knew what our costs were on a daily basis, weekly even. And so it was something we were constantly monitoring and certainly when it came time to consider pricing, you know, you

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kind of look at what your recipe cost is and decide, well, can we live with that, you know, because we're baby back ribs, for instance, were one of those things at Armadillo Willy's that the cost kept going up and you, you know, at one point, 20 years ago, you're pushing the \$30 mark. And now there's \$35, and then you're starting to push \$40, and it's, you know, you either decide to make it, you take less on it, but, you know, you get that drink on the table or a basket of fries, you know, those creative things that you try and get servers to do to.

Andy: The upsells.

Matt: The upsells.

Patrick: Don't you lose like 30% or some high amount in barbecue? Because when you're smoking things, it just like sweats away.

Matt: Yeah, the worst one was brisket.

Patrick: Brisket, yeah.

Matt: That had a 50% yield.

Patrick: 50%. Wow.

Matt: Yeah, and you've seen those briskets either in your grocery store at Costco, sitting in the meat, you know, and they're the size of a small child. And to lose 50% is a lot. And.

Andy: You're talking about after you they break it down, prep it, and then cook it, it loses that much mass?

Matt: Yeah, after you take off the, trim the fat and whatever else, and then just the moisture loss, pulled pork loses 30%. So.

Andy: Jeez. Well, the bones. Yeah.

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Matt: It's that's a hard, you know, you're swallowing a lot.

Patrick: I went to this new barbecue concept in Alameda, which was amazing, but it was very expensive, and I understand why because you're losing half of your product, basically. Yeah.

Andy: You've worked obviously with different restaurant groups, and from your seat as CFO, what's the most common financial mistake that you see operators make? Even good ones, where do they not catch up quick enough, and it costs money?

Matt: I think, and again, it depends on the concept, is one of my hardest relationships was always with the chef because...

Andy: Mine too.

Matt: Well, and you can understand they're a creative type. They want to put their most perfect, pristine product on the plate. They also care about maybe the name of that product, where it's coming from. So that's in a fine dining or someone that's even a sit-down that has a chef that's creating a menu. I think that was always my biggest challenge is getting them to understand and respect their food costs. Some of these guys really didn't know how to calculate a food cost. They weren't taking inventory anymore and.

Andy: Well, now with everything automated, it's not a pen and paper thing where I'm breaking down how many ounces of this and the protein and the veggie and, you know...

Matt: Yeah, it's you still got to count.

Andy: Yeah.

Matt: But he's not doing it. But when you've got someone that's very artistic, and I've worked with a lot of very talented chefs, and they're not particularly, they don't particularly care about the food cost. They just care about what the plate looks like and what it tastes like and that it's executed exquisitely.

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Andy: What mistake, if you see an operator, whether it's a chef or a GM or whatever it may be, what's one of the hardest habits to undo or to retrain on?

Matt: You know, it's, this is one and I've harped on this for years and I kind of touched on it earlier is knowing when or having a set, if you know your business well enough, knowing when to start cutting labor. That's really where you're going to make up for any shortfalls if, you know, you're a little slow that night, you just have to get, you know, and you have to take a chance.

I mean, my example was sometimes the tour bus is going to show up at the end of the night. You've sent everyone home because or you sent most people home because it was slow. And you got 90 people stepping off of a motor coach. That's going to happen. And that we can't predict, but trying to get them not to be afraid to send people home, because if you think about it, every dollar in labor is probably more like \$1.15 to \$1.25 when you start adding in workers' compensation insurance, the employer payroll taxes, benefits, sick pay, all the stuff that comes in. It's not just a dollar-for-dollar, and I always used to like to say that, you know, it's you're banking it.

If you start on the first day of the new accounting period and you're monitoring your labor and you're getting people out on time or getting them out earlier if you're slow, every day you if you add an hour, two hours, by the end of the month, that's a lot of money that falls through the bottom line that you saved. And that's, and it's really kind of easy. It's just you can't be afraid to make that decision. And sometimes it'll bite you in the butt and other times it's the other times it's going to show up in your bonus check.

Andy: I like that, Patrick. I mean, the management team can't be afraid to be a more aggressive on the labor, and it's not always going to bite you in the rear end the wrong way, but it's most of the time, it's going to benefit the company, right? So.

Patrick: Yeah. Matt, if you, if you can tell our guests what financial systems are truly non-negotiable, if you were talking to a manager of a restaurant or someone who has like a single unit operator type, you know, restaurant owner,

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what do you recommend they do on a daily, weekly, or monthly basis to ensure that they're, you know, practicing sound financial systems?

Matt: I think a POS system probably is a good starting point. And again, over my years, we've gone from the single, you know, national cash register where you push in the buttons and pull the handle type things to going moving through electronics where they're using all these different programming languages and they eventually became a Windows-based.

But I think that's probably the single best tool for anyone, whether you're a multi-unit operator or even just a single because you can integrate things like the credit card processing. You don't have to go out and get competitive bids. Someone like Toast, they're generally cheaper. So that's handled. You can use it as a time clock. You don't have to have a separate time clock. And everything can feed into your payroll processing system.

So I think it's the real, the better today, the really good POS systems eliminate bodies again. I mean, a single operator still probably has to wear all the hats, but it does make your bookkeeping easier, that if you don't have to really worry so much, you can just upload payroll and be done, the checks show up. And everything else, you get all your information, your menu mix, you can look at everything, you can reconcile your daily sales. I think a good POS system is a good starting point.

Andy: So you use the tools, learn the tools, and use the tools, right? I mean, it's really the bottom line on that.

Patrick: I would like to point out.

Matt: And they become so much more economical now. I mean, it used to be when we were rolling out NCR was who we used 35 years ago, and it was back then, it was probably \$4,000 per register. So, you know, you had usually two somewhere on the dining room floor, at least one behind the bar. So you're still looking at a \$12 to \$15,000 investment back then. And now with Toast, I think, depending, you pay per terminal. So, you know, some of our restaurants, most

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of our restaurants just had two cash registers at the front. So you're paying, you know, \$285 a month for each terminal, and that was it. That's an expense I can swallow pretty quickly, considering what you're going to be saving in bookkeeping time.

Patrick: I started off as a young kid with one of those registers where you had to put in the numbers, and I had to count back change, which I think is a lost art in this world, personally.

Andy: Oh yeah.

Patrick: Yeah.

Andy: Not in Vegas. No, absolutely. Yeah, it's come a long way. It's really nice to see, you know, to listen to someone like Matt who's been doing this for decades, right? And has seen this evolution of accounting, but you're still sounds like you're very grounded in the basics of, you know, knowing how to protect labor costs, sticking to your cost of goods and prime cost stuff. So I really appreciate, you know, what you've bring to the table on this. It's nice to have your perspective.

So, thank you for joining us. We really appreciate that, and I think there's some good insights for large multi-unit operators and small operators alike from what you said. So thank you.

Patrick: Absolutely.

Matt: Thank you for having me.

Patrick: Thank you very much, Matt.

Andy: So, I think we just want to remind everybody to tune in next time. I think we got a fun Patrick and Andy top three list or something coming your way, which you should tune in for. So we'll see you next time.

Thank you all for listening to this week's episode of *Restaurant Deal Making EXPOSED!* If you're considering selling your business and would like a free

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