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Maharashtra Open University**



V101: B. Sc. (Hospitality and Tourism Studies)

V102: B.Sc. (Hospitality Studies & Catering Services)

HTS 402: FOOD & BEVERAGES SERVICE OPERATIONS II

YASHWANTRAO CHAVAN MAHARASHTRA
OPEN UNIVERSITY

HTS 402: Food and Beverages Operations – II

V101: B. Sc. Hospitality and Tourism Studies
(2016 Pattern)

V102: B. Sc. Hospitality Studies and Catering
Services (2016 Pattern)

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UNIT 1 RESTAURANT PLANNING

UNIT 2 BUFFET

UNIT 3 FOOD AND BEVERAGE CONTROL

UNIT 4 BUDGETARY CONTROL

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UNIT 1 RESTAURANT PLANNING

1.00 BEFORE WE BEGIN

In this unit we will study various concepts in planning of a restaurant. As for any business, planning a restaurant involves a number of parameters. We have to study the location where we should open it, what concept we would have for our restaurant, whether our restaurant would be a family restaurant or would it focus on youth or would it be a truck restaurant is to be decided by us based on the location, sourcing consideration availability of staff etc,

We will start our study with a discussion on how to make a business plan. As you prepare a business plan you have to answer various questions which lead to the 'design' of your restaurant. Whether you wish to start a business of your own to open a restaurant or wish to get employed as a manager, you need to have a clear idea of these concepts. We have tried to make this discussion live by making it as advisory tips and making you aware of the pitfalls which many may have faced. This Unit is important to you as a student as well as a professional-in-making. You would revisit many of these concepts if you chose the elective HTS 615 under V102 BSc(HSCS). So enjoy this Unit as we have enjoyed preparing it!

1.01 UNIT OBJECTIVES

After studying this unit you will be able to

- Describe the concept of restaurant planning
- Explain the ways to handle various situations at the restaurant like drunk customer
- Explain what is meant by flambé and gueridon service

1.02 RESTAURANT PLANNING

<https://articles.bplans.com/start-successful-restaurant-guide/>

Why do many restaurants fail?

What's the biggest reason for failure? Lack of planning. Before you ever make dinner for a customer, you'll spend a lot of time figuring out every detail of your restaurant. From kitchen appliances and menus to floors plans and staff selections, the planning stage will make or break your restaurant.

To help you plan, fund, and manage your new restaurant, we've asked a couple of owners to share their trade secrets. Kim Strengari owns three successful restaurants in the Philadelphia region, including Stella Blu, and Lambrine Macejewski is the co-founder of Cocina 214, a contemporary Mexican restaurant in Winter Park, Florida. Omer Orian, co-founder of Off the Waffle, has three locations—two in Eugene, Oregon and one in Portland. Below are their tips for success.

Tips for starting a successful restaurant

1. Have the right intentions

If you want to make it as a restaurant owner, you have to love what you do, Kim Strengari says. While she knew a restaurant was the right path for her, she had to work nights cleaning office buildings to make ends meet when she first opened her restaurant.



“I wanted the restaurant more than anything else in life, so the sacrifices were endless and I never minded making them,” she says.

To be successful, you’ll invest a lot of time and money—so make sure that starting a restaurant is your passion, not just a business venture you hope will make money. “It’s harder than you can imagine,” says Omer Orien, “but people do it all the time. It’s not at all dreamy.”

In these early days, it’s also a good idea to figure out what you want your restaurant to look like. What will be your restaurant’s aesthetic? What furniture will you need to purchase to fit the theme? How will you lay your restaurant out? Trent Furniture, a British furniture company, has a great article on the topic to help you get started.

Orien says, “A lot of it has to do with figuring out what kind of environment you want to work in, what will make you feel the way you want to feel. It also doesn’t hurt to have people in your life who have an eye for design.” Orien sat down with his co-founders and built a 3-D model to plan the layout of their first location. And ultimately, they did most of the work to build out the space themselves.

2. Have a solid business plan in place

You can’t scratch a business plan out on a cocktail napkin. You need a detailed business plan that charts the course for your success. That said, we suggest beginning with a Lean Plan that keeps the business planning process simple. Think of your business plan as a living document that you return to regularly to help you plan for growth and measure your progress.

Orien says that he really got serious about his business plan when it was time to grow and expand to a new location. It helped them figure out what was feasible and figure out how to move forward.

Your business plan should include market research, a comprehensive look at your competitors, information on your target audience, an outline of your marketing plan, and a solid financial and budgeting projection. To get you started, check out these templates specifically for restaurant planning, or check out LivePlan business planning software, that will walk you through the process. As you think about what you want your restaurant to look like, don’t forget to keep an eye on industry trends. As with any startup, timing is key.

Pay special attention to your marketing plan

You can only rely on word of mouth to bring in so many customers, so you'll need a marketing plan in place to keep new people streaming through your doors.

Here are a few ideas:

- Participate in community events and give out food samples
- Offer discounts to new customers
- Join the local business association
- Utilize social media channels

3. Location, location, location

With a restaurant, location is everything. You need a spot that draws crowds, is easily accessible, and has the potential for growth. Of course, you need a location that fits within your budget too.



It makes sense to take your time, as you're looking for the right space. You might also want to do some research to find out if there are any startup incubator spaces for restaurants that you can join to keep initial costs low and that might come with mentorship opportunities. Whether you decide to rent space or build from scratch, selecting a location is one of the biggest decisions you'll make as an owner. But you don't have to do a huge build out at first.

When Orien was ready to launch Off the Waffle, he says he only had \$3,000 to get the business started. "It sounds impossible," he says, "but we found a bunch of hacks to make it work. We found a house that was actually in a commercial zone, so we were able to live and work in the same place."

Orien's three locations are all dedicated restaurant spaces, but it's a good reminder to start small. "Once you're \$300,000 into a buildout for your location, it's not like a house that you can just sell. There's not a lot of retained value, he says. You're sort of stuck with it." So it makes sense to think it all through and test a smaller scale version before taking a huge and expensive leap.

4. Test your menu

Approach building your menu like an experiment. Consider having a dinner party featuring your proposed menu where you ask people for their honest feedback.

But don't just invite your closest friends and family members. You might love the taste of a certain dish, but if customers won't pay for it or aren't keen on its taste, you won't make money. When you ask for feedback, consider using a method that allows anonymous comments so that you get people's honest reactions. Do your market research. Visit other restaurants to get a sense of appropriate pricing.

Orien says that when Off the Waffle first launched, there were only two items on the menu: a liege waffle and a glass of milk. He tested a lot of different ideas, including folding ingredients into the waffle dough and stuffing waffles like a pita pocket. Those approaches didn't really delight their customers. So they moved on to interesting waffle toppings, and people loved it.

5. Hire essential help

How many people do you need on staff to get started? Some restaurant pros advocate for bringing on a manager prior to opening day, but think through your biggest needs. Do you need a dishwasher? How many cooks? What about servers? Take your time as you hire staff. Consider doing a soft opening so you can see how smoothly things run with just a few essential positions.

When Orien launched his first restaurant, the only employees were family. They scaled up slowly, but now they have around 50 employees working at their three locations. "When we started, we were newbies, so if we hired too quickly, we would have had trouble paying people a salary that would have brought in people with enough skills to make up for our inexperience. Over time, we learned how to do all the roles." But now, he says if he opened a fourth location, it would be a natural progression to hire a manager right off the bat. He's in a better position to be able to train them well.



Ratha Grimes via Flickr

Invest in training your employees

To better manage your staff, make sure you have employee training materials ready. Create job descriptions, codes of conduct, and an employee handbook. Create a training guide so employees are well prepared for their respective positions. Document recipes for your cooks so every meal is made to perfection. In other words, give your employees all of the necessary tools to succeed, Macejewski says.

Be willing to fill in where needed

As the owner, you can't have an ego, Strenigari says. If your idea of owning a restaurant is walking around in a pretty dress and makeup and asking customers what they think of the food, you'll be in for

a surprise. You have to be willing to do every job. From chopping vegetables to seating customers, you'll have to fill in from time to time.

Watch your labor costs

A lot of restaurateurs have the urge to hire, hire, hire. While you will probably need to hire some staff to make your restaurant a success, don't go overboard. Paying employees can be daunting, especially in the first few months when you're not making a lot of money. It's not always easy to figure out how many staff to hire the right amount of staff, Macejewski says.

"It's tough to plan for if you are seasonal or have sporadic business, but you don't want people on the clock if you don't have the business," she says. "You can't afford it."

6. Secure funding and manage your cash flow

Generate startup capital: As with every business, make sure you know how much money you need to get your restaurant off the ground.

You'll need three pools of money. The first pool is for one-time costs like equipment (check out this calculator to help you figure out startup costs). The second pool is to cover the restaurant expenses for at least six months, and the third pool is to cover your personal bills for at least six months. You'll want to have at least six months of cushion because you'll probably find that your expenses outpace your revenue for at least that long.

Plan to lose money for the first six months: Restaurants aren't profitable overnight. It takes time to market your new place, attract a crowd, and get people to come back for more. Some say you shouldn't plan on making money for at least the first six months.

Plan for bumps in the road: It's easy to go over budget when you're first starting out, so make sure that you have some additional money to cover the unexpected. If you're not sure about how to do this, consider a business line of credit.

When you do hit a bump, evaluate the numbers and your processes, Lambrine Macejewski says. For example, when she first opened her restaurant, she realized her food costs were too high. She called her vendors and switched from a five-day delivery schedule to a two-day schedule. She saved the money she needed by investigating the problem and looking for a solution.

Watch your food cost: You're in the business of making food, but if your food costs are out of line you'll end up losing money. Make sure you keep track of your inventory, prepare food well, avoid waste, and keep prices competitive.

7. Keep marketing

You can't depend on repeat customers, so you'll need to keep your marketing efforts up to make sure your revenue stream doesn't thin out. Establish a strong social media presence, try an ad in your local paper, participate in the local fair, or host a small non-profit get together at your restaurant to keep marketing your business..

CHECK YOUR PROGRESS

Why do many restaurants fail?

What are the various systematic steps one can take to launch a successful restaurant?

Why is it important to invest in our staff?

Why is watching the labor cost an important check point?

1.03 PLANNING & OPERATING VARIOUS F & B OUTLETS AND SUPPORT

<https://www.thebalance.com/how-to-write-a-restaurant-business-plan-2888455>

How to Write a Restaurant Business Plan

Many people dream of opening their own restaurant. They see it as an opportunity to turn a love for entertaining or cooking into a business. Unfortunately for many, the reality of running a restaurant is not at all what they expected. Long hours, low pay and lots of stress run many out of the restaurant business after just a few years. One reason for the high failure rate is that restaurant owners fail to treat their business like a business from the very beginning.



They have no plan to deal with problems and unexpected expenses and don't understand the scope of cost associated with opening a restaurant. One way to prevent these types of problems is with a well written business plan. By writing a restaurant a business plan, you do two things: you show the bank you have a clear and concise plan for getting your restaurant up and running and you have a contingency plan for problems.

Creating a restaurant business plan forces you to learn about all the different parts of restauranting, as well as your local competition and the local market. Plus, a business plan is essential for most new businesses seeking any kind of financing. It is absolutely imperative for a prospective restaurateur. and is especially helpful to those new to the food/restaurant industry. As you research information for your restaurant business plan, you may encounter problems you hadn't considered previously, such as licensing, health codes and tax laws.

Most business plans have the same general parts, but some sections of your plan should be geared specifically to the restaurant industry. Here is a break down of all the necessary parts of a restaurant business plan.

1. Executive Summary

Start out with an overview of your entire business plan. Think of it as your introduction.

Make it interesting, to keep your readers attention. Here are some tips for writing an executive summary geared toward a restaurant business plan.

You want to give the reader (a potential investor) the basics of your business idea. What is the style of your new restaurant, the name, the location?

Explain why you are well suited for this restaurant venture. Do you have previous cooking experience in restaurants? If not, do you have any experience in the restaurant business? If the answer is no, then you need to sell them on the idea that despite your lack of experience, you are still the perfect person for this new restaurant business.

2. Company Description

This part of a business plan is sometimes referred to as a business analysis. It tells the reader the location, legal name and style of restaurant you want to create. This is where you get detailed and explain your local competition, population base, and other information you have gathered during your research.

3. Market Analysis

This part of restaurant business plan is sometimes referred to a marketing strategy. There are three parts to a market analysis:

Industry- Who are you going to be serving? Is your restaurant going to cater to the older folks at lunch time? Single professionals at dinner? Families with young children? Explain your customer base and why they are going to flock to your new restaurant, not your competitors.

Competition- Who is your competition? Many people opening a new restaurant assume everyone will prefer their new establishment to the existing competition. Don't undermine the other restaurants. They already have a loyal customer base, and luring customers from that base is not always easy. Find out as much as you can about your competition, including their menu, hours and prices. Then explain in a paragraph or two how you will compete with the already established businesses.

Marketing- What methods do you plan to use to promote your restaurant? How are you going to target your core audience? Perhaps you will offer a kids eat free night, or free lunch delivery to local offices. What is going to set you apart from your competition? Give specifics on how you plan to advertise (newspaper, TV commercials, ect...)

4. Business Operation

It is sometimes referred to as Products and Services. This is where you tell investors about your hours and how many employees you plan to hire. Here is where you explain the benefits of your establishment for customers, such as its convenient downtown location, or its close proximity to the local interstate exit. This is also a good place to mention any close ties you have to local restaurant vendors, such as food supply companies or local farms that will give you a competitive edge.

5. Management & Ownership

Who is going to run the ship? Are you going to be the general manager, bookkeeper, head cook and bartender? If so, how are you going to do it all? Many new restaurant owners either hire a general

dining room manager or a kitchen manager (but usually not both). Explain who is going to do what, including any potential employees whom you feel will be a great benefit to your new restaurant.

If you are serious about opening your own restaurant, then writing a business shouldn't be a problem. But if you find that you don't want to do it or don't think you need one, you may not be ready to be in business for yourself..

CHECK YOUR PROGRESS

Why is it important to write a business plan for opening a restaurant?

What are the advantages of writing a business plan?

What are the components of a business plan?

What is expected to be covered under market survey part?

1.04 STAFFING

How to Create a Strong Restaurant Team

Good restaurant staff is the backbone of any successful restaurant. Customers may come to your restaurant for the food, but if the service isn't friendly or timely, it will be hard to get them to come back. In an industry with an extremely high turnover rate, keeping good staff can be a challenge. Educating both new and old staff on your restaurant menu and bar selections will help empower them to be the best salespeople possible.



Understand the Restaurant Menu

Before they step foot on the dining room floor, wait staff should understand the menu. They should know how to describe every single item on the menu. They should know what all the dishes look like and taste like. Offering a menu tasting every few months allows new staff to sample dishes and will better equip them to make suggestions to customers and answer any questions. It is also a good idea to offer a staff a tasting of new dinner specials. A bonus is that staff usually enjoys the free food and it can be a great team building activity.

Understand the Restaurant Bar

Just as you want your wait staff to be knowledgeable about your menu, you also want them to be well versed in your beverage selection. Even if wait staff don't mix their own cocktails or pour their own beers, they should know what goes into common drinks, like martinis or cosmos and they should know what beers you have on draft and in bottles.

This way, they can upsell to second or top shelf liquors. Servers should also have full knowledge of the wine and beer menu, so that they can offer pairings with menu items. Your liquor/beer/wine sales rep can do a beverage training (not tasting) to help educate your staff about the subtle nuances in different types of alcoholic beverages.

(Important to note, that your sales rep should never charge you for a beverage training for your staff.) Ask every server to have one favorite wine, beer, and spirit selection at the ready, if a customer should ask.

Know How to Handle Restaurant Problems

Along with understanding the basics of restaurant menus and restaurant bars, good restaurant staff know how to handle any problems that arise. They also know when they can't handle a problem and call in the manager. The biggest problems most wait staff will encounter are unhappy customers. Maybe the customer's dinner came out over-cooked, or it took too long. Even if the server thinks the customer is just being a pain-in-the-you-know-what, they should never ever show it. Know how to deal with unhappy customers is key to return business.

Another problem staff might encounter at one time or another are customers who have had too much to drink. Knowing how to safely serve alcohol as well as knowing how to handle drunk customers, can help restaurants and their staff avoid much serious problems.

CHECK YOUR PROGRESS

Why is it important to have a dedicated work force at your restaurant?

How would you create a motivated team of staff at your restaurant?

Why is it important to understand your menu to be able to have good staff?

Why is it important to understand how to handle situations to have team spirit in your staff?

1.05 RESTAURANT CONCEPT

<https://www.thebalance.com/about-restaurant-concepts-2888685>

One of the first steps toward opening a new restaurant is defining the concept. This sounds easy enough, but have you ever eaten at a restaurant and felt confused? Like the menu didn't fit the overall ambience (too pricey for a casual restaurant or too casual for a fine dining restaurant)? When this happens, customers aren't always enthusiastic about coming back. To help avoid new restaurant growing pains, check out these ten basic restaurant concepts and how to choose your own.

1. Buffet. Originating in 16th Century France, buffet dining has stood the test of time and continues to be a popular choice for many restaurant customers. By definition, a buffet is a

meal where guests serve themselves from a variety of dishes set out on a table or sideboard (from Food Lover's Companion). Read more about restaurant buffets.

2. Fast Casual. This is one of the biggest trends right now. Fast casual is slightly more upscale than fast food. Fast casual restaurants offer disposable dishes and flatware, but their food tends to be presented as more upscale, such as gourmet breads and organic ingredients. Panera Bread would be an example of a fast casual restaurant.



How to start a food truck. By Benreis (Own work) [GFDL (<http://www.gnu.org/copyleft/fdl.html>) or CC BY 3.0 (<http://creativecommons.org/licenses/by/3.0/>)], via Wikimedia Commons

3. Café or Bistro. A café is a restaurant that does not offer table service. Customers order their food from a counter and serve themselves. A bistro is sometimes interchanged with café. A bistro is actually a café that offers full meals.

4. Casual. Just as the name implies, a casual restaurant theme is well...casual, from the food to the atmosphere to the prices. Many independent restaurants have a casual theme. A mom-and-pop diner would be a casual restaurant.

5. Fine Dining. The term Fine Dining brings to mind all kinds of images, from crisp white table cloths to waiters in tuxedos.

A fine dining restaurant offers patrons the finest in food, service and atmosphere. It is also the highest priced type of restaurant you can operate. Read more about fine dining.

6. Franchise. A restaurant franchise offers many benefits over independent restaurants, such as instant name recognition and a turn-key operation. However, buying a franchise can be

costly. And there are many rules and regulations that come along with operating a franchise. Read more about buying a restaurant franchise.

7. Restaurant Food Truck. A food truck is like restaurant on wheels. It has several distinct advantages over a traditional eat-in restaurant. A food truck can go to the customers. It has low



overhead, compared to a restaurant, and requires far less staff. However a food truck is still a business that requires a lot of work and attention- especially in the first couple of years. Read more about starting your own food truck business.

8. Restaurant Catering. Restaurant catering offers you a chance to increase both your sales and your customer base. People already love your food, so why not capitalize on that and offer catering services as well? Read more restaurant catering.

9. Ethnic Cuisine. This is one of the simplest restaurant concepts, building around a specific type of food, such as Mexican, Chinese, Indian or Italian, to name a few.

The menu, décor and restaurant name should all reflect the ethnic cuisine.

10. Beware of mixing restaurant concepts. In an attempt to stand out from the competition, you may be tempted to design your own concept- perhaps fast food Italian or a fine dining food truck. While originality is important when opening a new restaurant, you want to make sure your restaurant concept is clear to the customer. Read more about restaurant concepts.

Restaurants come in all shapes and sizes. From fast food to fine dining, a restaurant concept helps outline the type of menu you offer, the decor and the price points. Newer concepts like food trucks, pop-ups and family casual are among the fastest growing segments in the restaurant industry. For anyone thinking of opening their own restaurant, studying the different types of concepts and their costs and customer base can help them identify the right concept for their ideas.

Avoiding concept mashups is usually best, as it can confuse consumers. Adapting an existing concept to make it unique is a better move and trademark of the most successful restaurant chains.

How to Open a Fine Dining Restaurant

<https://www.thebalance.com/how-to-open-a-fine-dining-restaurant-2888696>



Nico Kai/ Iconica/ Getty Images

Much of opening a fine dining restaurant is similar to opening a regular restaurant – you need to have a business plan, find financing, apply for permits and licenses, just to name a few. Along with all these tasks, a fine dining restaurant requires great attention to detail, from the food to the service.

Difficulty: Hard

Time Required: Varies

Here's How:

Define what you mean by fine dining. The term “fine dining” means different things to different people. What may be “fine dining” to one person could be considered casual to another. Technically speaking, the term Fine Dining is a restaurant concept that offers patrons the finest in food, service and atmosphere. Again, this definition is open to interpretation. If you plan to promote your new restaurant as a fine dining establishment, it should be distinctly different and higher end than other restaurants in your area. Not all fine dining is table cloths and frilly napkins. Many of the highest rated restaurants in the country have sleek, simple designs.

Select a location. Just as with any new restaurant, the location is integral for success. A benefit of a fine dining restaurant is that you may have more leeway in choosing a location. Fine dining restaurants are a destination spot for most people- that is they make their dinner reservations weeks or months ahead of time and are willing to drive to get there. Converted buildings, like barns, older

homes and other unique structures are a great location for a fine dining restaurant, so long as it is feasible to build a restaurant there.

Create a fine dining menu. Your menu should set you apart, and above, the competition. Many fine dining restaurants feature a prix fixe menu, while others mix a standard menu with nightly specials. Your menu should be presented in an elegant form and printed on good quality paper. Read more specialty restaurant menus.

Purchase fine dining equipment. While all restaurants need to purchase the right commercial equipment before they open, fine dining restaurants need to consider the style of plates, flatware, linens and furniture that will help set the mood in the dining room. The equipment purchased for the kitchen should reflect the menu. If you are using a lot of freshly made produce and homemade desserts and breads, you will need adequate space to store and prepare the food. This may also mean you need less freezer space.

Hire a well trained staff. Fine dining is the top of the restaurant chain in terms of serving and a good server is worth her weight in gold. A server should know the menu without looking at it. They should always have a recommendation for either food or drink if a customer asks. In the kitchen, look for a head chef who has both experience and a passion for cooking, someone who will create new, unique dishes and guide the rest of the kitchen staff toward excellence.

Connect with local farms. Organic, local fare isn't just better for the environment and the local economy. It tastes better, looks better and is much more marketable for a fine dining restaurant. Patrons like the idea of knowing where their food comes from.

Set up a reservation system. You can choose to have a seating – that is, the first round of guests is seated at 5:30, the next round at 7:30. This allows you to control the flow of orders into the kitchen. You also need to decide how long you will hold a table before giving it away, if customers are late or just don't show. Read more about restaurant reservations.

Partner with other local businesses. As part of your marketing and advertising campaign, reach out to other local businesses that will appeal to a fine dining crowd, such as bed and breakfasts, resorts, or hotels. You can partner to offer discount deals for people looking for a weekend getaway.

Tips:

Tablecloths can be expensive to maintain in a busy restaurant. Consider skipping them, you can still have fine dining with nice table tops.

What You Need:

- Restaurant business plan
- Fine dining menu
- The right restaurant location
- Patience!

CHECK YOUR PROGRESS

What is meant by a restaurant concept? Explain it with at least 3 examples.

What is meant by Fine Dine restaurant?

Describe the 'food truck' concept and the advantages offered by it.

What are the advantages of franchise model of restaurant?
Explain how you would open a Fine Dine restaurant.

1.06 MENU

How Often Should You Update a Restaurant Menu?

<https://www.thebalance.com/how-often-do-you-update-restaurant-menus-4137216>

The success of any restaurant, whether a chain or independent, large or small, traditional or mobile, is its menu. A cool name, eclectic décor, or an awesome location may be the hook for new customers to try a restaurant, but it's the food that keeps them coming back. Changes you opt to make to your menu should be considered carefully. That said, every restaurant menu needs to be updated periodically — if for no other reason than to adjust for food cost and inflation.

Yearly updates to a menu allow for price adjustments, the incorporation of popular food trends, and an opportunity to cull items that aren't selling.

Update Your Menu for Food Cost Once a Year

In order to maintain profits, a restaurant menu should be updated at least once a year to make sure food costs are in line. Food costs refer to the price of menu items in comparison to the cost of the food used to prepare that same dish. The cost of raw ingredients determines how much a restaurant needs to charge for the finished product. Fast food menus can often get their food cost to as low as 25 percent, but fast, casual and family style concepts are usually higher. Generally, food costs should be around 30-35 percent. This means that if you pay \$1.50 for an avocado, you need to charge a minimum of \$5.50 to cover the cost and make a profit. This may seem like a steep increase, but keep in mind that the cost includes more than the food itself.

You are paying your staff to prepare the food, serve the food, and clean up after the food. Everything in your restaurant, from payroll to the electric bill needs to be covered by the food you serve.

Food costs include sides as well as the main ingredient. For example, say one of your restaurant's most popular dinner entrees is wild salmon.

The filet of salmon costs \$4. Each piece of salmon comes with a side of jasmine rice with a food cost of .50 cents and a seasonal vegetable that costs .75. Your total food cost for the entrée is \$5.25. The minimum menu price is \$18. It's important to note that not every item has to be between 30 and 35 percent. Higher priced items like beef and fresh seafood often run higher than 35 percent. This increased food cost can be off-set by incorporating menu dishes with lower costs, such as chicken and pork. And some foods will have really low food costs, including starches and seasonal vegetables. Your restaurant's food cost should on average remain between 30-35 percent. So if you offer one expensive cut of beef filet, the cost can easily be balanced with two or three inexpensive entrée options like chicken marsala, pork tenderloin and even a cheaper cut of beef like a sirloin steak.

Food costs change depending on the season, and external factors like droughts, floods, which can drive prices up, just as bumper crops and excess supply can drop prices of food. For most restaurants, updating a menu seasonally is not going to work, unless your restaurant is a fine dining establishment with a rotating prix fixe menu.

Customers wouldn't be too happy if their favorite dishes change prices every few months.

Do a Yearly Audit of Your Restaurant Menu

When you review your food cost and menu prices, it is also a good time to look at seasonal ingredients, current food trends, and portion size. Most POS systems allow for usage reports on individual menu items. This will tell you exactly how many menu items you sold over the past year. As you review your menu look for items that aren't selling as well as others — do you need to keep them? Which items are doing really well? Is there a way to add more variety? Do you need to add a few more selections to entice customers to come again? A common mistake of new restaurants is creating menus that are either way too big or way too small. Each year the National Restaurant Association publishes its annual Culinary Forecast, which outlines current and popular food trends for the coming year.

This is a great resource for finding delicious menu inspiration.

Update Seasonal Menu Items Twice a Year

Depending on where your restaurant is located, updating ingredients for cold and warm weather makes sense. When the temperatures rise, pull hearty stews, pot pies, and roasted meats; and opt for lighter items like fresh salads, cold soups, and grilled meats. This doesn't mean you need to revamp every item on your menu, but customers will appreciate a few new selections each season.

Another way to keep food costs in line is to reduce food waste. Every time you have to throw out a case of wilted lettuce or batch of chowder that didn't get used in time, the price of that food just went up. Even if the food cost is cheap, when you end up throwing it out, it is costing you money. Incorporating seasonal items in a few dishes will help ensure that the food gets used and doesn't linger in the walk in. For example, if you offer a baked stuffed haddock as a dinner entrée, you should incorporate haddock into other entrees; perhaps as a haddock piccata or a classic fish and chips. Otherwise, you risk a case of fish spoiling and with it all your profits.

Every item on your menu should have a specific portion size in order to keep food cost in check. Restaurant portion control is also important for keeping menu items consistent for every shift. For example, say one of your restaurant's most popular dishes is chicken marsala, served with risotto and fresh asparagus. To streamline your portion sizes, the entrée is broken down as follows: a six-ounce boneless chicken breast, a cup of risotto rice, five spears of asparagus and two tablespoons of parmesan cheese for garnish. The food cost for the dish is \$5.25 and the menu price is \$17.95. If one chef routinely serves a chicken breast that is seven or eight ounces, or adds six spears of asparagus instead of four, it is going to raise the food cost — but the menu price doesn't go up. Every time this entrée leaves the kitchen, no matter who is cooking, the serving sizes shouldn't change.

Don't Forget to Update Your Cocktail Menu

Along with updating your restaurant menu, reviewing your bar menu once a year is also a good idea. If you are carrying a large inventory of hard liquor, review what is selling and what isn't. Even though alcohol has a very low food cost, there is no reason to keep a large inventory on hand if it isn't selling. Just as with seasonal food, alcoholic beverage trends come and go. What may have been popular when your restaurant first opened might be a food fad now. Don't be afraid to ask your bartender to expand his or her drink recipes to include popular trends like locally brewed beer, spirits, house-made liquors and organic liquors. The rise of micro distilleries and on-site production is among one of the current popular restaurant trends.

At a minimum, you should update your restaurant menu at least once a year, to make sure prices are where they should be. Correct food cost is vital to the success of a restaurant. Along with a check on

food cost, a yearly menu audit helps you see what is selling and what isn't and is an opportunity to try some new items. No matter how often you opt to update your restaurant menu, always ask for feedback from your customers. At the end of the day, it is their opinion that matters most.

How to Price Your Restaurant Menu

<https://www.thebalance.com/how-to-price-your-restaurant-menu-2888593>

Writing the menu is the fun part of opening a new restaurant. You can play around with terms and pair different foods together to see what looks good together. However a designing a restaurant menu can be rather complicated and hard to understand at times. For example, how do you know what to charge in order to make a profit? Food cost and portion control are two ways to help price your menu correctly, but be careful not to price yourself out of the local market.



Another way to ensure a profit is to create a balance of expensive and inexpensive items.

Food Cost

Food cost refers to the menu price of a certain dish in comparison to the cost of the food used to prepare that same dish. In other words, how much you pay for food will determine how much you need to charge for it. Generally, food cost should be around 30-35 percent. This means that if you pay \$1 for something, you need to charge minimum of \$3.34. It may seem like you are charging a lot more than necessary, but keep in mind that you aren't just paying for the food itself. You are paying someone to prepare the food, serve the food, and clean up after the food. Everything in your restaurant, from payroll to the electric bill needs to be covered by the food you serve.

Lets look at a typical menu item that many restaurants offer: Filet Mignon Dinner.

The initial cost of a filet mignon dinner can be broken down into the following areas:

The beef filet costs you \$6 per portion

The wrap (the potato, vegetable, salad and bread that comes with the filet, as well as any condiments the guest asks for) costs \$2.50

Therefore, the entire meal costs you \$8.50. If you wrapped the filet in bacon and topped it with herb butter (very tasty) your costs would increase.

So, then your prices would increase. Get the picture? Everything that goes onto the customer's plate needs to be accounted for.

So how do you decide on a final menu price? Time to brush up on that high school algebra you swore you'd never use.

The formula for costing goes as follows:

Cost of your product/.35=menu price or $\$8.50/.35 = \24.29

\$24.29 is the absolute minimum you need to charge in order to make a profit off the filet mignon dinner. Of course, \$24.29 is an awkward looking number, so you might bump it up to \$24.99. If you bumped it up to \$29.99, your food costs would drop below 30%, which means you make a bigger profit.

Portion Control

One reason that chain restaurants are so successful is that they have a firm handle on portion control. The cooks in those restaurants know exactly how much of each ingredient to put in every dish. For example, shrimp scampi may have a portion control of six shrimp per dish. Therefore, every shrimp scampi that goes out of that kitchen will have six shrimp in it, no more, no less. This is portion control.

In order to practice portion control in your own kitchen, everything should be measured out. Chicken, beef and fish should all be weighed, while shredded cheese can be stored in portion control cups and a measuring cup can dish out mashed potatoes.

Once you feel comfortable cooking your menu, you can eyeball the serving amounts (sort of like Rachael Ray) but in the early stages of your restaurant, err on the side of caution and measure everything out. Another way to practice portion control is to purchase pre-portioned items, such as steaks, burger patties, chicken breasts, and pizza dough. They may be more expensive, but can save you money in labor and food waste.

Well Balanced Menu

Food markets fluctuate depending on the season, the weather and the price of gas. One day lettuce may be \$10 a case and then the following week it has jumped to \$30 a case. There is little you can do when prices jump, short of changing your entire menu every few weeks, and who has time for that? However, when you balance expensive items, which are prone to price fluctuations, with items that have stable prices, you can help maintain your desired food cost.

So, go ahead and have some fresh lobster and beef on your menu, but temper it with some less expensively priced chicken dishes or pasta dishes.

Creating the right price point for your menu is essential for keeping costs down and sales up. Understanding the role of portion control, food cost, price points will help to create a restaurant menu that balances customer expectations with an affordable kitchen inventory.

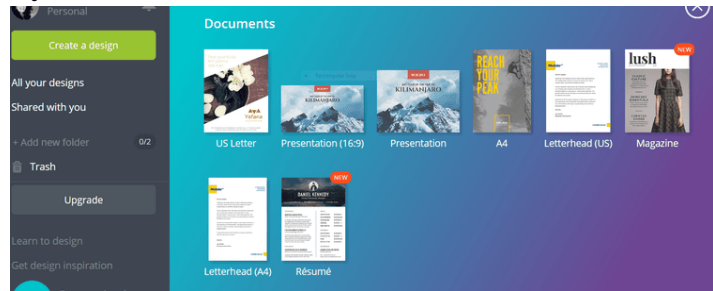
How to Use Canva to Write a Restaurant Menu

<https://www.thebalance.com/how-to-use-canva-to-write-a-restaurant-menu-4058210>

1 What is Canva?

A free photo shop style program, Canva is the ideal tool to create a professional looking menu that avoids the pitfalls of word documents and clip art. You can upload your own images and arrange the layout to fit whatever style menu jacket you choose. Once you build a menu template in Canva you can easily update your menu prices and seasonal items as needed. You can also create your own graphics in Canva, which is ideal if you are opening a new restaurant and need to design a logo and other personal branding for your business.

2 Should You Buy Canva or Use the Free Version



Canva is a free photoshop-style program that allows users to create all sorts of different graphics and materials, from posters to Facebook Posts to infographics. It is hands-down one of my favorite tools to create beautiful image based material.

Like many editing programs, Canva does offer a paid subscription which gives you more bells and whistles like professional quality photos and graphics. I use Canva A LOT and the free version suits all my needs. So unless you are planning on doing a lot of editing, I would hold off on purchasing the paid version.

3 Write Out All Your Text



Brent Winebrenner/Lonely Planet Images/Getty Images

There are couple of important steps I recommend you do prior to creating your menu Canva. You should write out all your text in a word document. You can type text directly in Canva, but I find it easier to write it out in Word and paste it. A menu description should be vivid and enticing enough to make a guest's mouth water. Always explain what are the major ingredients are in a particular dish, and use ethnic names if they fit, to add a bit of authentic

flair to the menu description. A good rule of thumb when writing the descriptions of your menu items is to keep it short and simple.

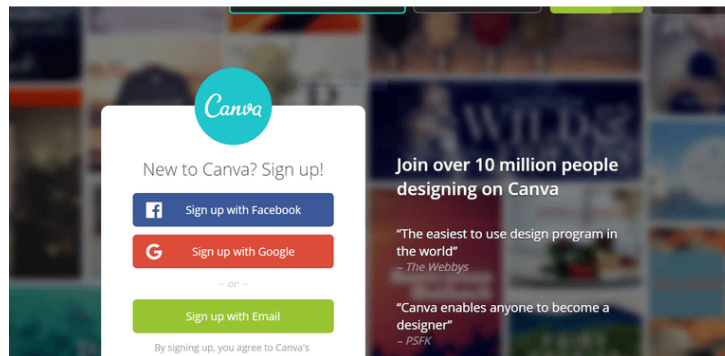
4 Take Photos of Your Menu



Jon Lovette/Photodisc/Getty Images

The next step that you will want to do before you start in Canva is to take any photos of menu items or your restaurant that you want to include in your menu. Have them saved to your computer, ready to go when you need them. Even if you don't plan on using photos in your menu, it's still a good idea to have some on hand for social media posts.

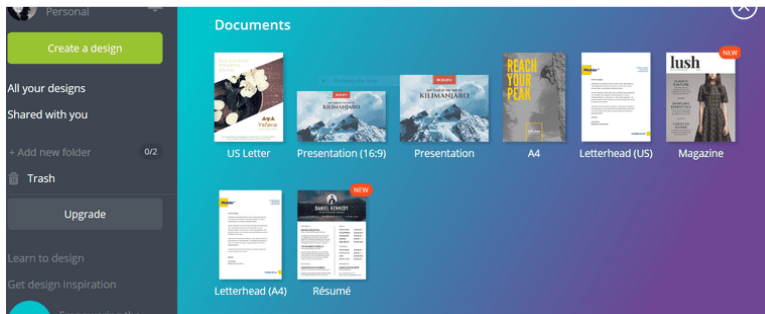
5 Sign Up for Canva



Sign up for a free canva account. Lorri Mealey Brown

Visit www.canva.com and sign up for account. You will want your own account in order to upload your photos and keep track of projects. If more than one person is working on your restaurant menu, you can share projects in progress via a direct email feature.

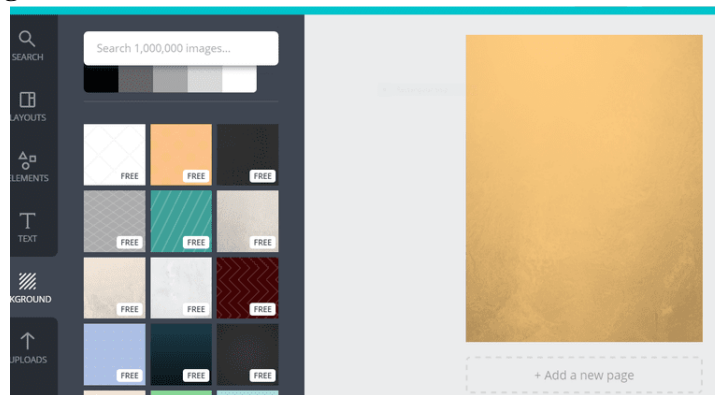
6 Create Your Menu Design



Write a Menu in Canva. Lorri Mealey Brown

Once your account is set up it's time to start making your restaurant menu. Select Create a design and go to the documents section. Select the US Letter template – this is the standard 8 1/2 X 11 paper size. Each page will save as an image or PDF, so you can adjust the size as needed once it is finished.

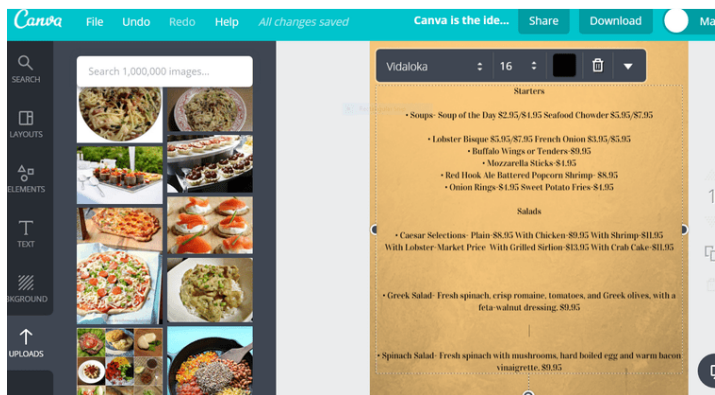
7 Select a Background



How to write a menu with Canva. Lorri Mealey Brown

Add a background. There are several free background designs to choose from, all of which can be color customized. Dark font is easiest to read, so select a lighter background.

8 Copy and Paste Your Text



How to write a menu with Canva. Lorri Mealey Brown

The copy and paste feature in Canva defaults to a the Trocchi script (similar to Times New Roman). If you want to customize it, there are many different fonts available. If you want to use different fonts or styles within the same block of text you will have to add in a separate text box. (It's all of nothing with copy and paste). Mix fonts sparingly, as they make the page look busy and can be harder to read.

9 Add Photos



A restaurant dinner menu is a balance of selection and cost/. Unsplash via Pixabay

Add any photos. Depending on the size of your menu and printing options, you may want to add photos. Because of limited space, reserve photos for signature dishes or your best selling items. Other photos that are appropriate for your restaurant menu include photos of your dining room, bar, or even your staff. To add photos in Canva simply hit the upload your own button on the task bar and select the photo or photos you want to upload. Then drag and drop them wherever you want them on your menu page. You can adjust the size

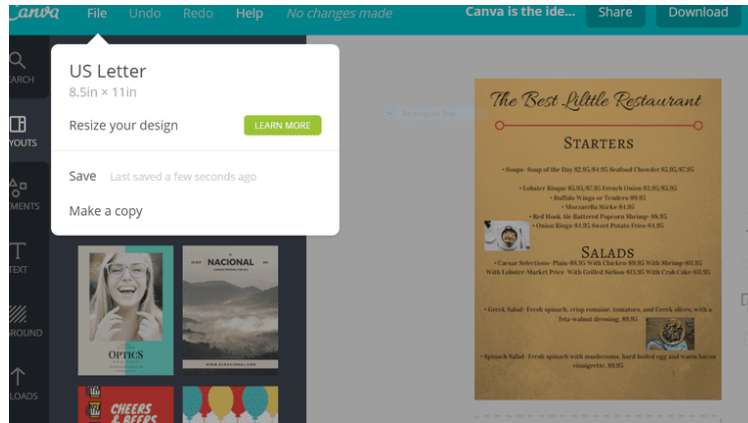
10 Add Graphics



How to write a menu with Canva. Lorri Mealey Brown

Add other graphics as needed. Canva comes with a full suite of shapes, lines, borders, and generic photos. These are useful for breaking up different sections within your menu. You can also adjust the size, color and transparency of the graphics. As with Word programs, go easy with any clip art and other graphics. You want to add visual appeal to your restaurant menu, but still keep it easy to read.

11 Save and Print Your New Menu



How to write a menu with Canva. Lorri Mealey Brown

Canva automatically saves your project template as you go. You can add as many pages as you need to your restaurant menu. Once you are finished, download your project as a JPG image. You may need to print and edit a couple of drafts to get the look and feel of your menu just right. If you use the project template at a later date – say you want to update your menu prices for the summer – you should COPY the project and rename it first. Otherwise you any changes you make will be to the original template.

12 Other Ways to Use Canva for Your Restaurant



CHECK YOUR PROGRESS

Which types of menu items should be changed at yearly interval?
 Why is it important to have an audit of your menu on annual basis?
 What kind of items on a menu should be changed twice an year?

Why is it important to update the cocktail menu?
Elaborate on the importance of pricing on your menu.
How should you calculate the price of an item?
What is meant by portion control? Why is it important?
What advantages are offered by Canva in designing a menu?

1.07 LAYOUT OF RESTAURANT

New Restaurant Layout Basics

<https://www.thebalance.com/new-restaurant-layout-basics-2888703>

No matter what type, size, or location- every restaurant has a basic layout that includes some general areas including an entrance, the kitchen, and restrooms. However, these areas are often overlooked in the general design of a restaurant, when new owners tend to focus on the dining room or bar. Paying attention to the small details of a new restaurant will help produce a positive customer experience and build business right from day one.

The Restaurant Entrance

The entrance area to a new restaurant can be just as important as the inside, when it comes to gaining new customers. Depending on your theme, you can use signs, music, lighting, awnings and flowers to make an attractive restaurant entrance. While the dining room, bar and kitchen are important parts of a new restaurant design, don't forget the outside/ entry area. After all, it is the first area that customers see. Signage, lighting, seating and decorations are just a few areas to consider when opening a new restaurant. Read more about planning attractive and effective outdoor restaurant spaces.

The Waiting Area

Not all restaurants have the space to designate as a waiting area. Those that do have space may opt to keep it separate, while others incorporate it into bar area. Along with benches or chairs for customers to wait comfortably, your waiting area should also have some menus nearby for customers to peruse as they wait.

This is also a good place to display a bulletin board of other events at your restaurant (wine tastings, weekly specials, happy hour, etc...).

The Restaurant Bar

If you plan to have a full-service bar in your restaurant- one that customers can sit at for drinks and a meal- it should be just as welcoming as your dining room.

It should also be functional for the restaurant, since it is where servers order and pick up drinks for their tables. Read more about setting up a restaurant bar. [The Dining Room](#)

Your dining room set up doesn't just create a mood in the restaurant - it also affects the way your staff functions as well as the customer's comfort and overall dining experience. The dining room is where the customers gather and it should be welcoming and comfortable. Check with the local fire code marshal or other authority about the seating capacity of your dining room. Once you know how many people you can safely serve at one time, you can plan where to place tables and chairs, as well as a wait station. Before your opening day, take a moment and sit in every seat in the dining room, to assess the view and decide if the table needs to be repositioned.

Restaurant Kitchen

At the center of any restaurant is the kitchen. Even though most commercial kitchens are not in view of the public, the layout is just as important as the dining room. The size of the kitchen and the type of

food you are serving will dictate what type of commercial equipment you'll need to purchase and the layout of the kitchen. The size of your restaurant kitchen will also play an important role in creating your menu.

Restaurant Restrooms

Design and ambience carry through to restaurant restrooms. Restrooms should be checked at least once at the start of every shift (preferably more often if it is busy). A hostess or bus person can be assigned the task of refilling paper products and taking out the trash.

Restaurant Layout Problems Every restaurant has them. Certain areas that always seem to interfere with the flow of the dining room or kitchen. Perhaps it is a table that customers never want to sit at. Or maybe the kitchen is too small during a busy dinner rush. And there never seems to be enough money to solve these restaurant layout problems.

Tips for Planning a Restaurant Dining Room

<https://www.thebalance.com/eight-tips-for-planning-a-restaurant-dining-room-2888700>

At the heart of any restaurant is the dining room. A dining room is more than just tables and chairs. It sets the tone, the ambience for your restaurant. Lighting, noise and the view are all things that should be considered when you plan your restaurant dining room design. The furniture you choose is also important. It should be sturdy enough to withstand the rigors of a busy restaurant, while at the same time look attractive and add to your ambience.



Flexibility is also important when planning a restaurant dining room. Being able to move tables, chairs, even wait stations around, allows you to accommodate both large and small parties easily.

Leave Adequate Space Between Tables

Be careful of packing tables into your dining room. When designing the floor plan of your restaurant on paper, you may think you can fit a certain numbers of tables into the dining room. However, you may find that what works on paper doesn't work in reality. Yes, you want to have plenty of seats to accommodate customers (and make more money) but you also want people to be comfortable. A good rule of thumb for placing restaurant tables is to leave a minimum of 24" in between corners of the tables.

Make the Wait Station Portable

By having a portable wait station, you can move it to fit your needs, instead of trying to relocate a table into a less desirable area of your dining room.

Try Using Room Dividers

If you have a big open dining room and want to make it more private, half-wall dividers, set on casters are an easy solution. You can move them about to create small nooks for two tops, or larger alcoves for big parties.

Sit in Every Seat

One way to spot problem areas before opening day is to sit in every single chair in your dining room.

Study the view from each seat. You may find that one has a direct view into the kitchen, while another gets a draft from the front door. Experiencing each seat first allows you to make changes before customers complain.

Select Sturdy Furniture

When purchasing tables and chairs, look for easy to clean designs. Avoid styles with lots of intricate carvings and crevices. They will be harder to wipe down and keep free of crumbs and other debris. If you are purchasing chairs or restaurant booths with fabric seats, be sure to have the fabric treated with a stain resister. And plan to budget in at a professional cleaning at least once, preferably twice a year. Restaurant booths offer some great advantages over standard restaurant seating. They're great space savers. If you have found the perfect restaurant location- but the space is small- consider installing rows of booths to maximize seating capacity. Just like restaurant chairs, booths come in a variety of shapes, sizes and color. They can be customized to fit any restaurant design. Read more about pros and cons of restaurant booths.

Decide How Loud is Too Loud

How loud is your dining room? Some restaurant concepts are better suited for a loud environment, like a bar or other casual setting.

Others, like fine dining, require a much quieter setting. If you have wood or tile floors, the sound is going to echo more, ditto with high ceilings. Throw a few dozen customers, staff in there and it might be a lot louder than you anticipated. If you need to tone down the sound, area carpets can help dilute noise.

Select Appropriate Window Coverings

If summer sun is making your restaurant dining room too hot or is otherwise uncomfortable for customers you will need to invest in some shades. Look for window treatments that are easy to clean and easy to open and close.

CHECK YOUR PROGRESS

Explain what is meant by layout basics for a restaurant.

What is the importance of entrance for a restaurant?

What care should be taken while deciding the design of the waiting area?

What considerations go in design of a restaurant bar?

How would you plan the restaurant kitchen in relation to the overall design of the restaurant?

What considerations go in planning of the rest rooms?

What are the various things to be kept in mind while designing the dining area?

1.08 LOCATION OF RESTAURANT

Best Restaurant Locations

<https://www.thebalance.com/choosing-a-location-for-your-restaurant-2888635>

Before you create a business plan, write a menu, or dash off to the bank to apply for a loan, you must first decide where exactly your restaurant is going to be located. A restaurant's location is as crucial to its success as great food and service. It will influence many parts of your restaurant, including the menu. If you already have a certain restaurant location in mind, don't get too attached until you know if it has all the right requirements for a successful restaurant.

There are four crucial elements to consider when looking at a potential restaurant location:

Population Base

Are there enough people in the area to support your business? For example, is the restaurant location in the heart of a thriving downtown shopping district, or along a busy freeway? There need to be enough people who live in the area or pass through the area on a regular basis to keep you busy. To determine the population base of a particular area, you can do a site study. However, these can cost up to \$25,000. Most people looking at their first restaurant don't have enough money in their budget for a professional survey. A less expensive method to determine the population base of a certain area is to use a circle graph, as well as asking the local chamber of commerce and town office for more information.

Parking

Will there be enough parking to accommodate all the seats in your new restaurant?

Ideally, a new restaurant location should have its own parking lot. If that isn't an option, is there public parking near the restaurant location?

Accessibility

There's a reason that major restaurant chains are often located near highway and freeway exits: It makes them accessible for customers. Motorists can reach the restaurant without fighting traffic or driving out of their way.

Most successful restaurant locations (but not all) are easy to find.

Visibility

This goes along with accessibility and is very important for new restaurant locations. People have to know the restaurant is there. This is why property prices in downtown districts and developed strips are higher than other areas. They offer a level of visibility that can bring in a great deal of walk-in business.

It's important to address all these elements when you sit down to draft your business plan for a new restaurant, which you will need before applying for a loan. In addition, by understanding each of these

elements, you can better choose the right location for your new restaurant.



CHECK YOUR PROGRESS

Elaborate the importance of location of a restaurant in its commercial success.

Why is it important to consider the population base while deciding the location of your restaurant?

What are the various questions which you would ask yourself while deciding the location of your restaurant?

1.09 MARKETING

How to Create a Social Media Strategy for Your Restaurant

<https://www.thebalance.com/how-to-create-a-social-media-strategy-for-your-restaurant-4103464>

As a restaurant owner, you may feel completely overwhelmed when thinking about a social media marketing strategy. After all, you are in charge of the day to day operations of running your restaurant, including hiring and firing, food orders, cooking, bookkeeping, maintenance and other responsibilities. So I get why you'd be hesitant to add marketing to your list of job duties. But here's thing: social media is not going away.

It is going to become even more important for businesses in the future. Think about it: people don't use the yellow pages to look up information — they Google it. My 74-year-old grandmother has an iPad, cell phone and is active on Facebook. Pretty soon there will be no generation divide between internet users and non-internet users. It will just be a way of life. While traditional advertising methods still work, now is the time to start getting really comfortable marketing your restaurant online and leveraging the power of social media to grow your business.

Choose the Right Social Media for Your Restaurant

A classic beginner mistake when planning a social media business strategy is thinking that you have to be everywhere at all at once. This means setting up accounts on Facebook, Twitter, Pinterest, Youtube, LinkedIn, Instagram, Snapchat, etc. The truth is, you should use one or two of your favorite social media platforms (one's that you are already using) to focus your efforts.

If you don't have a favorite social media site, start with Facebook — since it is still the most popular social media site across all demographics.

Develop a Personal Brand for Your Restaurant

Remember the 1980s sitcom Cheers based on the Boston bar where 'everybody knows your name' ? People liked the show because they felt like they knew Sam and Woody, Cliff and Norm, Diane and Carla.

Even if they had never set foot in the actual Cheers restaurant in Boston, viewers of the show felt like they knew the bar well. Building a strong personal brand on social media can have that same effect for your restaurant.

Showing people your restaurant's personal side i.e. the faces behind the menu, the people cooking the meals, the story behind certain dinner specials, the charity giving to local youth teams or fundraisers-reminds people that your restaurant is more than just a place to eat. It's a great place to hang out, it's interesting, fun, the perfect place to gather for special occasions or just grab a drink after work.

Decide how you want your restaurant to be perceived and then start cultivating that image online as well as in your restaurant.



Decide What Content You Want to Share

Social media is all about sharing. You want customers to connect with your restaurant by sharing specific information with them. This could be photos of your menu items, your staff having fun at work, recipes, video tours of your dining room, funny restaurant memes. Sharing more personal information, like your Bartenders favorite cocktail or your server' favorite dessert, offers a sense of inclusion for customers — they'll feel like they know your staff better and — by extension — your restaurant.

Curate Content for Your Restaurant Social Media Plan

Curate is the newest buzz word for marketing — it essentially means gathering and organizing information in one place. The simplest example of curating content for a restaurant social media plan is taking lots of photos of your menu items. Ask your kitchen staff to snap photos as they prepare food (obviously, don't do this during the Friday night dinner rush) and send them to you. Pick out the best photos and store them in a central place like Google Drive or Dropbox. You easily share the photos on

Facebook or Instagram any time, without having to stop everything to take a new picture. Other curated content ideas are recipes — especially when they're accompanied by a good quality photo, photos of customers having a fun (ask their permission first), holiday photos from the year before — this is a good way to market your restaurant for catering or event hosting.

Post Content Consistently

There is a general belief that if you don't post social media content consistently to your accounts, you shouldn't post at all. In other words, sporadic posting is worse than no posting. Consistent posting is key to a successful social media strategy. It will keep your restaurant. It will serve as a reminder to customers to stop by for a beer during happy hour, or that Tuesdays is 2-for-1 dinner specials. Social media sites are busy places. You need to show up often in order to stand out from the crowd.

Know How Often to Post Content

General guidelines for how many times you should post on social media in a day, as well as the Best times to post include:

Facebook: 1-2 times a day between 1-4pm and 2-5pm weekdays. Though if lunch is a busy time for you, I would post around 10:30-11:00 am.

Twitter: 5 times a day between 1-3pm on weekdays. Same goes for lunch, here as well. Twitter is the neediest social media platform, so if you are trying to minimize the amount of time you spend on your social media plan, I'd skip it all together.

Instagram: Once a day is good. Twice won't hurt. Any more than that and you run the risk of being annoying. The best times to post are 5-6pm weekdays and 8pm on Mondays with a sweet spot at 6pm.

Pinterest: 4-10 times a day between 2-4pm and 8-11pm weekdays with weekends being the best time to post. Be sure to read this post about why Pinterest Rocks for Restaurant Marketing.

Sites like Hootsuite offer a free scheduling tool, so you can create posts weeks or months in advance. This is good for big events like Valentine's Day and Mother's Day. However, since many of your posts will feature daily lunch specials and dinner specials, I would recommend posting organically (not scheduling it) every day. It will only take a few minutes if you have to aforementioned curated content ready and waiting.

Social media isn't hard, but it does require organization. Once you have your curated content ready, creating daily posts will only take a few minutes. Be sure to check out my post about how to use social media to improve customer service — think beyond the old fashion comment card!

Old School Advertisement for your restaurant may still be best!

<https://www.thebalance.com/advertising-on-a-budget-2888563>

Traditional methods of advertising, such as TV, radio commercials and newspaper ads can be very expensive. If you are getting ready to open a new restaurant, or if you are looking for a way to promote your existing restaurant and don't have a very big advertising budget, there are still several ways to promote your restaurant, even on a shoe string budget. Along with a social media campaign, these old school advertising methods can still be very effective to promote your new restaurant.

Restaurant Website

One of the most powerful tools a restaurant has, is one that is often overlooked. More and more people are turning to the World Wide Web for information, rather than the yellow pages. Maintaining a website is crucial for any business today. While your website doesn't have to have all the bells and

whistles of retail websites, which are trying to sell products directly to consumers, it should give the basic information of your restaurant, such as hours, telephone number, directions and a copy of your menu. You can also add weekly customer promotions, such as an early bird menu, or happy hour details to your site. One of the best ways to get business through your website is linking with other businesses, such as local hotels, the chamber of commerce and local tourist information sites.



Menu Flyers

Creating a menu flyer, or a take-out menu is another way to get the word out about your restaurant, without breaking the bank.

Place these flyers at local hotels, chambers of commerce, and to local businesses. Be sure to place flyers at popular tourist destinations as well, such ski mountains, parks, or whatever place in the area that draws a crowd. You may not be able to fit your entire menu on a flyer, so add your most popular dishes, as well as your hours, any special promotions (happy hour, early bird, ect...) directions and telephone number.

Menu Inserts

Menu inserts are a great way to advertise new promotions or services to your existing customer base. For example, if you are introducing a new promotion, such as a wine tasting dinner on the first Friday of each month, you can place an insert advertise that in your regular dinner menu. You can use this same idea with table tents, as well.

When to Spend More on Advertising

Restaurants should plan to increase their advertising budgets during the holiday season. In October or early November, run a newspaper ad reminding the public to book their holiday parties and order their party platters. If you live in a tourist destination, then it is a good idea to place an ad in the local paper and or tourist paper prior to the busy season (May for the summer months, November for the winter months). Many chambers of commerce or local tourism associations will publish a newspaper geared specifically toward tourists. It highlights all the sights and activities of an area.

Advertising is crucial to gaining new business for your restaurant. However, you don't have to spend a fortune to attract new business, when you think outside of the traditional advertising box.

CHECK YOUR PROGRESS

Explain the importance of social media in advertisement and marketing of a restaurant.
What considerations will go in deciding what content would be shared in the social media?
How often should the content be updated on the social media like Facebook, instagram, youtube and whatsapp?
How would you build your personal brand on the social media?
Elaborate on the importance of the classical (pre-social media) media of advertisement for a restaurant.
Explain how restaurant website is a powerful platform for projecting your restaurant.
How the menu flyers and menu inserts can be used as promotional material for restaurants?
When should you spend more on advertisements?

1.10 RESTAURANT OPERATION TRENDS

<https://www.thebalance.com/restaurant-operation-trends-2888692>

Like fashion, restaurant operations have trends and fads that ebb and flow with time- recall the roller-skating waitresses at drive-in diners during the 1950s or the servers sporting excessive flair and suspenders during the early 2000s. Some restaurant trends never go out of style - like saving customers money, food safety. Other trends are newer, including local foods and social media - both of which aren't likely to disappear any time soon.

Offering Discounts and Coupons

Recession or no recession, customers love a bargain. Even though the the economy is slowly rebounding, consumers will probably never be as free with their money as they were in the past twenty-five years. People will still continue to expect maximum bang for their buck. In the What's Hot in 2011 survey from the National Restaurant Association (NRA), 38% of chef's surveyed cited offering value specials as the most successful strategy for maintaining and building business during the recession- this included coupons and prix fixe menus.

Social Media for Restaurants

If your restaurant isn't on Facebook or Twitter, you may want to sign up. Social-media based marketing for restaurants continues to grow and evolve. More and more people turn to the internet for information about where to eat. Google your restaurant. What come's up? Along with name, address and phone number, there are oodles of sites dedicated to customer reviews for restaurants.

Familiarize yourself with your restaurant's online profile and start building a marketing campaign to enhance it. Social marketing sites like Facebook or Twitter allow you to promote specials and events and reach your local audience all for free! Read more about Restaurants and Social Marketing.

Restaurant Food Truck Businesses

The number one hottest operational trend for 2015, according the NRA, is mobile food trucks and pop-up restaurants.

A food truck business offers low start-up costs over a brick and mortar restaurant, ideal for someone looking to open their own restaurant. Or, if you already own an existing restaurant, a food truck is another way to reach customers. Read more about restaurant food trucks.

Sustainability and Local Foods



Westend61/Getty Images

Buying local and growing your own foods peppered the top ten trends of What's Hot in 2011. Consumers are increasingly aware of where their food is coming from and featuring local foods on your menu is a great way to capitalize on the current trend as well as help out your local farmers. Many restaurants are going beyond buying local to growing their own. Restaurants with gardens (on the rooftop, communal, etc...) was cited by 18% of chefs as the hottest operational trend in 2011. Even if you don't have the space or inclination to grow your own vegetables, there are plenty of farmers who would do. Read on for 10 reasons restaurants should buy local.

Public Health Concerns



Fresh fruits and veggies are an ideal trend for children's menus.
PublicDomainPictures via Pixabay

Now more than ever, restaurants are being pressured to create healthier meals with smaller portions. Americans are overweight and plagued by chronic disease such as diabetes. In response to public demand, many restaurants now offer smaller portion sizes and healthier food options on their regular menu.

Children's menus too, are getting a healthy make-over.

CHECK YOUR PROGRESS

What are the recent trends in restaurant operations?

Why is it important to consider a healthy kid's menu as an upcoming source of business?

How is it important to consider sustainability and local foods as important policies for your restaurant?

What is the importance of coupons and discounts for developing the business?

1.11 RESTAURANT PROBLEMS AND GUEST SITUATION HANDLING

Practical Ways to Handle Customer Complaints

<https://www.thebalance.com/how-to-handle-customer-complaints-2888421>

Great food and a great location are vital for a successful restaurant. But just as important is good customer service. Consider, would you return to a restaurant that had great food and great atmosphere, but the service was sub-par? Part of giving great customer service is knowing how to deal effectively with customer complaints. No matter how hard you try, things are bound to go wrong once in a while.



Food gets burned, orders get forgotten in the middle of a dinner rush, or new servers simply forget all their training. No matter the reason for the complaint, the important thing is to try and please the customer and send them home knowing that, yes there was a problem, but it is not typical of your establishment. Let them know that you, the owner, value their comments and their business.

How you handle customer complaints will determine if the customer comes back to your restaurant. Here are 4 practical tips to help you field your next complaint and send your customer home with a smile.

1. Listen to Your Customers

Listen to what the customer has to say. Even if you can't solve the problem, you still need to listen. For example, perhaps a customer is displeased because there is a waiting line. Well, there isn't much you can do about it, except let them vent.

2. Be Aware of Body Language

The way you stand and look at a customer can speak more than words.

Maintain eye contact and don't cross your arms over your chest, if you are feeling defensive. Avoid the urge to roll your eyes, if you are feeling exasperated. Instead, nod and smile, no matter how irritated you may feel. This shows you value their opinion and their business.

3. Always Apologize

Remember that customer who was so upset over the long waiting line?

Offer an apology. "I understand that you are not happy about the wait, sir, but we are working as fast as we can to get you a table. We really appreciate your patience and willingness to wait. Perhaps you would like to have a drink at the bar until your table is ready." You demonstrate that you completely understand their frustration and are working diligently on a solution.

4. Offer Some Freebies

If a customer has a problem that could have been prevented, such as an overcooked steak or a snippy server, then the best route to take is to apologize and offer them some sort of compensation. Here are some quick freebies that you can give customers that won't cost you much money, but will go a long way to assure future business:

- Free round of drinks
- Free dessert
- Gift certificate for a future visit
- Merchandise, such as a beer glass or tee-shirt
- Take a certain percent off their meal

Occasionally you will have a truly angry customer (perhaps justified, perhaps not) who declares "I'm never coming back!" Well, if that is the case there probably isn't any freebies you can offer to change their mind. Calmly assure the customer you understand their frustration, and offer an apology (again) and let them know if they change their mind you would love to see them again.

By sending them off on a courteous note, there is a very good chance, once their anger has cooled, they will try your restaurant again.

How to Deal With Drunk Customers

<https://www.thebalance.com/how-to-deal-with-drunk-customers-2888418>

While you want a robust bar business, since alcohol sales offer great profit margins with low overhead, the drawback is that you may, on occasion, have to deal with drunk customers. The key to dealing with drunk customers is to not let them get drunk in the first place. Big chains like Applebee's do this by limiting the types of alcoholic drinks served (no Long Island Tea for you) and limiting the number of drinks a person can order.

So, how do small independent restaurants handle the issue of too much imbibing by patrons? Recognizing when someone has had too much to drink is the first step. Don't serve them anymore - even if they make a scene, it is your best interest not to serve them anymore!

Restaurant Owners Are Liable

If you are planning on serving liquor at your new restaurant than you should be familiar with all the laws and responsibilities that come with it. While liquor laws vary from state to state, in most cases if a person is involved in an accident while drunk you, as the owner of the establishment that served them, may be held liable as well.

Take Care of The Customer

The best way to avoid any potential lawsuits stemming from drunkenness is to not serve a customer who appears inebriated. Of course, some people can hold their liquor very well, and your staff may not realize the patron is drunk until it is too late.

If you are faced with a customer who has had too much to drink, here are some tips for handling them:

STOP serving them immediately. If the customer has wandered in from another bar or restaurant, you can refuse to serve them. They may claim you're acting illegally, but you're not. You are acting responsibly.

Offer the customer some coffee and some food, as an alternative to a drink.

Call a cab or another ride home for the customer. Do not let them drive!

If a customer becomes belligerent or angry, escort them outside of the restaurant and call the police, who can look after the customer, until he or she is safe and sober.

TIPS Training

TIPS (Training for Intervention Procedures) is a program that teaches restaurant staff about the responsible sale of alcohol. It gives advice on how to identify if someone has had too much to drink, and how to deal with them effectively. Visit the TIPS website for more information training your staff. States, such as Maine, even offer free Responsible Beverage Training through their Department of Public Safety. Contact your state or local government to see if there is a free training available for your staff.

Ensuring that your staff is trained to handle customers who have had too much to drink can help stop any trouble before it starts.

How to Prevent Employee Theft

<https://www.thebalance.com/how-to-prevent-employee-theft-2888858>

Employee theft is something that most restaurant owners encounter at one time or another. No matter how well you think you know your employees there is always a possibility of theft. Employee theft in restaurants takes many forms, including giving away free food and drinks to customers without authorization, stealing customer's credit card information and stealing food or alcohol for themselves. Many employees only steal because they know they can and their chances of getting caught are slim.



If employees know you have a system in place to trace theft, then most will respect that and not try to steal.

Track all Sales & Inventory

As the restaurant owner, it is hard to be everywhere at once, therefore it is important to have a good tracking system for food and beverage sales. Tracking food and drink orders through a POS system, you can cut down on the amount of “freebies” that staff might give out without your knowledge. Once an order is placed and sent to the kitchen or bar, the ticket cannot be changed without the manager/owner password. Of course, a POS system used for security purposes only works if the kitchen staff and bartender know not to give out orders without a ticket.

Stealing food can be as simple as eating a forbidden piece of dessert while on break or it can be more serious, such as taking cases of food right off the delivery truck. Prevent food theft by closely monitoring orders, usage, and waste.

Set up a system where at the end of each shift, inventory is taken and waste should always be written down. If the kitchen staff knows they are accountable for the food inventory, they will be careful to keep track of it.

Keep all alcohol under lock and key

Alcohol will vanish like magic if left unattended, so the best way to keep employees from stealing alcohol is to keep it locked up.

Only the restaurant owner, manager and perhaps bartender, have access to the supply. Like food, you should keep a running inventory of alcohol and check your POS system if a certain type of alcohol is consistently running low. If there are no sales to account for the alcohol use, you can assume that employees are helping themselves to it.

Update your PCI for handling customer credit and debit cards

PCI stands for payment card industry data security standards. It basically means the rules that any business, including restaurants, agree to follow if they accept credit cards. PCI standards are administered through banks that handle credit card transactions. A major liability of using a POS system as a credit card processor is that transactions are via the Internet and could be hacked and your customers credit card information stolen. It is important to make sure all your computer firewalls and other safety precautions are periodically updated.

Install security cameras in your restaurant

Security cameras are a clear way of letting staff know that they are being monitored, even if you aren't there. While this may not be the best way to boost staff morale, if theft is an ongoing problem, cameras may be the quickest and easiest solution.

Be sure that any video surveillance is in line with the law in your state and respects employees and customer privacy.

Limit access to cash drawers and the safe.

Only the restaurant owner, manager or head server during their shift should have access to the cash drawer, register or safe. In some instances only the owner knows the combination to the safe. The less hands that touch the cash, the less chance of it being stolen.

No one wants to think about employees stealing from them. After all, as the restaurant owner you hired these people and put your trust in them. Taking proactive steps like monitoring inventory, installing video surveillance and updating credit card information can help deter any potential theft by employees. And it will help you have peace of mind about your business.

CHECK YOUR PROGRESS

How should the problems of complaining customers be handled?

What steps should be taken to avoid thefts from employees?

1.12 HOSTING THEME FUNCTIONS/LAUNCHES/EVENTS

<https://www.thebalance.com/part-time-event-management-business-1223394>

You can mix your restaurant business with event management areas which are full of opportunities.

Remember, the event management sector is cluttered with hundreds of big event management companies and it could be tough to compete with them. Because you are a new event planner and you are doing it part time, you should start by targeting the market for small events - events that can be planned and managed easily.

Launch Your Event Management Business

Here are the top 4 events to plan when launching your part time event management business:

1. Birthdays: Birthday parties are comparatively easy to plan and many large-scale event planners stay away from this market, leaving the window of opportunity open for you.

Let's suppose you have just closed the deal with your first client and the task is to organize a birthday party. Whether it is a birthday for a child, an adult or a senior, as a startup setting out to establish your name, the key is to be prepared, organized and timely. By exceeding your client's expectations and proving your skills and capabilities, your goal is to become their go-to party planner.

As an event planner, your responsibilities would include coordinating with the client to decide the success factors, sourcing the event venue, catering, event theme, decorations, invitees, entertainment, goodies, and organizing games.

2. Anniversary Party: Planning an anniversary party is no different than planning any party. It's an honor to plan a couple's special occasion that brings their friends, family, and colleagues together.

When planning an anniversary party, create a guest list with your client, prepare a budget, invitations, and food that suits the theme of the event.

For a trip down memory lane, have the wedding video and pictures of the couple's life together playing on a TV or screen large enough for the guests to see anywhere in the room, leave time for a champagne toast or time to renew vows.

3. Proms and dances: Delegating is key when it comes to planning proms and dances, which is easy with the right team in place. Like planning a birthday or anniversary party, the basics of planning a prom or dance are similar, however having a team or planning committee is important in order to seamlessly pull off the event. It's a good idea to break your team into smaller groups to tackle specific areas of the prom or dance, for example: logistics and safety, fundraising, tickets, food, and beverage and decorating. Theme ideas: masquerade ball, Great Gatsby, Hollywood theme, or a haunted house theme.

4. College parties: College parties run the gamut including welcome parties, farewell parties, and parents' day. Have ongoing discussions with the party lead to understanding the purpose, budget and security needs for the event. Successful management of this party can help you establish a long-term relationship with the college, keeping you busy throughout the year.

Theme ideas: Hippie vs Hipsters, Hollywood party, Olympics, ugly sweater party or luck of the Irish party.

Starting small and easy provides learning opportunities and a launch pad for expanding your event management business, and targeting larger events in the future.

CHECK YOUR PROGRESS

Which are the various events which may be celebrated in restaurant with themes?
How would combining event manahement with restaurant business would be a mutually profitable proposition?

1.13 END QUESTIONS

The following questions should help you prepare for the End Examinations. These questions are for 5 marks each and should take you 11 minutes under examination conditions.

1. Why do many restaurants fail?
2. What are the various systematic steps one can take to launch a successful restautant?
3. Why is it important to invest in our staff?
4. Why is watching the labor cost an important check point?
5. Why is it important to write a business plan for opening a restaurant?
6. What are the advantages of writing a business plan?
7. What are the components of a business plan?
8. What is expected to be covered under market survey part?
9. Why is it important to have a dedicated work force at your restaurant?
10. How would you create a motivated team of staff at your restaurant?
11. Why is it important to understand your menu to be able to have good staff?
12. Why is it important to understand how to handle situations to have team spirit in your staff?
13. What is meant by a restaurant concept? Explain it with at least 3 examples.
14. What is meant by Fine Dine restaurant?

15. Describe the 'food truck' concept and the advantages offered by it.
16. What are the advantages of franchise model of restaurant?
17. Explain how you would open a Fine Dine restaurant.
18. Which types of menu items should be changed at yearly interval?
19. Why is it important to have an audit of your menu on annual basis?
20. What kind of items on a menu should be changed twice an year?
21. Why is it important to update the cocktail menu?
22. Elaborate on the importance of pricing on your menu.
23. How should you calculate the price of an item?
24. What is meant by portion control? Why is it important?
25. What advantages are offered by Canva in designing a menu?
26. Explain what is meant by layout basics for a restaurant.
27. What is the importance of entrance for a restaurant?
28. What care should be taken while deciding the design of the waiting area?
29. What considerations go in design of a restaurant bar?
30. How would you plan the restaurant kitchen in relation to the overall design of the restaurant?
31. What considerations go in planning of the rest rooms?
32. What are the various things to be kept in mind while designing the dining area?
33. Elaborate the importance of location of a restaurant in its commercial success.
34. Why is it important to consider the population base while deciding the location of your restaurant?
35. What are the various questions which you would ask yourself while deciding the location of you restaurant?
36. Explain the importance of social media in advertisement and marketing of a restaurant.
37. What considerations will go in deciding what content would be shared in the social media?
38. How often should the content be updated on the social media like Facebook, instagram, youtube and whatsapp?
39. How would you build your personal brand on the social media?
40. Elaborate on the importance of the classical (pre-social media) media of advertisement for a restaurant.
41. Explain how restaurant website is a powerful platform for projecting your restaurant.
42. How the menu flyers and menu inserts can be used as promotional material for restaurants?
43. When should you spend more on advertisements?
44. What are the recent trends in restaurant operations?
45. Why is it important to consider a healthy kid's menu as an upcoming source of business?
46. How is it important to consider sustainability and local foods as important policies for your restaurant?
47. What is the importance of coupons and discounts for developing the business?
48. How should the problems of complaining customers be handled?
49. What steps should be taken to avoid thefts from employees?
50. Which are the various events which may be celebrated in restaurant with themes?
51. How would combining event management with restaurant business would be a mutually profitable proposition?

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(All references accessed between 10 Dec 2017 to 15 Dec 2017)

UNIT 2 BUFFET

2.00 BEFORE WE BEGIN

In this unit we will study various concepts related to banquet. The concepts of banquet and buffet are similar in nature. The banquet is about a function in which a large number of people gather to celebrate an occasion and it involves dining. One specific type of dining is called buffet. We will learn various issues pertaining to buffet and banquet. For example, we will learn arrangement styles about how people may sit in a buffet, how cooking is to be carried out for a buffet, what are the various types of functions for which banquet is used, how to supervise, how to book, what are the various equipments of cooking and service used for banquets. As a hospitality professional, you need to pay special attention to banquet and buffet service as they provide valuable revenue to the estate. The concepts learned here will also be useful to you if you opt HTS 615 course (on Banqueting Management) under V102 BSc (HSCS).

2.01 UNIT OBJECTIVES

After going through this unit, you will be able to:

- Explain the meaning of the term 'buffet'
- **List and explain the various types of buffets**
- Discuss the process of assembly cooking for buffets.
- Describe the various types of batch cooking processes.
- Describe the various shortcuts and strategies for cooking in bulk.
- Describe the various dishes which are suited for bulk consumption and are ready to cook and handle.
- Discuss the importance of letting the air out in bulk cooking.
- Describe the various cooking equipments which are used to display while cooking in buffets.
- Describe the Pizza Oven used for wood burning style of buffet cooking.
- Explain how Induction cooking tops are used in buffet cooking.
- Describe the Waldorf Ranges used in buffet cooking.
- Explain how Rotisseries are used in buffets.
- Describe the various equipments used in buffets.
- Explain how buffet style meals are prepared.
- Explain the seating arrangements used at banquet
- Explain the process of booking at buffet events
- Explain various catering outlets and services like airline catering and off-campus catering
- List various types of functions and events
- Elaborate on the performance and evaluation system for buffet

2.02 BUFFET: INTRODUCTION

The word *buffet* comes from a French word which means "sideboard." A buffet is a system of serving meals in which food is placed in a public area where the diners generally serve themselves. Buffets are offered at various places including hotels, restaurants and many social events. Buffet restaurants

normally offer all-you-can-eat (AYCE) food for a set price. Buffets usually have some hot dishes, so the term cold buffet has been developed to describe formats lacking hot food. Hot or cold buffets usually involve dishware and utensils, but a finger buffet is an array of foods that are designed to be small and easily consumed only by hand, including cupcakes, slices of pizza, foods on cocktail sticks, etc.

The essential feature of the various buffet formats is that the diners can directly view the food and immediately select which dishes they wish to consume, and usually also can decide how much food they take. Buffets are effective for serving large numbers of people at once, and are often seen in institutional settings, such as business conventions or large parties.



Fig 2.1: Buffet, a painting by French painter Jean-Louis Forain (Wikipedia)

Origins

The buffet table originates from the *brännvinsbord* (Swedish *schnapps*, or shot of alcoholic beverage) table from the middle of 16th century. This custom had its prime during the early 18th century, and was developed into the more modern buffet around the beginning of 19th century. The *smörgåsbord* buffet did not increase in popularity until the expansion of the railroads throughout Europe. The *smörgåsbord* table was originally a meal where guests gathered before dinner for a pre-dinner drink, and was not part of the formal dinner that followed. The *smörgåsbord* buffet was often held in separate rooms for men and women before the dinner was served.

Smörgåsbord became internationally known as "smorgasbord" at the 1939 New York World's Fair exhibition, as the Swedes had to invent a new way of showcasing the best of Swedish food to large numbers of visitors.



Fig 2.2: Swedish Smörgåsbord became internationally known as "smorgasbord".

While the possession of gold and silver has been a measure of solvency of a regime, the display of it, in the form of plates and vessels, is more a political act and a gesture of conspicuous consumption. The 16th-century French term buffet applied both to the display itself and to the furniture on which it was mounted, often draped with rich textiles, but more often as the century advanced the word described an elaborately carved cupboard surmounted by tiers of shelves. In England such a buffet was called a court cupboard. Prodigal displays of plate were probably first revived at the fashionable court of Burgundy and adopted in France. The Baroque displays of silver and gold that were affected by Louis XIV of France were immortalized in paintings by Alexandre-François Desportes and others, before Louis' plate and his silver furniture had to be sent to the mint to pay for the wars at the end of his reign.

During the 18th century more subtle demonstrations of wealth were preferred. The buffet was revived in England and France at the end of the century, when new ideals of privacy made a modicum of self-service at breakfast-time appealing, even among those who could have had a footman servant behind each chair. In *The Cabinet Dictionary* of 1803, Thomas Sheraton presented a neoclassical design and observed that "a buffet may, with some propriety, be restored to modern use, and prove ornamental to a modern breakfast-room, answering as the china cabinet/repository of a tea equipage".

Flower arrangements should be suitably placed so they do not hamper the service or obstruct the path. Water stations, coffee/tea stations, sweet stations and dessert stations should be so placed that no overcrowding at one place takes at one place. There should be provision for keeping dirty plates so they can be conveniently removed without disturbing the set-up or atmosphere. This should preferably be near the service door. These days, buffets have replaced formal dinners except at formal banquets.

CHECK YOUR PROGRESS

- Explain the concept of buffet.
- Elaborate the essential features of buffet.
- Compare the concept of banquet and buffet.

2.03 TYPES OF BUFFETS

A buffet literally means 'side board'. The food is displayed in such a manner that it has a visual appeal and also so that guests can help themselves to the dishes. This type of service is popular for reception and cocktail parties. It is particularly suitable for establishments where service is limited and a large number of guests are to be catered to. It can be hot or cold or both. The food display as well as the serviceware enhance the appearance of the table and act as attention getters. To supplement showpieces, ice carvings, vegetable and fruit carvings and flower arrangements add to the decor of the buffet. A chef carving meat or slicing a fish or making omelet will have added eye appeal. The buffet service saves on time. The various kinds of buffet are described as follows:

- (1) **Sit-down buffet:** The food display remains the same but the cover layout is on the tables. Guests collect food and go to the table to eat. However, wine, water, tea or coffee is served on the table by the stewards. This type of service is partly formal and partly informal.
- (2) **Standing or fork buffet:** In this case, no covers are laid on the table as no tables are provided for eating. However, a few chairs are provided for ladies and the elderly. As the name suggests, the guests eat while standing and only a fork is used. In this type of service, care should be taken with the planning of the menu so that the items can be eaten only with a fork.
- (3) **Finger buffet:** This type of buffet usually serves only snacks which are dry and of bite size portions.



Fig 2.03: Dishes which can be eaten with fingers are served in Finger Buffet

(Image from pixhere.com, attribution not required. <https://pixhere.com/en/photo/648302>)

While planning buffet, attention should be given to any bottlenecks, ease for replenishment, placing of dirty plates, placement of cutlery, plates and napkins, water station, beverage station, dessert station, etc. Cold and hot dishes should be kept separately. Time to time, as the need be, dishes should be

replenished from the kitchen. The pans should never be left empty. Timely clearance of dirty plates is of utmost importance.

CHECK YOUR PROGRESS

- Explain various types of buffets.
- Explain the concept of finger buffet.
- Explain the concept of Sit-down buffet
- Explain the concept of Standing or fork buffet.

2.04 ASSEMBLY COOKING

For bulk cooking or assembly cooking, the concept is: doing a certain amount of preparatory work in advance in order to enjoy the convenience of meals later on. Bulk assembly cooking requires a certain number of tools and equipment.

- (1) **Multiple sizes of re-sealable freezer bags, ranging from one gallon to pint and snack sized:** The various items that you prepare will need to be stored in various amounts. Keeping a range of different sizes will keep you prepared and make the whole experience easier.
- (2) **Masking tape:** Certain containers may not have a labelling space like most freezer bags. You may then use masking tape to label the items. To write on the label, it is better to use fine tip permanent marker.
- (4) **Containers:** You should keep different sizes of containers, depending on whether your are bulk propping pizza sauce or coq au vin, you will need corresponding size of storage containers. These are also way easier to wash and re-use, enabling you to keep bag wastage to a minimum.
- (5) **Extra large airtight containers:** This might seem like a repeat of the above item, but when it comes to some of the dry ingredient mixes, making one to five gallons at a time will really make it worth your time. Purchasing several matching ones is certainly a quick start up option and makes organizing your storage easier. However, to save costs, your extra large pickle jars can help you get started with homemade baking mix and dry cream soup base.
- (6) **Canning jars:** These things are cheap and allow for quick safe storage of various other things.
- (7) **Metal baking pans with lids:** There are permanently re-useable ones you can use if the disposable options do not suit you (see Figure 3.1).



Fig. 2.04 A Metal Baking Pan

These should be kept to a minimum, but allow yourself a supply for hospitality emergencies, such as casserole drop-offs, unexpected guests, last minute invitations, and so on. They can go immediately into the oven.

- (8) **Ice cube trays:** You really can use the strategy for easy once a month food preparatory. Curry pastes, pizza sauce and soup stocks are all things easily frozen and thawed for use using the ice cube tray strategy.
- (9) **Freezer(s):** Not all bulk preparatory items require a freezer, but many food items do need it. Staying organized and disciplined about the freezer space over your fridge will become increasingly critical.

Categories of Batch Cooking

Batch cooking essentially involves cooking a lot of food in advance. There are a few methods of batch cooking. You can cook enough food to warrant freezing and stockpiling. Bulking cooking saves money and time. While many people focus on the freezer variety of batch cooking, there are several other categories that can be put to use. In addition, the bulk cooking system is designed chiefly for main dishes, the most time-consuming part of a meal. Of course, they should be combined with fresh fruit and salad.

The four main areas of batch cooking are as follows:

- (1) **Dry mixes and spice blends:** Whether you go with make ahead bread mixes, do-it-yourself (DIY) spice blends for meat rubs and baking or like to make your own giant batches of dry ingredient mixes for baking mix, dry soup base, pizza crust and more, many options are out there. If you would like a freezer, this is an excellent OAMC category to start out with.
- (2) **Canning:** Whether you choose recipes suited for the water bath technique, do your own oven sealing for homemade glazed and roasted nuts or experiment with more technically advanced pressure canning recipes, canning saves lots of money. It is also another way people without a freezer can participate with advance meal preparatory. Canning spaghetti sauce instead of freezing is a good example.
- (3) **Dry ingredient kits:** Whether you like the 'do ahead kits' for Asian cole slaw, small bags of TVP and taco seasoning, brown bag grab and take lunch snacks, or making your own hamburger and tuna helper kits, dry ingredient make aheads are a great way to go and can be stored in containers in a cupboard.
- (4) **Freezer cooking.** Casseroles, appetizers, certain desserts, fun restaurant knock-offs, and dinner entrees galore can all be prepared ahead of time for the freezer. Spend some time recipe researching. You will be surprised at the phenomenal ideas out there.

Shortcuts and Strategies for Bulk Cooking

Without a few tricks up your sleeve, once a month cooking can be far too daunting. Here are a few ideas.

- (01) A mix and match approach to storage

Different containers work better for different things and while it would better if you could pull this system off with nothing but re-used bread bags, it is just not realistic. Use a consistent yet varied selection of storage options to utilize the fruits of bulk cooking system.

- (02) Batch size flexibility

While many people approach this from a perspective of family sized meal storage, smaller portions are helpful for singles or families where scheduling may inhibit sit down meals from time to time. Having a variety of stored batch sizes provides maximum flexibility.

- (03) Precision purchases of small appliances

While the right tools (or the lack of them) can make or break your OAMC experience, you should choose the right appliances to keep within budgets. Plan the cooking style as well as what items you will be making regularly. You will be able to make a much more informed choice that way.

(04) Assembly line production

This is great for the actual packaging of your selected OAMC menus. However, it can also work for the actual creation of the mixtures. Quiches and restaurant knock-off dips come to mind, as do several dry ingredient kit ideas (see Figure)

(05) The time factor

Take 2-3 days a month to get bulk cooking done in an approach of your choice. You can keep this routine month after month. Make a larger batch of something on the night you serve it. Another approach would be to whip up one casserole for every night you serve a protein, veggie and starch combo meal. Take extra individual for faster meal preparations later on. Develop a system that works for you in order to be consistent.

(06) Go Hat

If you are using the freezer bags for the bulk of your perishable freezer meals, fill each about three quarters full, seal the bags and then stack them flat. Once they are frozen, you can either keep them there and pull from the stack, or stack them vertically and grab individual bags like you would folders from a medical shelf.

(07) Mix it up

As with bulk buying, it helps to target yourself up for success; include some gourmet entrees the first month, do some fan mozzarella stick appetizers or try some DIY pull apart and Planet Hollywood chicken crunch.

(08) The container principle

This strategy helps in implementing assembly cooking into your repertoire of money saving techniques. In the case of snack sized bagged items or dry ingredient kits, putting all of the bags into a larger container or gallon sized zipper bag is helpful. A similar concept could be applied to make ahead bread mixes.

(09) Themed preparatory sessions

This is basically where you do massive meal propping based on an abundance of a particular item.

(10) Flash freezing

This is particularly important for individual items you want to serve in a batch, but do not want sticking together in the freezer container. You will need to set aside a free shelf at least temporarily. Space out the items and freeze rock solid. Then transfer in family size or appetizer size amounts to the appropriate storage item. This comes in handy in homemade chicken drummies, breaded veal portions, mozzarella sticks and frozen breaded eggplant slices.

(11) Start small and simplify

Breaking down large cans of cheese sauce and jalapenos into small containers of simple nacho dip and doing bagged, flat frozen large batch leftovers can go further than you think. One giant batch of spaghetti sauce can easily result in at least a dozen gallon sized flat frozen freezer bags.

Easy Bulk Dishes

Some dishes are easier to cook in bulk than others. Granola and chilli recipes are good to cook in bulk, because they do not take much longer to prepare whether you cook for two or twenty; they are ideal for bulk cooking. Assemble enough freezer proof containers before you start so that you can store each meal in separate single servings. Also, be sure the containers are microwavable, as well as ovenproof. Other dishes ideal for cooking in bulk include:

- Pastas/Spaghettis
- Soups
- Lasagnas
- Casseroles

Another way to cook in bulk is to make oversized batches of a variety of meals; for example, take pizza. You can prepare the standard dough and then add variety, using different toppings, such as cheese, pepperoni, mushrooms, anchovies, etc.

Tips for Bulk Eating

- **Defrosting:** Let your meals defrost in the refrigerator. Rather than popping them straight in the microwave from the freezer, it is better to let your frozen meals defrost overnight in the refrigerator.
- **Packaging:** For packaging you can use generic freezer bags. (You can also use Ziploc freezer bags as well as Saran Wrap and freezer paper). Experiment and discover what works best for you. Just be sure to wrap your meals securely enough to avoid any freezer bum. You can also use Tupperware containers and/ or casserole dishes.
- **Labelling:** Use permanent markers (such as Sharpie pens) to make sure the labels do not wipe off. Besides the name of the meal, also record the date it was frozen.

Letting the Air Out

It is agreed that in planning and cooking bulk meals, you need to use top-quality materials to store them. Taylor-Hough, an author on bulk cooking, recommends using heavy-duty freezer bags, not generics, but the best quality you can get. Zipper bags are not preferable because they tend to leave a place where air can get in, and air inside the package leads to freezer bum, leaving the food dried out and tasteless.

Some manufacturers make materials that are especially suited for bulk storage, for instance, Stand and Zip bags, which have extra-thick plastic and a wide-pleated bottom, so they stand upright by themselves while you fill them. The Tilia Food Saver system uses extra-thick bags plus a home-based vacuum device to withdraw all air from the package and then heat seal it. Taylor-Hough recommends pressing as much air out of the package as you can, almost sealing it and then sticking a straw inside to suck out the last bit of air.

Groveman recommends heavy-duty containers with tight fitting lids, if you have lots of freezer space. If space is limited, she suggests heavy-duty freezer bags, but double them to make sure no air gets in.

Other tips for safe freezing:

- Cool the food before you place it in the freezer.
- The freezer temperature should be 0 degrees F or lower.
- Do not stuff the freezer to the brim; leave room for air to circulate.
- Label containers or packages with the contents and date frozen.

Stews and casseroles generally keep for up to three months, while sauces keep even longer. If you store frozen foods longer than recommended they are generally still safe to eat, but taste and texture may deteriorate.

CHECK YOUR PROGRESS

Explain the various tools used in assembly cooking.

Discuss the main areas of batch cooking.

Elaborate the various shortcuts and Strategies for Bulk Cooking.

Elaborate the container principle for bulk cooking.

Explain the various Easy Bulk Dishes.

Elaborate the various Tips for Bulk Eating.

Explain the concept of Letting the Air Out.

2.05 DISPLAY COOKING EQUIPMENT

There are divergent opinions on the pros and cons of the open or display kitchens now so popular in today's trendy restaurants. Some question whether display kitchens are a fad or a trend in dining that is here to stay. A majority believe it is here to stay because today's eateries are about experience not just the food we eat. Customers pay for the sizzle as much as the steak.

Many equipment items can be easily adapted to the open kitchen. Some look better than others or provide a cooking process that is especially pleasing to watch. Then there are some pieces of cooking equipment that tend to be suited perfectly for the cooking style. You will learn several of those items including induction cook tops, pizza ovens, rotisseries and Waldorf ranges.

Wood Burning Style: Pizza Ovens

It is called wood burning 'style' because while it may look like they burn wood; an increasing number of these ovens are gas fired. The gourmet pizza craze has boosted the popularity of these ovens substantially over the past few years. The pizza product they produce is generally good when quality ingredients are used, the cooking time is fast and the ovens are actually easy to use. Most wood burning 'style' pizza ovens are built so they look like igloos. Typically, they have a massive stone

hearth and fire brick sides. They can weigh as much as 3,000 pounds, so once the unit is in place, it is not likely you will move it from the location you have selected. The bulk of the stone and bricks are essential to the oven's most important feature, its ability to store heat. Recovery time when doing high volume is generally not an issue. The ovens are also surprisingly energy efficient.



Fig 2.05: Pizza oven

Most ovens are round and range in size from about 9 to 30 sq feet of cooking surface. Ovens at the smaller end of the size range are most common, but they are still large compared to most other cooking equipment. The overall diameter of an oven with a 9 sq feet cooking surface is about 5 feet when the fire brick and insulation are added. This small unit can produce quite a high volume of pizzas, however. Pizzas can be baked in as little as 3 minutes, but may take 3 to 7 minutes depending on toppings. A 9 sq feet oven can hold 8 to 10 pizzas at a time, so with experience, it is possible to bake up to around 100 pizzas in an hour.

Getting the most display effect from your oven is essential to high pizza sales. When planning for the oven, always face the mouth of the unit where the guest can see inside. This is especially appetizing because whether you use a wood-burning oven, a gas-burning oven or a combination unit, you will see flames inside that light up the interior baking cavity. Also, dress up the outside of the oven with an appealing finish. Some are finished in tile or stone, others in brick or copper, depending on the look desired. Finally, train your staff to look polished and make a show of the baking process. Do these things and the equipment will do the rest.

Induction Cook Tops

Induction cook tops have found their way into restaurants in a big way. Primarily used now in front-of-house applications, they should eventually find their way to the kitchen if energy costs begin to rise as they have in Europe and Japan. The induction units are becoming a regular component of many buffets and open cooking areas where sauté or stir-fry work is done. They have a wonderful clean look and do a great cooking job in an open kitchen.



Fig 2.06: Induction cooker top

The price of many induction cook tops has dropped substantially over the past few years. Some units can be bought for as little as \$300 to \$500. The cost, in conjunction with its numerous advantages over other forms of cooking, makes it desirable for a wide range of restaurant applications. An induction cook top works like this: The core of the unit is an electric generator and an electromagnetic coil. The coil is energized by the generator and creates a magnetic field. When an iron or ferrous metal pan is placed on the glass cook top, the magnetic field causes the molecules in the pan to move so rapidly, the metal heats up. Unlike electric burners, there is no waiting for the unit to become heated. Another advantage is that the magnetic field only causes molecules in other magnetic things to heat, and since the ceramic cook top is not magnetic, it stays cool. Though the cook top does not get hot, the pan gets as hot as if it were over an open flame!

Induction cooking is alluring because it is quick, clean, energy conserving, usually cheaper to use and generally safer than traditional gas or electric burners. The heat to your pan is instant. Clean-up after cooking is easy because induction units use a sealed glass or ceramic top that can easily be wiped clean. There is no chance of spills seeping into the burner or other crevices and no baked-on mess.

Induction units are very efficient. A high percentage of the energy used transfers directly to the cooking pan without heating your kitchen. Since they are so efficient and use full power only when there is a magnetic load to be heated, they are often less expensive to operate than gas or electric burners. A rule of thumb is that a 2.5 kilowatt induction burner has cooking power equal to a 20,000 BTU burner of a typical sauté range. Induction cook tops are generally safer, especially in buffet applications, than are similar gas or fuel burners because there is no open flame and surrounding surfaces are relatively cool.

One of the most important factors in getting the most out of your induction cook top is choosing the right pan. Not just any pan will do and not every iron pan will cook well. Pans vary in efficiency, based on their construction. The best pans are said to be made of multi-ply metal, specifically for induction. The drawback is that they are generally two to three times the cost of typical kitchen sauté pans.

Waldorf Ranges

Waldorf ranges, sometimes called island ranges, have been popular in European restaurants for more than a century. This equipment has only recently made an impact on the American dining scene, but is expected to become more popular in coming years. The great thing about an island cooking arrangement is that it merchandises well and, when operated properly with trained staff, can put on a tremendous show.



Fig 2.07: Waldorf Range

European chefs claim the range set-up is the most efficient cooking line. A Waldorf range is essentially an island-style battery with every needed cooking equipment item built together in one piece, without walls or tall range flues between the pieces. This configuration is new to American kitchens, though most of the US equipment companies have recently added this style to their offerings. The functional advantage of the island range is that it allows cooks to pass food across the range battery and side to side to complete each step of the preparation process. Chefs can communicate back and forth better than using the traditional line cooking battery.

Just about every type of cooking equipment can be built into a Waldorf range. Anything that can be put in a battery line can be put into an island range. Open burners, fryers, griddles, broilers, bain-maries and salamanders can be fitted exactly where needed for your particular menu demands. Work top space and shelves can also be put where needed. Every unit is custom-made, which is one reason for higher cost, versus a traditional range line-up. The higher cost also comes from the special finish, brass trim, side rails and other features which commonly give Waldorf ranges their impressive appearance.

Rotisseries

There is no better way to merchandise many menu items than in a rotisserie. It is tempting to the eye—catching array of succulent foods rotating while cooking in its own showcase. From

mouthwatering chicken, roasts and ribs to vegetables, there is no better way to prepare these products than in a rotisserie.



Fig 2.07: A rotisserie unit

Whole chicken is by far the most popular rotisserie—cooked food. Manufacturers, however, are now promoting other foods to broaden the use of this equipment. In addition to the typical skewer spit—rods pushed through chickens or forks to hold chickens in place—some equipment makers produce several types of baskets and other devices to hold various products. Several manufacturers, for example, make narrow baking pan attachments and promote baking of pastas and casseroles in the rotisserie. Others make various baskets to hold fish, vegetables or other items that do not lend themselves to the typical skewer. On many units, different types of product holders, skewers and baskets, can be used at the same time, allowing operators to produce and merchandise several products simultaneously.

Rotisseries are available to support a wide range of sales volumes and in several different styles (see figure). The units range in size from counter top models as small as 30-inches-wide that hold 6 to 10 chickens, to large floor-mounted units 6- feet in length. The most popular styles hold between 20 and 48 chickens.

There are gas, electric, and even wood-burning models to choose from. Some gas-fired models have an attractive open flame or burners with ceramic logs in then- base to give the appearance of a wood burning flame. Some chefs feel that infrared gas burner units yield the best products. The high intensity of the burners produces a browned, crispy skin on whole chickens.

Since many rotisserie applications are in customer view, ease of cleaning is important in keeping units looking good. Many units have glass doors that allow viewing into the cooking compartment. The doors keep heat in and prevent grease splatter, but they must be cleaned periodically throughout the day to keep the view attractive. Look for models where the spit and exposed mechanisms can be easily removed for cleaning. Also, look for units with wide openings for easy interior cleaning.

Most units have a removable drip pan. Before you buy, be certain that it is easily removable. Some manufacturers recommend buying a rotisserie that holds water, which makes clean up easy and also provides some moisture in the cooking process to minimize shrinkage.

However, one should keep in mind not overestimate your rotisserie needs. The only thing worse than not having a rotisserie is having a rotisserie with nothing cooking on it. To keep a small unit always full of product is more appealing than a large empty one.

The possibilities for display cooking are many. The kitchen as a stage is now an accepted form of entertainment, as well as a food preparation style. The types of equipment discussed here are but a few of the pieces that may be used in a display cooking environment. Use your imagination to find ways to entertain and provide a quality dining experience at the same time.

Other Equipments

Depending on the type of buffet, whether indoors or outdoors, the following equipment are parts of the layout:

- Buffet tables: They come in various shapes and sizes; however, the rectangle and round tables are more common. Half moon type is suited for corners.
- Chafing dishes: These may be round, square or rectangle and of various sizes; they may have separate lids or domed type.
- Tea/coffee urns: This avoids too many pots and thermoses.
- Carving blocks: These are used to carve big joints and birds with the help of carving knife and carving fork.
- Barbecue equipment: These are used for outdoor catering and can comprise of grills, tandoor and spit roast.
- Beverage dispenser: It will dispense aerated soft beverages.
- Cutting boards and knife: It can be of wooden or plastic and used for cutting bread slices and cheese.
- Baskets: These can be decorative or plain cane used to keep breads, wine and other such items.
- Cake stands: It is used to display wedding or birthday cakes and thereafter cutting of cake. It will be tiered to accommodate plates and cutlery. A decorative knife for cutting the cake is also placed alongside.
- Display carts and cases: They can be refrigerated or heated to dispense a variety of ice creams or hot items. These can also be a movable trolley.
- Flambe trolley: In case flambe items are to be served then a flambe trolley is a part of equipment. It has built-in gas burner with working top.
- Floral accessories: To accommodate flower arrangements and other dry foliage.
- Food warmers: They are used to keep tea and coffee pots hot. They are electrically operated and provide heat from below.
- Ladles: Different sizes are used to dispense foods.
- Menu display: Tent cards or menu stands are used to display the names of the dishes.

- Decorative blocks: These are used to elevate food to different layers for eye appeal.
- Punch bowls: These are of different sizes and shapes to make and dispense fruit and liquor punches.
- Relish dishes: These are partitioned dishes of different sizes and shapes used for pickles chutney and other such items.
- Soup tureens: These are used to dispense hot soups and are electrically heated.
- Tongs: These are used to serve foods, which are dry.
- Trash bins: These are used to collect waste and trash.
- Trays and salvers: These are used for carrying dishes and dirty.

CHECK YOUR PROGRESS

Explain the importance of displaying cooking equipment in a buffet.
 Elaborate the concept of Wood Burning Style Pizza Ovens.
 Discuss the Induction Cook Tops.
 Describe the concept of Waldorf ranges (which are also sometimes called island ranges).
 Elaborate the Rotisseries used as display cooking equipment.

2.06 SERVING BUFFET-STYLE MEALS

We have eaten from buffets. Sometimes, we struggle with how get a small sample of everything on our plates and sometimes we struggle with how to serve enough to fill everyone's plates.

The following are a few points to prepare for buffet style meals:

- (1) Use small plates and let people come back several times. If you serve large plates, they will try to fill them. If you use small plates, they will get filled. Some people will come back for seconds. Some will not.
- (2) Place the silverware and napkins at the far end of the buffet. It is very difficult to carry a plate, silverware and a napkin while trying to place food on your plate. If guests can pick up their silverware and napkins at the end, they will be able to better put the food on their plates.
- (3) Place desserts on a separate table. An overcrowded buffet table is not appetizing. If you have space, put your main food on one table, your beverages on a second table and your desserts on a third table.
- (4) If you have guests with any type of dietary restrictions coming, consider placing small cards next to each item. Perhaps one dish has peanut oil in it. Your card can say 'contains peanut oil' so that anyone with an allergy to peanuts will pass on this dish. If you know someone does not eat dairy, and your dish contains cheese, your card can say 'contains cheese' or 'dairy product'.

(5) Have a garbage can very handy so that guests can throw out their plates and start over with a clean plate when they come back for second helping.

(6) Make ice ahead of time. Some people really like ice in their drinks. Put tongs in the ice bucket. This will discourage folks from using their fingers.

(7) Put serving utensils in every dish. There is nothing worse than someone taking a fork from their mouth and using that fork to serve themselves from your buffet table. If you are serving fruits, either put a fork or coloured toothpicks out, again so that your guests are not using their meal silverware or fingers to pick up the fruits.

Buffets are a lot of fun to serve. Your guests will enjoy their meal more with the above points for the buffet table.

CHECK YOUR PROGRESS

Discuss the various points to be noted while arranging the buffet dishes and silverware.

How should the garbage can be arranged in a buffet.

Why is it important to Put serving utensils in every dish.

2.07 SEATING ARRANGEMENS

The shapes for seating arrangements can be any of the following depending on the number of guests, space availability and the type of banquet:

- U-shaped style
- Box shape style
- Banquet round tables styles
- Theatre styles
- Theatre styles (8 persons per row)
- Rectangular styles (8 persons per table)
- Classroom style/ Fishbone style
- Oval shaped style
- U-shaped style (inner row)
- Assorted style

The following are the various seating arrangements in a banquet along with the pictures

(1) U-shaped style

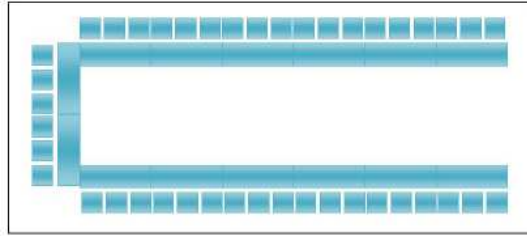


Fig 2.08: U shaped design with chairs at outside of table

2) Box shape style

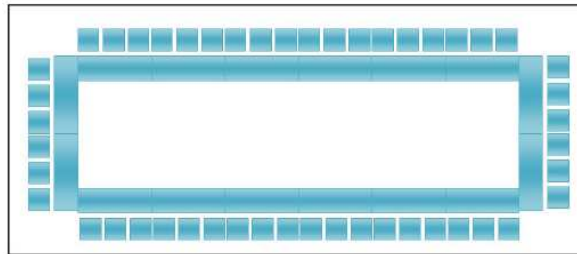


Fig 2.09: Box shape style

3) Theatre style

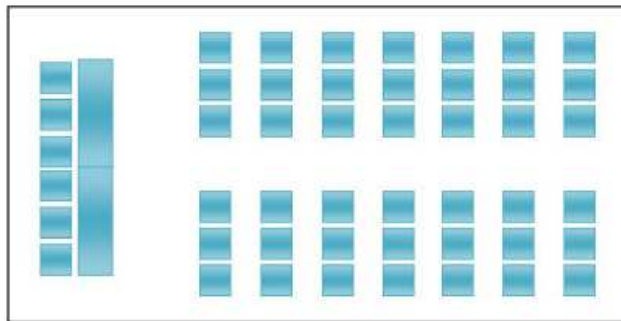


Fig 2.10: Theatre style

4) Round shape style

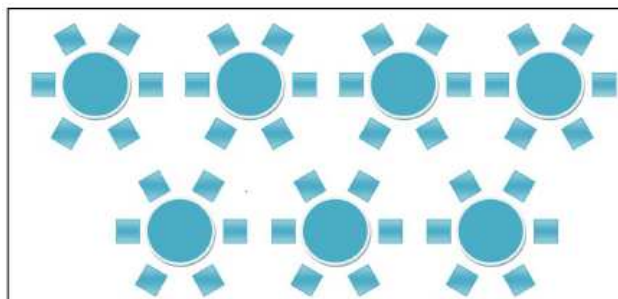


Fig 2.11: Round shape style

5) Rectangle

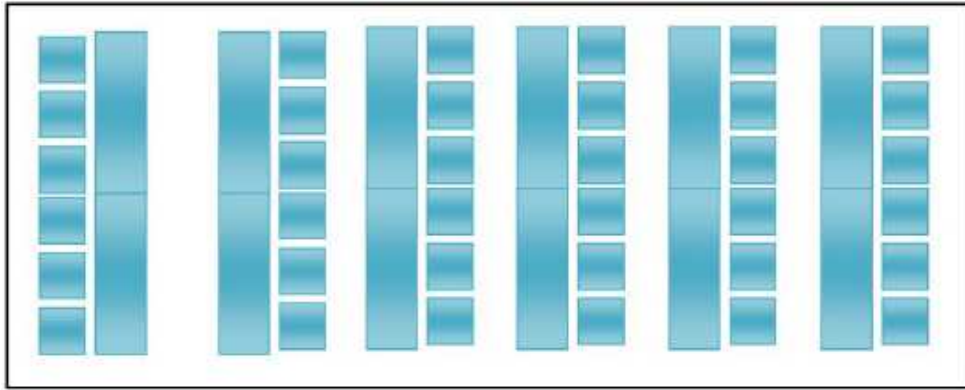


Fig 2.12: Rectangle style

6) Fishbone or Classroom

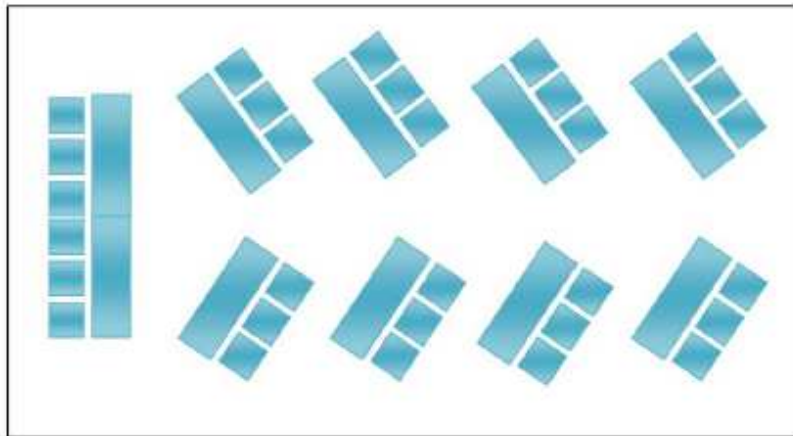


Fig 2.13: Fishbone or classroom style

7) Oval shape

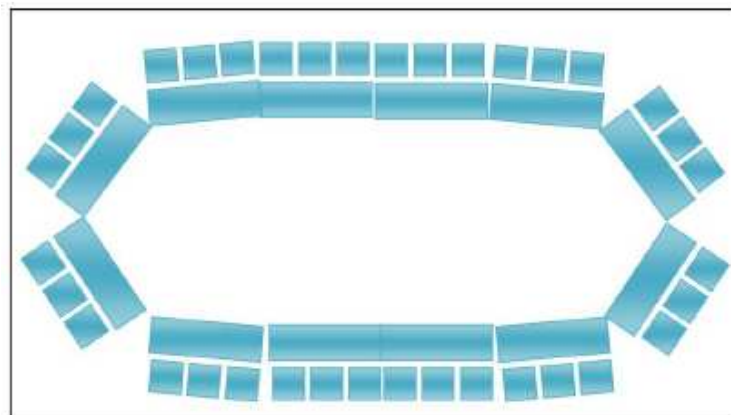


Fig 2.14: Oval shape

8) U- shape (inner circle)

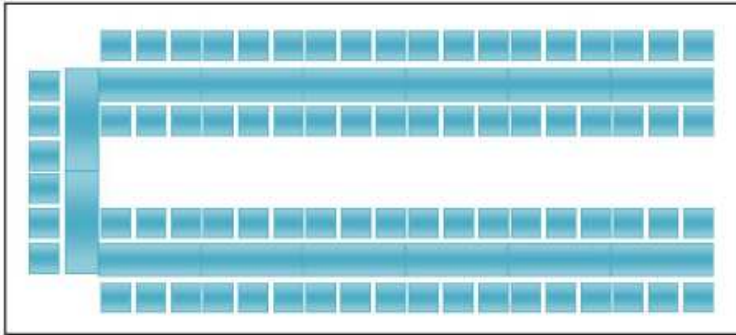


Fig 2.15: U shape style (inner and external seating)

Table Calculation

- (i) When an area of a given room is divide by 15 feet (being space required for one person for banquets) to arrive at the total number of guests who can be catered to in that space.
- (ii) If there is no restriction of area, then decide as to how many people will be seated on the top table. Suppose, the total gathering is 350 persons and out of this 35 persons have to be seated on the top table so the length of the top table will be 35×27 feet (size of cover) = 945 feet = approximate 79 feet, i.e., 13 tables of 6 feet.
- (iii) To know the number of sprigs, divide the top table length by 9 (3 feet gangway, 3 feet chairs, 3 feet tables), i.e., $79/9 =$ approximate 9 sprigs. To know how many people will be seated on each sprig, divide the number of guests by the number of sprigs. What is left is $350 - 35 = 315$ to be accommodated on sprigs, i.e., $315/9 = 35$ persons on each sprig.
- (iv) To know the length of sprigs, keep in mind that the persons will be seated opposite each other, i.e., on each side of the sprigs—17 persons; so the length of the sprig will be 17×27 (size of cover) = 459 feet = approximate 38 feet, i.e., 6 tables of 6 feet.

CHECK YOUR PROGRESS

- Draw the seating arrangement for Box shape style
- Draw the seating arrangement for Banquet round tables styles
- Draw the seating arrangement for Theatre styles
- Draw the seating arrangement for Theatre styles
- Draw the seating arrangement for Rectangular styles
- Draw the seating arrangement for Classroom style/ Fishbone style
- Draw the seating arrangement for Oval shaped style
- Draw the seating arrangement for U-shaped style (inner row)
- Draw the seating arrangement for Assorted style.

2.08 CONTROL AND PERFORMANCE MEASUREMENT

You will now learn the different aspects of control and performance measurement.

(1) Supervision

A banquet of any size requires extra help and since these extra persons are not on regular employment, their work is usually not at par with regular employees. They are not as alert, and therefore need close supervision. This means that there should be adequate staff to supervise a banquet service. Failure to ensure this can result in poor service and loss of repeat business. Decisions regarding the adequate number of supervisors/captains will largely depend on the menu, the type of service expected and the layout of the banquet area. To achieve outstanding service, it is advisable to have one captain for every five to six waiters. For less elaborate service, one captain may be able to supervise eight to ten waiters, but certainly no more.

(2) Seating Space

Excessive crowding in a banquet is a frequent cause of complaint by guests. This is one aspect of banquet operations where a specific formula can be set as a guide. Circular tables of about 8 feet diameter are used to seat 10 to 12 persons, while rectangular tables of size 4 feet by 8 feet will seat 8 to 10 guests.

(3) Pricing

A Banquet Manager should have a ready reference for banquet pricing drawn up by the Food Cost Controller and which should be revised every six months to reflect changes in market prices. The reference should be in two sections, one reflecting dishes in the high price range with accompaniments and choices and the other comprising dishes in the low price range. This will help the banquet sales team can quote the rate after ascertaining the client's budget and without having to do time-consuming calculations.

(4) Selling Public Rooms

In hotels and catering establishments, selling party rooms has become a planned programme rather than a hit-and-miss proposition. Selling public rooms has become a more profitable business than regular restaurant operations. While creating additional public rooms, it is advisable to first determine the extent to which existing facilities are being used. We all know that 'nothing is more perishable than a hotel guest room'; this is equally true for unused banquet and party rooms. An important function of a banquet department is to analyse the situation and direct its selling efforts accordingly.

(5) Control of Banquet Revenue

All contracts and acceptances must be checked for advance deposits. Whenever a deposit is received, a proper receipt from the cashier is obtained and given to the guest. This deposit is adjusted at the time of final settlement of accounts. Banquet checks are made in triplicate and serially controlled. At the conclusion of the event, the banquet department prepares the check as per the contract, which is signed by a responsible representative of the hotel. One copy of the check goes to the accounts department, one to the guest and the third remains with the banquet department. The accounts department checks that for every event listed, a charge has been made in accordance with the event's contract and reconciled. A farther cross-check is done by comparing the number of covers served with the number of covers charged.

In order to ensure that this happens, it is helpful to have a representative from the control/accounts department to assist in checking the actual number served while at the same time verifying the minimum guarantee. The management may waive part of the additional covers with proper justification.

Verification of all invoices raised on the hotel for flowers, music and entertainment must be done before they are approved for payment. Banqueting being the major Food and Beverage revenue earner, it is important to maintain a high volume of banquet business along with high quality of food and service to ensure repeat business.

CHECK YOUR PROGRESS

What points are to be covered in supervision of an event at a buffet.

Elaborate the importance of Control of Banquet Revenue.

Explain the concept of Selling Public Rooms for an event at a banquet.

Discuss the importance of Banquet Manager to have a ready reference for banquet pricing drawn up by the Food Cost Controller.

Describe the importance of avoiding Excessive crowding in a banquet.

Discuss the issues in staffing for a banquet event.

2.09 TYPES OF FUNCTIONS

The hospitality industry has kept pace with all around growth by other sectors of economy globally. Hotels are one of the top earners of foreign exchange as well as domestic earnings. Apart from hotel rooms, food and beverage contribute the maximum to hotel sales, banquets being one of the major contributors.

Banquets derive their business from various Segments, which can broadly be classified into the following groups:

- (1) **Conventions:** These may include hundreds or even thousands of delegates and feature meetings, exhibitions, a wide range of lunches and dinners, midsession tea/coffee service, besides rooms.
- (2) **Business meetings:** These include meetings or product launches for a few to hundreds of people. They also require service of food and beverage. They generate maximum revenue for a hotel's banquet department.
- (3) **Social gatherings:** These are usually private parties organized by individuals for family events, weddings anniversaries. Parties range from few to thousands. Political events award giving functions fund raising events also require banquet service.

Qualities required

In order to be successful in the field of event management, no matter what department of specialization one needs certain qualities, which are as follows:

- Negotiating skills
- Creative skills
- Convincing skills
- Coordinating skills

- Planning skills
- Executing and implementing skills

An individual with the aptitude for the above and interest in the field would make a successful event manager. It does not matter what would be the type of event management, one needs to be adept in the above skills. This is because this is a people's industry, where everything is based on effective communication skills at all levels. And professional event management service entails optimum communication skills, as well as ability to look into the minutest details of things in order to ensure optimum level of execution.

Types of Events

The following is a list of the varied events that are organized by the cross section of event companies:

- Business events
- Corporate events
- Cause-related events
- Coordinating skills
- Fundraising events
- Exhibitions
- Trade fairs
- Entertainment events
- Concerts/live performances
- Festive events
- Government events
- Meetings
- Seminars
- Workshops
- Conferences
- Conventions
- Social and cultural events
- Sporting events

- Marketing events
- Promotional events
- Brand and product launches

Types of Functions

(1) Receptions

These are usually less formal occasions than banquets. Receptions are meetings to celebrate a particular event. There can be buffet tables with food and drinks or stewards who would serve from salvers. There will be some chairs for elderly persons who are invited, but many guests prefer to stand and socialize in groups or move around. For wedding reception, the buffet is well laid and placed in such a way that all the guests can see it while entering the room but within the easy access of the service doors for easy clearing and restocking of the buffet. Buffets are normally split into sections of food, tea coffee, wine and spirits, sweets, etc., for the smooth movement of the guests without crowding at one place. These sections are well stocked with the cutlery, crockery and glassware needed for those items. A floral arrangement is an important aspect of decoration which should not hamper the service or the movement of the guests.

(2) Cocktail parties

These are organized on the same lines as a reception, but there may be cocktails instead of or in addition to other wines and spirits. Usually, snacks are offered and may or may not be followed by dinner.

(3) Conferences

These are a combination of business and pleasure, usually held in the banquet rooms of a hotel for a company that wishes to improve its prospects by examining products and sales methods. The organizers try to cover all the aspects of the purpose and provide tea, snacks or lunch.

(4) Gala dinners

This is to celebrate certain days of the year by eating out and enjoying with entertainment. Much thought is to be given to the arrangements of the theme, menu, services and facilities.

(5) Balls

These are lively crowded events held under names, such as hunt ball, charity ball, military ball, navy dance, etc. The main meal is fairly formal, consisting of several courses, but there will be a number of cash bars and number of food kiosks at separate sites on the ground.

(6) Weddings

These are celebratory functions in the form of a dinner or reception in honour of a newly married couple. At the initial meeting, the guest and the banquet manager should discuss and work out on minute details so as not to face an embarrassment later on. This should be

with regard to arrangement, types of service, menu, cost per head, the decorations and charge thereof, any special arrangements for any rituals, providing of a wedding cake, cost thereof, whether a separate room is to be provided for the bride and the groom for change. It should be ascertained whether the wedding presents are to be displayed and how much space is needed. All these points should be worked out so that as the function is on there is no misunderstanding between the hotel and the client. The guests are received with snacks and aperitifs are served; after reception the buffet is opened for service. At the time agreed on the toastmaster announces the cutting of cake by bride and the groom. The wedding cake is placed away from the buffet table at a focal point with a decorated cutting knife.

(7) Outdoor catering

This is a specialized form of function which may be offered by hotels or separate caterers. This is one of the most demanding branches of the catering industry for it requires the provision of catering facilities somewhere else where the facilities are non-existent or primitive: It usually involves erection of a tent to be used as restaurant, kitchen, bar, wash up room, etc. An outdoor catering check list is made of all items to be taken out. It is an extensive list of each and every item that needs to be carried. The potential pitfall of this type of catering are staff limitations, transportation (heated or refrigerated) vans, additional equipments needed and correct costing. The additional cost involved in supplying outdoor food and beverage facility are reflected in the cost of outdoor events which is invariably higher than in a banquet hall. Additional management time and control needed must be included in the costing for success of an outdoor event.

CHECK YOUR PROGRESS

Discuss the various segments, which can banquets business can broadly be classified.

In order to be successful in the field of event management, what qualities one needs to possess?

Discuss the various types of events used in a banquet..

Discuss the features of a reception used as banquet.

Explain the various types of functions for which banquets are hosted.

Discuss the features of a wedding used as banquet.

Discuss the concept of outdoor catering.

2.10 EVENT PLANNING

Event planning procedure

The following is a sampling from an event planning procedure.

(01) Outline the concept of your event including:

- Purpose and goals of the event
- Title of event

- Target audience
- Date (chose a primary and an alternate)
- Start and end time
- Number of participants and participant cost
- Program (speakers, video)
- Room set-up (tables, chairs, stage, podium, etc.)

Food (breakfast, lunch, snack, reception, dinner, etc.)

(02) Develop a realistic budget:

- A budget worksheet designed to make your budgeting experience as simple as possible.
- Keep in mind that not all events will use every budgeted item and that some events may incur costs not accounted for on the budget worksheet.

(03) Obtain necessary approvals for:

- If you are having a guest speaker, you will need to fill out a guest speaker request.
- The event and budget from your department/organization.

(04) Your event planning checklist

Event Checklist

Event: _____
 Cost: _____
 Coordinator: _____
 Area: _____
 Agency name: _____
 Agency phone no.: _____
 Location: _____
 Date: _____
 Time: _____
 Length of programme: _____
 Co-sponsor: _____
 Description of event: _____
 Expected attendance: _____

(05) Setting a date and time

Event approval and space request

(06) Room reservation/Set-up/Technical (After you have completed and received confirmation)

- Reserve room(s) for event Attach Confirmation
- Reserve rain location for event if necessary
- Reserve dressing room(s) if necessary
- Contact Campus Scheduling x 4592 with specific set up (Chairs, Tables, Trash Cans, Staging, Sound, etc.)
- Recruit volunteers for any set-up or clean up needs (i.e., staging, seating, technical-sound/tights, decorations, etc.)

(07) Technical

- Check to see if sound system and lighting equipment meets contract requirements
- Rent sound and light equipment if necessary
- Recruit volunteers to assist with any load-in materials

(08) Contract

- Read contract and verify
- If liability or legal questions arise, contact Advisor/Director of the Activities
- Advisor/Director of the Activities sign and send contract with any initialed and dated changes
- Send Hotelconfirmation number and phone number and brochure (if available)
- RiderAttached?
- Meet any other contract provisions (AV, meals, lodging, travel, etc.)
- If hosting guest speaker, use a Guest Speaker Form

(09) Food (If using outside vendor, follow food service form)

- Catering Ordered or Contact food service for any catering needs
- Ordered
- PickUp/Delivery
- Appropriate Paper Products (Plates, Napkins, Cups)
- Serving Items (Silverware, serving items. Dishes)

- Make reservation for speaker at local restaurant if necessary
- Obtain cash or check to pay for food

(10) Marketing (See marketing checklist)

- Add event
- AS Marketing Request Form
- Create Banner for Maher, Parking Structure, Courtyard
- Entrance Marquees
- Aromas Coffee Cups & Dining Services
- Send invitations/letters to specific members
- Posters on the ground (follow the Posting Guidelines; limit to 50; No bright colors)

(11) Money/Payment

- Fill out money request for check/payment (allow 7-10 working days)-
- Do you need any money for anything? How will dinner be paid for? Petty Cash?
- Arrange to pick up payment checks at Cashier Window _____(who/when)

(12) Tickets (will you be selling or using tickets for the event)

- Request tickets to be printed.
- Ticket Prices:

(13) Security/Safety/Liability Traffic and Parking

- Do you need security?
- Parking (space/lot/road)
- Visitor Parking arranged _____ Where _____

(14) Performer/Guest Details

- Who will be picking up the guest from the airport/hotel _____
- Create a welcome gift/basket for guest (if necessary)

(15) Lodging

- Make reservation. Hotel and confirmation
- Have hotel name, directions, check-in time, check-out time, smoking policy and name of the reservation.
- Arrange for payment of room through Direct Bill or Credit Card (Does Card need to be present at check-in)
- Arrange Transportation to Hotel from Airport Airline & Flight

(16) Last Minute Event Tasks

(i) The week of the event

- Call performer, speaker or presenter to confirm
- Check performer contract to be sure all contract details have been or are being met
- Confirm lodging reservations)
- Confirm campus room reservations) & Confirm technical equipment
- Distribute last minute publicity
- Confirm volunteers who are helping with event
- Go through Event Checklist to be sure all is complete and ready

(ii) The day before the event

- Be sure check has been cut and/or payment has been picked up for performer or other event needs.

(iii) The day of the event

- Check room to be sure it is set up properly
- Check technical needs to be sure they are in place and working
- Obtain introduction from performer
- Be hospitable to performer, speaker, and/or presenter

(iv) At the event

- Introduce event
- Monitor audience

v) After the event

- Return room to original set-up
- Write evaluation
- Send thank you notes
- Reserving a space
- Food and Beverage Service
- Sound/Equipment/Technical Needs
- Marketing your event
- Security/Risk Management
- Using tickets for your event
- Fundraising
- Parking/Transportation
- Policies, Contracts and Forms
- Frequently Asked Questions

Banquet Operations: Menu Planning

The following are factors/concerns for planning banquet menus:

- Guest preferences
- Ability to deliver desired quality products
- Availability of ingredients required to produce the menu
- Production/service staff with appropriate skills
- Equipment/layout/facility design issues
- Nutrition issues
- Sanitation issues
- Peak volume production/operating concerns
- Ability to generate required profit levels

Banquet Operations: Service Styles

Butler service

- Service staff at a reception can serve appetizers and pre-poured champagnes while guests stand

Buffet service

- Quantities of food are pre-arranged on a self-service line; guests pass along the line and help themselves

Family style (English style)

- Platters and bowls of food are filled in the kitchen and brought to guests' tables French service
- Meals are prepared or finished at tableside by service staff: (e.g., tossing Caes salad/flambeing entree) Platter service
- Production staff plate food in the kitchen; service staff bring it to the table place individual portions on guests' plates Plated service (American service)
- Production staff pre-portion food on plates in kitchen; service staff serve guests

Banquet Operations: Beverage Functions

The following are the various ways to charge for beverage:

Individual drink price

- Collecting cash or a ticket when each drink is sold Bottle charge
- Charging on a by-bottle basis for each bottle consumed/opened Per-person charge
- Based on attendance charging a specific price for beverages at the event
- Charging the host a specific price for each hour of beverage service Specific per-event charge
- Using hours of beverage service; charging number of drinks/hour X number guests

Banquet Operations: Banquet Room Set-Up

There are a number of important factors that determine a banquet room set-up. They can be described as follows:

Determined by:	Becomes critical when:
Number of expected guests	The same room is to be used same day for Different functions
	When large evening event precedes following day's large breakfast event in same room

Types and sizes of tables, chairs, other equipment

Number of seats per table

Required space for aisles, dance floors, band stands, other entertainer

head tables

Reception/buffet tables

Banquet Operations: Banquet Contracts and Billing Policies

The following are the points in a banquet contract:

- Last date that banquet space will be held without signed contract
- Time by when a guarantee of attendance must be received
- Cancellation policies
- Guarantee reduction policy
- Billing: Amount and schedule for guest payment
- Information about service of alcoholic beverages
- Other information applicable to specific event

CHECK YOUR PROGRESS

Explain the procedure of event planning.

Elaborate the points to be considered in deciding Outline the concept of the event.

Discuss the various points to be deliberated upon in Event Checklist.

What are the last-minute event tasks in event planning?

Discuss the activities to be performed after the event.

2.11 TIPS FOR BETTER BUFFET SERVICES

Operators differ in their attitudes toward buffet service. Are buffets a great way to save on labour costs, or a venue for showcasing your facility's best food and service? Should they be attended or strictly self-serve? Are they economical to quickly serve meals at events and meetings, or a more expensive option better suited than table service for presenting certain kinds of upscale meal offerings?

Nevertheless, one thing, that everyone agrees buffets have in their favour, is a flexible format, which lends itself to an almost infinite variety of service applications.

Whatever their philosophy, operators who frequently 'buffet' have plenty of advice for their others. After many interviews of non-commercial chefs, operators and foodservice consultants to improve buffers—from cooking and recipe advice to presentation ideas, cost saving techniques and equipment/serving suggestions.

Buffets are easier than sit-down eating with table services, there are interesting food that can be safely maintained at room temperature on attractive ceramic platters.

The following points are important to give a better buffer services:

(1) Tips for set up and logistics

- For every 100 guests include one complete buffet line; a two-sided table can serve 200 persons.
- When using a steamship round or other carved meats, position the carver at the end of the buffets; he/she can then serve two lines at the same time.
- Assume everyone will want to try a little of everything, so keep portion sizes to four ounces for the main items.
- Set up the high-cost items last on the line, and put out larger selections of fillers first; for instance, on a fajita bar, start with refried beans, Spanish rice, nacho cheese sauce and chips to fill the plate; then have the meat and peppers follow.
- Purchase ceramic hotel pans to use in the chafing dishes. Food looks better when onset by a background of ceramic versus metal.
- Bring the food in roll top chafing dishes up to half level after everyone has gone through once.
- When food gets down to 30 per cent, replenish buffets.
- Keep several types of overlapping event logs. Track menus, size of events, location and transportation issues. A rolling calendar helps forecast where there will be challenge areas and helps guide when booking additional events.
- Using two-way radios is crucial for communication between the front and back of the house.
- If offering chilled platters, you do not need an attendant, which saves on labour; with sterno set-ups, it is good to have people on hand to oversee them.

(2) Food preparation and recipes

- Work with clients to determine preferences in food preparation and probe to find out if there are cooking techniques or ingredients a client believes are important.
- Let regulars know you are open to trying appropriate family recipes. This has the added benefit of providing a source of new recipes to try out in other areas of your business.
- On breakfast buffets, add cream cheese or sour cream to scrambled eggs to prevent their drying out.
- Batch-cook hard-to-hold items and include sauces and cheeses to keep items moist and allow them to hold longer.
- You do not always have to cover cooked items with plastic film when keeping them in the warmer; it tends to steam food that might have been seared or roasted, altering their texture.

- Cooked vegetables deteriorate first; be sure to put them out only a few minutes before service, being careful to replenish them with small freshly cooked batches when necessary.
- Use glazes on sliced meats instead of gravy to keep them moist.
- An enriched broth made with wine, shallots, chicken or beefstock and thyme (or bouquet gami) works well to moisten buffet items. A bit of frozen glaze product (packaged in brick form) for a rich, intense beef or chicken flavour.
- Mist cold items with water spray just before service or cover them with moist towels during their refrigerated storage to maintain moisture and shine.
- For 'grilled' items, sear the grill marks on first and finish off the cooking in an oven or steamer. Grilling 500 steaks, for instance, may mean too long a delay between the first and last steak: instead, mark them ahead, put back in the chiller, and bake them in the oven before service.
- Fish can be handled the same way; poach in a steamer or use stock in steam table pans, cover them and put in the oven. This way, the fish still gets moist heat, but stove tops are freed up.
- Steam roast vegetables 75 per cent of the way, toss with seasonings and roast in a 450°F oven; this maintains a high moisture content.
- Blanching vegetables for veggie platters keeps them moist longer, brings out colour, and helps with sanitation as well.

(3) Presentation and garnishes

- Incorporating room temperature foods (grilled vegetables, pasta and grain salads made with vinaigrettes) helps you get away from using chafing dishes, permitting more attractive ceramic platters for serving food.
- Serve entrees on a bed of some contrasting vegetable, such as sauteed onions, leeks or spinach; this helps keep them moist.
- Salmon on a bed of colourful vegetable slaw, served on a white platter is eye-catching and attractive.
- Set out fresh pans in the chafers after all customers have gone through once; they will see and appreciate this extra service.
- Garnish with fresh herbs at the last minute; greens will wilt and turn brown in warmers and under chafers lids.
- Try garnishing with hydroponics watercress; it is very spring-like and eliminates stems.
- Using roll top silver chafers makes a statement for upscale buffets. Also, incorporate lots of contrasting colours and use candelabras, mirrors, candles, fountains, risers, mirrored boxes, silk and fresh flowers and lots of greenery.

(4) Time and cost savings

- Explain to customers upfront that you will man the buffet for one hour, and then pull out.
- If possible, have ordering done by e-mail.
- Market through e-mail as well, and avoid having to print lots of menus.
- Develop buffets geared for drop-off only, in which everything is disposable.
- Use display cooking at buffet stations to save costs and avoid preparing in advance.
- Customize purchased items to give them a homemade look without the extra labour; for instance, add Kiwi or pineapple to generic, bought salsa. The customer does not always know what is made and what is purchased, only how it is presented.
- During spring break or other times of lower volume, take all available labour and make up batches of things, such as lasagna; cook and freeze roasts, slice them and prep for barbecue, etc.
- Develop a batch cooking system; it does a wonderful job of keeping food costs down.
- When staff is available, try to have them serve the guests. It is a good way to control portion sizes and take care of customers.
- Set up a Viennese dessert buffet that is manned, in which the cake slices are individually cut and garnished on the spot with chocolate stripes, dollops of whipped cream and peanuts, cinnamon dust, or set in a pool of crème de menthe. You can actually go through one-third fewer desserts that way than when they are cut beforehand; and there is no waste.
- Try a gourmet coffee bar buffet, which can serve as dessert, too. Set up coffee urns with two-cent per serving coffee, place cups alongside for self-service, then add mini pastries and biscotti (less expensive than pies and cakes), flavoured syrups, flavoured swizzle sticks and chocolate pirouettes. Try serving the coffee cups margarita-style, dipped into corn syrup and then into cinnamon sugar or cocoa powder with sugar. Staffing should be about one server per 50 to 60 guests.
- Make smaller trays; if items are leftover in the back, they can be reused, but once they've gone out front, they're lost even if they're not eaten.

(5) Marketing

- E-mail existing customers with menu PDF attachments announcing new or special buffet menus, and post them on the web.
- Try drawing some new customers by emailing “budget” menus to a broader selection of staff on campus.
- Offer menu tasting to customers who may have questions about a particular item. This enables them to feel confident in what they'll receive. It also gives you the opportunity to up sell a particular event by showing something better for an additional cost. Usually the customer takes the higher item, because once they see it, they want it.

(6) Food preparation and recipes

- Gear production and recipes to the customer base. If there will be too many guests to allow for labour-intensive preparation, such as skewers, switch to a different way to present similar flavours.
- Instead of Asian beefkababs with green peppers, go with Szechuan beef and broccoli stir fry; instead of hand-battered fried chicken, move to an oven baked product instead.

(70 Presentation and garnishes

- Consider a self-service salad garnish or a potato bar at one end of the buffet line. This lets customers gather around without blocking the rest of the line..

CHECK YOUR PROGRESS

Discuss the various points in set up and logistics of buffet service.
 Explain the various points in Food preparation and recipes.
 Elaborate the various points in Presentation and garnishes.
 Discuss the various points in set up and Time and cost savings.
 Explain the various points in Marketing.

2.12 OTHER CATERING OPERATIONS

Off-premises Catering

<https://www.bettercater.com/off-premise-catering-what-is-it-and-what-you-should-know-to-be-successful/>

What is off-premise catering?

Bill Hansen and Chris Thomas, authors of *Off Premise Catering Management*, explain that off-premise catering is the term used to describe a catering service in a location away from the caterer's food production facility. While caterers are always ready to provide one-event food service, not all caterers can offer the same kind or quality of service. Off-premise caterers are actually classified into three groups:

Party food caterers. These caterers actually focus their operation on providing food for events. They are not involved in the event preparation and it is really up to the client to get the venue ready, including cleanup, etc.

Hot buffet caterers. This type of caterers focuses on serving hot foods, which are made in their commissaries and delivered to the venue. Foods are sealed in hot containers. Sometimes, there's a personnel to help serve the food but for an extra fee.

Full-service caterers. Other than providing and serving the food, food service caterers also prepare the food onsite. Likewise, the service of wait staff is available and other food-related facilities and equipment are included, like china, glassware, utensils, tables, chairs, napkins, etc. In other words, a full service caterer is not just involved in preparing the food; the caterer is also involved in the over-all facet of the gathering.

Success with Off-Premise Catering

Admit it. It's no easy thing to be a caterer. It's not only the money or start-up capital that you need. You also need the passion, the skills and the patience to deliver a world-class service and to sustain your business' growth in the long run. Here are some of the elements that you should note of to make your off-premise catering a successful endeavor.

1. **Work experience.** It's always important to have prior experience in this niche. Experience in food preparation and food service will make it easier for you to gain deeper understanding in the ins and outs of the business and on how to provide an efficient and effective service that will help your business grow.
2. **Passion.** Successful caterers do what they love and love what they do. They have this strong drive to give their very best and so the results mirror their love of their job.
3. **Entrepreneurial Spirit.** An enterprising attitude is what all off-premise catering needs to have to keep their business on the right track. A successful caterer is always happy to spend more than enough time and energy to keep the business going and staying successful.
4. **Basic business knowledge.** Among the basic knowledge that a caterer needs to acquire include: accounting and bookkeeping, computer skills, commercial and business laws and regulations, human resource management and marketing implementation.
5. **Efficiency and Productivity.** To the help caterers on this, it's a great investment to acquire a catering software. According to Anthony Franco, himself a successful caterer and owner of the successful catering firm Better Cater, getting a catering software is a huge time saver. It's also an efficiency booster and streamlines tasks to ensure productivity.

So, there you have some of the best ideas that you should take note of to become successful as a caterer and phenomenal as a business owner.

Hospital catering

<http://sybscd.blogspot.in/2012/01/hospital-catering.html>

The hospital, today, is one of the most complex and fascinating organizations that mobilizes the skills and efforts of a number of widely divergent groups of professionals, semi-professionals and non-professionals to provide a highly personalized service to individual patients.

Today, the dietary department ranks as one of the major departments of the hospital, headed by a specialist, the dietitian. "The object of catering in hospitals is to assist the nursing staff to get the patient better as soon as possible. To do this, it is necessary to provide good quality food, to cook it with the minimum loss of nutrients and to provide it to the patients in an appetizing manner. If the food supplied to the patient is good plentiful, appetizing and nutritionally correct, then it plays a very great part towards the speedy recovery of the patient. - A part possibly as equally important as careful nursing and skilled medical attention.

Diet therapy is the use of food; as an agent in effecting recovery from illness. It 'is concerned with the nutrition of all patients-those receiving normal diets as well as those for whom modified diets have been prescribed.

The normal diet may be modified

- To provide change in consistency as in fluid and soft diets

- To increase or decrease energy levels
- To include greater or lesser amounts of one or more nutrients egg, high protein, low sodium etc..
- To increase or decrease fiber content of diet
- To provide foods bland in flavor
- To include or exclude specific foods as' in allergic conditions.

DIFFERENT TYPES OF DIETS

Regular/Normal diet, soft diet, bland diet, high or low fibre diet high or low protein diet, high-or low, fat diet, sodium restricted diet.

Menus are generally planned and then formulated into 'Diet List1. These are made available to all attending medical staff. General diets are those which are normally followed in the general wards. Menus are made four days to a week in advance. The dietitian plans menus for each separate meal, specifying the foods to be served in a suitable form. The nursing supervisors will keep the dietary department advised as to the number of patients of each type of diet.

Special diets are prepared for those who ate not medically capable or permitted to eat certain food items which are generally used in the making of the menu. These diets are prepared under the supervision of the dietitian or the food service supervisor.

Kitchen: The hospital kitchen is planned with much consideration. The kitchen has a receiving area, proper storage facilities, pre-preparation room, preparation area or the main/hot kitchen. The hospital kitchen may also have a cold kitchen.

The kitchen may also be divided into various sections such as pre-preparation area, preparation area, grain cleaning area, tea and coffee section, roti preparation, service and trolley loading area, washing area, stores. The pre-preparation and preparation area may be further divided into separate Indian and Continental areas. The location of storeroom in relation with the kitchen is very important to avoid contamination of the food material and also to prevent pilferage. Separate storage areas for perishable and non-perishable items are desired.

The work flow, sufficient spacing between work tables/platforms and the presence of various equipments must be considered when planning the kitchen.

Equipments commonly found in hospital, kitchens:

- Gas ranges
- Refrigerators
- Chapatti tava and puffer
- Deep Freezers-
- Deep fat fryer
- Walk-in Cooler
- Pressure Cooker
- Grinding stone
- Ovens
- Masala grinder
- Salamander

- Brat Pan
- Weighing scale
- Dough mixer
- Toaster
- Food processor
- Bain Marie
- Rice boiler
- Steamer

SERVICE

Food service for patients may be may be any one of the two general patterns – Decentralised or centralised.

In decentralised, service all food is prepared in a central kitchen and sent to the floors, where it is portioned out on trays and served to patients

In centralised service, food is prepared in a central kitchen, trays are set up and food is portioned out in a central serving unit and trays are sent to all patients' floor.

Menus in Govt. Hospitals:

In Govt. hospitals where only a small percentage of the patients can afford to pay for special service, it is unwise to burden either the individual patient or the hospital with unnecessary expenses. The general menu is:

- Early Morning Tea (EMT)
- Breakfast:
- One cup of milk
- Two slices of bread
- Lunch & Dinner:**
- Rice
- Chapatti
- Dal
- One vegetable.

Menu in private hospital (First class):

- EMT
- Breakfast:
- Two slices of bread
- One bowl of cereal
- Egg (any style)
- Vegetarian snack
- Mid morning:
- Fresh fruit juice
- Lunch and Dinner
- Soup
- Chapatti
- Rice
- Vegetable (choice of two vegs)

- Pulse
- Curd
- Fruits
- ExtraTea - Milk, Biscuits

Industrial and Institutional Catering

<http://ihmkolkata.blogspot.in/2014/07/institutional-and-industrial-catering.html>

I. TYPES

- Profit oriented - commercial canteens, restaurants, café, etc. within the premises catering to all the people (students, staff, visitors, etc.)
- Running on break even - industrial canteens, college canteens catering to staff requirements only.
- Subsidized - serving meals as a part of employee/ student welfare schemes.
- Mostly Institutional and industrial catering are non-profit oriented.

II. MENU CONSIDERATIONS

- Cyclic menu for regular meals and limited choice in canteens.
- Nutritional requirements are kept in mind while planning menu.
- Reasonable prices consistent with service offered.
- Menus are relatively simple, which can be prepared by limited kitchen staff in limited time.
- Special menus are prepared for special occasion like on festivals, functions and parties.

III. PROBLEMS ASSOCIATED

- Menu fatigue
- Blending nutritional aspect with taste is little difficult. E.g. porridge is a healthy food but most of the people do not like it.
- Portion control
- People eat in varied proportions, for example men eat more than women, people doing physical labour eat more than those doing office work.
- Staff serving food finds it difficult to meet the expectations of consumers. E.g.-everyone cannot be given a leg piece of chicken etc.
- Also a large number people are to be fed in a limited time.
- Arranging adequate facilities and managing them is a challenge, like space of dinning hall, seating arrangements, food and water service, etc.
- Chef has to work within tight budgets and yet has to meet the high expectations of consumers.

VOLUME FEEDING IN INDIA

The difference between small and mass food production is very difficult to define. Most food standards, principles and large number of techniques are the same. Some define quantity food production (for volume feeding) as the production of 25 or more portions. A report compiled by the National Restaurants Association, lists food service units under two major groupings

Commercial or those establishments which are open to the public, are operated for profit and which may operate facilities and / or supply mela service on a regular basis for others.

Non-commercial (as employee feeding in schools, industrial and non-commercial organisations), education, government of institutional organisations which run their own food service operations. Food services in schools and universities, hospitals and other transportation armed services, industrial plants and correctional units are in the second group and may not show a profit or even balance out financially at the break even point.

SALIENT FEATURES

Focus on serving hygienically prepared wholesome food.

Food is primarily as a service to complement their other activities and contribute to the fulfillment of the objectives of the institute.

Cyclic menus

Not profit oriented

Educational experience for those who are involved as they happen to experience different regional cuisine through the cyclic menus. As a result, the food habits become more flexible.

Quantity control quantity control and portion control are very important. A good quality standard, should cover essential characteristics that indicate quality in a product. Quality control programmes make it possible to serve as a consistent standard. Employee evaluation, taste panel, scoring customer reaction and other menus can be used to evaluate quality.

Good purchase specifications and finding the right product to suit the production need can do much to raise and maintain the quality standards. Proper forecasting of quantities needed in production and controlling portion size are two essentials of good quality controls. Portion size varies according to food, type of meal and patron, cost of the food, appearance. Adults, teenagers and small children consume different quantities and portion sizes vary from them. Men eat more than women, an individual doing hard work eats more than other doing sedentary tasks.

Giving liberal quantities of less costly foods and smaller ones of the more expensive foods can be practised. The portion appearance is affected by the portion size and shape of the dish, decoration and width of the rim, dish colour and food arrangement.

MENU PLANNING IN VOLUME CATERING

In volume catering units, the main factors influencing the planning of menus are as follows :

1. Cost :- This is one of the main considerations in menu planning. The cost of the menu should be within the budgeted allowance of any unit to be economically viable, whether it is run on a profit or non profit basis.

2. Ease of preparation :- Since mass catering units provide for large numbers, ease of preparation of any dish must be considered. Elaborate preparation is time consuming and may result in delays in service of prepared foods leading to bad customer relations and appearance of inefficiency.
3. Incorporation of leftovers :- Menus for mass catering should be planned in such a way that any leftovers from one meal can be incorporated in the next meal so as to avoid abnormal wastage, reduce food cost.
4. Cyclic menus :- Menus should be planned in sets for a fortnight or for a month. This is then repeated all over again for ease in operations. Menus can be changed after such periods and seasonal foods can be incorporated. This will help provide variety economically.

Airline Catering

https://en.wikipedia.org/wiki/Airline_meal

An **airline meal**, **airline food**, **plane food** or **in-flight meal** is a meal served to passengers on board a commercial airliner. These meals are prepared by specialist airline catering services.

These meals vary widely in quality and quantity across different airline companies and classes of travel. They range from a simple snack or beverage in short-haul economy class to a seven-course gourmet meal in a first class long-haul flight. When ticket prices were regulated in the American domestic market, food was the primary means airlines differentiated themselves.

History

The first airline meals were served by Handley Page Transport, an airline company founded in 1919, to serve the London–Paris route in October of that year. Passengers could choose from a selection of sandwiches and fruit.

Contents



Fig 2.16: Turkish Airlines Business class meal on an Istanbul to Cairo flight



Fig 2.17: A United Airlines international economy meal.

The type of food varies depending upon the airline company and class of travel. Meals may be served on one tray or in multiple courses with no tray and with a tablecloth, metal cutlery, and glassware (generally in first and business classes). Often the food is reflective of the culture of the country the airline is based in.

The airline dinner typically includes meat (most commonly chicken or beef), fish, or pasta; a salad or vegetable; a small bread roll; and a dessert. Condiments (typically salt, pepper, and sugar) are supplied in small sachets or shakers.

Caterers usually produce alternative meals for passengers with restrictive diets. These must usually be ordered in advance, sometimes when buying the ticket. Some of the more common examples include:

- Cultural diets, such as Turkish, French, Italian, Chinese, Korean, Japanese or Indian style.
- Infant and baby meals. Some airlines also offer children's meals, containing foods that children will enjoy such as baked beans, mini-hamburgers and hot dogs.
- Medical diets, including low/high fiber, low fat/cholesterol, diabetic, peanut free, non-lactose, low salt/sodium, low-purine, low-calorie, low-protein, bland (non-spicy) and gluten-free meals.
- Religious diets, including kosher, halal, and Hindu, Buddhist and Jain vegetarian (sometimes termed Asian vegetarian) meals.
- Vegetarian and vegan meals. Some airlines do not offer a specific meal for non-vegan vegetarians; instead, they are given a vegan meal.

Halal food

For several Islamic airlines (e.g. EgyptAir, Emirates, Etihad Airways, Garuda Indonesia, Batik Air, Malindo Air, Gulf Air, Iran Air, Mahan Air, Iran Aseman Airlines, Oman Air, Yemenia, Kuwait Airways, Iraqi Airways, Qatar Airways, Saudia, Biman Bangladesh Airlines, Malaysia Airlines, Royal Brunei Airlines, Royal Air Maroc, Libyan Airlines, Afriqiyah Airways, Tunisair, Air Algérie and Turkish Airlines), in accordance with Islamic customs, all classes and dishes on the plane are served a Muslim meal with Halal certification – without pork and alcohol. While Emirates, Etihad, and Qatar are still providing bottles of wine to non-Muslim passengers, the cabin crew does not deliver alcoholic beverages lest to violate Islamic customs, unless those non-Muslim passengers request it. Because Iran and Saudi Arabia apply strict Sharia regulations, those countries' airlines do not deliver pork or alcoholic beverages, and all airlines flying to or from Iran or Saudi Arabia are prohibited from serving either. However, Garuda Indonesia is still serving alcoholic beverages (whiskey, beer, champagne and wine) to non-Muslim passengers.

Kosher food



Fig 2.18: Inflight kosher meal approved by the Beth din of Johannesburg

In the case the Israeli airlines El Al, Arkia and Israir, all meals served are kosher-certified by Rabbis. Even destinations outside Israel, sky chefs must be supervised by rabbis to make kosher meals and load their planes.

Cutlery and tableware

Before the September 11 attacks in 2001, first class passengers were often provided with full sets of metal cutlery. Afterward, common household items were evaluated more closely for their potential use as weapons on aircraft, and both first class and coach class passengers were restricted to plastic utensils. Some airlines switched from metal to all-plastic or plastic-handled cutlery during the SARS outbreak in 2003, since the SARS virus transfers from person to person easily, and plastic cutlery can be thrown away after use. Many airlines later switched back to metal cutlery. However, Singapore Airlines continue to use metal utensils even in economy class as of 2017.

In May 2010, concerns were raised in Australia and New Zealand over their respective flag carriers, Qantas and Air New Zealand, reusing their plastic cutlery for international flights between 10 and 30 times before replacement. Both airlines cited cost saving, international quarantine, and environmental as the reasons for the choice. Both have also said that the plastic cutlery is commercially washed and sterilized before reuse. Reusing plastic tablewares though is a regular practice among many airliners and food caterers.

For cleanliness, most meals come with a napkin and a moist towelette. First and business class passengers are often provided with hot towels.

Breakfast



Fig 2.19: Breakfast served on a short-haul Aeroflot flight

During morning flights a cooked breakfast or smaller continental-style may be served. On long haul flights (and short/medium haul flights within Asia) breakfast normally includes an entrée of pancakes or eggs, traditional fried breakfast foods such as sausages and grilled tomatoes, and often muffins or pastries, fruits and breakfast cereal on the side. On shorter flights a continental-style breakfast, generally including a miniature box of breakfast cereal, fruits and either a muffin, pastry, or bagel. Coffee and tea are offered as well, and sometimes hot chocolate.

Cost

Food on board a flight is usually free on full-service Asian airlines and on almost all long-distance flights, while they might cost extra on low-cost airlines or European full-service airline flights. Quality may also fluctuate due to shifts in the economics of the airline industry.

On long-haul international flights in first class and business class, most Asian and European airlines serve gourmet meals, while legacy carriers based in the US tend to serve multicourse meals including a cocktail snack, appetizer, soup, salad, entrée (chicken, beef, fish, or pasta), cheeses with fruit, and

ice cream. Some long-haul flights in first and business class offer such delicacies as caviar, champagne, and sorbet (intermezzo).



Fig 2.20: Airline In-flight meal in India's Spicejet Airways, which is a low cost airline

The cost and availability of meals on US airlines has changed considerably in recent years, as financial pressures have forced some airlines to either begin charging for meals, or abandon them altogether in favor of small snacks, as in the case of Southwest Airlines. Eliminating free pretzels saved Northwest \$2 million annually. Nowadays, the main US legacy carriers (American, Delta and United) have discontinued full meal service in economy class on short-haul US domestic and North American flights, while retaining it on most intercontinental routes; and at least one European carrier, Icelandair, follows this policy on intercontinental runs as well.

As of 2016, all 4 major U.S. legacy airlines now offer free snacks on board in economy class. United Airlines re-introduced free snacks in February 2016. Starting in April 2016, American Airlines will fully restore free snacks on all domestic flights in economy class. Free meals will also be available on certain domestic routes. Delta and Southwest have already been offering free snacks for years.

Hawaiian Airlines is the only remaining major US airline that offers complimentary in-flight meals on its domestic flights.

Air China has reported that each domestic flight's meal requires RMB50 (US\$7.30) while international flights require RMB70 (US\$10). However, this figure varies from airline to airline, as some have reported costs to be as low as US\$3.50. Air China is also minimizing costs by loading only 95% of all meals to reduce leftovers and storing non-perishable foods for emergencies.

In 1958 Pan Am and several European airlines entered into a legal dispute over whether certain airline food sandwiches counted as a "meal".

Preparation

Meals must generally be prepared on the ground before takeoff. Guillaume de Syon, a history professor at Albright College who wrote about the history of airline meals, said that the higher altitudes alter the taste of the food and the function of the taste buds (although that's not case on Dreamliner or A350); according to de Syon the food may taste "dry and flavorless" as a result of the pressurization and passengers, feeling thirsty due to pressurization, many drink alcohol when they ought to drink water. Tests have shown that the perception of saltiness and sweetness drops 30% at high altitudes. The low humidity in airline cabins also dries out the nose which decreases olfactory sensors which are essential for tasting flavor in dishes.

Food safety is paramount in the airline catering industry. A case of mass food poisoning amongst the passengers on an airliner could have disastrous consequences. For example, on February 20, 1992, shrimp tainted with cholera was served on Aerolíneas Argentinas Flight 386. An elderly passenger

died and other passengers fell ill. For this reason catering firms and airlines have worked together to provide a set of industry guidelines specific to the needs of airline catering. The World Food Safety Guidelines for Airline Catering is offered free of charge by the International Flight Service Association.



Fig 2.21: Food being delivered to a Boeing 767

CHECK YOUR PROGRESS

Discuss the various points in Off-premises Catering.

Explain the various points in Hospital catering.

Elaborate the various points in Industrial and Institutional Catering.

Discuss the various points in Airline Catering.

Explain the various points in Marketing.

2.13 END QUESTIONS

The following questions should help you prepare for the End Examinations. These questions are for 5 marks each and should take you 11 minutes under examination conditions.

1. Explain the concept of buffet.
2. Elaborate the essential features of buffet.
3. Compare the concept of banquet and buffet.
4. Explain various types of buffets.
5. Explain the concept of finger buffet.
6. Explain the concept of Sit-down buffet
7. Explain the concept of Standing or fork buffet.
8. Explain the various tools used in assembly cooking.
9. Discuss the main areas of batch cooking.
10. Elaborate the various shortcuts and Strategies for Bulk Cooking.

11. Elaborate the container principle for bulk cooking.
12. Explain the various Easy Bulk Dishes.
13. Elaborate the various Tips for Bulk Eating.
14. Explain the concept of Letting the Air Out.
15. Explain the importance of displaying cooking equipment in a buffet.
16. Elaborate the concept of Wood Burning Style Pizza Ovens.
17. Discuss the Induction Cook Tops.
18. Describe the concept of Waldorf ranges (which are also sometimes called island ranges).
19. Elaborate the Rotisseries used as display cooking equipment.
20. Discuss the various points to be noted while arranging the buffet dishes and silverware.
21. How should the garbage can be arranged in a buffet.
22. Why is it important to Put serving utensils in every dish.
23. Draw the seating arrangement for U-shaped style
24. Draw the seating arrangement for Box shape style
25. Draw the seating arrangement for Banquet round tables styles
26. Draw the seating arrangement for Theatre styles
27. Draw the seating arrangement for Theatre styles
28. Draw the seating arrangement for Rectangular styles
29. Draw the seating arrangement for Classroom style/ Fishbone style
30. Draw the seating arrangement for Oval shaped style
31. Draw the seating arrangement for U-shaped style (inner row
32. Draw the seating arrangement for Assorted style.
33. What points are to be covered in supervision of a event at a buffet.
34. Elaborate the importance of Control of Banquet Revenue.
35. Explain the concept of Selling Public Rooms for an event at a banquet.
36. Discuss the importance of Banquet Manager to have a ready reference for banquet pricing drawn up by the Food Cost Controller.
37. Describe the importance of avoiding Excessive crowding in a banquet.
38. Discuss the issues in staffing for a banquet event.
39. Discuss the various segments, which can banquets business can broadly be classified.
40. In order to be successful in the field of event management, what qualities one needs to posses?
41. Discuss the various types of events used in a banquet..
42. Discuss the features of a reception used as banquet.
43. Explain the various types of functions for which banquets are hosted.
44. Discuss the features of a wedding used as banquet.
45. Discuss the concept of outdoor catering.
46. Explain the procedure of event planning.
47. Elaborate the points to be considered in deciding Outline the concept of the event.
48. Discuss the various points to be deliberated upon in Event Checklist.
49. What are the last-minute event tasks in event planning?
50. Discuss the activities to be performed after the event.
51. Discuss the various points in set up and logistics of buffet service.
52. Explain the various points in Food preparation and recipes.
53. Elaborate the various points in Presentation and garnishes.
54. Discuss the various points in set up and Time and cost savings.
55. Explain the various points in Marketing.

56. Discuss the various points in Off-premises Catering.
57. Explain the various points in Hospital catering.
58. Elaborate the various points in Industrial and Institutional Catering.
59. Discuss the various points in Airline Catering.
60. Explain the various points in Marketing.

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(All web references accessed between 10 Dec 2017 to 15 Dec 2017)

UNIT 3 FOOD AND BEVERAGE CONTROL

3.00 BEFORE WE BEGIN

In this unit we will study some concepts which are of great importance in managing your restaurant. The Food and Beverage control deals with the controlling aspect of the operation. We will study in this unit, what is meant by such control. We will study what kind of planning is done before we launch the operation of the restaurant, what is done during the operation and what exercises are carried out after the service operation is over for the day or during a cycle. We will study the managerial tools and concept. One such concept is the break even point. It tells you how much daily or weekly or yearly sale you should have so that you just meet the operational costs of running the business. If you do more than this you will be making profit. In order to understand this concept you need to know what are the various sources of costs and what their nature is. Some of the costing factors depend on the quantum of sale. For example to produce more egg omelettes you will require more eggs. While some other costs do not depend on the sale. For example whether or not you produce a single omelet you will have to bear the expenditure on rent of the establishment. All these concepts are important to run a business like a restaurant. We will also learn various issues in F&B control and various methods of controlling costs. These methods may involve computers or may be manual systems. We will also learn how to find various parameters which reflect the dependence of revenue on various inputs. We will study how to find sale as a function of a server or in terms of rupees per unit area etc.

It is obvious that study of these concepts will help you to survive and perform better as a manager or proprietor of a restaurant. You will understand the state of your business and will be guided by the data about taking appropriate decisions. Hence do study this unit with all the zeal and patience.

3.01 UNIT OBJECTIVES

After studying this unit you will be able to

- Describe what is meant by Food & Beverages control.
- Explain the importance of F&B Control.
- Discuss the limitations of F&B control.

3.02 OVERVIEW OF F&B CONTROL

Food and beverage control may be described adequately as the guidance and regulation of the costs and revenue of operating the catering activity in a food and beverage establishment. A successful holistic food and beverage control is essential for any type of food and beverage operation regardless of its size.

The cost of food and beverage can range from 25% to up to 50% depending on the type of operation. In restaurants, sale of food and beverage can be the only source of revenue, while in hotels it need not be so, with merchandising and room hire can generate additional revenue. In the public sector catering, employee restaurants and similar operations, food and beverages are the main day-to-day expenditure, which is controlled by budgets and possibly a level of subsidy, either on a total company or on a per unit basis. The amount of control is related to the size of the

operation. A large group operation would require a much more precise, detailed, up-to-date information, than a small operation.

Further, a larger operation will be able to support the control with a computerized system when a smaller operation may not be able to afford it. The cost of such technology is getting greatly reduced in recent years so much so that even smaller operations would now be able to afford many such systems. In both instances the type and volume of data required needs to be selectively determined if control is to be meaningful and effective.

It is important at this stage to clarify the limitations of a control system. We may note that:

- A control system can only identify problem areas and trends in the business. The system cannot automatically correct such problem areas.
- A control system will require constant management supervision to ensure that it functions efficiently.
- A control system will need management action to evaluate the information produced and to act upon it.

CHECK YOUR PROGRESS

Describe what is meant by Food & Beverages control.

Explain the importance of F&B Control.

Discuss the limitations of F&B control.

3.03 OBJECTIVES OF F&B CONTROL

The objectives of a food and beverage control system may be summarized as follows:

- ***Analysis of income and expenditure:*** The analysis is solely concerned with the income and expenditure related to food and beverage operations. The revenue analysis is usually by each selling outlet, of such aspects as the volume of food and beverage sales, the sales mix, the average spending power (ASP) of customers at various times of the day, and the number of customers served. The analysis of costs includes departmental food and beverage costs, portion costs and labour costs. The performance of each outlet can then be expressed in terms of the gross profit and the net margin (i.e. gross profit minus wages) and the net profit (i.e. gross profit minus wages and all overhead expenses such as rent, rates, insurance, etc.).
- ***Establishment and maintenance of standards:*** The basis for the operation of any food and beverage outlet is the establishment of a set of standards which would be particular to an operation, for example, a chain of steak house restaurants. Unless standards are set no employee would know in detail the standards to be achieved nor could the employee's performance be effectively measured by management. An efficient unit would have the set standards laid down in manuals often known as SOPs (standard operational procedures) which should be readily available to all staff for reference. Having set the standards, a difficult problem always for the management of an operation is to maintain these standards. This can be aided by regularly checking on the standards achieved by observation and analysis and by comments made by customers, and when necessary, conducting training courses to re-establish the standards.

- **Pricing** : An important objective of food and beverage control is to provide a sound basis for menu pricing including quotations for special functions. It is, therefore, important to determine food menu and beverage list prices in the light of accurate food and beverage costs and other main establishment costs; as well as general market considerations, such as the average customer spending power, the prices charged by competitors and the prices that the market will accept (Pricing is further explained in the Chapter 5).

- **Prevention of waste** : In order to achieve performance standards for an establishment, targets are set for revenue, cost levels and profit margins. To achieve these levels of performance it is necessary to prevent wastage of materials caused by such things as poor preparation, over-production, failure to use standard recipes, etc. This can only be done with an efficient method of control, which covers the complete cycle of food and beverage control, from the basic policies of the organization to the management control after the operation has been completed (see Figure).

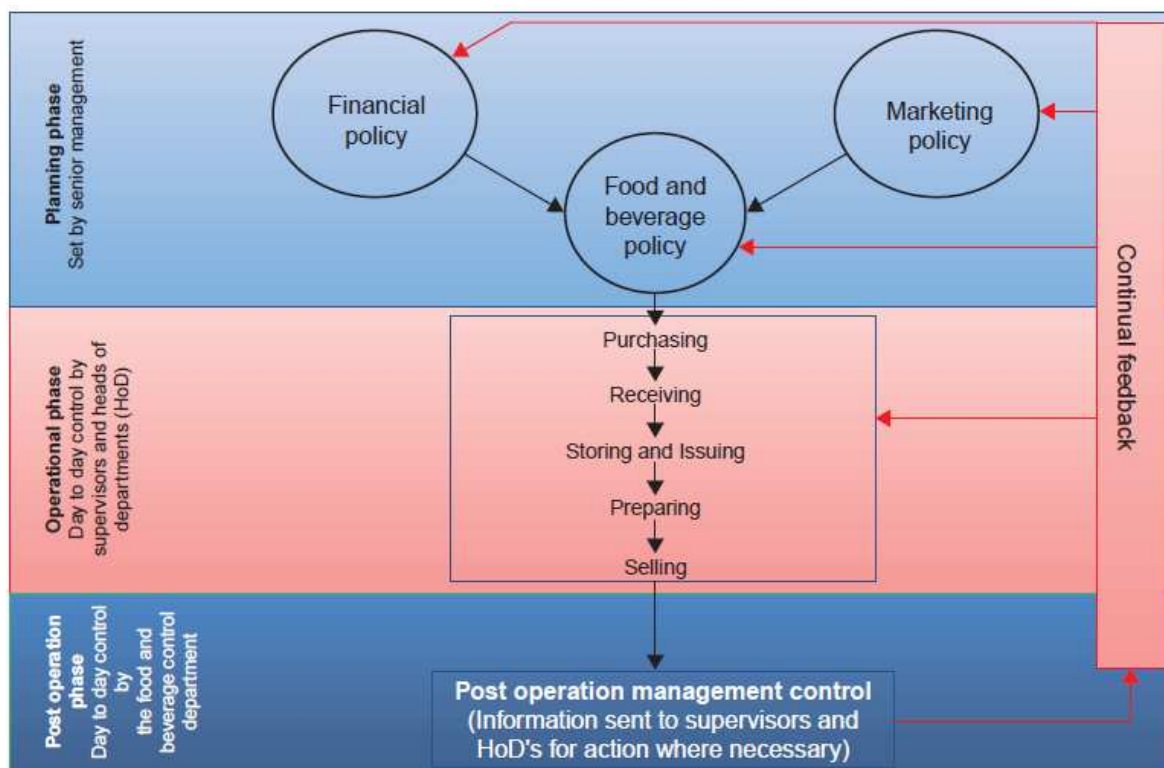


Fig 3.01: Holistic F&B Control System

- **Prevention of fraud:** It is necessary for a control system to prevent or at least restrict the possible areas of fraud by customers and staff. Typical areas of fraud by customers are such things as deliberately walking out without paying; unjustifiably claiming that the food or drink that they had partly or totally consumed was unpalatable and indicating that they will not pay for it; disputing the number of drinks served; making payments by stolen cheques or credit cards. Typical areas of fraud by staff are vercharging or undercharging for items served and stealing of food, drink or cash.

- **Management information:** A system of control has an important task to fulfil in providing accurate up-to-date information for the preparation of periodical reports for management. This information should be sufficient so as to provide a complete analysis of performance for

each outlet of an establishment for comparison with set standards previously laid down (e.g. budget standards).

Information overload can be a major issue when managing an operation. Often management will be presented with enormous amount of reports and statistical information that they may not know how to use or do not have the time to act upon It is therefore imperative that depending on the size of the operation appropriate control is applied, for example, a small operation may not require daily, weekly and periodic reports whilst a larger operation will probably require them so that management may take both corrective and preventive action quickly.

CHECK YOUR PROGRESS

Describe objectives of F&B control.

Explain how F&B control helps in analysis of income and expenditure

Describe how F&B control helps in Establishment and maintenance of standards

Elaborate how F&B control helps in Pricing.

Discuss how F&B control helps in Prevention of waste

Explain how F&B control helps in Prevention of fraud.

3.04 SPECIAL PROBLEMS IN F&B CONTROL

Food and beverage control tends to be more difficult than the control of materials in many other industries. The main reasons for this are:

- ***Perishing nature of the product:*** Food, whether raw or cooked, is a perishable commodity and has a limited life. The caterer, therefore, has to ensure that she buys produce in the correct quality and quantity in relation to estimated demand, and that it is correctly stored and processed (beverages are less perishable and this contributes to easier control).
- ***Business volume unpredictability:*** Sales instability is typical of most catering establishments. There is often a change in the volume of business from day to day, and in many establishments from hour to hour. This causes basic problems with regard to the quantities of commodities to be purchased and prepared as well as to the staffing required.
- ***Menu mix unpredictability:*** In order to be competitive and satisfy a particular market, caterers must often offer a wide choice of menu items to the customer. Predicting menu item preference on top of customer volume can be a challenge. Effective forecasting as part of the total food and beverage control system is therefore necessary.
- ***Food and beverage operation short cycle:*** The speed at which catering operations take place, relative to many other industries, allows little time for many control tasks. It is not uncommon that items ordered one day are received, processed and sold the same or next

day. It is for this reason that in larger catering establishments cost reporting is done daily or at least weekly. Further problems, particularly with perishable foods, are that with a short life for produce, items cannot be bought very much in advance of their need; and the problem of availability at times of produce relative to the price that can be afforded in relation to the selling price.

● **Departmentalization:** Many food and beverage operations have several production and service departments, offering different products and operating under different policies. It is, therefore, necessary to be able to produce separate trading results for each of the production and selling activities.

CHECK YOUR PROGRESS

Explain which types of unique challenges that F&B control faces.
Describe how F&B control unique challenges regarding Perishability of the product.
Elaborate how F&B control unique challenges regarding, Business volume unpredictability.
Discuss how F&B control unique challenges regarding Menu mix unpredictability
Explain how F&B control unique challenges regarding Food and beverage operation short cycle.
Discuss how F&B control unique challenges regarding Departmentalization

3.05 FUNDAMENTALS OF F&B CONTROL

Effective control systems and procedures consist of three broad phases: planning, operational and management control after the operation has taken place.

The planning phase

It is difficult to run an effective catering operation without having firstly defined the basic policies. Policies are pre-determined guidelines, laid down by the senior management of an organization, which outline such matters as the market or segment of the market that is being aimed at, how it is to be catered for, and the level of profitability/subsidy to be achieved. Policies in general are particular to individual companies and establishments, although in the public sector operations, there may well be broad national policies, for example, for hospital catering.

A catering operation should have its policies clearly defined before it commences business, and re-defined whenever a major change takes place, for example, when a new theme is chosen for a restaurant to aim for a different market segment. Ideally, in a large organization the policies should be written down and periodically reviewed in relation to the current business and future trends; however, in smaller organizations there is not the communication problem of a large organization and to formally draw up and commit policies to paper is not so vital. There are three basic policies which need to be considered:

1. The financial policy will determine the level of profitability, subsidy or cost limits to be expected from the business as a limit that is to be expected from each unit, and then from the departments within them. This involves the setting of targets for the business as a whole as well as each unit and the departments within them. Thus, the financial policy for a large hotel will set profit targets for the hotel, and departmental profit targets for the accommodation and

catering as well as other departments. The financial policy for the catering department will set the overall target for the department itself, which will be further divided into targets for the various restaurants, bars and function facilities. The financial policy for an industrial contract catering operation will set the overall target for the operation, the level of subsidy and the level of management fee, as well as the cost limits per unit (meal or employee).

2. The marketing policy will identify the broad market the operation is intended to serve and the particular segment(s) of the market upon which it intends to concentrate. It should also identify the immediate and future consumer requirements on a continuous basis in order to maintain and improve its business performance. It is obvious from the above that the broad market intended to be served by a large city hotel could be broken down into the specific segments of the various types of users of, for example, the coffee shop, the carvery, the cocktail bar, the banqueting rooms, etc. each having specific and different consumer requirements. The interpretation of the marketing policy for a national commercial catering organization into a marketing plan for the next year may include some or all of the following objectives:

- **National identity** – to achieve a better national identity for all units by corporate design, and by meeting consumer expectations of what a ‘popular restaurant’ concept should be.
- **Customer** – the customer profile being the business person, shopper, tourist of either sex, aged twenty-five years or more, commonly using the high street of any major town, requiring food and beverage of good general standard, waitress served, for a typical price of £ n per meal.
- **Market share** – to achieve, maintain or increase the percentage of ‘our’ market.
- **Turnover** – sales volume to be increased by x % on previous year.
- **Profitability** – profit to be increased by each unit by y % on previous year.
- **ASP per customer** to be increased by z % – to achieve a new ASP of not less than £ n .
- **Product** – the product to be maintained at a consistently high standard.
- **Customer satisfaction** – the net result must be the satisfaction of every customer.

3. The catering policy, which is normally evolved from the financial and marketing policies, will define the main objectives of operating the food and beverage facilities and describe the usually include the following:

- The type of customer, for example high spending business executive, low spending female shopper, short-stay hospital patient, etc.
- The type of menu(s), for example table d’ hôte, à la carte, fast food.
- The beverage provision necessary for the operation.
- The food quality standards, for example fresh, frozen, canned, etc. and the grade of produce to be used.

- The method of buying, for example by contract, quotation, cash and carry, etc.
- Type and quality of service, for example cafeteria, counter, waiter, etc.
- Degree of comfort and décor, for example square footage per customer, type and style of décor, of chairs, tables, etc.
- Hours of operation , for example twenty-four hours, seven days a week; 1200–1500 and 1800–2200 hours, Monday–Saturday, etc.

The operational phase

Having defined the policies (i.e. pre-determined guidelines), it is then necessary to outline how they are to be interpreted into the day-to-day control activities of the catering operation. The operational control is in five main stages of the control cycle. These are:

1. **Purchasing** : There are five main points to be considered.

- (a) Product testing – to identify as a result of a series of taste panel evaluations the particular products to be used.
- (b) Yield testing – to identify as a result of tests the yield obtainable from all the major commodities used.
- (c) Purchase specifications – a specification is a concise description in writing of the quality, size, weight, etc. for a particular food or beverage item.
- (d) Method of buying – by contract, quotation, cash and carry, etc.
- (e) Clerical procedures – it is necessary to determine who originates, sanctions and places orders and what documentation is required for control.

2. **Receiving** : There are three main points to be considered:

- (a) Quantity inspection – a person must be nominated to be responsible for physically counting and weighing goods and checking that the quantity and size of items in the delivery matches the purchase order. If there is a shortage in the delivery the purchasing manager or a member of the management must be informed.
- (b) Quality inspection – this is particularly important with perishable foods where inspection may be made by a senior chef. Whenever possible the items should be checked against the appropriate purchase specification.
- (c) Clerical procedures – this is a very important aspect as all necessary documentation must follow a set procedure. It goods and the delivery person ' s signature on a ' request for credit ' note for returned goods and short deliveries.

3. **Storing and issuing** : There are four main points to be considered:

- (a) Stock records – it is necessary to decide what records are to be kept.
- (b) Pricing of items – the method of pricing of the various types of items must be decided upon so that there is consistency within the operation. (see Chapter 5)

(c) Stocktaking – the points to be considered here are the level of stock to be held, rate of stock turnover, dealing with discrepancies, identification of slow-moving items, etc.

(d) Clerical procedures – there is a need to determine what documentation is necessary, for example requisitions, record cards, bin cards, stocktaking reports, etc.

4. Preparing : This is a critical stage in the control cycle, in particular for food. There are three main points to be considered:

(a) Volume forecasting – a method of predicting the number of customers using the catering facilities on a specific day, and also of predicting as accurately as possible what items they will eat and drink.

(b) Pre-costing – a method of controlling food and beverage costs in advance of the preparation and service stages. It is done by preparing and using standard recipes for all food and beverage items and also by using portion control equipment, for example ladles, scales, optics, standard glassware, etc.

(c) Clerical procedures – what documentation is required and the distribution and destination of this information.

5. Selling : This important stage of operational control needs to take into consideration the following points:

(a) A checking system – this is necessary to keep control of the number of covers sold and of the items sold. This may be done through a standard type of waiter ' s check system or through a till roll or in the case of hospital patients, by the summary and analysis of completed individual patient menu cards.

(b) The control of cash – this is vitally important. It is necessary to ensure that all items sold have been paid for and that the money is received or credit has been authorized.

(c) Clerical procedures – these would be necessary to control items sold and the money received or credit entitled, and would often include a restaurant checking system, meal and sales analysis, cashier ' s paying-in book, etc.

The post operation phase

This final phase of food and beverage control is in three main stages:

1. Food and beverage cost reporting : As mentioned earlier in this chapter, the cycle of production is very short and the product is perishable. These factors together with the variations in demand for the product necessitate up-to-date reporting at least weekly if not daily.

2. Assessment : There is a need for someone from the food and beverage management team in the case of a large unit, or the proprietor or manager of a small unit, to analyse the food and beverage reports and to compare them with the budget for the period and against previous actual performance.

3. Correction : A control system does not cure or prevent problems occurring. When the analysis of the performance of a unit or department identifies that there is a problem, it is up to management to take the necessary steps to correct the problem as quickly as possible.

CHECK YOUR PROGRESS

Describe the F&B control activities during the phase of planning.
Describe the F&B control activities during the phase of operation.
Describe the F&B control activities during the phase of post operation.
Elaborate on the areas covered under financial policy for F&B control planning.
Elaborate on the areas covered under marketing policy for F&B control planning.
Elaborate on the areas covered under catering policy for F&B control planning.
Explain the various points to be considered under purchasing during the operational phase.
Explain the various points to be considered under **Receiving** during the operational phase.
Explain the various points to be considered under Preparing during the operational phase.
Explain the various points to be considered under Selling during the operational phase.
Explain the various points to be considered under Food and beverage cost reporting during the post-operational phase.
Explain the various points to be considered under Assessment during the post-operational phase
Explain the various points to be considered under Correction during the post-operational phase.

3.06 BREAK-EVEN ANALYSIS

In order to have an effective food and beverage control system a manager needs to have benchmarks where he/she can compare the operations performance. Such benchmarks may come from the budget document (which we will study in the next Unit). They would also come from various policy decisions of the company. In order to have informed decision the management has to understand the components of the cost and analyze them thoroughly.

We will study what elements do the cost comprise of and how to calculate the minimum sale so that the establishment does not get into financial crises.

Costs, profits and sales

The cost of operating a catering unit or department is usually analysed under the three headings of the elements of cost (see Figure 3.02).

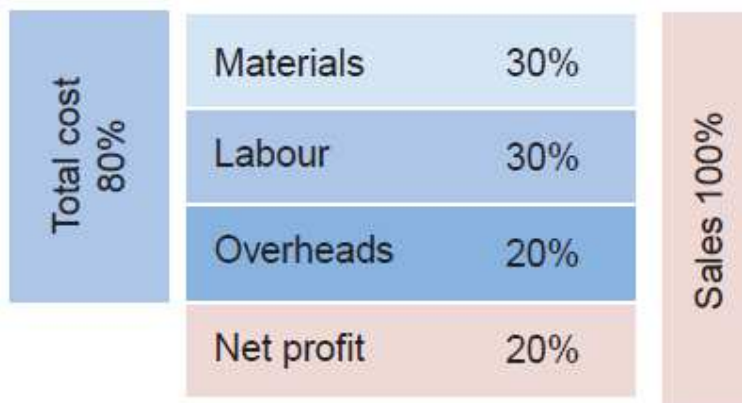


Fig 3.02: typical example of the elements of cost

1. **Material costs** – cost of food and beverage consumed and the cost of additional items such as tobacco. (Note : The cost of any food and beverage provided to staff in the form of meals is

deducted from material costs and added to labour costs.) The food cost is then calculated by the formula:

Material cost = opening stock + cost of purchases - closing stock - cost of staff meals

2. **Labour costs** – wages and salaries paid to all employees, plus any employer contribution to government taxes, bonuses, staff meals, pension fund, etc.

3. **Overhead costs** – all costs other than material and labour costs, for example rent, rates, insurance, depreciation, repairs, printing and stationery, china and glassware, and capital equipment. As most catering operations are subject to changes in the volume of business done, it is normal practice to express the elements of cost and net profit as a percentage of sales. A change in the volume of sales has an effect on the cost structure and on the net profit.

It is necessary to examine costs not only by their nature (material, labor, overheads) but also by their behavior in relation to changes in the volume of sales. Using this criteria, costs may be identified as being of four kinds:

1. **Fixed costs** : These are costs which remain fixed irrespective of the volume of sales, for example rent, rates, insurance, the management element of labor costs (see Figure 3.03).

2. **Semi-fixed costs** : These are costs which move in sympathy with, but not in direct proportion to the volume of sales, for example fuel costs, telephone and laundry. Semi-fixed costs contain a fixed and variable cost element. For example, the charge for the electricity service in the a state may have a fixed cost of Rs25 for the first 50 units (kWhr) and then rate may be Rs 6 per unit for next no of Units between 50 and 100 and then rate may be Rs 10 for unit consumed between 100 to 150 and so on.

3. **Variable costs** : These are costs which vary in proportion to the volume of sales, for example food and beverage (see Figure 3.03)

4. **Total costs**: This is the sum of the fixed costs, semi-fixed costs and variable costs involved..

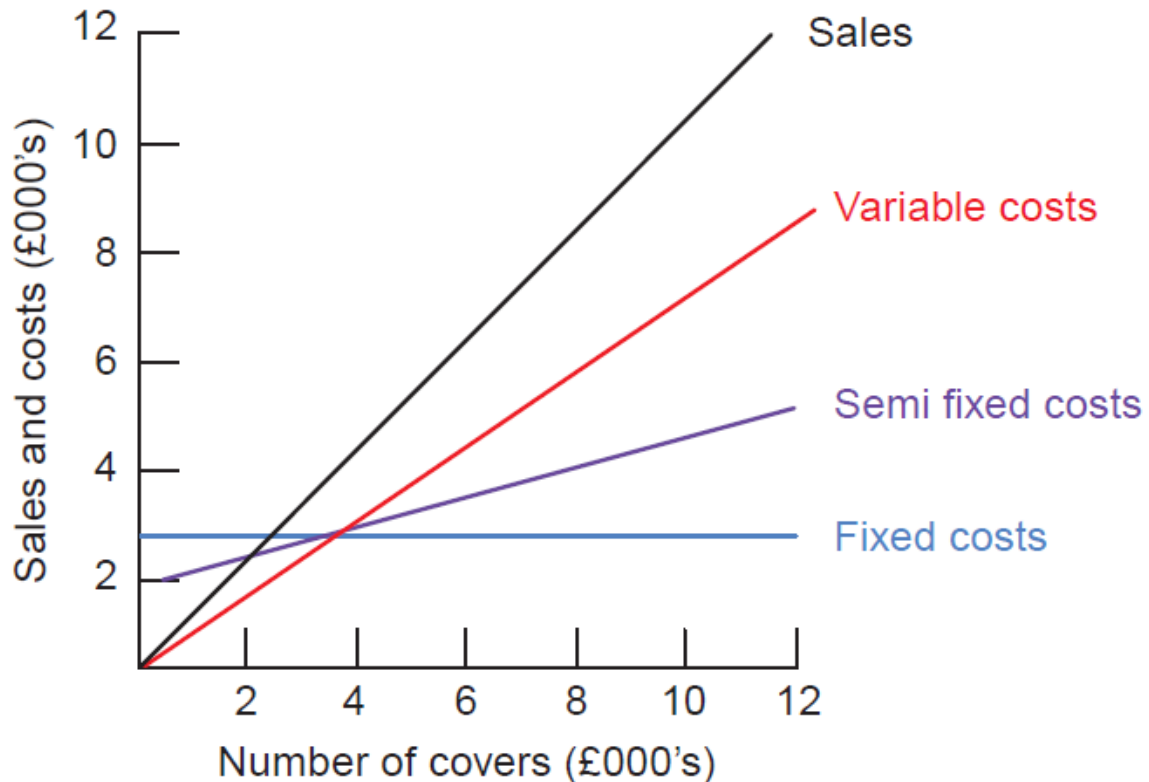


Fig 3.03: Fixed, semi-fixed and variable costs

Three main kinds of profit are normally referred to in food and beverage operations:

1. Gross profit = total sales – cost of materials.

Note : The term gross profit is often referred to as ‘kitchen profit’ (food) or ‘bar profit’ (beverages). Room hire is normally treated as 100% gross profit.

2. After-wage profit (or net margin) = total sales – (material +labor costs).

3. Net profit = total sales – total costs (material + labor + overhead costs).

All of the above are normally used as measures of performance against past results and budgeted targets.

The behavior of the different types of cost and profit relative to a change in the volume of sales can be identified by examining the example of a simple operating statement for a restaurant in Table 8.2 .

The statement shows the sales, costs and profit over two consecutive months with the May sales figure showing a 50% increase in business.

Break-even analysis

It is very common for food and beverage management to be faced with problems concerning the level of food and beverage cost that can be afforded, the prices that need to be set for food and beverages, the level of profit required at departmental and unit level and the number of customers required to cover specific costs or to make a certain level of profit. Typical questions raised are:

1. What level of sales is needed to cover the fixed costs of a unit?
2. What level of sales is required from a particular unit to achieve £ x ' s net profit?
3. What level of sales is required to increase the net profit of a unit by £10,000?
4. What will the effect of increasing prices by 5% have on net profit?
5. What will be the effect on net profit of increasing the average spend of customers by 50p per meal?
6. What increased level of sales must be obtained to cover the spending of £1,000 on advertising to promote the restaurant?
7. What will be the financial implications of discounting beverages during a proposed promotion?
8. What is the relationship between the capital invested in a restaurant and its sales and profit?

Answers to the above types of question are normally attempted by using the accepted technique of break-even analysis. Break-even analysis enables the relationship between fixed, semi-fixed and variable costs at specific volumes of business to be conveniently represented on a graph. This enables the break-even point to be identified and the level of sales necessary to produce a pre-determined level of net profit. The term break-even point may be defined as that volume of business at which the total costs are equal to the sales and where neither profit nor loss is made. The technique is based on the assumption that: the selling price remains constant irrespective of the volume of business; that certain unit costs remain the same over the sales range of the charted period; that only one product (e.g. a meal) is being made or sold; that the product mix remains constant in cost price and volume and that labour and machine productivity is constant.

Nearly every action or planned decision in a business will affect the costs, prices to be charged, the volume of business and the profit. Profits depend on the balance of the selling prices, the mix of products, the costs and the volume of business. The break-even technique discloses the interplay of all these factors in a way which aids food and beverage management in selecting the best course of action now and in the future.

Pricing is a multi-dimensional problem, which depends not only on the cost structure of a business and its specific profit objectives but also on the level of activity of the competition and the current business economic climate.

Example

A restaurant has seating capacity of 180 covers, enabling to serve a total of 10,080 customers per twenty-eight-day trading period over lunch and dinner. The ASP of the customers is Rs150 (total maximum sales of Rs 150*10080 = Rs1,51,2000). The fixed costs of the restaurant are Rs3,50,000 per period and the variable costs are 40% of sales (maximum Rs6,04,800). The break-even chart of the restaurant would be prepared as shown in Figure.

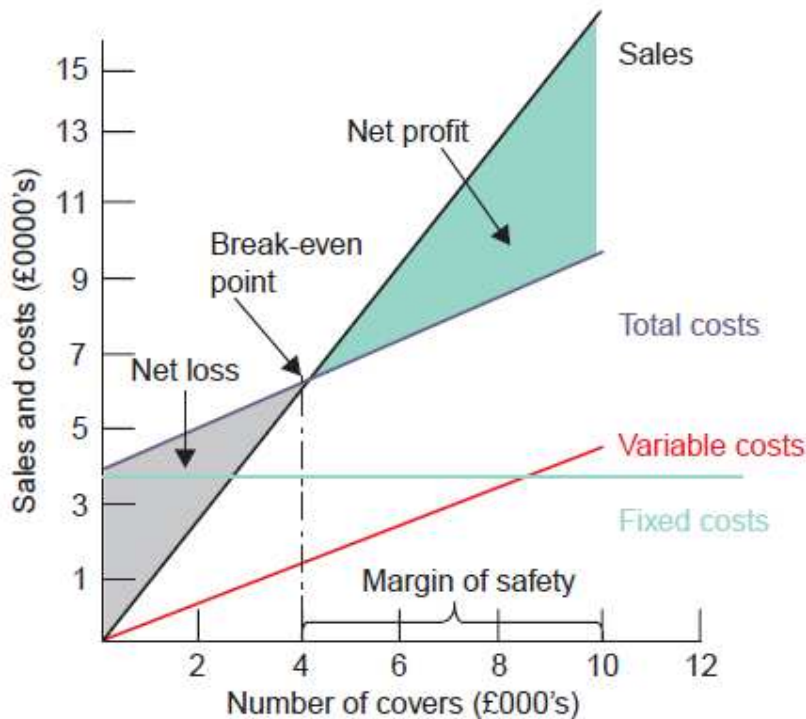


Fig 3.04: Break even chart

Drawing the diagram shows that 4,000 covers appears to be the break-even point however calculating the break-even point the accurate number would be 3,889. So the number of covers served between 3,889 and 10,080 will bring the restaurant some net profit. The output between the break-even point and the maximum output is known as the margin of safety. The size of the margin of safety is a measure of the stability of the profits.

The output between the break-even point and the maximum output is known as the margin of safety. The size of the margin of safety is a measure of the stability of the profits. The higher the proportion of variable costs (to fixed costs), the greater the margin of safety, while the higher the proportion of fixed costs the narrower the margin of safety. Should the variable costs break-even point will be raised resulting in a lower level of net profit and a smaller margin of safety.

Although a break-even chart shows diagrammatically the varying levels of profit or loss from different volumes of sales, the level of accuracy of the information may at times be in doubt owing to the scale of the graph and the skill of the person drawing it. A precise break-even point may be calculated using the formula:

$$B/E = C/(S-V) = \text{Units of output at the break even point}$$

where

C is the total capacity costs, that is, the costs of establishing the particular production capacity for an establishment (e.g. this would include rent, rates, insurance, salaries, building and machinery depreciation)

S is sales price per unit

V is variable cost per unit

Essentials of a control system

With the advancements in points of sale technology, food and beverage control has become even easier to establish even to small operations. There are a number of companies that now offer software that will offer solutions to any restaurant. The main components of such a software system may include:

- Menu planning – historical data will enable to forecast menu item popularity and profitability making it easier for the manager to plan future menus.
- Production control – menus can be used to determine precise sales and production quantities, ensuring great control over kitchen production and usage of goods, reducing wastage of perishable goods.
- Stock management – the system may maintain stock levels in any number of individual store locations, tracking the issues and consumption of raw materials, as well as wastage and weekly or monthly stock checks.
- Purchase ordering – the system can base on minimum stock levels and/or forecast demand from production planning and match delivery notes and invoices. Some systems will even place an automatic order once stock levels are detected to be under minimum required.
- Menu analysis – individual customer menu choices can be automatically recorded and analysed.
- Financial management reporting.

These components are often fully integrated into the electronic point-of-sale (EPOS) system, so that all data inputting is automatically done.

It is important that when examining an existing control system or preparing to install a system into a new operation that the following points should be taken in consideration.

- Any control system should be comprehensive and cover all the outlets of an establishment and all stages of the food control cycle.
- The cost of maintaining the system should be in relation to the saving to be made, the level of sophistication of the control system usually increasing with the increase in the volume of sales and the complexity of the menu.
- The control system should be easy to operate and to be understood by all levels of staff.
- The control system should be seen by staff to be working. That is, that the management act in a positive way to adverse trading results and follow up on future results to check if the corrective action taken is effective.
- To be effective the information produced must be accurate and up-to-date.

CHECK YOUR PROGRESS

Explain the concept of a budget.
Explain how the budget is prepared.
Explain the objectives of a budget.

Describe the elements of cost.

Describe the types of cost components in relation to the behavior on changes in volume of sale.

What is the difference between semi-fixed and variable costs?

What are the three main types of profits in relation to F&B control?

Explain the concept of break-even analysis

Explain the components covered under software for F&B control system.

BASIC CONCEPTS

Before we consider methods of food and beverage control we need to have an understanding of the four basic concepts in food and beverage production control. These are planning, standard yields, standard recipes and standard portion sizes (PYRS).

When PYRS are practised in a food and beverage operation they should aid management in controlling costs, setting standards and achieving customer satisfaction. The production of beverages needs to be tightly controlled as the contribution to profits from beverages is usually higher than that from food.

Production planning

Production planning, or volume forecasting as it is also known, is the forecasting of the volume of sales for an establishment, for a specified time period, for example a day, a week or a month. The aims and objectives of production planning are as follows:

- To facilitate food and beverage cost control for the establishment.
- To facilitate the purchasing of items, particularly perishable ones, and ensure appropriate stock levels are maintained.
- To reduce the problem of food that is left over and how it is to be re-used, beverage wastage or customer dissatisfaction when insufficient foods and beverages are available.
- To gear production to demand by forecasting the number of meals and drinks to be served for a given meal period.
- To enable a comparison to be made between actual and potential volume of sales, and for corrective action to be taken if necessary.

An initial forecast is made either at a set period in advance, for example a month, or when the major food orders are placed. This initial forecast estimates the total number of meals to be sold by the establishment and the estimated total of each menu item. In the case of a large hotel with a variety of catering outlets, a more detailed forecast would be made for each individual outlet. Factors that need to be taken into account at this stage are the season, and hence the weather forecast for that time of year; past popularity of menu items; major events occurring in the area – fêtes, shows, etc. that are likely to attract a larger than average number to the establishment's normal catchment area, any sales campaigns currently being promoted by the operation, etc.

The initial estimate is later adjusted, usually one or two days prior to the day of production, so that a more accurate forecast may be made. On the basis of this updated information, any changes that may need to be made with regard to staff scheduling, food purchases and requisitions, etc. should be made

as soon as possible. There are a number of aids or management tools that may be employed by an establishment to assist the forecasting and planning of production.

Standard yields

The standard yield of a particular food product is the usable part of that product after initial preparation, or the edible part of the product after preparation and cooking; for example, the standard yield for a whole fillet of beef is the number of fillet steaks that will be available for cooking and final sale to the customer after the fillet is trimmed and any unwanted meat removed. Any usable trimmed meat should be taken into account with the standard yield.

In large establishments buying in large quantities of food per week, standard yields may be available for almost all the commodities – meat, fish, vegetables, etc. In smaller establishments standard yields may only be determined for the more expensive cuts of meat or fish such as whole fillets, lobsters, salmon, etc. The standard yield has number of advantages:

- Standard yields determine the most appropriate and advantageous size/weight to buy a particular commodity in.
- They assist in determining the raw material requirements for the production levels anticipated from the production forecasts, and therefore act as an aid in the purchasing of the establishment ' foodstuffs.
- They act as a ' double check ' for the purchasing department. Should an unsatisfactory delivery of meat, for example, be made to an establishment and is unnoticed at the receiving bay, this delivery is subject to a second ' checking ' procedure in the kitchen where the meat should yield a standard number of portions.
- They act as a safeguard against pilferage or wastage occurring in the kitchen as the actual and potential yields can be compared and this acts as a measurement of the efficiency of the on department.
- Finally, they are an aid to accurate food costing for particular dishes offered on an establishment ' s menu, as the cost factor can be established.

For beverages the standard yields of beverage products may, with few exceptions, be accurately calculated, because for the majority of beverages there is little wastage and all the contents of, for example, a bottle of spirits may be used. For the purpose of beverage control all beverages bought in to an establishment should have standard yields calculated, on which the pricing of each drink may be based, and to control wastage and pilferage. If, for example, a 75 cl bottle of wine is bought in, allowing 15 cl of wine to a glass, five good measures should be obtained.

Standard recipes

A standard recipe is a written schedule for producing a particular menu item, specifying the name and quantity of the item to be produced, the constituent ingredients necessary for its production and the method of preparation. This is the basic information contained in a standard recipe although it may also include such information as the costings of the dish, its nutritional value, etc. Detailed recipe cards are usually kept in the food and beverage control department for cost and price updating, only the basic information needing to be included on those cards that are displayed in the production area – often together with a photograph of the end product. Recipe management software has replaced the manual system. Along with the standard recipes the nutritional information of each item is readily

available as well as the recipe costings. Linked to an EPOS total food costs at the end of the day can be automatically calculated and easily reported to managers. The use of standard recipes by an establishment has a number of advantages.

- Accurate food and beverage costings can be determined for particular dishes/drinks and from this the cost per portion may be calculated. It is necessary to have the food cost of a dish for the purpose of pricing it for sale to the customer, in order to make the required gross profit. For some items it is not possible to make a gross profit, of, for example 65%, whereas for other items the gross profit made may be higher; by having this type of information, the food and beverage department is able to balance the menu prices so that overall the necessary gross profit is obtained from the menu.
- In certain institutional establishments, such as hospitals, it is important to know the precise nutritional value of the dishes being given to certain patients. By itemizing the ingredients for a particular dish the nutritional value of it is easily calculated.
- They are an aid to purchasing and internal requisitioning. By taking into account the following day's production forecast requirements the head chef is able to use the standard recipes to calculate the quantities of foodstuffs he/she will require the following day. In some catering establishments the head storeman may have a copy of the standard recipes and when the next day's forecast requirements are sent, the head storeman is responsible for calculating the quantity of foodstuffs that need to be sent to the kitchen.
- Standard recipes are particularly useful in the preparation of items in the kitchens, both as a reminder to present staff of the preparation procedure, and also as an aid to the training of new employees. More importantly the use of standard recipes in the production area ensures that the customer will always receive a standardized product.
- Standard recipes are an aid to menu planning. New additions to the menu, for example, may be accurately costed and balanced with the other items on the menu, not only in terms of price, but also in appearance, flavour, colour, etc.
- They may be used as a basis for compiling standard portion sizes which, if used in conjunction with standard recipes and standard yields, will together form the basis of a very effective production control system.

Standard recipes should also be compiled for the majority of beverage products offered for sale by the establishment. Like standard yields, standard recipes may be very accurately produced as all the contents of a drink may be itemized on the standard recipe.

The screenshot shows the EZchef software interface. At the top, there is a logo for EZchef with the tagline 'SIMPLE SOFTWARE SERIOUS BUSINESS'. Below the logo are buttons for 'MAIN MENU', 'BACK', 'SAVE', and 'SAVE AS'. A 'Change View' dropdown is set to 'RECIPE UNITS'. The main table has columns for 'Produce', 'Vendor', 'Item Code', 'Brand', 'As Purchased Unit' (with sub-columns for Pack No./Size, Pack Price, Last Price Update), and 'Recipe Unit #1' (with sub-columns for Recipe Unit, Convert to RU, Yield, Unit Cost). The table lists various produce items like Avocado, Basil, Broccoli, Carrot, Celery, Garlic, Guacamole, Lemon, Lettuce, and others, along with their respective prices and units.

Produce	Vendor	Item Code	Brand	As Purchased Unit			Recipe Unit #1			
				Pack No. / Size	Pack Price	Last Price Update	Recipe Unit	Convert to RU	Yield	Unit Cost
AVOCADO FRESH & READY TO USE	SYSCO	7880174	PACKER	1 / 30 CT	18.55	08/17/12	each	30.0	100%	0.62
BASIL FRESH HERB	SYSCO	2004521	SYS NAT	1 / 8 OZ	10.50	08/17/12	oz-wt	8.0	100%	1.31
BROCCOLI FCY FRSH ICELS	SYSCO	2648327	SYS IMP	1 / 14 CT	26.40	08/17/12	each	14.0	100%	1.89
CARROT MATCHSTICK SHRED (each)	SYSCO	1675750	SYS NAT	1 / 5 LB	5.30	08/17/12	oz-wt	80.0	100%	0.07
CELERY DICED 1/2 inch	SYSCO	2997179	SYS IMP	4 / 5 LB	35.25	08/17/12	each	320.0	100%	0.11
CELERY STICK FRESH	SYSCO	1008093	SYS IMP	1 / 5 LB	13.85	08/17/12	each	140.0	100%	0.10
GARLIC PEELED FRSH CALIFORNIA (each)	SYSCO	7576693	PACKER	1 / 5 LB	8.70	08/17/12	oz-wt	80.0	100%	0.11
GUACAMOLE FRESH 100%	SYSCO	9420530	CASASOL	4 / 2 LB	31.05	08/17/12	oz-wt	128.0	100%	0.24
LEMON CHOICE FRESH	SYSCO	2252054	SYS CLS	1 / 165 CT	47.45	08/17/12	each	165.0	100%	0.29
LETTUCE GREEN LEAF CROWNS	SYSCO	6640569	SYS NAT	1 / 10 LB	25.30	08/17/12	each	225.0	100%	0.11
LETTUCE ROMAINE BLEND 50/50	SYSCO	7663073	SYS IMP	4 / 5 LB	27.35	08/17/12	oz-wt	320.0	100%	0.09
LETTUCE ROMAINE CHOPPED FRSH	SYSCO	7021678	SYS IMP	6 / 2 LB	22.80	08/17/12	oz-wt	192.0	100%	0.12
LETTUCE ROMAINE CROWN LEAVES	SYSCO	6640494	SYS NAT	1 / 10 LB	25.40	08/17/12	each	225.0	100%	0.11
LETTUCE SAL MIX SEPARATE FRESH	SYSCO	1675602	SYS NAT	4 / 5 LB	21.60	08/17/12	oz-wt	320.0	100%	0.07
LETTUCE SHREDDED 1/8 inch FRESH	SYSCO	1675529	SYS NAT	4 / 5 LB	22.30	08/17/12	oz-wt	320.0	100%	0.07
LETTUCE SHREDDED 3/8 IN FRESH	SYSCO	1675560	SYS NAT	4 / 5 LB	20.85	08/17/12	oz-wt	320.0	100%	0.07
LETTUCE SPRING MIX COHV PLLW	SYSCO	3629433	SYS CLS	1 / 3 LB	13.45	08/17/12	oz-wt	48.0	100%	0.28

Fig 3.05: A typical recipe management software can club inventory and recipe

(http://www.foodsoftware.com/graphics/products/rrgc/0062_RRGC_EZChef_03_Select_Meat_8x.gif)

Obviously only a certain number of standard recipes may be produced for an establishment, and this is where the sales histories discussed earlier may be particularly useful – they do at least ensure that the recipes for the most popular drinks have been standardized. With such a variety of components with which to make different drinks, it would not be practical to write standard recipes for every possible combination; so the bar staff should be provided with a book or books chosen by management on how to prepare those varieties of drinks that may be rather unusual or rare. Computer terminals and visual display units may be used in bars where the mixing and service details of various drinks can be displayed to order giving a speedier visual recipe than using a book.

Bar staff should also be provided with the correct equipment for measuring and mixing drinks. Standard bar equipment would include such items as a fruit knife and board, sticks for cherries and olives, ice bowls, fruit squeezers, a cocktail shaker and stirrer, etc.

Standard portion sizes

A standard portion is the quantity of a particular food item that will be served to the customer; the quantity may be measured in terms of ounces (e.g. a 4 oz portion of meat), or a numerical quantity (e.g. one bread roll per person). The portion sizes of the food items are determined by management in conjunction with the heads of both the kitchen and restaurant departments. Standard portion sizes in the operation may be established in several ways.

- By buying in pre-portioned food items, for example 8 oz rump steaks, pre-wrapped packs of butter and condiments, etc.
- By buying in food items in bulk and portioning them in the production kitchen before service, for example, pre-plating salads to be served in a display cabinet in a cafeteria line.

- By portioning food items as they are being served to the customer, for example, food in hot bain-maries in a cafeteria line being plated and served when the customer requests the food item.

In establishments operating more than one level of service, there may be varying portion sizes for the same food items, for the different catering outlets. For example, in a hotel the coffee shop offering a table d'hôte menu may serve a 6 oz rump steak, while the silver service restaurant offering an à la carte menu would serve an 8 oz steak.

Standard portion sizes, like standard recipes, are an aid to food costing, as once the standard portion size has been established the gross profit may be calculated for that dish. Any fluctuations in the sizes of the portions, for example serving larger portions, will therefore be reflected in the restaurant's gross profit, particularly so if this is occurring with a number of menu items.

Details of the standard portion sizes should be made readily available to all necessary employees. The food and beverage costing department should regularly review the portion size of a particular food item with reference to its current price, as it may be necessary either to reduce the standard portion size if the cost of a particular food item has increased substantially; increase the selling price; or possibly, remove the dish from the menu for a period until the cost price is acceptable. In the kitchen and restaurant, the standard portion sizes of a dish are often combined with the standard recipes, and together they may be displayed on a wall chart to which all employees may refer.

As with standard recipes, standard portion sizes for beverages should be easier to control than those for food products. With some beverages, for example a bottled baby orange juice, all the contents of the bottle will be emptied into the customer's glass. Other beverages such as spirits need to be measured before being poured into the customer's glass, the use of optics being an accurate method.

Another aid to control the portion size is to use standard glassware for specific drinks. In the UK, for example, alcohol measurements are specified by law and managers can be heavily fined or even lose a license if they are found not to comply with specifications.

CHECK YOUR PROGRESS

- Explain the four basic components of F&B production control.
- What are the aims and objectives of production planning in F&B production control?
- Explain how production planning in F&B production control is carried out.
- Explain the concept of standard yield in F&B production control.
- Explain the advantages of standard yield in F&B production control.
- Explain the concept of standard recipe in F&B production control.
- Explain the advantages of standard recipe in F&B production control.

3.07 METHODS OF F&B CONTROL

Depending on the size of the operation food control methods may be automated or manual. In Figure, we see examples of a recipe management software which can then produce automatic reports of

daily/weekly/monthly food costs. Inventory or stock control is an imperative management tool to ensure that food costs are controlled and losses minimized.

The basic tools that enable the correct functioning of the inventory control cycle are:

- Purchase order : Completed by the Chef and are normally forms that are in triplicate with one copy for the supplier one for the accounting and one remains with the chef.
- Delivery note : Issued by the supplier and delivered together with the goods to the operation.
- Invoice : Issued by the supplier and normally send directly to the accounts department.
- Requisition : A note issued by the production unit (kitchen) to the storeroom requesting the issuance of goods.

Two methods of storing goods often used in storerooms are worth noting. These are FIFO and LIFO. FIFO stands for First in First out meaning the goods that were received first should be sold to customers. Because of the high levels of perishability of goods, FIFO is the method most commonly used in food and beverage operations. The LIFO method stands for Last in First out and in fine dining restaurants where the freshest ingredients are expected to be used this method is normally utilized. Depending on which method is used closing inventory may be valued differently using the oldest (FIFO) or the latest (LIFO) prices of the stock to value the whole stock. However with computerized systems, it is very easy to use actual cost of each item therefore allowing managers to be far more accurate than ever in the costings of their inventory.

Weekly/monthly food cost report

The following is an example for the calculation of the monthly food costs for an operation where detailed information is not thought to be necessary, or for a small or owner-managed unit where the control is an everyday part of the manager ' s activity, in order for the operation to be successful. The weekly/monthly food cost report is almost a reconciliation report on an activity that is tightly controlled daily by management (see Table 8.3).

The advantages of this method are:

- It is simple and quick to produce.
- It can give an indication of the general performance of the unit.

The disadvantages though are:

- This information is only produced after seven or twenty-eight days of operation.
- It provides no intermediate information so that any undesirable trends (e.g. food costs too high) may be corrected earlier.
- It does not provide the daily or to-date information on purchases, requisitions and sales for a unit with an average of Rs2,7000 a day turnover.

A daily food cost report

This food cost method is suitable for a small to medium-sized operation, or one where a not too sophisticated method is required, or where the costs involved in relation to the savings to be made do not justify a more involved method (see Table 8.4).

The advantages of producing this basic food report are:

- It is simple and easy to follow.
- It gives a reasonably detailed account of the general performance of the business on a day-to-day basis.
- It records the daily stock level, daily purchases, daily food requisitioned and daily food sales and enables the daily food cost percentage to be calculated. This information is used for preparing to-date totals (i.e. running totals to date).
- The to-date food cost percentage smooths out the uneven daily food cost percentages and highlights the corrective action to be taken, if necessary, early in the month. The uneven daily food cost percentage is often caused when food is requisitioned on one day to be processed and sold on subsequent days.

The disadvantages of this basic food report are:

- Although simple and easy to prepare, the report relies heavily on the accuracy of the basic information to be collected, for example the total of daily purchases, daily requisitions, etc.
 - It is not totally accurate as it ignores such things as the cost of the staff meals; food transferred to bars, for example potato crisps, nuts, salted biscuits, trays of canapes, etc. which are given away free in the bars to customers and items such as lemons, limes, etc. which are included in certain drinks; and beverages transferred to kitchens, for example wine, spirits, beer, etc. for use in the cooking of specific dishes.

A detailed daily food cost report

This food cost report is a development of the previous report and refines the accuracy of the report by taking into account the cost of beverages transferred into the kitchen, the cost of food transferred out of the kitchens to the bars, and the cost of employees ' meals (see Table 8.5).

- It is more accurate than the two previous food reports illustrated in Tables 8.3 and 8.4 in that it includes additions to the cost of food for beverages transferred to the kitchen (e.g. cooking wine, etc.) and deductions for the cost of food transferred from the kitchen to the bars (e.g. lemons, oranges, olives, nuts, etc.) and for the cost of all employees ' meal. It also separates purchases into those that go straight to the storerooms and those that go direct to the kitchen and are charged immediately to the kitchen. The result of these additions and subtractions is that the true cost of the food sold to customers is more accurate than previously.
- The accuracy of the to-date food cost percentage is refined to take into account all daily transactions and these figures should be fully relied upon to be the basis against which corrective action may be taken.

The disadvantages of this type of report are that it is more detailed than the previous reports and it relies very much on the accuracy of the collected information, for example, the collection of all the

requisition notes and the accurate extensions of the pricing of items; the collection of the goods received sheet and the checking of it against delivery notes, credit notes, invoices, etc.

Calculation of the potential food cost

The potential food cost is the cost of the food under perfect and ideal conditions. The potential food cost of an operation is the principal and most effective method of evaluating the actual food cost. Any variance higher than 1% between the potential and actual costs should be investigated. The potential food cost may be calculated in a variety of ways, but because of time it is usually costed per menu for each selling outlet twice a year or more frequently if the menu changes. This means that the potential figures will differ between breakfast, lunch and dinner menus and between selling outlets, where the prices of items may vary.

The calculations are in three main steps.

1. For each individual menu item multiply the number of portions actually sold during a 'sample' week as determined by the restaurant sales analysis, by the potential food cost per portion, to obtain the total potential cost of food sold for that week.
2. Multiply the same portions actually sold, as above, by the menu selling prices, and arrive at the potential total sales.
3. Divide the potential total food cost by the potential total food sales and arrive at a figure which, when expressed as a percentage, is the potential food cost percentage.

To be able to do the above calculations it would be necessary to have the following information to hand:

- A detailed sales analysis of all items sold in the various outlets, together with their selling prices.
- Standard recipe cards of all the menu items costed out.
- Summary of potential food cost, obtained from the standard recipe cards.
- Average market price for the main ingredients taken from invoices, food marketing reports or food cost indices reports.

It is not unusual for there to be a difference between the actual and the potential food cost figures. Usually the actual cost of the food sold is higher than the potential for such reasons as food being a perishable commodity, the difficulty of being exact when forecasting food production requirements and that a small amount of waste is almost unavoidable. Any large differences in the figures will reflect a lack of adherence to established standards, or pilfering or sheer carelessness resulting in an excessive amount of waste. As stated earlier, any variance in excess of 1% should be investigated.

METHODS OF BEVERAGE CONTROL

There are many different methods in use today to control costs, the various methods depending on the size of the operation, the volume of business, owner or managed operation, etc. and the level of sophistication of control required. Each of the different methods in use could be classified under one of the following six basic types of beverage control systems. Whatever method is adopted, it would be of little value unless the previous steps of control had been efficiently implemented and enforced, that is, the control of purchasing, receiving, storing and issuing; production planning; the establishment of

standard yields, standard recipes, standard portion sizes and inventory. The inventory control cycle (Figure 3.06) is of course applicable to beverage

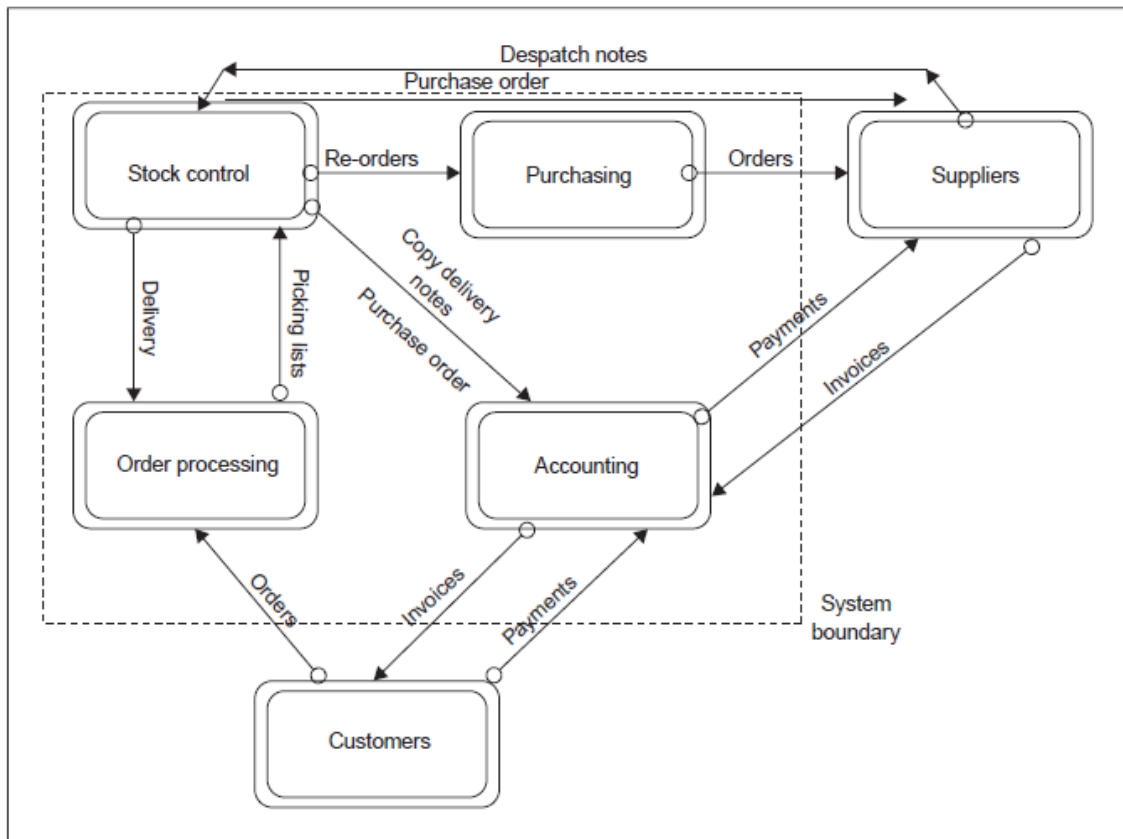


Fig 3.06: Inventory control cycle

inventory as well, with FIFO been the most used method whilst LIFO may find application in situations where some stock may be kept back for later use. For example, some wine may be kept in the cellar and not sold so that it may age a little more.

Bar cost system

This system is similar to that for the basic food cost report and the detailed food cost report. It may be produced for each bar separately or for all of the beverage operations.

Par stock or bottle control system

This is a simple yet effective method of beverage control and is particularly useful for the smaller type operation where there are few full-time control staff. The following points should be noticed.

1. The level of par stock is established for each bar, that is, to establish for each beverage the number of bottles required for a busy day plus a small safety factor. This number is determined to be the stock level to be held in the bar at the beginning of the service each day. To simplify the system only full bottles are counted, partial bottles are not counted.
2. The number and type of empty bottles are noted each day, this being the amount and type to be requisitioned for the day.

3. The potential sales are based on the quantities issued at selling price and are compared to actual revenue received.
4. Adjustments to be made to the initial selling price if many mixed drinks are sold. This may only be necessary if the difference between the potential and actual sales figures gives cause for investigation.

The particular advantages of this system are its simplicity and ease of operation. The system assumes that over a short period the level of partial bottles remains relatively constant so that it becomes unnecessary to count each bottle's contents to determine the total sales. Theoretically, the sales value of today's issues should equal yesterday's revenue. This would be unlikely, however, but over a short period the sales value of issues to date should equal the revenue to date figures.

Potential sales value system

This system is designed to control beverage sales and therefore beverage costs by setting a sales value on each bottle item carried in stock. The revenue value of each bottle is based on the standard size of the drink, the contents of the bottle and the selling price for each drink. The sales value of each drink is called the potential (or standard) sales value. The system requires as a basis for its operation, established standards for a bottle code number system, drink recipes, drink sizes, glassware and par stocks. Whenever the bottle size, drink size or recipe change a new calculation must be made and recorded, as this can affect the price of a drink and should require the price to be reviewed.

The various calculations which have to be made to establish the potential sales values are concerned with:

1. Full bottles of spirits : The potential sales value of a full bottle of spirits, etc. which at times may be sold over a bar is equal to the selling price established by management. As little handling is involved in selling a full bottle, its price will usually be lower than when sold by the individual glass.
2. Spirits, etc. sold by the glass : The sales value for a bottle of spirits, wine, etc. which is to be sold by the glass is calculated as in the following example.

Potential sales value for a bottle of whisky:

Size of bottle 70 cl

Size of a straight drink 2.5 cl

Selling price per drink Rs 45.00

Number of drinks per bottle 28

(as determined by management)

28 (number of drinks) Rs45 (selling price per drink)

Rs12600 (potential sales value)

3. Soft drink and mineral water sales : The potential sales value of soft drinks, etc. depends on the pricing policy of the establishments; it could, for example, be:

- A fixed price when sold on its own or when with another drink, for example, gin and tonic water.
- At a lower price when served as part of a mixed drink, for example, a straight 2.5 cl drink of whisky may cost £4.50; a split bottle of dry ginger may cost £0.99; as a mixed drink whisky and dry ginger may be priced at £4.99 and not £5.49 as would be the case in fixed pricing.
- The cost of soft drinks is included in the price when selling spirits.
- It should be noted that if a lower or inclusive pricing system is adopted, adjustments must be made when preparing the control sheets so that an accurate potential sales figure is calculated.

4. Cocktails, etc : If all drinks served to customers were sold as straight drinks or full bottles, it would be simple to calculate the potential sales value. When drinks are sold as cocktails containing two or more high selling price items it often requires an adjustment to be made when preparing the control sheet.

When the sales of mixed drinks on analysis are found to be low, there would be little need to go into great detail to calculate the allowances for the various mixed drinks. It is only when the actual money taken in the bars differs from the potential sales value by say more than 2% that detailed analysis of sales and allowances needs to be done.

The millimetre system

This method is recognized as the most accurate (non-automatic) method of determining the amount of beverage sold. It is used at times when investigating the cause of an unacceptable difference recorded between the actual and potential results in a beverage report. It is, however, a complicated and difficult system to operate for large units with a full range of beverage services unless aided by a mini computer. The system requires:

- An accurate and detailed analysis of all sales by type and brand of drink sold, for each selling outlet.
- The calculation of the actual consumption of each type and brand of drink based on the daily physical stocktake, giving opening and closing stock levels of bars, plus any issues, and minus any transfers out to other bars. All drinks sold are converted back to the number of millilitres of each type and brand of drink sold using the standard beverage recipes. The total consumption of each kind of drink per sales bill has then to be compared with the actual consumption determined from the physical inventory and any adjustments.

The main disadvantages of this control system are:

- The time required to analyse sales and to take stock levels daily.
- The time required to calculate the daily consumption for each selling outlet.
- Additional difficulties if a large number of mixed drinks are sold and if drinks of different sizes are sold in each selling outlet.

Banqueting and function bar system

Should the banquet department have its own storage and bar areas it can operate and be controlled in the same way as any other bar. If, however, a bar has to be set up for each separate banquet or function, it will be necessary for an authorized person to requisition for each event from the main cellar and then immediately at the close of the event to return all unsold beverages. Bottles issued would be the quantity issued from the cellar for that function. Bottles returned are the bottles and part bottles (calculated in tenths of a bottle) unused and returned to the cellar. The number of bottles issued minus bottles returned should be equal to the number of bottles and part bottles used. The actual cost is the purchase price paid per bottle, or half or split. The potential sales per bottle would be the selling price per drink multiplied by the standard number of drinks per bottle.

Automated beverage dispensing system

The use of automated beverage dispensing systems is becoming more and more of a norm. As the cost of technology drops these systems can be afforded by medium-sized operations and when linked to an EPOS system inventory control reports can be compared to sales reports and discrepancies of actual stock can be identified much easier. The bottles of beverage are inverted and connected with small bore pipes within a locked storeroom, to each selling outlet. Large operations that may often use casual staff (e.g. food and beverage operations in stadia) will normally invest into such technology.

There are many advantages of this method and include the following:

- The drink size is pre-set and the drink automatically measured.
- The yield is consistently higher than when using other methods as the bottles drain completely into the dispenser.
- Each drink can be metered by the selling outlet. This helps with inventory control and the calculation of estimated bar revenue.
- It prevents bar staff from handling bottles. Every drink that they need for a customer is obtained by just pressing the correct drink button on the dispenser.
- Many beverage dispense machines are connected to microcomputers so that they can measure the drinks, dispense, display the prices, print the guest 's bill, as well as maintain the inventory and analyse drink sales.

There are some disadvantages in using beverage dispensing machines, such as:

- Unsuitability for certain types of beverage operations, for example, a cocktail bar in a luxury type hotel where the clientele expect personal service with the mixing of their drinks.
- The cost of installing dispensing machines is high, although the higher level of control should help to repay the initial costs relatively quickly.
- In general, they are only suitable for use in bars with a very high volume of sales and where the customer is not so concerned with traditional bar service.

The management techniques used in beverage production planning are therefore very similar in concept and method to the techniques used for food production planning; if anything even tighter standards may be laid down for beverage production for the reasons already discussed. A similar recipe file for beverages may also be produced – either manually or by use of a computer and again

the use of a computer for beverage planning should be seriously considered for the long-term cost savings and tighter control it can offer the establishment.

CHECK YOUR PROGRESS

Explain the basic tools in inventory control.
Explain the advantages of Weekly/monthly food cost report.
Elaborate the advantages of daily food cost report.
Discuss the concept of detailed daily food cost report.
Describe how Calculation of the potential food cost is done.
Draw the block diagram showing flow of inventory control in F&B establishments.
Explain Par stock or bottle control system.
Elaborate Potential sales value system.
Discuss the millimeter system.
Explain Banqueting and function bar system.
Discuss the advantages of Automated beverage dispensing system.

3.08 REVENUE CONTROL

To control the revenue of a unit, particular attention must be paid to the major factors which can have an influence on the profitability. Therefore it is essential to control the main factors which can affect the revenue of a business, such as the menu–beverage list, the total volume of food and beverage sales, the sales mix, the average spend of customers in each selling outlet at different times of the day, the number of covers served and the gross profit margins.

It is important to note, particularly in commercial operations that somewhere in the total control system there is a need for the accountability of what has been served to the customer and the payment for what has been issued from the kitchen or the bar.

The payment for food and beverage may be made in many forms such as cash, foreign currency, credit cards, cheques, travelers ' cheques, luncheon type vouchers and signed bills.

All staff handling cash should be adequately trained in the respective company's methods. It is a common practice for a cashier ' s or waiter ' s handbook/manual to be produced so that an established procedure may be followed with the specific aim of ensuring that cash security is efficiently carried out at all times. A typical handbook/manual would contain information on the standard procedure to be followed for such things as:

- Opening procedure – instructions here would include procedures about checking the float, having a float of specific denominations, checking the till roll, recording waiters ' bill pad numbers, etc.
- Working procedure – instructions on how to accept payment and the procedure to follow.
- Closing procedure – instructions on any documentation and recordings to be completed, cashing up, recording of credit cards, cheques, etc.

- Procedure for accepting foreign currency – what currency is to be accepted, how to obtain the current exchange rates, how this is to be recorded, etc.
- Procedure for accepting credit cards – which credit cards are to be accepted, how they are to be checked, method of processing credit cards for payment, recording of credit vouchers, etc.
- Procedures for accepting vouchers such as luncheon vouchers – which vouchers are acceptable, how this is to be recorded.
- Procedure for accepting cheques – how cheques are to be made out, customers to produce a valid cheque guarantee card, checking that signatures correspond, etc.
- Procedure for accepting travellers' cheques – what travellers' cheques are acceptable, what currencies are acceptable, witnessing and checking signatures, how this is to be recorded.
- Procedure for a complimentary or signed bill – check against current list of authorized persons and their signature, how this is to be recorded.

CHECK YOUR PROGRESS

Explain the concept and importance of revenue control.

What are the areas on which standard operational procedures are required in the revenue control?

3.09 PROFIT SENSITIVITY

Maintaining and improving an adequate level of profit are essential for all businesses today to survive – particularly with the increasing level of competition tempting customers not only to change from their usual type of restaurant, but also from the many other types of leisure businesses all chasing the same customers' restricted amount of disposable income.

Among the problems often facing the food and beverage manager is how can the profitability be maintained or increased. Should the prices for some or all items be increased and by how much, and/or food and beverage items costs be reduced, and/or labour costs reduced, and/or the number of customers increased, etc. Two accepted methods of profit improvement are PSA and menu engineering.

Profit sensitivity analysis

PSA is concerned with identifying the 'critical' or 'key factors' (i.e. the determinants of profitability) of a business and establishing how they rank in influencing its net profit. The emphasis of PSA is on net profit and the examination of those areas that responded positively to change. In order to undertake PSA the 'profit multipliers' (PM) of the business must firstly be calculated.

The method is:

1. Identify the 'key factors', financial and operational of the business (Key factors may be number of covers, food and beverage costs, labour costs, revenue, price per cover, etc.

2. Assume a change in one 'key factor' at a time of say 10%, whilst holding all others constant.
3. Calculate the resulting change in net profit.
4. Calculate the PM:
$$PM = (\text{Percentage of change in net profit}) / (\text{Percentage of change in 'key factors'})$$
5. List the PMs in order of size.
6. Analyse the results.

CHECK YOUR PROGRESS

Explain the concept of profit sensitivity analysis.
Elaborate the concept of menu engineering in the F&B control.
Explain the three factors on which menu engineering focuses.
What are the pre-requisites for using menu engineering technique?

3.10 SYSTEMS OF REVENUE CONTROL

There are two basic approaches to recording and controlling food and beverage sales.

1. A manual system – which is commonly used in small and in exclusive type catering units.
2. An automated system – which is commonly used in units with several outlets, in units with a very high volume of business and in up-to-date companies with many units.

Manual system

As technology is becoming increasingly affordable even for the very small businesses we become more relied on technology without having an understanding of the basics of a system. Furthermore even the best EPOS will at some point malfunction or a printer may be out of order, and then the business will need to have a back up plan and know how to use a manual system. Here we examine two basics of a manual system the sales check and the role of the cashier which in a computerized system it becomes defunct as every server can have his/her own float as the adding and printing of the bill is automatically done.

Sales checks

One of the simplest steps to take when attempting to establish sales control procedures is to require that each item ordered and its selling price are recorded on a waiter's sales check. Using some form of a check system serves the following functions:

- To remind the waiting staff of the order they have taken.

- To give a record of sales so that portion sales and sales mixes and sales histories can be compiled.
- To assist the cashier and facilitate easy checking of prices charged.
- To show the customer a detailed list of charges made.

An additional aid is to use numbered checks and control these tightly, recording all cancelled and missing checks. It is more common to find duplicate or triplicate checks being used as an aid

to control for the following reasons:

- They provide the kitchen, buffet or bar with a written record of what has been ordered and issued.
- They authorize the kitchen, buffet or bar to issue the food and/or beverage.
- They provide the opportunity to compare the top copy of the check with the duplicate to ensure that all that has been issued has been charged and paid for.

The cashier 's role

In addition to following precisely the unit ' s procedure for the handling of all revenue transactions within the restaurant or bars, it is normal practice for the cashier working a manual system to be required to complete the following:

- To issue check pads to the waiting staff prior to a meal period, to record the numbers of the checks issued in each pad, and obtain the waiting staff ' s signature for them; and on the completion of the meal period to receive from the waiting staff their respective unused check pads, record the numbers, and sign for the receipt of those returned. This information to be recorded on the check number issue control sheet.
- To check the pricing, extensions and subtotals of all checks and to add any government tax charges and to enter the total amount due.
- To receive and check money, credit or, when applicable, an approved signature in payment for the total amount due for each check.
- To complete the missing checklist for each meal period. This is an aid to the cashier in controlling what checks are used. The respective check numbers on the list are crossed out when payment is made. When a missing check is identified, investigation to be carried out to find the reason for this, and if no satisfactory explanation is forthcoming, to inform a member of management on duty. Missing checks to be marked on the missing checklist.
- To complete the restaurant sales control sheet for each meal period. This form requires that all revenue received (or its equivalent) is recorded under specific headings such as cash, cheques, credit card transactions, etc. From this control sheet basic data – such as the number of covers served or the average spend per customer on food and beverages – is quickly obtained.

- To complete the necessary paying in of all cash, etc. in accordance with the unit ' s established practice. This could be direct to a bank whether a small independent unit, or a unit of a large company, or to the head cashier ' s office if a large unit with many outlets.

Problems of the manual system

In brief, the basic problems of controlling any food and beverage operation are:

- The time span between purchasing, receiving, storing, processing, selling the product, and obtaining the cash or credit for the product, is sometimes only a few hours.
- The number of items (food and beverage) held in stock at any time is high.
- A large number of finished items are produced from a combination of the large number of items held in stock.
- The number of transactions taking place on an hourly basis in some operations can be very high.
- To be able to control the operation efficiently, management ideally requires control in formation of many types to be available quickly and to be presented in a meaningful way.

The full manual control of a food and beverage operation would be costly, time consuming and data produced would frequently be far too late for meaningful management action to take place. Certain aspects of control such as regularly up-dating the costings of standard recipes, calculating gross profit potentials, and providing detailed sales analysis would seldom be done because of the time and labour involved.

A manual system providing a restricted amount of basic data is still widely used in small- and medium-sized units although they are likely to be replaced in the near future by machine or electronic systems. The day-to-day operational problems of a manual system are many and include such common problems as:

- Poor handwriting by waiting staff resulting in:
 - Incorrect order given to the kitchen or dispense bar.
 - Wrong food being offered to the customer.
 - Incorrect prices being charged to the customer.
 - Poorly presented bill for the customer, etc.
- Human error can produce such mistakes as:
 - Incorrect prices charged to items on a bill
 - Incorrect additions to a customer ' s bill
 - Incorrect service charge made
 - Incorrect government tax (e.g. VAT) charge made.

- The communication between departments such as the restaurant, dispense bar, kitchen and cashiers has to be done physically by the waiting staff going to the various departments. This is not only time consuming but inefficient.
- Manual systems do not provide any quick management information data, any data produced at best being normally twentyfour to twenty-eight hours old, as well as being costly to produce.
- Manual systems have to be restricted to the bare essentials because of the high cost of labour that would be involved in providing detailed up-to-date information.

COMPUTERIZED SYSTEMS

EPOS technology and windows based software specifically designed for the food and beverage operation seem to have replaced every other type of machine based system. Although it is tempting to simply talk about EPOS systems only, it is important we also look at some of the older technology that still may be used in some countries and is still used in very small operations around the world.

Pre-checking systems

Pre-check machines are somewhat similar in appearance to a standard cash register and are designed to operate only when a sales check is inserted into the printing table to the side of the machine. The machine is operated in the following way.

- A waiter has his/her own machine key.
- A check is inserted into the printing table and the particular keys, depending on the order taken, are pressed giving an item and price record as well as recording the table number, the number of covers and the waiter ' s reference number.
- A duplicate is printed and issued by the machine which is then issued as the duplicate check to obtain food and/or beverages.
- For each transaction a reference number is given on the sales check and the duplicate.
- All data is recorded on a continuous audit tape that can be removed only by authorized persons at the end of the day when the machine is cleared and total sales taken and compared to actual cash received.

The advantages of the system are:

- The sales check is made out and a record of it made on the audit tape before the specific items can be obtained from the kitchen or bar.
- Analysis of total sales per waiter is made on the audit tape at the end of each shift.
- No cashier is required as each waiter acts as his/her own cashier, each keeping the cash collected from customers until the end of the shift and then paying it in.
- As each waiter has his/her own security key to operate the machine, there is restricted access to the machines and no other way by which pre-checks can be provided and used in exchange for items from the kitchen or bar.

Preset pre-checking system

This is an up-date on the basic pre-check machine. The keyboard is much larger than the previous machines, and has descriptive keys corresponding to all items on the menu which are pre-set to the

current price of each item. A waiter pressing the key for, say one cheeseburger would not only have the item printed out but also the price. A control panel, kept under lock and key, would enable management to change the price of any item, if required, very quickly. It is also possible to have a running count kept of each item recorded and at the end of a meal period by depressing each key in turn to get a print out giving a basic analysis of sales made.

Electronic cash registers

These are very high speed machines which were developed mainly for operations such as supermarkets and were further adapted for use in high volume catering operations. They are robust machines that apart from printing the customer bill they can also provide basic reports such as sales by type of product, payment method, etc. The advancement in EPOS technology and the low costs are making Electronic cash registers (ECRs) a thing of the past, although in small operations that do not require heavy inventory control and detailed reporting an ECR is still the choice due to its much lower cost.

EPOS control systems

At a basic level a point-of-sale control system is no more than a modern ECR with the additional feature of one or several printers at such locations as the kitchen (or sections of the kitchen) or dispense bar. Some systems replace the ECR with a ' server terminal ' (also called ' waiter communication ' systems), which may be placed at several locations within a restaurant, and is a modification of an ECR in that the cash features are eliminated making the terminal relatively small and inconspicuous. The objectives for having printers are:

1. To provide an instant and separate clear and printed order to the kitchen or bar, of what is required and by and for whom.
2. To speed up the process of giving the order to the kitchen or bar.
3. To aid control, in that items can only be ordered when they have been entered into the ECR or terminal by an identifiable member of the waiting staff and printed.
4. To reduce the time taken by the waiter in walking to the kitchen or bar to place an order and, as frequently happens, to check if an order is ready for collection.
5. To afford more time, if required, for customer contact.

Printers are at times replaced by video screens.

Server terminals are part of a computer-based point-of-sale system. These special terminals are linked to other server terminals in the restaurants and bars within one system and, if required to, also interface with other systems so that, for example, the transfer of restaurant and bar charges may be made via the front office computer system. The advantage of a computerized point-of-sale system is that it is capable of processing data as activities occur, which makes it possible to obtain up-to-the-minute reports for management who can be better informed and able to take immediate and accurate corrective action if necessary.

This type of point-of-sale control system has been taken one step further with the introduction of hand-held terminals or mobile points of sale (MPOS). These hand-held devices can use radio frequencies or infrared or bluetooth technology to communicate from the guest's table direct to the kitchen and bar preparation areas. MPOS offer a number of advantages: food and beverage orders are delivered faster and more efficiently to preparation sites; waiters in turn can attend more tables; with a two-way communication service staff can be notified if an item is out of stock; all food and beverage items ordered are immediately charged to the guest's bill, which is accurate and easy to read; finally, operations can reassess their labour utilization and efficiency, certain members of the service staff, for example, can take the simple orders, while others can spend more time with customers to increase food and beverage sales.

Touch screen technology utilized by the systems enable the server to use EPOS and MPOS technology with minimal training as the systems often resemble a Microsoft windows type interface.

CHECK YOUR PROGRESS

- Elaborate on the systems of revenue control.
- Explain the manual system to control revenue.
- Elaborate the role played by cashier in revenue control in manual method.
- Explain the various problems in manual revenue control.
- Explain the features of computerized revenue control system.
- Elaborate the pre-checking system of computerized revenue control system.
- Discuss Preset pre-checking system.
- Explain Electronic cash registers.
- Elaborate the concept of EPOS control systems.

3.11 FORECASTING

For food and beverage control to be successful one of the important management tools is successful forecasting. In smaller restaurants managers may often have an intuitive idea about how many customers to expect on any given day. In larger operations however a more scientific approach is required. Lack of storage space and perishability of the produce are only two of the reasons why effective forecasting is imperative for the success of a food and beverage operation. The main considerations of forecasting is not only how many people will turn up at any given period but also what menu items are they likely to consume and at what time of the day. Getting it right all the time is an impossible task however with the correct techniques it is possible to have an educated informative guess that is based on research and not assumptions.

Forecasting does not only affect purchasing of food and beverages but it also affect all other areas of the business such as the pricing, production, number of employees to hire, to name a few.

In order to be successful in forecasting accurately some of the type of information would need is:

- Sales history
- Turn down history

- Cancellations and no shows trends
- Competitor data
- Market trends at local, national and international levels
- The weather forecast
- Information about special events and new attractions.

Even a change in the weather can affect menu item sales, on a cold day, for example, chances are that customers would prefer a hot soup rather than a cold salad as a starter. There is a number of forecasting software that is available to food and beverage managers and these use some of the methods briefly described here:

- Multiple regression analysis : Used when two or more independent factors are involved – widely used for intermediate term forecasting. Used to assess which factors to include and which to exclude. Can be used to develop alternate models with different factors.
- Non-linear regression : Does not assume a linear relationship between variables – frequently used when time is the independent variable.
- Trend analysis : Uses linear and non-linear regression with time as the explanatory variable – used where pattern overtime.
- Moving average analysis : Simple moving averages – forecasts future values based on a weighted average of past values – easy to update.
- Weighted moving averages : Very powerful and economical. They are widely used where repeated forecasts required – uses methods like sum-of-the-digits and trend adjustment methods.
- Adaptive filtering : A type of moving average which includes a method of learning from past errors – can respond to changes in the relative importance of trend, seasonal, and random factors.
- Exponential smoothing : A moving average form of time series forecasting – efficient to use with seasonal patterns – easy to adjust for past errors – easy to prepare follow-on forecasts – ideal for situations where many forecasts must be prepared – several different forms are used depending on presence of trend or cyclical variations.

OPERATING RATIOS

Besides the general operating ratios that have been used earlier in this chapter, for example, food cost in relation to food sales, beverage cost in relation to beverage sales, etc. there are many more that are used and found to be of value. The following is a brief explanation of those that are frequently used.

Total food and beverage sales

The total food and beverage sales should be recorded, checked and measured against the budgeted sales figures for the particular period (e.g. week or month).

The analysis of these figures is usually done daily for large establishments and for those that are not operating a manual control system. The analysis would show separately the food sales and the beverage sales per outlet and per meal period.

The importance of this yardstick cannot be emphasized enough other than to remind the reader that it is cash and cash only that can be banked and not percentages or any ratio or factor figures.

Departmental profit

As mentioned in Chapter 7, departmental profit is calculated by deducting the departmental expenses from the departmental sales, the expenses being the sum of the cost of food and beverages sold, the cost of labour and the cost of overheads charged against the department, and the profit being usually expressed as a percentage of the departmental sales, for example: suppose the departmental profit is \$1200 while F&B sale is \$8000, the departmental profit in percent will be $(1200/8000) * 100$ that is 15%.

The departmental profit should be measured against the budget figures for that period.

Ratio of food/beverage sales to total sales

It is worthwhile for food and beverage sales to be separated from each other and to express each of them as a percentage of the total sales. This would be a measure of performance against the established standard budgeted percentage as well as indicating general trends in the business.

Average spending power

This measures the relationship between food sales and beverage sales to the number of customers served. If food sales are £750 and the number of customers served is seventy, the average spend by each customer is £10.72. The ASP for beverages is usually related to the number of items recorded on the till roll, rather than to the number of customers, and the total beverage sales. Thus if £600 is the recorded beverage sales and an analysis of the till roll showed that 200 drinks had been sold, the average spend per drink would be £3.00. What is different here is that a customer may order several drinks during an evening and therefore the average amount spent on a drink is more important than the ASP per customer. To calculate the ASP for bottled wine sales in a restaurant or at a banquet though could be a useful exercise.

Sales mix

This measures the relationship between the various components of the total sales of a unit, for example:

In addition, a sales mix may be calculated for the food and beverage menus for each outlet under group headings such as appetizers, main course items, sweet course, coffees, etc.; and spirits, cocktails, beers and lagers, etc. This would not only highlight the most and least popular items, but would at times help to explain a disappointing gross profit percentage that occurred in spite of a good volume of business; the reason often being that each item is usually costed at different gross profit percentages and if the customers are choosing those items with a low gross profit this would result in the overall gross profit figure being less than budgeted for.

Payroll costs

Payroll costs are usually expressed as a percentage of sales and are normally higher, the higher the level of service offered. It is vital that they are tightly controlled as they contribute a high percentage of the total costs of running an operation.

Payroll costs can be controlled by establishing a head count of employees per department, or establishing the total number of employee hours allowed per department in relation to a known average volume of business. In addition, all overtime must be strictly controlled and should only be permitted when absolutely necessary.

Index of productivity

This is calculated by the dividing sale by payroll (all staffing expenditure) The index of productivity can be calculated separately for food sales, beverage sales or for total food and beverage sales.

The use of the term ‘ payroll costs ’ in the formula includes not only the appropriate payroll costs, but also any other employee benefits such as employers ’ pension contributions, medical insurance, etc.

The index of productivity would vary depending on the type of operation, for example, a fast-food restaurant with a takeaway service would have a high index of productivity, as the payroll costs would be lower than a luxury restaurant employing highly skilled and expensive staff with a high ratio of staff to customers, which may have a relatively low index of productivity.

As payroll costs can be controlled and should be related to the forecasted volume of business, a standard index of productivity can be established to measure how accurately the two elements are related.

Stock turnover

This is calculated by the formula:

Rate of stock turnover = (cost of food or beverage consumed)/(average stock value at stock)

The rate of stock turnover gives the number of times that the average level of stock has turned over in a given period. Too high a turnover would indicate very low levels of stocks being held and a large number of small value purchases being made. This is costly and time consuming for whoever does the purchasing as well as costly for the purchases as no price advantage can be taken of the standard quantity offers made by suppliers. Too low a turnover would indicate unnecessary capital tied up in an operation and therefore additionally a larger control and security problem.

Sales per seat available

This shows the sales value that can be earned by each seat in a restaurant, coffee shop, etc. As in the section about rate of seat turnover, the seat is the selling point and is required to contribute a certain value to turnover and profits.

Rate of seat turnover

This shows the number of times that each seat in a restaurant, coffee shop, etc. is used by customers during a specific period. Thus, if in a 120-seater coffee shop 400 customers were served in a three-hour lunch period, the rate of seat turnover would be 400 divided by 120, that is, 3.33. As the coffee shop staff can only sell food to customers while they are seated at a table, the importance of the rate of seat turnover is highlighted.

Sales per waiter/waitress

Each waiter/waitress will have a known number of covers for which he/she is responsible. This would vary depending on the style of food and beverage service offered. As salespeople for the restaurant or coffee shop, their takings should be of a predetermined target level so as to contribute to a satisfactory level of turnover and profit.

Sales per square metre (m²)

This is self-explanatory in that the space of all selling outlets needs to be used to its best advantage so as to achieve a desired turnover and profit. This can be calculated on a square foot/ metre basis. As the square footage per customer varies with the type of food and beverage service offered, so must the costs to the customer so that an establishment is earning the desired turnover and profit per square foot of selling space.

CHECK YOUR PROGRESS

Explain the concept and advantages of forecasting.
What type of information would you need for forecasting accurately?
Elaborate the various methods used by forecasting software?
Explain the concept and advantages of studying operating ratios.
Explain how to calculate Total food and beverage sales
Explain how to calculate Departmental profit
Explain how to calculate Ratio of food/beverage sales to total sales
Explain how to calculate Average spending power
Explain how and why to find Sales mix
Explain how to calculate Payroll costs
Explain how to calculate Index of productivity
Explain how to calculate Stock turnover
Explain how to calculate Sales per seat available
Explain how to calculate Rate of seat turnover
Explain how to calculate Sales per waiter/waitress
Explain how and why to calculate Sales per square meter (m²)

3.12 END QUESTIONS

The following questions should help you prepare for the End Examinations. These questions are for 5 marks each and should take you 11 minutes under examination conditions.

1. Describe what is meant by Food & Beverages control.
2. Explain the importance of F&B Control.
3. Discuss the limitations of F&B control.
4. Describe objectives of F&B control.
5. Explain how F&B control helps in analysis of income and expenditure
6. Describe how F&B control helps in Establishment and maintenance of standards
7. Elaborate how F&B control helps in Pricing.
8. Discuss how F&B control helps in Prevention of waste
9. Explain how F&B control helps in Prevention of fraud.

10. Explain which types of unique challenges that F&B control faces.
11. Describe how F&B control unique challenges regarding Perishability of the product.
12. Elaborate how F&B control unique challenges regarding Business volume unpredictability.
13. Discuss how F&B control unique challenges regarding Menu mix unpredictability
14. Explain how F&B control unique challenges regarding Food and beverage operation short cycle.
15. Discuss how F&B control unique challenges regarding Departmentalization
16. Describe the F&B control activities during the phase of planning.
17. Describe the F&B control activities during the phase of operation.
18. Describe the F&B control activities during the phase of post operation.
19. Elaborate on the areas covered under financial policy for F&B control planning.
20. Elaborate on the areas covered under marketing policy for F&B control planning.
21. Elaborate on the areas covered under catering policy for F&B control planning.
22. Explain the various points to be considered under purchasing during the operational phase.
23. Explain the various points to be considered under Receiving during the operational phase.
24. Explain the various points to be considered under Preparing during the operational phase.
25. Explain the various points to be considered under Selling during the operational phase.
26. Explain the various points to be considered under Food and beverage cost reporting during the post-operational phase.
27. Explain the various points to be considered under Assessment during the post-operational phase
28. Explain the various points to be considered under Correction during the post-operational phase.
29. Explain the concept of a budget.
30. Explain how the budget is prepared.
31. Explain the objectives of a budget.
32. Describe the elements of cost.
33. Describe the types of cost components in relation to the behaviour on changes in volume of sale.
34. What is the difference between semi-fixed and variable costs?
35. What are the three main types of profits in relation to F&B control.
36. Explain the concept of break-even analysis
37. Explain the components covered under software for F&B control system.
38. Explain the four basic components of F&B production control.
39. What are the aims and objectives of production planning in F&B production control?
40. Explain how production planning in F&B production control is carried out.
41. Explain the concept of standard yield in F&B production control.
42. Explain the advantages of standard yield in F&B production control.
43. Explain the concept of standard recipe in F&B production control.
44. Explain the advantages of standard recipe in F&B production control.
45. Explain the basic tools in inventory control.
46. Explain the advantages of Weekly/monthly food cost report.
47. Elaborate the advantages of daily food cost report.
48. Discuss the concept of detailed daily food cost report.
49. Describe how Calculation of the potential food cost is done.
50. Draw the block diagram showing flow of inventory control in F&B establishments.
51. Explain Par stock or bottle control system.
52. Elaborate Potential sales value system.
53. Discuss the millimetre system.

54. Explain Banqueting and function bar system.
55. Discuss the advantages of Automated beverage dispensing system.
56. Explain the concept and importance of revenue control.
57. What are the areas on which standard operational procedures are required in the revenue control?
58. Explain the concept of profit sensitivity analysis.
59. Elaborate the concept of menu engineering in the F&B control.
60. Explain the three factors on which menu engineering focuses.
61. What are the pre-requisites for using menu engineering technique?
62. Elaborate on the systems of revenue control.
63. Explain the manual system to control revenue.
64. Elaborate the role played by cahier in revenue control in manual method.
65. Explain the various problems in manual revenue control.
66. Explain the features of computerized revenue control system.
67. Elaborate the pre-checking system of computerized revenue control system.
68. Discuss Preset pre-checking system.
69. Explain Electronic cash registers.
70. Elaborate the concept of EPOS control systems.
71. Explain the concept and advantages of forecasting.
72. What type of information would you need for forecasting accurately?
73. Elaborate the various methods used by forecasting software?
74. Explain the concept and advantages of studying operating ratios.
75. Explain how to calculate Total food and beverage sales
76. Explain how to calculate Departmental profit

3.13 REFERENCES

Important books

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UNIT 4 BUDGETARY CONTROL

4.00 BEFORE WE BEGIN

In this unit we will study various managerial aspects about restaurants. We will study the concept of budget. As you may know every nation prepares a budget and the finance minister of the country prepares an estimate of how much revenue or tax will be collected in the coming year and how it should be spent. Similarly many of the corporate bodies also engage in similar exercise. They do planning about how much revenue can be generated and how various activities like promotion, marketing, advertisement, management of staff, menu planning etc should be done if the company has to achieve a specific target about branding, profiting, earning revenue and target penetration. We will also study various other concepts like inventory management, how to receive and store various ingredients, equipment, and other items. An interesting concept of menu engineering will also be discussed in this unit.

In short, this unit will help you in becoming an efficient and effective professional and the concepts learned here will also be useful in various other courses of your study like HTS614.

4.01 UNIT OBJECTIVES

After studying this unit you will be able to

- Describe the concept of budget and how it is prepared, processed and used
- Explain the concept of inventory control
- Explain what is meant menu planning, menu fatigue, menu engineering etc

4.02 INTRODUCTION TO BUDGETARY CONTROL

A budget is a financial plan for a defined period of time, usually a year. It may also include planned sales volumes and revenues, resource quantities, costs and expenses, assets, liabilities and cash flows. Companies, governments, families and other organizations use it to express strategic plans of activities or events in measurable terms.

A budget is the sum of money allocated for a particular purpose and the summary of intended expenditures along with proposals for how to meet them. It may include a budget surplus, providing money for use at a future time, or a deficit in which expenses exceed income.

A budget is future oriented and steering, an estimate of the future. A budget is a plan for the near future where the companies are trying to estimate their revenues and costs. The time period that is usually budgeted is a period of up to a year. The budget sets the frames for the economically limits of the company. This means in most cases that the company must hold its costs under a fixed limit and its revenue over a fixed limit. The budget is being produced from historical values but since it is produced for a future period of time, the complete information is missing.

This means that the producers of the budget are forced to make estimates and assumptions about the future in order to make the budget relevant. In addition to this, the budget

distributes responsibility to them that uses it to reach the goal of the budget. These goals are often monetary but non monetary goals can also exist in the budget.

The budget has many purposes. A budget is meant to function as a plan for what the company must achieve in a future period. A budget can, however, be of further advantage besides the boundaries that it provides. The budget becomes a program of action for the company and is therefore an important tool for the planning and steering of the company.

The company can achieve a continuous steering of the business, a way to better achieve the goals of the company and to give the employees within the company a codetermination. The budget can become a tool for achieving assignment of responsibilities with freedom of actions within the different departments.

The production of the budget can also function as an agent to tie the management corporate to its employees. If the persons involved in the budget are engaged in the matter of setting the goals, it is probable that the goals are actually achieved since all aim in the same direction. It will create a dialogue between the different parts of the company which makes the budget a bearer of information. The budget will also give the company an opportunity to look over its business and to see in which direction the company is going.

Moreover, this work also gives the company an opportunity to see what options there might be for the future.

Objectives of budgets

A budget helps in planning actual operations by forcing managers to consider how the conditions might change and what steps should be taken now, and by encouraging managers to consider problems before they arise. It also helps to co-ordinate the activities of the organization by compelling managers to examine relationships between their own operation and those of other departments. Other essentials of budget include:

- To control resources
- To communicate plans to various responsibility center managers
- To motivate managers to strive to achieve budget goals
- To evaluate the performance of managers
- To provide visibility into the company's performance
- For accountability

In summary, the purpose of budgeting tools:

- Tools provide a forecast of revenues and expenditures, that is, construct a model of how a business might perform financially if certain strategies, events and plans are carried out.
- Tools enable the actual financial operation of the business to be measured against the forecast.
- Lastly, tools establish the cost constraint for a project, program, or operation.

History of budgets

The budget has its name from the 19th century England. Every year, the English financial minister presented the revenue and costs of the state and these statements were kept in a leather briefcase which was called a budget.

During the 1960's the surrounding world was stable and this made it possible for the management corporation of the companies to direct much of the business centrally. In the 1970's, many of the companies prognostications came out wrong due to the oil crisis. When the surrounding world showed its uncertainty, the companies were forced to meet up to this in some way. The solution was to decentralise the business in order for the companies to react faster. From the earlier order, when the management had a great deal of the responsibility, it was now moved downwards in the organisation. This also changed the roll of the budget in the companies. When the budget in a lesser degree could be used to direct the operational management, it could instead be used in a greater degree to measure the responsibility of the collaborators. The budget set the goals for the collaborators, to achieve targeted business ratios. When the period was over, the budgeted goals could be compared to the achieved results and responsibility could be claimed by those who were set out to fulfil the goals.

In the 1980's the direction of the budget once again changed. The American companies met harsh competition from the Japanese companies. They wagered, according to Greve, on constant improvements and on as few as possible of inaccurate products as it's a lot cheaper to prevent inaccuracies than to attend to them afterwards. Earlier the companies had been very concentrated of the hierarchy of the company and the budget had reflected this, but since the new times came, the companies became more interested by the flow of products in the company. The emphasis of the budget was now concentrated on coordinating all the activities of the flow that it took to make the business function in a satisfactory matter. A budget is seen, according to Greve, as a combination of the budget direction of the different times towards efficiency, responsibility and orientation of flow.

Increased need for economical management

Economical management means that the economy will steer and do so from economical measurements and demands. This is a problem, as Broström expresses when a person in charge lacks a deeper knowledge of economy and its models of direction, he will have difficulties judging the situation and to make the remedies needed. Therefore, it's important for a management corporation to educate its heads of the departments in economical management.

The primary task for a profit centre is to increase revenues and thereafter adjust the possible cost increase, or if the revenue has been decreased the costs must also decrease. As Broström says, all types of revenue are as interesting and all units are responsible for its economical result and can therefore influence it if necessary, both in a positive and a negative way.

When a company changes its economical model it is important for the management to involve everybody that is participating, in order to simplify the model and make it explicit. The management must know what they are out to achieve with the new model, if the head of the department in his turn will be able to interpret the information in the same way as a financial controller; to get the same result, experience and use of the budget. It is very important for the management to give directions that are apprehended in the same way by everyone involved.

One problem the management faces is the question of the production of the budget; should it be centralised or decentralised? If the management develops specific questions at issue in the planning of next years budget, a centralised process of budgeting will only let itself be influenced by the management instead of letting the responsibility be placed on every department of a decentralised

process of budgeting. The management must choose the form of direction they see fit to meet their needs in spreading the resources and the economical responsibility.

A budget is an instrument of direction within a company. It is important that the management have enough information to give orders that are adjusted to the current situation.

Leadership styles and budget

According to a study by Hopwood, it has been shown that there are different leadership styles for the use of budget and their effects. Hopwood had classified three different styles of leadership which are the budget constrained, the result conscious and the account free styles.

In the budget constrained leadership style, the business is directly controlled by the budget. Each department is judged on how the goals of the budget are achieved. The budget will not be questioned, but follows the targeted goals and a possible diversion will be examined by the management. The departments' purpose is to achieve the goals of the budget since the management will compare revenue to costs. A difference compared to the budget will lead to an evaluation by the management with no considerations to the cause.

In the result conscious leadership style, is not the goals that are most important but instead means to reach the goal. It is important for departments to show their ability to expand the departments' efficiency where the budget reports are being judged by how the goal has been reached. Costs are at focus in this leadership style.

In the account free leadership style, the heads of the departments' accomplishment plays a subordinate roll in the process of budgeting.

Differences between the budget constrained and the result conscious leadership style is that the result conscious one sees the budget evaluation in a greater perspective, they work in a more long term manner to reduce cost, compared to the budget constrained where the management stands for a rigid evaluation without any considerations. The management of the budget constrained leadership style can invite the different departments to the processing of the budget if these can contribute with knowledge, while the result conscious leadership style involves all departments in the processing of the budget.

In the budget constrained leadership style the management judges what performances of work they find reasonable and it's what the employees must achieve. This might, however, create anxiety to fail in reaching the goals in the departments if the goals are set too high. In the result conscious leadership style the relations are good among the departments and the employees, which create a feeling of participation since a deviation in the budget is accepted by the management. The account free leadership style avoids rivalry and strain in the organisation but at the cost of a poorer result and efforts. The result conscious leadership style must be regarded as promoting and democratic, while the budget constrained leader is seen as a prompter chief.

The budget constrained leadership style was often presented in a negative way and many were of the opinion that it had to change; the view of the leadership style had to be modified. Jönsson mentions Otley considered the budget constrained leadership style to be focusing on a budget that provides every department's needs and therefore avoids pressure and tension among the departments. According to Jönsson, Otley considers the other two leadership styles to create stress by the external pressure that can arise from a competitive position as well.

Different means of control for budgeting

The three well-known forms of control for budgeting are direct control, program direction and goal direction. The original, direct control was used within the traditional industrial corporations. The budget is set centrally, which implies that MD and the financial controller are the only ones involved in the process of budgeting. The process of budgeting includes all from planning to budget follow up.

A further development of the direct control is called program directions. Written instructions about the way the work should be conducted were formulated. The program direction might be understood as a system of control of the co-workers, while the management often looks upon it as an instrument of coordination for the companies' different parts, a plan of action. Due to the increased globalisation, the goal direction was developed in which the companies divisions or departments are allowed to work independently. The intention of the management is to create a discussion between the different units, distributing the responsibility to the managers from goals as basic data for the subsequent budget review. The purpose of the goal direction is to create a forum between divisions and departments.

Budget in different lines of businesses

The process of resources conversion is divided in to three different types of business activities; trading companies, service-producing companies and product-producing companies.

In trading companies this primary means to control the merchandise flow. Important components in a budget are purchasing, storage, sales and administration, and important business ratios are creditor's debts, stock of merchandise and accounts receivable turnover rate.

In a service-producing company, such as Novotel, the employees are primary. It is very important to use the staff efficiently. Important components in the service-producing companies' budget are the staff, sales and administration, and important business ratios are sales turnovers per member of the staff, capacity utilization and administrative costs in comparison to the unconsolidated sales.

Product-producing companies tends to look upon the flow of a product that has been refined as primary. Important components are purchase, raw material storage, processing, sales and stocks of finished goods. Important business ratios are creditor's debts, the stocks turnover rate, contribution to cover fixed costs and production per time unit.

CHECK YOUR PROGRESS

Explain what is meant by budget.

What are the objectives of budget?

Elaborate the historical development of the concept of budget

What is the importance of understanding of economics for the manager in charge of financial policy making?

How do the leadership styles affect the nature of budgets?

Elaborate the various means of controls which are available for planning and preparing a budget.

Explain the variations in budgets based on the nature of business of the corporate sectors.

4.03 TYPES OF BUDGET AND PROCESS

Types of budget

There are generally three main types of budgets. They are profit budget, cash budget and balance budget. These are mainly meant to be used for the company as a whole and not for any separate part of the company. However, in large companies it could be reasonable to make budgets for specific functions or departments of the company. Examples of this are purchasing departments and marketing departments.

All budgets influence each other and the profit budget is the core. An investment affects the result by interest charges and writings off, and also the liquidity but accesses and liabilities in the balance sheet as well.⁷³

Profit budget

In the profit budget, the company plans for its financial revenue and costs the coming year. The profit budget gives, as the name implies, an estimated result for the business. When costs are put against the financial revenues the company can easily see if the business is making a profit or a loss. Usually the condition for a company to exist is that it must generate some kind of added value and should the budget show that the company will show a loss, the persons in charge can take precautions to increase the revenue or rationalize the business in order to cut costs. The profit budget is divided into different areas such as sales, staff, purchase and expense.

Cash flow budget

In the cash budget the company plans its cash inflow and cash outflow to make sure the money is enough to run the business. The cash flow equals the companies' solvency. This is funds that can be used immediately in order for the companies to stand up for their costs at the right time.

The difference between profit budget and cash flow budget is that certain poster interfere with the outcome but not with the cash flow like write offs are not an cash outflow while loan and amortization interfere with the cash flow but not with the outcome. Instead of using revenue and costs, as in the profit budget, the cash flow uses cash inflows and cash outflows. Revenue and costs are period costs over a period as oppose to cash inflows and cash outflows. This is the money that really flows in and out of the company in the period that it has been budgeted for.

The cash budget helps the company to counteract a shortage of money when a company that has planned well notices that the money is coming to an end, by comparing actual cash inflows and cash outflows to the budget. The company is able to fend off the result by acting in order to reduce the cash outflows and increase the cash inflows.

Also a profitable company could find itself in a crisis if the cash flow is bad. Especially a growing company could get in trouble since they tie up a lot of capital in different investments and these companies often have much account receivable. If a company is experiencing problems with the cash flow, the companies that leave them credit will be worried about their money. They will then claim harsh conditions for their money, which in turn will lead to even greater cash flow problems for the company. This is a problem with cash flow.

When the cash flow is made, it is important to consider that the cash flow must be good enough each period and not only calculated for a year. Therefore, a budget will be made for each month. The company could have large cash inflows and small cash outflows during certain periods and large cash outflows and small cash inflows during other periods. Companies that are operating in seasons-sensitive

line of businesses often meet this type of transactions. Over a year the cash flow is good but in reality the company could be in a jam if there isn't enough money a month when the cash inflows are less than the cash outflows. It is therefore important to formulate the cash flow in a manner that the company always has liquidity enough to cover their costs, also those months when the business is performing at its worst.

Balanced budget

The balanced budget is not made until both the cash flow and the profit budget are produced. There are no new figures in the balance budget, it is put together with the guidance of the calculations that has been produced for the companies second year of budget. The balance budget shows how well the profit budget and cash flow are processed. If there is a difference in the balance budget, it is probably due to a miscalculation or to a mistake in one of the other budgets that the cash flow relies on.

Another one of the balance budgets field of application is the use of business ratios that is used in the steering of the company.

Criticism of budgeting

The budget process requires a lot of time and resources from the company in planning, implementation and evaluation. The company always has to estimate if the benefits of the budget are larger than the cost of it. Another disadvantage with the budget is that it is a plan for a period of time that has not yet occurred. Large negative consequences can occur if the company pursues with the budget without acknowledging to the reality in which the company exists. It can be difficult to make correct judgement because the external conditions can change quickly. It is especially difficult for the company to make a correct budget if it is the first time or if there is a lack of experience of the company's current situation.

Some companies do not use budget. They use prognoses and try to adapt the business in line with how they believe the market develops. There are many possible reasons for a company to choose to steer without a budget. The budget requires a lot of time and resources that could be used on other things if the company chooses to steer without a budget. Because the budget period takes place in the future it is not possible to know if the activities the company planned for is going to occur. To steer without a budget does not mean that the companies can stop planning, instead they have to watch their business and the environment closely to be able to react quickly if needed and constantly steer the company in the right direction and within the limits.

The budget creates a lot of dysfunctional behaviour because it evaluates and steer the employers in a strict and firm way and if the goals of the budget are not reachable the negative behaviours and tendencies are strengthen. Another shortcoming with the budget is that it is often not the most important thing to make a better result than the budget goals but to reach them and not more. A highly controlled budget also makes the employees less likely to take risks if that means that they must go beyond the budget restrictions and take the responsibility if the gambling goes wrong. To go beyond the budget in that situation can make the critic harder because the employees in a company with a budget have clearer restrictions than they in a company without. It is also possible that the management of a company with a budget has a bonus connected to the goals of it. It is then a risk that they will continue to steer against the goals although changed conditions make this behaviour negative and can hurt the company.

Many companies look for alternatives to the budget but they often feel that there are not realistic alternatives or knowledge about alternatives to steer, plan and lead companies. Today there are two main possibilities for the companies who want to steer without a budget. One is to introduce new tools to steer and one is to decentralize. To decentralize requires new tools to steer the company but a company can introduce new tools for steering without a decentralization of the company. The companies change the fixed goals in the budget that work as an evaluation foundation to an evaluation system that takes into consideration the actual reality and adapts to reasonable goals after these conditions.

It is possible to predict the future adequately as long as there isn't a break in the trend of the development. However, a break in the trend is very hard to predict and it can cost a lot if the company

has prepared itself in the wrong way for the future. The budget is often built on prognoses which often turn out to be wrong and then the companies aim at goals that are no longer relevant.

It is hard to know the effects if the budget is replaced before the companies have tried. To abolish the budget sends a clear message to the employees at lower levels that the management is serious and that it is time to take more responsibility because there isn't the same steering at detail level without a budget.

According to Wallander, budgeting creates conflicts in the organisation and is very demanding and difficult because many co-workers are forced to engage themselves. The budget demands a lot of input which becomes out of date after a short period. The budget is seen by many within the organisation as a forced and unnatural division of periods which the management builds on simplified prognoses. Wallander believes that the budget leads to power struggles between different departments when each department wants to do what is best for itself and loses focus on the company as a unit. According to Wallander, all budget work is a misuse of resources that in the worst case can be dangerous for a company and he also considers that the budget is only an instrument of power to influence the employees.

If a company wants to steer without a budget it needs to have a good functioning and intelligent account. The account has to give enough information on how the result is developing and also other information that is relevant for the business. The company needs to be divided into separate unit with responsibility for the result and a detailed account of each unit.

The company makes a basic model of the balance sheet and of the profit and loss account including a picture of possible events that might take place if the price rises. In a steering without budget, smaller investments like price setting is made continuously and larger investments are made when the opportunity arises. Compared to a company with a budget where all the planning binds the company to a plan for shorter and longer time.

According to Wallander, steering without a budget aims towards relative goals and not absolute. The basic idea to steer this way is to earn as much money as possible with the competitors and the development in the market in mind. The central management's task is to monitor the development and help the different departments with these working as profit centers

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CHECK YOUR PROGRESS

- Explain the various types of budgets.
- Elaborate the profit budget.
- Explain the cash-flow type of budget.
- Distinguish between cash-flow and profit types of budgets.
- Explain the concept of a balanced budget.
- Explain the various points on which the concept of budget is criticized.

4.04 PREPARATION OF BUDGET

Planning

Before the actual work with the budget begins, someone within the company takes on the responsibility for the processing of the budget. This person might vary and often depends on the size of the company. In a small company the budget is often made by the MD. In a large company, someone is usually assigned the responsibility for the budget and that it is ready on time.

It is important that as many as possible are involved in the processing of the budget, as one person can't know everything. Furthermore, when several persons participate and feel they can influence the outcome of the budget, they are more positive to the budget and its implementation.

The ones responsible for the budget collect information about the current situation of the company, and present a suggestion to a first rough draft of a budget. This suggestion is then evaluated by the parties concerned in order to hear their opinion. Thereafter the budget is finished, completed with the viewpoints of the others. This procedure leads to an increased understanding for the budget and its aim becomes more obvious to the employees.

Those who work with the processing of the budget need a foundation to be able to bring out a realistic budget. It is more common that the company use the numbers from earlier years' budgets when making the budget. However, it is important that an evaluation has been done of what is good and what can be improved since last year. Different types of index, like retailer price index and wages agreement, are other usually occurring sources. The companies might also look at the market and its rivals and by that get a feeling for the possibility that the company has got into a new position that must be taken into consideration in the budget. An analysis of the surrounding world must also be done, since elements such as political decisions, new laws and altered taxes might influence the company.

During the processing of the budget, it is important to carefully document the course of events and the estimates that are done to analyse and draw conclusions to improve the budget. Detailed notes are important as it is easy to forget the situation as it was when the notes were written and people that were not involved from the beginning might need to read the notes.

The budget is often processed from the basic data since it is built on the goals the company wish to attain. It could be financial goals or business ratios or even non-financial goals such as reaching a certain market share.

The business ratios and goals could also serve as a sort of alarm. If the numbers go under the set limits, the company must act quickly to change the situation. There is a connection between some business ratios and the companies' financial survival. A company that goes bankrupt often shows a poor cash liquidity and solidity.

The processing of the budget begins the year before the period that is to be budgeted. The result from the first half of the ongoing periods' budget and forecasts for the remaining and coming period is often used as basic data. The reason why the processing of the budget has to begin early is because a lot of time and resources is necessary in order to collect basic data and compile the information, especially in large companies with many departmental budgets that must be compiled into a material for the company as a whole.

The companies must constantly become more efficient and that is applicable also for the process of budgeting. This leaves high demands on routines in the production of the budget and focus lies on the essentials and on time and efficiency. In an alternating world, demands are also set on the budget to be flexible and it has to adapt quickly to the various conditions if so necessary.

Budget disposition

There are two different methods to process a budget; the bottom-up method and the top-down method.

In the bottom-up method the company constructs a budget from underneath and lets its staff collect relevant information that can influence next year's budget. All information is put together and compiled by the management. The benefit of this is that the information is collected close to the source, which grants a good view about next year's business. The disadvantage is that a certain amount of duplication of work occurs. A tactical budgeting might also occur, since the staff might estimate their work lower than the level they would be able to handle in order to accomplish the goal or exceed it easier and maybe collect a commission.

In the top-down method obvious directions about which goals that are to be achieved are given by the management. These directions are guidelines to all departments and the technique functions well if the goals are realistic and a motivation among the departments to reach the targeted goals exists.

Principles of budgeting

The items a company brings up in its budget are of importance. The intention is to convert all put in resources into achievements, like goods or services. There are different principles to create a budget.

The object principle will give the company control over its consumption of resources. According to this principle, costs like staff and material are separated.

The principle of location, on the other hand, leads the companies to specify the budget by asking the question where the costs has taken place in order to know where the resources should be put.

Yet another way to budget is to use the principle of aim. The company distributes all costs on the companies' different products in the budget, i.e., to connect all costs with activities and the purpose of the business. The company identifies kinds of resources, economical responsibility and purpose of the business. The thought is that each separate activity shall be assigned to a specific purpose and the company divides the business into an overall main purpose such as production, administration or marketing.

In the public sector, organisations use the principle of program; organisations wish to see what efforts are made. There is no explicit difference between the principle of aim and the principle of program.

The purpose of program budgeting is to manage a better dialogue and delegation within the authorities and a better cooperation between the government and the authorities. For the authorities it's easier to in each program redistribute money between different types of costs.

Criticism is sometimes heard that all involved in budgeting rarely has an opportunity to reconsider the budget as a whole. Budget is often about a growth rate; to raise the sales by ten percent, cut costs by five percent... Therefore the thought has been introduced that the company should have an initial position equalizing zero as a basis for budget discussions. The zero basis budgeting was created, where each department is involved in the process of budgeting by taking out three packages of decisions; one basic package, one additional package and one expansion package. The advantage of this is that it encourages participation and it is logical since the company gets a large number of decision-packages and can chose the best ones.

Budget follow up

The budget follow up signifies that the outcome of the budget is evaluated against the real values during a budgetary period. The budget is meant to function as a tool of steering for the company. In

order for the tool of steering to be relevant for the company, the actual results that arise in a period must be analyzed against the values that was budgeted during the same period. The follow up is made from different reasons. It could be one way to know if the results agree with the budgeted estimates, or if there are any discrepancies. If any rewards are connected to the goals of the budget, a review has to be done in order to evaluate the achievements and distribute possible rewards.

The budget follow up is made in order to let the ones who processed the budget evaluate their work and analyse any discrepancies found. The purpose of this is to be able to make an even more valid budget next time. Furthermore, the budget will not be taken seriously enough if it is not reviewed; since the management then will send the message that it is not important to inform them whether the budget was fair or not.

When a company processes a budget, they want to have the possibility to control if the targets have been fulfilled and if not, alarm them to why. If the company discovers a discrepancy within their budget, it begins to investigate why the discrepancy has occurred and to make a diagnosis. This will be used as a supporting document to prepare to make measures to manage the problem.

Reasons to deviations

The budget is made of many assumptions and estimates, and therefore it can never be exact. However, the companies must strive to make it as exact as possible since it is the foundation to the planning of the business. If the budget is not equal to the reality, it is, as mentioned earlier, a prediction of what the company believes and not what the company with certainty know will happen. For this reason, a discrepancy should not be seen as a major catastrophe. Some deviations will occur, but the company should strive for as few deviations as possible. The deviations that occur should nevertheless be analysed, in order to make changes in coming budgets, if necessary. Usual reasons for deviations are such simple causes as miscalculations, unforeseen events or it could be due to the fact that considerable parts have not been included in the budget. The company could also have made allocations to a period that has turned out to be faulty afterwards.

If the management plans their budget without the knowledge necessary about the different departments within the company, it may cause a problem. It can lead to the result of unrealistic conditions and starting points that are impossible for the departments to reach. This might consequently lead to a conscious deviation from the budget.

Usually a company investigates a deviation only if the company has underperformed and has not been able to reach the goals set in the budget. It is also important, however, to try to find out the causes why the company has achieved better than the goals set in the budget. Facts that the company has not taken into consideration earlier may have had a great influence on the positive result, and it could be of importance in the future as well. If control and evaluations are done only on poor results, possible future profits may get out of hand.

Reports

To facilitate the evaluation of the budget, it is important to continuously report to the ones responsible, in order for them to take part of important information that has effect on the business and direction of the company. It is important that these reports show the most essential information and that they do not bring up too much each time. The ones reading the reports does not have unlimited time and if the reports are too extensive it could mean that they will not be studied at all.

It can be difficult to analyze why a change has occurred since a number of factors influence each separate value of the budget. To analyze every change is too much of a demanding task, and instead the company must give priorities made by the importance of every separate value.

CHECK YOUR PROGRESS

Explain outline of activities in preparing a budget.
Describe the planning phase of budget preparation.
Elaborate on the bottom-up approach of disposing a budget.
Explain the top-down approach of processing a budget.
Discuss the various principles of budgeting.
Describe the various activities which are involved in budget follow up.
Explain the various reasons for deviating from the budget.
Deliberate on the importance of reporting in implementation of a budget.

4.05 BUDGET FOR F&B OPERATIONS

The budget

A budget is a plan – expressed usually in financial and/or quantitative terms (e.g. total value of payroll, number of customers, etc.) – which reflects the policies of an establishment and determines the business operations for a particular trading period. The trading period is usually of one year, but is often broken down into review (or control) periods of either thirteen four-week periods; or alternatively, of thirteen-week quarters, each quarter consisting of two four-week and one five-week periods. Whichever method is adopted it is necessary that the periods remain the same so as to make it possible to compare results not only with corresponding periods in the same year, but also with the corresponding periods in earlier years. Bank holidays and special events falling into different periods each year should be noted.

The term budgetary control refers to a method of control where particular responsibility for various budgeted results is assigned to the managers concerned and a continuous comparison of the actual results and budgeted figures is made. When there are discrepancies between the two, it is necessary to identify the reasons for the variances and to take appropriate action. It is essential that when budgets are set they are clearly seen to be achievable; otherwise they are of little value. The objectives of budgetary control are threefold:

- To provide a plan of action for a set trading period, to guide and regulate a business in keeping with its stated policies, and to maximize the full use of its resources.
- To set standards of performance for management against which their performance can be measured.
- To set out levels of cost responsibility and encourage cost awareness.

Budgets are prepared by the senior management of an organization in consultation with the various managers and departmental heads so as to ensure a greater level of commitment and an awareness of the aims, objectives, problems and possible weaknesses of the establishment. There are two main types: capital budgets; and operating budgets. Capital budgets, as the name implies, are those which

are concerned with the assets and liabilities of an establishment, for example equipment, plant and cash.

Operating budgets are those concerned with the day-to-day income and expenditure of an establishment and include sales, cost of sales, labour, maintenance, head office expenses, etc. This is the type of budget that food and beverage managers will be mostly concerned with when looking at the food and beverage control system. The amount of detail and sub-division into departmental budgets depends very much on the type and size of the business.

The basic stages are:

1. Determination of the net profit required for the business in relation to the capital invested and the risk involved. Alternatively, in the case of non-profit making establishments, the level of subsidy available or required is postulated.
2. Preparation of the sales budget : This determines the volume of sales necessary to achieve the desired net profit or subsidy and also influences the budgeted costs for food, beverages, labour and some overheads.
3. Preparation of administration and general budgets : These are for such items as head office expenses, advertising, rates, insurance, etc. Some of these may be regarded as fixed budgets, that is, they are not affected by any change in the volume of business, for example head office expenses, advertising, rates, etc.; while others may be regarded as flexible budgets, that is, they are affected by changes in the volume of business, for example telephones, laundry, etc.
4. Preparation of the capital expenditure budget which makes provision for such items of expenditure as new kitchen equipment, restaurant and bar furniture (including any installation charges), etc.
5. Preparation of the cash budget : This is regarded as the most important of the capital budgets and it predetermines the cash inflows, the cash outflows and resulting cash balance at particular points during the period.
6. Preparation of master budgets : As stated previously master budgets are prepared for the trading account, profit and loss account and the balance sheet (see Figure 4.01).

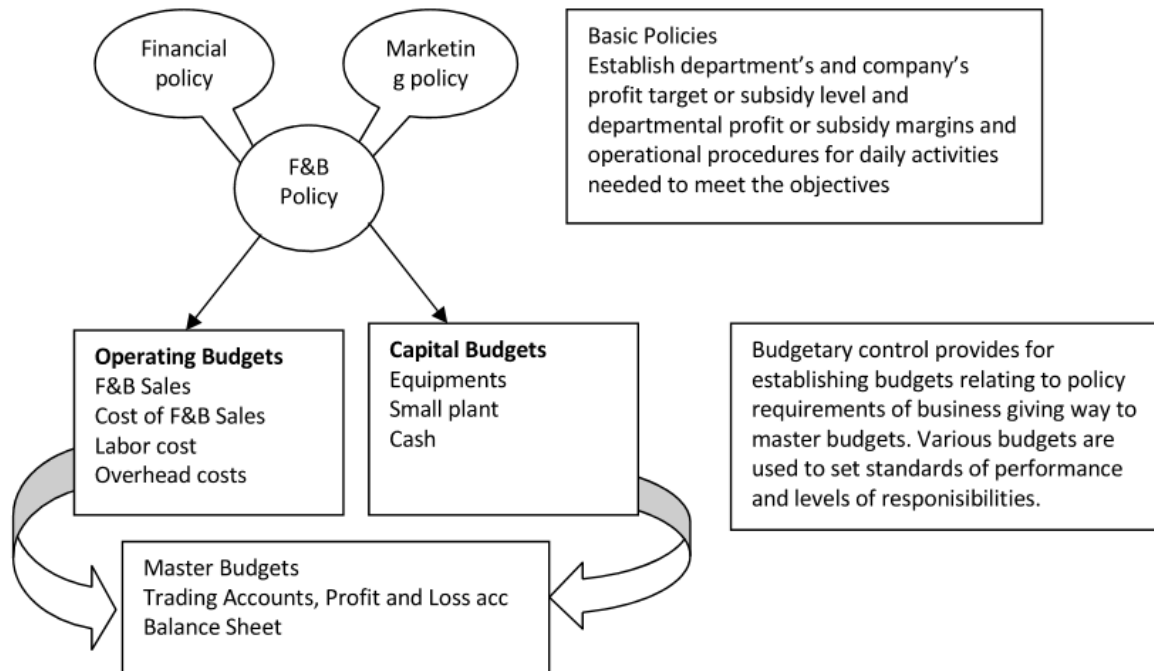


Fig 4.01: Budgetary control as an extension of basic policies

CHECK YOUR PROGRESS

Explain the various stage of preparation of a budget.
 Discuss the various policies which are to be reflected in the budget of an F&B outlet.
 Show how a budget acts as an extension of basic policies using a block diagram.

4.06 INVENTORY CONTROL

A key component in effective kitchen management is **inventory** control. By knowing what supplies are on hand at a given time, the manager will be able to plan food orders, calculate **food costs** since the previous inventory, and make menu item changes if needed. By keeping an eye on inventory, it is possible to note potential problems with pilferage and waste.

Managing inventory is like checking a bank account. Just as you are interested in how much money you have in the bank and whether that money is paying you enough in interest, so the manager should be interested in the value of the supplies in the storeroom and in the kitchen.

An inventory is everything that is found within your establishment. Produce, dry stores, pots and pans, uniforms, liquor, linens, or anything that costs money to the business should be counted as part of inventory. Kitchen items should be counted separately from the front of house and bar inventory and so forth.

Regardless of the size of your operation, the principles of inventory control are the same. In larger operations there will be more people and sometimes even whole teams involved with the various steps, and in a small operation all responsibility for managing the inventory may fall on one or two key people.

Effective inventory control can be broken down into a few important steps:

- Set up systems to track and record inventory
- Develop specifications and procedures for ordering and purchasing
- Develop standards and procedures to efficiently receive deliveries
- Determine the frequency and processes for reconciling inventory
- Analyze inventory data and determine any areas for improvement

Setting Up Systems to Track and Record Inventory

One of the reasons you take inventory is to determine food costs and to work out cost percentages. There are several procedures that simplify finding the value of goods in storage. These techniques are based on keeping good records of how much supplies cost and when supplies were purchased.

The temptation in small operations is to treat inventory control casually. Perhaps there are only one or two people doing the purchasing and they are usually aware of the supplies that are on hand. This doesn't eliminate the need to track purchases against sales to see if you are managing your costs as well as you can.

Almost all inventory control procedures are time consuming. Moreover, such records must be kept up-to-date and done accurately. Trying to save a few hours by cutting back on the time needed to keep inventory records may be money poorly saved.

The simplest method for tracking inventory is using a spreadsheet. A simple spreadsheet might list all of the products that are regularly purchased, with the current prices and the numbers on hand at the last inventory count. The prices can be updated regularly as invoices are processed for payment, and a schedule can be set to count the product on hand.

In large operations, the systems need to be more sophisticated as there are more people involved. Purchases might be made by a separate department, inventory records might be kept by a storeroom clerk, and the tracking and counting of inventory might be tied to a system using scanners and barcodes, which in turn may be linked with your sales system so that there is always a record of what should be in stock.

No matter the depth of detail used, having a system to track inventory gives managers a good idea of supplies on hand and a tool to use to manage costs.

Incoming Inventory

The primary reason for establishing a consistent method for accepting ordered goods is to ensure that the establishment receives exactly what has been ordered. Errors frequently occur, and unless the quantity and quality of the items delivered are carefully checked against what was ordered, substantial losses can take place. When receiving procedures are carefully performed, mistakes that could cost the restaurant time and money are avoided. In addition,

an effective receiving method encourages honesty on the part of suppliers and delivery people.

Invoices

The most important document in determining if the goods received are the goods ordered is the **invoice**. An invoice is an itemized list of the goods or products delivered to a food preparation premise. An invoice shows the quantity, quality, price per kilogram or unit, and, in some cases, the complete extension of the cost chargeable. Only by carefully comparing and checking can you be sure that the information on the invoice tallies with the products received. This comparison may require that items be weighed and/or counted.

Whenever possible, the **receiver** should check the invoice against the **purchase order** or purchase request slips. This will ensure that the quantity and price of the goods shipped match those listed on the order form. If the invoice is not checked against the purchase order when the goods arrive, there is the potential that you will be missing products you need or receive products that were not ordered or are in incorrect quantities.

In addition, the quality of the goods should be determined before they are accepted. For example, boxes of fresh produce and frozen foods should be opened and inspected to ensure quality.

When you are satisfied that the delivery is in order, sign the invoice. In most cases, the invoice is in duplicate or triplicate: you keep the original and the delivery driver retains the other copy or copies. Once you have signed, you have relieved the delivery company of its responsibilities and the supplies now belong to your company. You may, therefore, become responsible for any discrepancies between what is on the invoice and what has been delivered. It is good practice to bring any discrepancies or errors to the attention of the driver and have him or her acknowledge the mistake by signing the invoice. If a credit note is issued, that should also be marked on the invoice by the driver.

Do not sign the invoice until you are sure that all discrepancies have been taken care of and recorded on the invoice.

Take the signed invoice and give it to whoever is responsible for collecting invoices for the company.

The receiving of deliveries can be time consuming for both the food establishment and the delivery service. Often the delivery people (particularly if they are not the supplier) will not want to wait while these checks are done. In this case, it is important that your company has an understanding with the supplier that faults discovered after the delivery service has left are the supplier's problems, not yours.

Once the invoices have been signed, put the delivered products in the proper locations. If you are required to track incoming inventory, do so at the same time.

Outgoing Inventory

When a supply leaves the storeroom or cooler, a record must be kept to track where it has gone. In most small operations, the supplies go directly to the kitchen where they are used to

produce the menu items. In an ideal world, accurate records of incoming and outgoing supplies are kept, so knowing what is on hand is a simple matter of subtraction. Unfortunately, systems aren't always that simple.

In a smaller operation, knowing what has arrived and what gets used every day can easily be reconciled by doing a regular count of inventory. In larger operations and hotels, the storage rooms and coolers may be on a different floor than the kitchen, and therefore a system is needed that requires each department and the kitchens to requisition food from the storeroom or purchasing department, much like a small restaurant would do directly from the supplier. In this model, the hotel would purchase all of the food and keep it in a central storage area, and individual departments would then "order" their food from the storerooms.

Requisitions

To control inventory and to determine daily menu costs in a larger operation, it is necessary to set up a requisition procedure where anything transferred from storage to the kitchen is done by a request in writing. The requisition form should include the name and quantity of the items needed by the kitchen. These forms often have space for the storeroom clerk or whoever handles the storeroom inventory to enter the unit price and total cost of each requested item.

In an efficiently run operation, separate requisition forms should be used by serving personnel to replace table supplies such as sugar, salt, and pepper. However, often personnel resist using requisition forms because they find it much easier and quicker to simply enter the storage room and grab what is needed, but this practice leaves no record and makes accurate record keeping impossible. To reduce the possibility of this occurring, the storage area should be secure with only a few people having the right to enter the rooms, storage freezers, or storage refrigerators.

Date: _____

Department: Food Service

Quantity	Description	Unit Cost	Total Cost
6 #10 cans	Kernel corn		
25 kg	Sugar		
20 kg	Ground beef		
6 each	Pork loins		

Charge to: Catering Dept.

C. Andrews

Chef

Figure 1: Requisition form

Fig. 4.02: Requisition form

Not only does the requisition keep tabs on inventory, it also can be used to determine the dollar value of foods requested by each department and so be used to determine expenses. In a larger operation where purchases may be made from different suppliers at different prices, it may be necessary to tag all staples with their costs and date of arrival. Expensive items such as meats are often tagged with a form that contains information about weight, cost per unit (piece, pound or kilogram), date of purchase, and name of supplier.

Pricing all items is time consuming, but that time will soon be recovered when requisition forms are being filled out or when the stock has to be given a monetary value. In addition, having prices on goods may help to remind staff that waste is costly.

Inventory Record Keeping

There are two basic record keeping methods to track inventory. The first is taking **perpetual inventory**. A perpetual inventory is simply a running balance of what is on hand. Perpetual inventory is best done by keeping records for each product that is in storage, as shown in Figure below.

Item: <u>Canned Peaches</u> Reorder Point: <u>10</u>				Purchase Unit Size: <u>540 mL</u> Par Stock: <u>15</u>			
	In	Out	Balance		In	Out	Balance
Date	Carried Forward <u>15</u>			Date	Carried Forward <u> </u>		
6/16		3	12				
6/17		3	9				
6/18	6		15				
6/19		2	13				

Fig 4.03: Perpetual inventory form

When more of the product is received, the number of cans or items is recorded and added to the inventory on hand; when some of the product is requisitioned, the number going out is recorded and the balance is reduced. In addition, the perpetual inventory form can indicate when the product should be reordered (the reorder point) and how much of the product should ideally be on hand at a given time (**par stock**).

In small operations, a perpetual inventory is usually only kept for expensive items as the time (and cost) of keeping up the records can be substantial.

The second inventory record keeping system is taking a **physical inventory**. A physical inventory requires that all items in storage be counted periodically. To be an effective control, physical inventory should be taken at least monthly. The inventory records are kept in a spreadsheet or in another system reserved for that purpose.

The inventory sheet can list the items alphabetically or in the order they will appear on the shelves in the storage areas.

Month: March

Product	Unit	Count	Unit Price	Total Value
Lima beans	6 #10	4 1/3	\$23.00	\$99.60
Green beans	6 #10	3 5/6	28.95	110.98
Flour	25 kg bag	3	14.85	44.55
Rice	50 kg bag	1	32.50	32.50
			Total	\$593.68

Fig 4.04: Physical inventory form

In addition to the quantity of items, the inventory usually has room for the unit cost and total value of each item in storage. The total values of the items are added together to give the total dollar value of the inventory. This is also known as **extending** the inventory. The total value of the inventory is known as the **closing inventory** for the day the inventory was taken. This amount will also be used as the **opening inventory** to compare with the next physical inventory. If the inventory is taken on the same day of each month, the figures can be used to accurately determine the monthly food cost.

The physical inventory is used to verify the accuracy of the perpetual inventory. For example, if 15 whole beef tenderloins are counted during a physical inventory, but the perpetual inventory suggests that there should be 20 tenderloins on hand, then a control problem exists and you need to find the reason for the variance.

Computerized Inventory Control

Most people today use computerized systems to calculate, track, and extend inventory. These systems enable the restaurant to have a much tighter and more accurate control over the inventory on hand and the costs of that inventory. Having access to information such as ordering history and the best price paid is just one of the benefits of these systems. They can also help the purchaser predict demand levels throughout the year. These programs in many cases are also integrated with the **point-of-sale (POS) system** used to track sales, and can even remove an item from a computerized inventory list when the waiter registers the sale of any menu item on the restaurant terminal. That is, if a customer orders one chicken dish from the menu, all the items required to make one portion of the chicken are discounted from inventory. This provides management with an constant up-to-date perpetual inventory of most inventory items.

Smaller operations will use a spreadsheet application to manage inventory, so you should also be familiar with a program like Microsoft Excel if you are responsible for ordering and inventory. The information required for the program to do the calculations properly is available from the invoices received with your supplies. That is, the quantities and prices of the goods you most recently received should be entered into the computer program either by you or by the restaurant's purchaser. These prices and quantities are automatically used to calculate the cost of the goods on hand. This automated process can save you an enormous

amount of time and, if the information entered into the computer is accurate, may also save you money. In any inventory system, there is always a possibility for error, but with computerized assistance, this risk is minimized.

Pricing and Costing for Physical Inventory

The cost of items purchased can vary widely between orders. For example, cans of pineapple might cost \$2.25 one week, \$2.15 the second week, and \$2.60 another week. The daily inventory reports will reflect the changes in price, but unless the individual cans have been marked, it is difficult to decide what to use as a cost on the physical inventory form.

There are several different ways to view the cost of the stock on the shelves if the actual cost of each item is difficult to determine. Most commonly, the last price paid for the product is used to determine the value of the stock on hand. For example, if canned pineapple last cost \$2.60 a can and there are 25 cans on hand, the total value of the pineapple is assumed to be \$65 (25 x \$2.60) even though not all of the cans may have been bought at \$2.60 per can.

Another method for costing assumes the stock has **rotated** properly and is known as the **FIFO** (first-in first-out) system. Then, if records have been kept up-to-date, it is possible to more accurately determine the value of the stock on hand.

Here is an example showing how the FIFO system works.

Example	
The daily inventory shows the following:	
Opening inventory	15 cans @ \$2.15 = \$32.25
Received on 8th of month	24 cans @ \$2.25 = \$54.00
Received on 15th of month	24 cans @ \$2.15 = \$51.60
Received on 23rd of month	12 cans @ \$2.60 = \$31.20
If the stock has rotated according to FIFO, you should have used all of the opening inventory, all of the product received on the 8th, and some of the product received on the 15th. The 25 remaining cans must consist of the 12 cans received on the 23rd and 13 of the cans received on the 15th. The value of these cans is then	
12 cans @ 2.60	= \$31.20
13 cans @ 2.15	= \$27.95
Total	= \$59.15

As you can see, the choice of costing method can have a marked effect on the value of stock on hand. It is always advisable to use the method that best reflects the actual cost of the products. Once a method is adopted, the same method must be used consistently or the statistical data generated will be invalid.

Costing Prepared or Processed Items

When you are building your inventory forms, be sure to calculate the costs of any processed items. For instance, sauces and stocks that you make from raw ingredients need to be costed accurately and recorded on the spreadsheet along with purchased products so that when you are counting your inventory you are able to reflect the value of all supplies on the premises that have not been sold.

Inventory Turnover

When accurate inventory records are kept, it is possible to use the data in the records to determine the inventory **turnover** rate. The inventory turnover rate shows the number of times in a given period (usually a month) that the inventory is turned into revenue. An inventory turnover of 1.5 means that the inventory turns over about 1.5 times a month, or 18 times a year. In this case, you would have about three weeks of supplies in inventory at any given time (actually 2.88 weeks, which is 52 weeks/18). Generally, an inventory turnover every one to two weeks (or two to three times per month) is considered normal.

A common method used to determine inventory turnover is to find the average food inventory for a month and divide it into the total food cost for the same month. The total food cost is calculated by adding the daily food purchases (found on the daily receiving reports) to the value of the food inventory at the beginning of the month and subtracting the value of the food inventory at the end of the month.

That is,

average food inventory = (beginning inventory + ending inventory)/2

cost of food = beginning inventory + purchases – ending inventory

inventory turnover = (cost of food)/(average food inventory)

Example

A restaurant has a beginning inventory of \$8000 and an ending inventory of \$8500. The daily receiving reports show that purchases for the month totalled \$12 000. Determine the cost of food and the inventory turnover.

Cost of food = \$8000 + \$12 000 – \$8500 = \$11 500

Average food inventory = (\$8000 + \$8500)/2 = \$8250

Inventory turnover = \$11 500/\$8250 = 1.4

The turnover rate in the example would be considered low and would suggest that the business has invested too much money in inventory. Having a lot of inventory on hand can lead to spoilage, high **capital** costs, increased storage space requirements, and other costs.

Inventory turnover rates are not exact, for a few reasons. One is that in many food operations, accurate inventory records are usually kept only for more expensive items. Another is that the simple food cost used in the calculation does not truly reflect the actual food cost. (Food costs are discussed in another chapter in this book.) In addition, not all inventory turns over at the same rate. For example, perishables turn over as quickly as they arrive while canned goods turn over more slowly.

Even though turnover rates are not exact, they do give managers at least a rough idea of how much inventory they are keeping on hand.

.CHECK YOUR PROGRESS

Explain the concept of inventory control.
What are the various steps involved in inventory control.
Explain the system to track and record inventory.
Describe the concept of invoice.
Why is it important to have a consistent method of receiving ordered goods.
Explain what points should be kept in mind before accepting the ordered goods.
Explain why it is important to keep record of the outgoing inventory.
Explain the requisition mechanism for movements of goods.
Elaborate on perpetual inventory recording system.
Elaborate on physical inventory recording system.
Discuss the computerized inventory control system.
Explain the working of a FIFO system using an example.
Elaborate on the concept of inventory turnover rate.

4.07 PURCHASING

<https://opentextbc.ca/basickitchenandfoodservicemanagement/chapter/purchasing/>

The purchasing process is an essential part of every food service operation. All competent cooks should be skilled in buying the appropriate ingredients, in accurate amounts, at the right time, and at the best price.

Every kitchen operation has different purchasing procedures. But there is one rule that should always be followed:

- Buy only as much as it is anticipated will be needed until the next delivery.

This will ensure that foods stay fresh and will create a high inventory turnover. All foods deteriorate in time, some more quickly than others. It is the job of the purchaser to ensure that only those quantities that will be used immediately or in the near future are purchased.

Market Sourcing

Sources of supply vary considerably from location to location. Large cities have a greater number and variety of suppliers than do small towns and isolated communities. Purchasers should establish contact with available suppliers such as wholesalers, local producers and

packers, retailers, cooperative associations, and food importers. In most instances, the person in charge of buying will contact several suppliers to obtain the necessary foods. Some wholesalers diversify their product lines in order to meet all food-related kitchen needs.

Food products are obtained from various sources of supply. For example, a packing house supplies meat and meat products, while a food wholesaler supplies dry goods. Once business is established with a supplier, all transactions should be well documented and kept readily available on file.

There are two major food categories: perishables and non-perishables.

Perishables

Perishable items include fruits, vegetables, fresh fish and shellfish, fresh meats, poultry, and dairy products. As a rule, perishables are bought frequently to ensure freshness. Frozen foods, such as vegetables, fish and meat products, have a longer lifespan and can be ordered less frequently and stored in a freezer.

Non-perishables

Non-perishable items include dry goods, flour, cereals, and miscellaneous items such as olives, pickles, and other condiments. These can be ordered on a weekly or monthly basis.

Keep in mind that just because something does not go bad isn't a reason to buy it in quantities larger than you need. Every item in your inventory is equal to a dollar amount that you could be saving or spending on something else. Consider that a case of 1000 sheets of parchment paper may cost \$250. If you have a case and a half sitting in your inventory, but only use a few sheets a day, that is a lot of money sitting in your storeroom.

Factors That Impact Prices

Food products in particular fluctuate in price over the year, due to many factors:

- **Seasonality:** When food is in season, there is more of it available in the local food supply, bringing prices down. Additionally, foods in season are usually of higher quality and have longer shelf life than those that are out of season and need to be transported long distances to market.
- **Weather:** Severe weather can have a huge impact on the cost of food. Drought, flooding, and unseasonable frost have all affected major produce-supplying areas of the world in recent years, causing a rise in prices for many items.
- **Costs of transportation:** If the cost of fuel or transportation rises, so does the cost of food that needs to travel to market.
- **Commodity prices:** A number of foods are traded on the commodity market, such as meats and grains. These prices fluctuate as buyers who trade in these products in large volumes buy and sell, much like the stock market.

Before purchasing any food items, ask the following questions.

- When is the item to be used?
- Which supplier has the best price and the best quality? Where an item is purchased should be determined by the price and the quality of the available supplies. When ordering supplies, it is

advisable to get prices from at least three sources, then purchase from the supplier who quotes the best price for comparable quality.

- When will the item be delivered? Depending on the distance of the food service establishment from the supplier, delivery may take hours or days. Remember, it is extremely difficult to maintain food quality and consistency if you do not know when your order will be delivered. For this reason, menu planning and a running inventory are two of the most important aspects of purchasing procedures.

Specifications

Meat, seafood, poultry, processed fruits and vegetables, and fresh fruits and vegetables can be ordered under different **specifications**. For example,

- Meats can be ordered by grade, cut, weight/thickness, fat limitation, age, whether fresh or frozen, and type of packaging.
- Seafood can be ordered by type (e.g., fin fish/shellfish), species, market form, condition, grade, place of origin, whether fresh or frozen, count, size, and packaging.
- Poultry can be ordered by type, grade, class (e.g., broiler, fryer), style (e.g., breasts, wings), size, whether fresh or frozen, and packaging.
- Processed fruits and vegetables can be ordered by grade (sometimes), variety, packaging size and type, drained weight, count per case, packing medium, and whether canned or frozen.
- Fresh fruits and vegetables can be ordered by grade (sometimes), variety, size, weight per container, growing area, and count per container,

The following example shows an example of a purchasing specification sheet that might be kept in a commercial kitchen or receiving area.

Purchasing Specifications

Beef	Grade	Weight, Size, and Cut Specifications
Prime rib	Grade AA	7 kg, fully trimmed
New York strip	Grade AAA	6 kg, bone out, fully trimmed, max. 15 cm width, min. 5 cm depth
Tenderloin	Grade AAA	3 kg, fully trimmed to silverside
Roast sirloin	Grade A	7 kg, boneless butt
Short loins	Grade AAA	6 kg, fully trimmed, 5 cm from eye
Pork	Grade	Weight, Size, and Cut Specifications
Pork leg	Fresh—Canada #1	6 kg, oven ready, lean
Pork loin	Fresh—Canada #1	5-6 kg, trimmed, lean
Ham		6-8 kg, fully cooked, lean, bone in

Poultry	Grade	Weight, Size, and Cut Specifications
Chicken— Frying	Fancy, Eviscerated	1.5 kg, always fresh
Turkey	Fancy, Eviscerated	9-13 kg
Lamb	Grade	Weight, Size, and Cut Specifications
Legs	Fresh—Canada #1	
Lamb loin		3-5 kg, bone in
		2-3 kg, trimmed with all fat removed
Seafood	Grade	Weight, Size, and Cut Specifications
Shrimp	Jumbo	24-30/kg, fresh
Oysters	Canada #1	35/L

Fig 4.05: Purchasing specifications

Contract Buying

Some restaurants and hotels, particularly those belonging to chains, will have contracts in place for the purchasing of all products or for certain items. This may mean that the property can only purchase from a specific supplier, but in return it will have negotiated set pricing for the duration of the contract. This has advantages and disadvantages. On the positive side, the contract price remains stable and the job of managing food costs becomes more consistent since there are no price fluctuations. On the negative side, contract buying takes away the opportunity to compare prices between suppliers and take advantage of specials that may be offered.

Additional Resources

The CFIA (Canadian Food Inspection Agency) has specifications for food labelling, packaging, and so forth:

<http://www.inspection.gc.ca/food/eng/1299092387033/1299093490225>

These books are great resources for purchase specifications:

The Visual Food Encyclopedia (<http://ca.wiley.com/WileyCDA/WileyTitle/productCd-0028610067.html>)

The Visual Food Lover's Guide: (<http://www.amazon.ca/The-Visual-Food-Lovers-Guide/dp/0470505591>) Includes essential information on how to buy, prepare, and store over 1000 types of food

Purchasing Procedures

In most kitchens, purchasing and ordering are done by the chef and sous-chefs, although in larger hotels there may be purchasing departments assigned this responsibility. Most kitchens will have a list of suppliers, contacts, delivery dates and schedules, and order sheets with par stock levels to make purchasing easier. For a special function or event, such as a banquet, it may also be necessary to determine the required supplies for that function alone.

Production Control Chart

To calculate the quantities of food items to be ordered for any size banquet, a portion control chart must be consulted first. Most establishments will have a portion control chart similar to the one shown in Fig 4.06. The chart indicates the portions to be used per person for any given menu item.

Food Item	Menu Item	Portion Size
Shrimp	Shrimp cocktail	80 g (2.82 oz.)
Lemon	Shrimp cocktail	1 wedge (6/lemon)
Cocktail sauce	Shrimp cocktail	60 mL (2.11 oz.)
Head lettuce	Tossed salad	1/4 head
Tomato	Tossed salad	1/2 each
Dressing	Tossed salad	60 mL (2.11 oz.)
Prime rib, raw, trimmed ready	Prime rib	500 g (17.6 oz.)
Potato	Baked potato	1 each (100 count)
Green beans	Green beans	80 g (2.82 oz.)
Carrots	Carrots	80 g (2.82 oz.)
Strawberries	Fresh strawberries	100 g (3.52 oz.)
Whipping cream	Berries and cream	60 mL (2.11 oz.)
Coffee	Coffee	500 g (17.6 oz.) for 75 people
Coffee cream	Coffee	60 mL (2.11 oz.)

Fig 4.06: Portion control chart

One use for a portion control chart is to estimate the quantity of major ingredients and supplies needed to produce a predicted number of menu servings.

Example

You need to prepare shrimp cocktails and prime rib for a 100-person banquet. Using the portion control chart in Figure 5, you can quickly determine what amounts of major ingredients (Figure 4.07).

Required Servings	Amount to Order
100 x 80 g shrimp	8000 g or 8 kg (17.6 lbs.) shrimp
100 x 1 wedge of lemon	100 wedges = 17 lemons (6 wedges per lemon)
100 x 1/4 head of lettuce	25 heads lettuce
100 x 500 g prime rib raw oven ready	50 kg (110 lbs.) prime rib

Fig 4.07: Calculating purchase amounts

Purchase Order Chart with Par Levels

The primary purpose for using a purchasing standard is to ensure that sufficient quantities of all food are on hand to meet daily requirements. To establish and maintain these standards, food inventory must become a daily routine. Having set par levels (the amount you should have on hand to get through to the next order) will help in this regard.

There are three main things you need to know:

- Amount required (par level)
- Amount on hand
- Amount to order

To find the amount to order, subtract the amount on hand from the amount required (Figure 7). In some cases, you may have to order a minimum amount based on the package size, so will need to round your quantity up (such as the whole tub of garlic and full cases of mushrooms, apples, and lettuce in Figure 7).

Meats	Amount Required (Par Level)	Amount on Hand	Amount to Order	Actual Order
• Corned beef	10 kg	2 kg	8 kg	8 kg
• Ribs of beef	20 kg	5 kg	15 kg	15 kg

• Ground beef	10 kg	–	10 kg	10 kg
• Veal liver	5 kg	500 g	4.5 kg	4.5 kg
• Pork loin	10 kg	3 kg	7 kg	7 kg
Fish	Amount Required (Par Level)	Amount on Hand	Amount to Order	Actual Order
• Sole fillet	25 kg	5 kg	20 kg	20 kg
Vegetables	Amount Required (Par Level)	Amount on Hand	Amount to Order	Actual Order
• Garlic, peeled	2 kg tub	250 g	1.750 kg	2 kg tub
• Mushrooms	5 kg case	500 g	4.5 kg	5 kg case
• Lettuce	2 cases (24/case)	12 (1/2 case)	1 1/2 cases	2 cases
Fruits	Amount Required (Par Level)	Amount on Hand	Amount to Order	Actual Order
• Apples	2 cases	1/2 case	1 1/2 cases	2 cases
• Strawberries	10 kg	–		10 kg
• Oranges	1 case	2 cases	–	–

Fig 4.08: Purchase order chart

Integrating these par levels into your regular ordering sheets or your ordering system will make it very easy to manage inventory coming in.

More and more suppliers are moving to online ordering systems, which have current prices, case sizes, and often your purchase history available to you when placing an order. Online ordering can often be more convenient as the person placing the order does not have to make call into an order desk during regular office hours.

CHECK YOUR PROGRESS

What is the essential thing that should be kept in considerations while purchasing F&B items?

Describe market sourcing.
What points should be kept in mind while purchasing perishable and non-perishable goods?
What are the factors which impact prices?
What are the specifications for various food and beverage items?
Describe contract buying.
Describe purchase procedures.
Explain production control chart with example.
Elaborate Purchase Order Chart with Par Levels
Discuss Purchase order chart with example.

4.08 MENU MANAGEMENT

Adopted from <http://customizedculinarysolutions.com/culinary-consulting-services/recipe-and-menu-management/>

Recipe and menu management and related recipe and menu creation services are the bread and butter of all foodservice companies. Literally. Pump up your stale rolls with some rockin' new recipes, ethnic food twists, sustainable and natural ingredient mixes and a whole lot more.

Let us see some of the important areas in which menu management can boost the business of the F&B outlet.

New Recipe Development

One of the creative concepts is development of a new dish. A lot of creativity goes in making a new dish and standardize its recipe. The inspiration may come when you visit a new place and taste something new. You may imitate the same dish by imagining how that menu item may have been prepared. Once you figure out how it is done and tweaked it a bit so that it will suit your local market in terms of sourcing the ingredients and meeting the taste of the target group, then you go for standardizing it for bulk production and writing the recipe.

New recipe development can include the following:

- Using sustainable and natural ingredients
- Cooking with ethnic ingredients and food
- Providing nutritional balance and documenting nutritional information for menu items

Using Sustainable and Natural Ingredients can be simple, if you are **planning a sustainable menu**. There are many factors to consider when planning a sustainable menu, and when you work with a professional consultant, you may get more than a sheet of paper with a set of directions on how to create a sustainable menu. You may alternately employ the services of professionals on your payroll.

Here are some of the **benefits of a sustainable menu**:

- Satisfaction of clients' curiosity when it comes to the need-to-know origins and production of your recipes' raw ingredients
- Assessment of your impact on the environment and using it for branding your outlet
- Measure of your impact on local businesses and take appropriate managerial decisions
- Creation of a natural menu to appease eco-conscious customers
- Construction of cost-effective solutions to all of the above

Additionally, creation of such menu items may have far-reaching relationships with partners that can provide even more detailed resolutions for your sustainable menu(s). Sticking to certifications and organization guidelines are no longer an issue.

Cooking with Ethnic Ingredients and Food can be exotic and unusual, but, somewhere in the world, those same dishes are seen as traditional. To properly use ethnic ingredients, you may need the expertise of an **ethnic food consultant**.

Over the years, many professionals have been collecting real life experiences with traditional ethnic food, exposure to authentic items, equipment and techniques, demonstrations and ingredient tastings. **Ethnic menu development** and **ethnic food programming** are two of the most popular ethnic ingredient and food requests.

Here's a snapshot of what such **ethnic food consultants can provide you**:

- Training in the use of ethnic ingredients
- Give education on how to best use ethnic ingredients
- Creation of ethnic menus and ethnic recipes
- Aid in sourcing ethnic ingredients
- Help you master ethnic food service styles

Providing nutritional balance and documenting nutritional information is standard with all the new recipe development, which you can request the consultants or professionals you hire. Not only do they take care of these with recipes they create for you, but they can also do it for your existing recipes.

The **culinary consultants** and **culinary researchers** utilize the following tools to give you a better outcome:

- Competition analysis
- With use of Technomic's competition analysis, we help you create and implement strategies based on your competition
- Traditional recipe research
- Presentation research
- Evaluation of nutritional information for current menus (uses these methods to provide new menus or manage recipes)

Using the above tools, they deliver the following:

- Nutritional labeling
- Nutritional calculations
- Recipe database management
- Strategy steps and implementation

Recipe and Menu Refresh

Recipe and Menu Refresh takes your current culinary output and amplifies it. This method is designed to shake up your status quo by focusing on signature items and customer favorites and taking those concepts and recipes to ultimate heights. The goal is to maintain a consistent, high-level of food all over your menu(s) through **updated menu recipes** and tough **recipe management**.

You may need to employ or appoint consultants which specialize in **culinary consultancy**; and also in **food cost control research**. On top of putting your customers in a contented food haze, a “Recipe and Menu Refresh” project will:

- Eliminate wasteful costs
- Control portion sizes
- Establish purchase guidelines
- Create efficiency
- Minimize labor
- Maximize yields
- Increase profitability

Here’s how it should work:

Together, you will sit down with the consultants or experts to an extensive tasting of all of your menu items, assess them and with key members of your culinary and management team, give them the kick they need to start flying off the menu pages.

Among the ingredient boosts to your recipes, your dishes will also get makeovers in presentation, taste, appearance, cooking method and portion size. Then, your team plus the experts go from jump-starting your basic recipes to beyond, working with your staff on price perception, sales history, compatibility with menu design and concepts. Final steps in “Recipe and Menu Refreshes” project should include updated menu descriptions to inform your customers that their favorite dishes just received.

The experts may provide menu refreshes for the following:

- Drop-off or off-premise corporate caterers
- Grab-and-go caterers
- Special events and seasonal menu supplements

New Business Concepts

A menu consultant or expert would elevate your catering division from humdrum to smoking hot, and a really good one will take your catering division from smoking hot to smoldering. They will trigger the flames by **developing a catering menu** and/or **developing a special events menu** until your catering division explodes with flavor.

Start cooking over that fire with new business concepts with such professional **menu creation** and more.

Here’s a look at some of the menu concepts that culinary consultants can help you perfect:

- Seasonal supplements
- A la carte and buffet packages for peak sales months
- Drop-off catering menus for web-based ordering systems
- Interactive cooking stations
- Themed-based gala menus
- Open house and promotional events menus
- Ethnic cuisine menus

- Menu programs for brokers
- Menu ideation concepts for incorporating ingredients to showcase a specific product

In addition, the professionals provide consulting in the following ways:

- Station Design
- Foodservice contracts
- Food Courts
- Concepts
- New restaurant openings

When it comes to menu and culinary consulting, professional experts give you the full treatment. Not only will they work with your culinary staff on how to best prepare each item, but they will also work with your sales force to educate them on how best to sell your blazing new menu(s). Whether your sales force works best through culinary training workshops, individual sessions or something in between, they will give your staff the knowledge and understanding from a culinary perspective that will help them get out into the market and sell with efficiency and confidence.

CHECK YOUR PROGRESS

Explain the concept of menu management.

Describe the benefits of sustainable menu.

Elaborate the various tools for menu management.

Discuss the various outcomes as a result of use of various tools for menu management.

Explain the advantages of menu refresh.

Describe some of the business concepts in menu design.

4.09 MENU PLANNING AND CONSTRAINTS

<https://www.posist.com/restaurant-times/restro-gyaan/7-menu-selection-tips-to-tempt-customers-to-spend-more.html>



Fig 4.09 Menu is an important tool

A great Restaurant Menu design is the key ingredient in running a profitable restaurant. **Careful planning and placement of items in the menu help not only restaurants to derive profit but also increases customer delight.** Your restaurant menu is so much more than just a piece of paper with the dishes you offer listed on it along with their description and price. When planned carefully, it can actually act as a means of upselling your dishes.

Restaurant Menu Design Tips that Boost Orders and Increase Profits

A lot of thought goes into menu planning, and here we have narrowed down to the seven menu planning and selection rules which delight customers and tempt them to spend more.

1. Promote the Most Profitable Items

Your most profitable item is the one that requires low-priced ingredients, an item that doesn't take much time to prepare, and which you can sell at a higher price. This item should be highlighted in the menu card or be presented as daily or weekly special item on the table that catches the customer's eye. Or else, you can also place it in the 'Chef's favourite' segment to lure the customers to order it.

2. Use Relative Pricing

Play on the psychology of the customer. Customers are more likely to order cheaper dishes. Place your cheap, yet high-profit dish next to an expensive one which perfectly complements

the former item. Thus, you can highlight the expensive dish which complements the cheaper item and you want guests to order more.

3. Manage the Menu Size

A huge restaurant menu design with too many choices of cuisines may end up confusing the customer. By narrowing down on a specific cuisine, you can cut down the menu size, reduce the variety of raw ingredients required, increase the efficiency of staff to prepare and present the food better and at the same time, help your customers make a quick decision. You can also introduce rare, local specials to beat competitors serving similar cuisines.

Also, it is also difficult to maintain a large raw material inventory for varying kinds of cuisines, whereas, dishes that use same ingredients help you reduce wastage of raw materials and the time taken to prepare them.

4. Keep the Restaurant Menu Design Uncluttered

The layout of the restaurant menu design should be clear and uncluttered. The font should be bold, aesthetically pleasing and yet, clearly visible. The theme of the menu should reflect the font type, colour and should match the overall design of the restaurant. Thus, you can create a cuisine-centric look and feel to the menu card and the ambience that instantly connect people to the food. At the same time, also remember that too much graphics might look messy and take away the attention from the menu items.

5. Don't Skip the Description

Delicacies, especially exotic ones might be new to many customers. At that, a short description, explaining the key ingredients of the dish might guide the guests to figure out what they want and what to order. You can put images of the dish as well, but make sure that the dish must live up to the image description.

6. Keep the Menu Updated

Imagine the customer carefully perusing the menu and finally deciding on one exotic dish, only to be regretfully informed that the dish has been taken off the menu. A huge turn-off, isn't it? The customer would then take another ten minutes to decide what they want to eat.

Therefore, remove dishes from your menu that is no longer served. Also, you should weed out those dishes that could do little to woo your customers. Instead, replace those items with new items on your menu which would please (or even better, tempt!) your guests to provide a better dining experience for your customers.

7. Revamp your Dishes

Renew dishes in your menu by giving them a fresh perspective. Experiment with ingredients and create unique flavours to existing dishes. For example, instead of serving simple milk *kheer* you can serve *Bengali Payesh*. While this would delight a person of Bengali origin, others would be tempted to taste something new.

Last but not the least, remember that a menu is not just a paper that lists all the dishes of your restaurant with their prices; it is essentially the first step to the marketing of your food. A visually appetizing restaurant menu design draws more orders from the customers.

CONSTRAINTS OF MENU PLANNING

- Skill of staff.
- Availability of ingredients.
- Availability of Equipments.
- Type of target market.
- Seasonality of business

Skill of staff

Even if a profitable dish is in your mind and even if the raw material is easily available, if the staff can not cook it properly, you would loose the business and your name by lauching such a dish. Your cook should know how to properly cook it so that the local audience would appreciate the taste. Similaly the servers should meet and exceed the expectation of the target group. For example if your servers are clumsy, quarrelsome with the customers and do not know how to present the food or beverage items, your efforts in menu planning will not do justice.

Availability of ingredients

A dish requires a number of ingredients like spices, legumes, meat, herbs, etc. You should be able to procure them with the right quality standards and at best possible prices so that you would be able to sale the dishes at prices which suit your target group. Hence the availability of the ingreidnets serves as an important constraint which designing the menu.

Availability of equipments

A dish may require a special cooking methods which requires a special equipment. If such an equipment is not available or it may not be feasible to use it, you will not be able to launch such a dish. For example, tandoori ovens are required for making various tandoori dishes. If you do not have such ovens you will not be able to plan the tandoori dishes.

Types of target market

You will have to consider the requirement of the target group which are your customers. You will have to sense not only their present taste but also their potential needs or preferences. You will need to consider their nutritional requirements as well as heath consciousness which they may posses. For example, if the restaurant is in the vicinity of labor market, which is visited by the labors, they require high calorie diets at affordable prices. On the other hand if your restaurant is at a place where lot of retired persons of older age groups are frequent visitors, you need health conscious diet with smooth spices to suit their needs. Thus menu will need to accommodate their needs and choices. If a new type of cuisine is to be introduced, you need to judge whether the target goup likes to experiment with such cuisines. Thus the potential needs of the target group may also need to be judged. If you become successful in catchin hold of their potential taste on something they have never tasted, your place may become extremely popular with a pioneering idea.

Seasonability of business

Some places are frequented by customers only during a period of months in a year. For example, some hill stations are crowded during summer, when the tourists visit to escape from the heat of the plain. Some other hill stations are tourist attractions during the snowy period when the tourists wish to play snow and practice their skating skills. The availability of the local fruits, vegetables during such time would determine which menu items you may keep.

CHECK YOUR PROGRESS

Elaborate the various tips which you should keep in mind for menu design to boost order and enhance profit.

Discuss why a F&B outlet should Promote the Most Profitable Items.

Explain why a F&B outlet should Use Relative Pricing.

Describe why a F&B outlet should Manage the Menu Size.

Elaborate why a F&B outlet should Keep the Restaurant Menu Design Uncluttered.

Discuss why a F&B outlet should not Skip the Description.

Explain why a F&B outlet should Keep the Menu Updated.

Describe why a F&B outlet should Revamp their Dishes

Elaborate the various constraints on menu planning.

Discuss how “Skill of staff” works as a constraint for menu planning.

Explain how “Availability of ingredients” works as a constraint for menu planning.

Describe how works “Availability of Equipments” as a constraint for menu planning.

Elaborate how works “Type of target market” as a constraint for menu planning.

Discuss how works “Seasonality of business” as a constraint for menu planning.

4.10 MENU COSTING AND PRICING

<https://bondstreet.com/blog/price-restaurant-menu/>

You want to open a café or you’re considering offering food in your store for the first time. How do you decide what price to offer your first coffee or sandwich at?

Service and product business owners, managers expanding their business and entrepreneurs writing business plans all struggle with pricing. Thankfully, when it comes to selling food, a few simple calculations can clear much of the fog. The following steps are the foundation of the cost-based strategy most restaurants and food service businesses use to price their items and remain profitable.

Calculate COGS

It will be very hard to figure out how much profit you’re making from your food sales if you don’t know how much the food you’re selling first cost you. That’s where the Cost of Goods Sold (aka “cost of goods used” or “cost of usage”) comes in. The formula for COGS is very simple.

FORMULA

Beginning Inventory + Purchases – Ending Inventory = **COGS**

EXAMPLE

\$4,000 in your kitchen Monday morning

+ \$3,000 in additions to inventory made on Wednesday

– \$2,500 left in your kitchen on Sunday night

= **\$4,500 worth of inventory sold in the week**

Knowing your COGS will keep you on top of financials and potential problems, and it will keep your staff mindful of waste. The only way to ensure it happens regularly is to set up a system. Organize your stockroom, distribute inventory worksheets, and schedule a weekly inventory count and COGS analysis time.

Calculate Your Prices

Once you know your COGS, you can make sure your prices are higher than your costs. Use it to figure out your food cost percentage, profit margin, and markup—related ways to measure the success of your pricing strategy.

Food Cost Percentage

Your food cost percentage is the percentage of sales you spend on food. Setting a target food cost percentage is a very common way to make sure costs are controlled and profits are generated on both single-item and big-picture levels. Food cost, as the name suggests, does not take into account labor or other operational costs.

Most food service establishments aim for food cost percentages between 20 and 40 percent. Continuing the COGS example, imagine you sold \$13,500 in food and beverages in the same week you sold \$4,500 worth in inventory. Based on the following formula, your food cost percentage would be just right at 30%.

COGS / Food Sales = Food Cost

$$\$4,500 / \$13,500 = 0.3$$

Food Cost Percentage: 300%

While calculating food cost percentage can help you check how well your overall pricing strategy is performing, it can also help you price individual items. By remixing the formula a bit, you can determine the range of acceptable menu prices for, say, a sandwich that costs you \$2 in ingredients.

COGS / Target Food Cost Percentage = Menu Price

$$\$2.00 / 20\% = \$10.00$$

$$\$2.00 / 30\% = \$6.67$$

$$\$2.00 / 40\% = \$5.00$$

Barring any special considerations (like luxury pricing), you should probably sell your sandwich for a price between \$5.00 and \$10.00.

Markup

Markups and food cost percentages are two sides of the same coin. While target food cost percentages generally fall between 20-40%, markups are usually around 300%. While the percentages sound

wildly different, they bring the same results. To mark up the same sandwich we used earlier by 300%, add 300% of the food cost (\$2.00) to the original food cost to arrive at a final price.

COGS + 300% (COGS) = Menu Price

$$\$2.00 + 3 (\$2.00) = \$8.00$$

Margin

Margin is another way of talking about profit and figuring out price. The formula is very simple:

Margin = Selling Price – Food Cost

$$\$6.00 = \$8.00 - \$2.00$$

Margin Percentage = Margin / Selling Price

$$0.75 = \$6.00 / \$8.00$$

Margin Percentage = 75%

More Food Pricing Tips

Calculating your food costs and target percentages gives you a foundation for your pricing strategy. As you're getting a handle on your COGS and profit margins, don't forget the following considerations.

- Higher demand for specific items gives you room to raise your prices on those items.
- Control the cost of extras. Create guidelines with a separate menu and set of POS charges for extras like condiments and sides to share with your staff.
- Keep your portion sizes consistent. Consider creating a manual for kitchen staff to ensure accuracy.
- Your staff have great power over COGS. Help them reduce waste, ensure portion consistency, and up-sell profitable items by training them thoroughly and sharing your pricing strategy.

CHECK YOUR PROGRESS

Explain the concept of Cost of Goods Sold with an example.
Describe the concept of Food Cost Percentage with an example.
Elaborate the concept of "markup" with an example.
Discuss various issues that need to be noted while setting prices of menu items.

4.11 MENU MERCHANDISING

<https://en.wikipedia.org/wiki/Merchandising>

In the broadest sense, merchandising is any practice which contributes to the sale of products to a retail consumer. At a retail in-store level, merchandising refers to the variety of products available for sale and the display of those products in such a way that it stimulates interest and entices customers to make a purchase.

In retail commerce, visual display merchandising means merchandise sales using product design, selection, packaging, pricing, and display that stimulates consumers to spend more. This includes disciplines and discounting, physical presentation of products and displays, and the decisions about which products should be presented to which customers at what time.

Merchandising helps to understand the ordinary dating notation for the terms of payment of an invoice. Codified discounting solves pricing problems including markups and markdowns. It helps to find the net price of an item after single or multiple trade discounts and can calculate a single discount rate that is equivalent to a series of multiple discounts. Further, it helps to calculate the amount of cash discount for which a payment qualifies.

Merchandising of Menu

<http://ihmkolkatafoodandbeveragenotes.blogspot.in/2015/05/merchandising-of-menus.html>

The success of catering operations depends to a large extent on the way the menus are planned and designed. Menus are the backbone of any catering operation. A good menu should ensure profits. To make the best or most effective use of menus in advertising and selling is called **Menu Merchandising**.

In order to increase the merchandising value of menus the following points should be considered:

Clean: The presentation of dirty, spotted, worn out and old menu is the poorest way to start a meal. Cleanliness is a must in hotel business. A soiled menu has a very poor merchandising value; it may raise doubts regarding whether the food is being prepared hygienically.

Legible: This means that menus should be easy to read. The font selected should be attractive and easy to decipher. It should be of good size so that most people, including elderly or those with glasses, can read with ease.

Format: The format of the menu should suit the contents of the menu. As far as possible, different pages should be used for different meals. A separate wine list is more advisable.

Organisation: A menu should be well organised. Similar items should be placed grouped together and attractive headings may be assigned to the groups.

Restricted Menus: The menus should be as short as possible. The number of dishes on the menu should be limited. Having a long menu is poor merchandising policy.

Easy to change: Even the most carefully planned menus must be changed from time to time. The change may be necessitated because of the change in prices, need to add or drop some items for a variety of reasons.

Type of operation: To serve good food well and promptly one must have a designed operation to fit the place. It must match the size and kind of equipment, their capacity and also the skill of the personnel.

Merchandising effect: The menu is designed to sell the items that are the specialities of the hotel, or an item can be served fast and is profitable

Language: The language on the menu should be easy for the customer and the staff. Many guests are embarrassed to ask what some terms mean and will pass on to something that they understand.

Effective Descriptions with descriptive headings: Descriptive headings are inserted in the menu for various groups of food which attract the attention of the customer and indicate the nature of the dishes more clearly.

Some examples:

- SEACOAST DELIGHTS
- OYSTER BAR
- DESSERT DELICACIES

Pricing of Menu

Pricing a menu is a very complicated and difficult task. No one method seems suitable for the purpose. However, a combination of methods may be considered.

Cost plus method Pricing

This method takes into consideration all costs and agreed upon % mark up.

Return on investment Pricing

All business operation starts with an investment which would have fetched or earned an interest or businesses are started with borrowed capital which attracts interest. Pricing should cover up these expenses (interest).

Going rate pricing

An easy way to pricing a menu is to copy a competitor's.

Market Based Pricing

Pricing a menu item should be done after taking the target market into consideration.

CHECK YOUR PROGRESS

Explain the concept of merchandising.

Describe the idea of Merchandising of Menu

Elaborate the points should be considered for merchandising the menu.

Discuss the various ways in which menu are priced.

4.12 MENU ENGINEERING

Menu engineering is a marketing orientated approach to the evaluation of a menu with regard to its present and future content, design and pricing. Its origins are based on the famous Boston Consulting Group (BCG) portfolio technique, a matrix specifically designed to analyse individual business performance in a company with a range of different business interests (see Figure 3.00). The concept of menu engineering requires food and beverage managers to orient themselves to the contribution that menu items make to the total profitability of a menu. It highlights the good and the poor

performers in a menu, and provides vital information for making the next menu more interesting and appealing to the customers, and hopefully more profitable. Menu engineering is a step-by-step procedure that focuses on the three main elements:

1. Customer demand – the number of customers served.
2. Menu mix – an analysis of customer preference for each menu item (popularity).
3. Contribution margin – an analysis of the contribution margin (GP%) for each menu item.

The pre-requisites for using this technique are:

1. The standardization of all recipes (including the presentation), so that the food costs can be accurate.
2. The accurate sales analysis of each menu item, daily and by meal period.
3. The use of a personal computer, so that simple spreadsheets, with standard calculations, may be done accurately and with speed.

Using the simple matrix, menu items can be plotted, representing their performance with regard to volume (popularity) and cash contribution (profit). The four squares of the matrix commonly have names indicating the performance of items in a particular square.

1. Stars : Menu items high in menu mix (popularity) and also high in contribution margin.
2. Plowhorses (or Work Horses): Menu items high in menu mix (popularity) but low in contribution margin.
3. Puzzles (or Cash-cows : Menu items low in menu mix (popularity) and high in contribution margin.
4. Dogs : Menu items low in menu mix (popularity) and low in contribution margin.

The analysis of the data to undertake menu engineering can be done using a standard computer spreadsheet package (see example below). This takes the form of a large grid comprising of rows and columns where labels, formulae and values can be entered. When in operation, the formulae and values can be changed if required, giving instantaneous re-calculations of the figures, and hard copies printed and retained for easy reference. Whilst spreadsheets can be compiled by hand, the time taken would be lengthy and the opportunity to frequently undertake ‘ what if ’ exercises less likely (e.g. What would be the effect on the profitability of the restaurant with a menu of 30 main items, if the price of all the main items were to be increased by 3% or by 4%?). It should be noted here that the success in being able to move menu items ‘ up ’ the matrix to the status of a ‘ star ’ could have an undesirable effect on the profitability of the menu, simply because customers do not always behave in a rational manner in spite of the wishes of the food and beverage manager.

Example:

Example Contribution Margin vs. Percentage COGS

Menu Item	Item Food cost	Menu selling price	Food cost %	Contribution margin
Chicken sandwich	\$1.50	\$4.00	38%	\$2.50
Gourmet angus burger	\$2.00	\$5.00	40%	\$3.00
Salmon steak sandwich	\$2.50	\$6.00	42%	\$3.50

(<http://www.we-hospitalitysolutions.com/wke-2008b.pdf>)

Thus the chicken sandwiches are contributing \$2.5 per piece to the restaurant and Salmon Steak Sandwich contributes \$3.5. If the restaurant sells 100 pieces of Chicken sandwiches to every 50 pieces of Salmon steak sandwiches, what would be the promotion policy for these items?

This kind of question leads to the classification of the menu items into four quadrants like this:

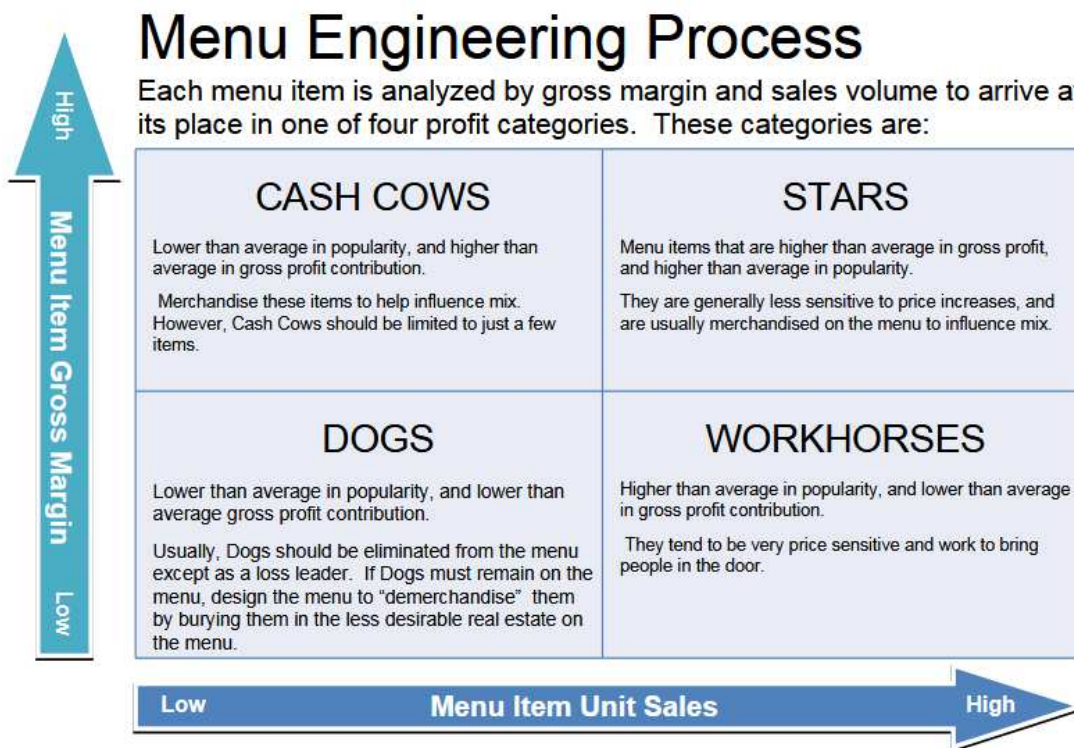


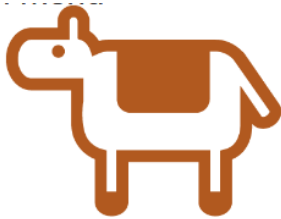
Fig 4.10: Menu Engineering quadrants.

STARS!



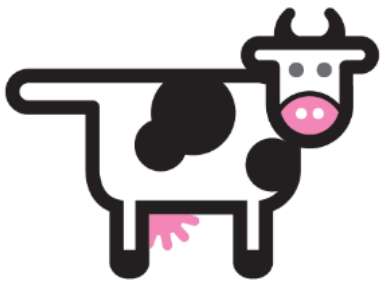
Stars are Most popular and profitable, Locate in highly visible position on menu, Maintain rigid quality, portion and presentation, Test for price elasticity.

WORKHORSES



WORKHORSES are Higher than average in popularity and lower than average in gross profit, Leader menu items, bring people in the door, Test for price sensitivity; price in stages: such as \$4.55 to \$4.75 to \$4.95, Relocate workhorses to low profile on menu, Package with lower cost menu item.

CASHCOWS!



High contribution but low in popularity, Take off the menu if labor intensive, Reposition in higher profile part of menu, Rename the item, Decrease the price, Merchandise the item, Limit the number on the menu

DOGS!



Menu “losers”, unpopular and low contribution, Eliminate the item from the menu, Raise item’s price to achieve at least a cash cow, Make it a special but do not list on the menu.

4 Item Menu Illustration

Item	Sold No.	MM %	Food cost	Price	Item CM	Costs	Rev	Tot CM	CM Category	M M %	Clas s
Pizza	5500	60	.48	\$2.59	\$2.11	\$2540	\$14243	\$11603	H	H	star
6”sub	2331	26	1.71	\$4.39	\$2.68	\$3986	\$10233	\$6247	H	H	star
Burrito	809	9	1.85	\$4.49	\$2.64	\$1497	\$3633	\$2136	H	L	cash cow
CSand	483	5	1.28	\$3.29	\$2.01	\$618	\$1589	\$971	L	L	Dog

Action on 4 Menu Items

Menu Item	Classification	Action Taken
Pizza	star	Retain, test elasticity
6 “ sub	star	Retain, test elasticity
Beef burrito	cash cow	Re-price or reposition
Cheese sandwich	dog	Replace or re-price



CHECK YOUR PROGRESS

Explain the concept of menu engineering.

Describe the items labeled as “stars” in the menu engineering analysis and what types of treatment to be given to such items

Elaborate the items labeled as “cashcows” in the menu engineering analysis and what types of treatment to be given to such items

Discuss the items labeled as “workhorses” in the menu engineering analysis and what types of treatment to be given to such items the items labeled as “stars” in the menu engineering analysis and what types of treatment to be given to such items

Explain the items labeled as “dogs” in the menu engineering analysis and what types of treatment to be given to such items

4.13 MENU AS MARKETING TOOL

<http://www.restaurantbusinessonline.com/food/menu-your-primary-marketing-tool>

One controllable variable is the menu and it is the primary vehicle by which a foodservice operation presents its marketing strategy and helps customers satisfy their needs. These needs may be physical (e.g., hunger), but could also be social (an environmentally responsible customer might prefer non-meat dishes) or personal (ordering the newest trendy food might reinforce one’s self image as a “foodie”). More and more, these intangible factors are playing an important role.

Menus list products and prices, and because of this a menu is a critical means of marketing communication that sets customers’ expectations. A menu can also affect distribution by informing customers about other store locations, pick-up or delivery services, Website addresses and hours of operation.

The whole point of offering a menu is to inform customers about available food choices and help them assess which ones will best meet their needs. In addition to just listing the choices, many menus provide information about ingredients, nutritional content and preparation techniques, which facilitates weighing the value of one item against others.

This brings us to the topic of the menu life cycle, or the stages through which menu items progress after first being introduced. There are four stages:

1. Introduction
2. Growth
3. Maturity
4. Decline

At the point in time when a menu item is first introduced to a target market, the introduction stage of the menu life cycle begins. Early in this stage, of course, there are virtually no sales revenues, because no customers are aware of the new item and therefore cannot purchase it. The sales revenues do become positive during the introduction stage, although they grow very slowly. The marketing expenses necessary to inform customers and obtain distribution at this stage mean that profits are negative or, at very best, zero (revenues and costs are equal).

During the growth stage, the impact of the marketing mix begins to be felt and sales increase rapidly, generating profits. But notice that revenues level out and even decline as the no-longer-so-new menu item approaches the maturity stage. Also, notice that profits peak and actually can begin to decline during the late growth stage. If the marketing mix is effective, how could this happen?

There could be lots of reasons, but it is usually from increased competition. If your company launches a blockbuster new product, it’s not likely that competitors will sit idly by. Instead, they will introduce their own versions of the new product. This means two things for you.

First, the competitive offerings will attract some of your customers, with the result that your revenues will decline, or at least grow at a slower rate. Second, you may decide to increase your marketing investment to defend yourself from the competitive attack, which means that your costs will increase.

During the maturity stage of the menu life cycle, sales revenues will, at best, be stable but profits usually decline. There are two primary reasons for this. First, market saturation may have occurred, which means that there are no more customers in the target market who can be reached by the marketing mix; i.e., no more potential for revenue growth by attracting additional customers.

Second, market fragmentation may have also taken place during the maturity stage. This means that a large number of competitors are trying to attract the target market. There are only so many unique ways to create value, so the differences between competitors' offerings may become trivial, and customers often begin to perceive the various offerings as interchangeable. Note: the increased marketing effort required to maintain even a stable level of sales can be very costly during maturity.

Marketing can be employed to reduce these undesirable effects during maturity by: finding new use occasions for the product, identifying new market segments for whom the product offers value and stimulating sales by price cutting or promotions.

The decline stage of the menu life cycle is characterized by decreasing sales revenues and profits. Menu items at this stage are offering only marginal value to targeted customers, either because their needs have changed or new items have been introduced that satisfy the original need more effectively. Sometimes companies will cut back on the marketing support for decline-stage products so that profits may actually be positive. But this is only a temporary measure, of course, because declining marketing support means that sales revenues will continue to decline. Eventually, the menu item will just fade away.

To make the most of the menu life cycle, shoot for a menu portfolio consisting of items at all of the cycle stages. This means that as older menu items progress into maturity and eventually decline, there will be newer menu items at the introductory and growth stages to replace them. The mature and declining menu items may continue to serve existing customer needs for a time, but the new items will keep your company viable as they offer value to satisfy emerging needs. These new menu items come from the menu R&D teams integrated and innovative efforts, and marketing is key to facilitating these efforts.

4.14 MENU FATIGUE

<https://beprepared.com/blog/7204/variety-is-essential-in-preventing-menu-fatigue/>

Most of us are accustomed to having a wide variety of food choices available to us. Consider the dishes you ate at home in the last week. Then think of the types of food available in your local restaurants. More than any time in history, we can partake of the cuisines of many nations—Mexican, Italian, German, Chinese, Indian, Thai, and more—and our grocery stores often carry exotic produce that we may not even recognize. We take variety in our diet for granted, but if you were suddenly forced to depend upon your stored emergency food for sustenance, how much variety would you have?

The first thing to remember is this: While variety in your diet is important to us in our daily lives, in an emergency situation the critical factor in staying alive and strong is our calorie intake and the level of nutrients in our food. So focus your first storage efforts on meeting those basic needs, and once you've done that, you can easily add variety to your storage with some additional items.

To get an idea of some additional items you may want to add, prepare a sample week's menu from just what you have on hand to see how you would fare. Can you extend that single week into two weeks without too much repetition? Menu fatigue is the result of a diet with limited variety, but it

doesn't take a gourmet chef to solve this. Adding salt, pepper and just a few other spices can make a big difference in the range of dishes you can create from food storage.



Another benefit of having more variety in your storage foods is that it will provide better nutrition (more variety of essential Vitamins and minerals) and a more satisfied dinner crowd. Wheat is nutritious and makes excellent bread and cereal, but it can also be so enjoyable if you were able to occasionally make some of it into pasta, crackers, or dumplings. Oatmeal, cracked wheat or 6-grain cereal are all healthy breakfast choices alone, but by adding peaches, berries, mango chunks, or banana slices, you can enjoy a totally different flavor. If you are able to have a selection of different grains, legumes, vegetables, fruits, meats and dairy products (including cheese) on hand, it will go a long way toward preventing menu fatigue. It will also give you many more ways to be creative with your menu. Including such vegetables as peppers, onions, and celery will allow you to make meat or meat-substitute dishes much more flavorful and healthful.



Keeping a supply of your favorite spices and flavoring agents on hand also gives you the opportunity to provide interest and variety at mealtime. Start with basic black pepper and iodized salt (which will provide the necessary trace mineral iodine as well as flavor enhancement). Include both sweet and savory spices and extracts such as vanilla, almond and coconut. A bottle of smoke flavoring, for example, adds an authentic taste to barbecue sauces and ham or bacon dishes. Take time to think of

your family's favorite seasonings and plan accordingly. Many seasonings are even available packaged for long-term storage.



Include baking soda and baking powder as well as yeast and dough enhancer for your baking needs. Obtain some needed fats—butter or margarine powder or shortening, oils, and powdered whole eggs for baking.

Another kind of variety to consider has to do with the resources required to use the stored foods. Grains and legumes are so important to have on hand. Learn how to prepare them in ways your family will enjoy. It is wise to practice when times are good. During conditions in which you can cook and bake as usual, all of your storage food will be useful to you. But during an extended loss of power and/or gas, you'll need to make use of alternative cooking sources. Practice using these alternative cooking sources, whether it is a camp stove, gas grill, a Volcano, etc. Also, have food on hand that is quickly and easily prepared with little or no cooking. Perhaps you may be able only to boil a little



water, in which case "just add water" foods will demonstrate their worth. Some regular foods such as pasta, instant rice, and hot cereals can be cooked over a period of time in a thermos by adding hot water and letting them stand. In other situations, you will want foods that can be eaten as-is or warmed quickly, such as MREs (Meals-Ready-to-Eat). Include some canned foods that provide water as well as ready-to-eat food in times when water might be scarce. For example, the juice from canned corn, pears or fruit cocktail. It would be wise to include foods in your storage program that fit into each preparation category. Prepackaged combos are often a great option because variety is usually a

big factor of consideration. So as you plan your food storage, remember these simple tips. Plan to get the basics first and then add variety to ensure that you have the things you need in an emergency. Sustaining life is the most important—and once you've met that need, you can add more foods to provide the same variety in your meals that you have now. The more your food storage resembles your day-to-day foods, the more at ease you and your family will be in what are otherwise stressful times. With some simple forethought and planning, your storage foods can be much more interesting and appealing than you might expect—and will better serve you to get through difficult times.

CHECK YOUR PROGRESS

Describe the concept of menu as a marketing tool.

Elaborate the idea of life cycle of a menu.

Discuss what is meant by menu fatigue and what needs to be done to overcome it.

4.15 END QUESTIONS

The following questions should help you prepare for the End Examinations. These questions are for 5 marks each and should take you 11 minutes under examination conditions.

1. Explain what is meant by budget.
2. What are the objectives of budget?
3. Elaborate the historical development of the concept of budget
4. What is the importance of understanding of economics for the manager in charge of financial policy making?
5. How do the leadership styles affect the nature of budgets?
6. Elaborate the various means of controls which are available for planning and preparing a budget.
7. Explain the variations in budgets based on the nature of business of the corporate sectors.
8. Explain the various types of budgets.
9. Elaborate the profit budget.
10. Explain the cash-flow type of budget.
11. Distinguish between cash-flow and profit types of budgets.
12. Explain the concept of a balanced budget.
13. Explain the various points on which the concept of budget is criticized.
14. Explain outline of activities in preparing a budget.
15. Describe the planning phase of budget preparation.
16. Elaborate on the bottom-up approach of disposing a budget.
17. Explain the top-down approach of processing a budget.
18. Discuss the various principles of budgeting.
19. Describe the various activities which are involved in budget follow up.
20. Explain the various reasons for deviating from the budget.
21. Deliberate on the importance of reporting in implementation of a budget.
22. Explain the various stage of preparation of a budget.
23. Discuss the various policies which are to be reflected in the budget of an F&B outlet.
24. Show how a budget acts as an extension of basic policies using a block diagram.

25. Explain the concept of inventory control.
26. What are the various steps involved in inventory control.
27. Explain the system to track and record inventory.
28. Describe the concept of invoice.
29. Why is It important to have a consistent method of receiving ordered goods.
30. Explain what points should be kept in mind before accepting the ordered goods.
31. Explain why it is important to keep record of the outgoing inventory.
32. Explain the requisition mechanism for movements of goods.
33. Elaborate on perpetual inventory recording system.
34. Elaborate on physical inventory recording system.
35. Discuss the computerized inventory control system.
36. Explain the working of a FIFO system using an example.
37. Elaborate on the concept of inventory turnover rate.
38. What is the essential thing that should be kept in considerations while purchasing F&B items?
39. Describe market sourcing.
40. What points should be kept in mind while purchasing perishable and non-perishable goods?
41. What are the factors which impact prices?
42. What are the specifications for various food and beverage items?
43. Describe contract buying.
44. Describe purchase procedures.
45. Explain production control chart with example.
46. Elaborate Purchase Order Chart with Par Levels
47. Discuss Purchase order chart with example.
48. Explain the concept of menu management.
49. Describe the benefits of sustainable menu.
50. Elaborate the various tools for menu management.
51. Discuss the various outcomes as a result of use of various tools for menu management.
52. Explain the advantages of menu refresh.
53. Describe some of the business concepts in menu design.
54. Elaborate the various tips which you should keep in mind for menu design to boost order and enhance profit.
55. Discuss why a F&B outlet should Promote the Most Profitable Items.
56. Explain why a F&B outlet should Use Relative Pricing.
57. Describe why a F&B outlet should Manage the Menu Size.
58. Elaborate why a F&B outlet should Keep the Restaurant Menu Design Uncluttered.
59. Discuss why a F&B outlet should not Skip the Description.
60. Explain why a F&B outlet should Keep the Menu Updated.
61. Describe why a F&B outlet should Revamp their Dishes
62. Elaborate the various constraints on menu planning.
63. Discuss how “Skill of staff” works as a constraint for menu planning.
64. Explain how “Availability of ingredients“ works as a constraint for menu planning.
65. Describe how works “Availability of Equipments“ as a constraint for menu planning.
66. Elaborate how works “Type of target market“ as a constraint for menu planning.
67. Discuss how works “Seasonality of business“ as a constraint for menu planning.
68. Explain the concept of Cost of Goods Sold with an example.
69. Describe the concept of Food Cost Percentage with an example.
70. Elaborate the concept of “markup” with an example.
71. Discuss various issues that need to be noted while setting prices of menu items.
72. Explain the concept of merchandising.

73. Describe the idea of Merchandising of Menu
74. Elaborate the points should be considered for merchandising the menu.
75. Discuss the various ways in which menu are priced.
76. Explain the concept of menu engineering.
77. Describe the items labeled as “stars” in the menu engineering analysis and what types of treatment to be given to such items
78. Elaborate the items labeled as “cashcows” in the menu engineering analysis and what types of treatment to be given to such items
79. Discuss the items labeled as “workhorses” in the menu engineering analysis and what types of treatment to be given to such items the items labeled as “stars” in the menu engineering analysis and what types of treatment to be given to such items
80. Explain the items labeled as “dogs” in the menu engineering analysis and what types of treatment to be given to such items
81. Describe the concept of menu as a marketing tool.
82. Elaborate the idea of life cycle of a menu.
83. Discuss what is meant by menu fatigue and what needs to be done to overcome it.

4.16 REFERENCES

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Important books

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Food & Beverage Cost Control- Lea R Dopson, Wiley Publishers.
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(All references accessed between 10 Dec 2017 to 15 Dec 2017)

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V102: B.Sc. (Hospitality Studies & Catering Services)

HTS 402: FOOD & BEVERAGES SERVICE OPERATIONS II