

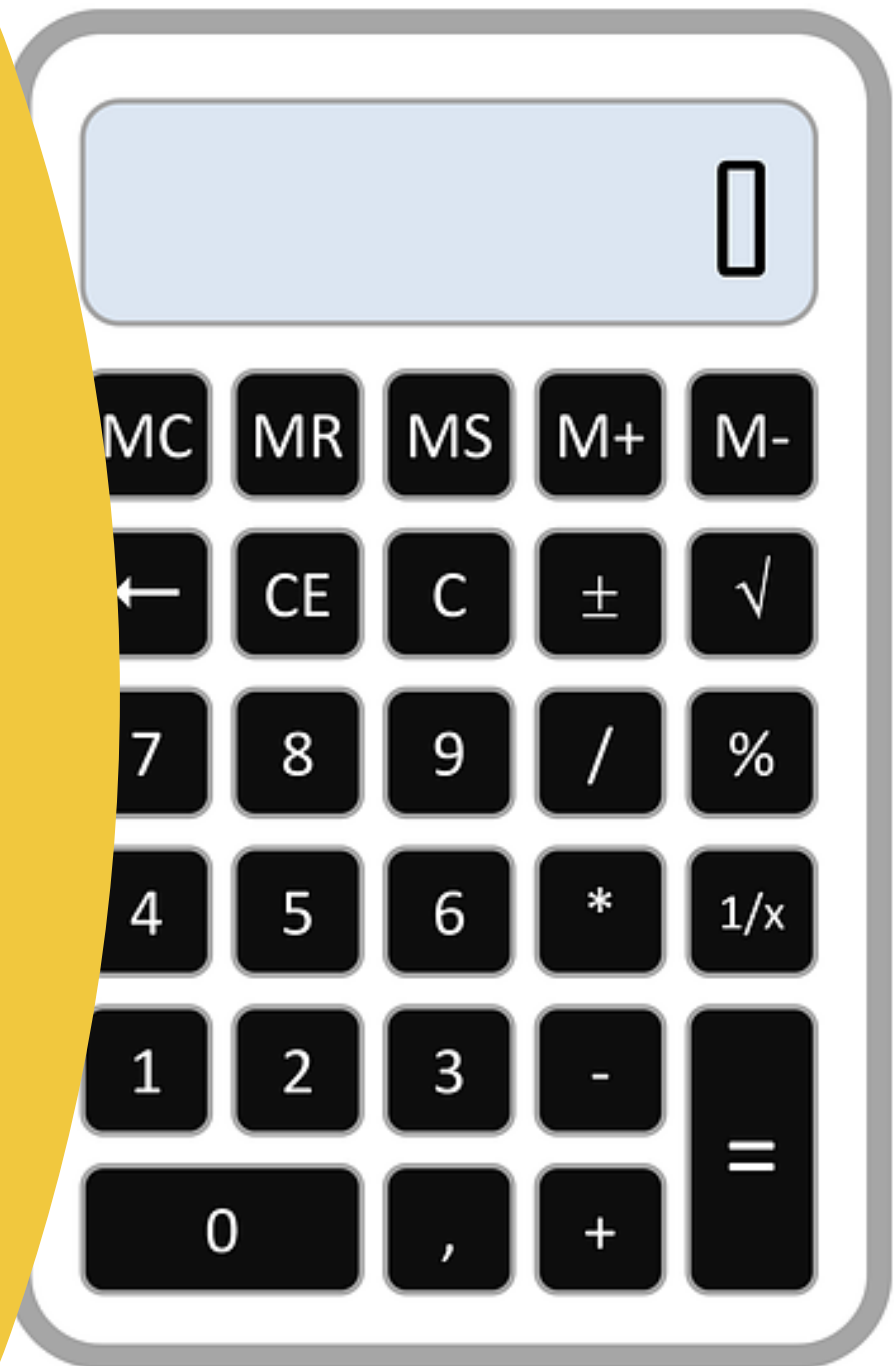


Hospitality and Catering

Costings

Lesson 5

Become an expert at costings helping to run a successful business.





Budgets

If you know how much you normally spend on average at a particular time of year, then you can aim to stay within that spending limit.

This is called a budget.





Budgets

Most catering outlets know they will be busier at Christmas time and will be buying more stock to produce more products.

In this case the budget allows for when spending will be higher e.g. more staff in busier times.





Staying within the budget

Reducing waste and mistakes means we don't buy extra ingredients.

- Following recipes
- Train staff well
- Check stock and temperatures daily





Staying within the budget

Productive staff mean you don't need to hire more people.

- Praise and reward staff
- Provide good facilities for staff
- Carryout regular staff performance reviews





Staying within the budget

Maintaining a clean and safe work place, reduces accidents which cost money.

- Cleaning rotas
- Maintenance rotas
- Staff training on Food Safety, Health and Safety





Where will I find budgets?

All large catering operations will use budgets, especially where costs are high and income is low:

- Schools
- Prisons
- Hospitals





Controlling costs – staying within budget

Keeping an eye on everything that costs the business will help to manage and protect the business.

You can all be responsible for monitoring the cost of things.





Control of waste

- Keep orders to a minimum
- Get orders right first time
- Check all deliveries for quality and quantity
- Turn off taps and lights when not in use





Menu planning

- Keep food seasonal to achieve the best price
- Keep the menu short to prevent wastage
- Plan the portion size correctly





Staffing

- Rota staff fairly and correctly
- More staff on busier shifts only
- Trained staff for specialist jobs to save time and prevent waste





Follow the recipe

- Keep all recipes standardised
- Staff to use the same recipes
- Staff trained to follow recipes





Stock levels

- Keep stock levels at the correct level
- Not too low to run out of stock
- Not too high to waste out of date stock





Choosing good suppliers

- Do they offer discounts and special offers?
- Can they deliver individual items as well as bulk?

Discount Code



Choosing good suppliers

- Do they offer the freshest goods available and within season?
- Are their products traceable?





Choosing good suppliers

- Can I order last minute without a penalty?
- Do they offer specialist products for allergies and ethical buying?
- Can I develop a good relationship with them?





Not controlling costs

When staff fail to control costs, it has a knock on effect for the business.





Not controlling costs

If a product has to be made twice because of a mistake, you can't just double the selling price to the customer.

The costs are absorbed into the business and net profit is reduced.





Consequences

If costs are too high then ultimately the business will have to save costs in other ways.

This is usually staff, as the staff cost is normally the highest cost in any business. Staff are sometimes made redundant in an effort to save the business.





Consequences

The hospitality and catering sector is a people intensive business.

Once you start cutting staff to save costs, you can damage your product and customer service.

You can lose business.





Consequences

Another easy way to cut costs is to buy cheaper ingredients. However this can come with the cost of losing loyal customers who start to notice the difference in the product.





Controlling costs

Everyone has a part to play in saving costs.

Turning lights and equipment off when not in use is so simple, over time it can save lots of money in reduced bills.





Controlling costs

Preventing wastage:

Trained staff know how to prepare foods without excess wastage.





Controlling costs

Preventing wastage:

Noticing what food is returned by customers can help us to reduce portions of side orders.





Controlling costs

Preventing wastage:

Daily ordering of fresh foods and the use of 'daily specials' to use up ingredients before they go out of date.





Controlling costs

Notifying supervisors of problems will help them to control costs.

It is too easy not to mention problems, thinking 'it is not my job', but the long term effect might be the loss of your job.





Revision Activity 5

How can you control costs?