

**FOOD BEVERAGE AND COST
HCM 235**

COURSE GUIDE

Course Developer:	Dr. I.A. Akeredolu Yaba College of Technology, Lagos
Unit Writer:	Dr. I.A. Akeredolu Yaba College of Technology, Lagos
Course Editor:	Dr.Ibrahim O.Shehu National Open University of Nigeria, Lagos
Programme Leader:	Dr (Mrs) A. O. Fagbemi National Open University of Nigeria, Lagos.
Course Coordinator:	Mr. S. O. Israel-Cookey National Open University of Nigeria, Lagos.

National Open University of Nigeria

Headquarters

University Village

Plot 91, Cadastral Zone,

Nnamdi Azikiwe Express way

Jabi, Abuja

Lagos Office

14/16 Ahmadu Bello Way

Victoria Island, Lagos

e-mail: centralinfo@noun.edu.ng

website: www.nou.edu.ng

Published by

National Open University of Nigeria

Printed

ISBN:

All Rights Reserved

CONTENT

HCM 235 FOOD BEVERAGE AND COST

1.0 INTRODUCTION

HCM 235 Food Beverage and Cost is a two credit and 200 level core course. It will be available for all students offering undergraduate programme in B.Sc. Hotel and Catering Management at the School of Management Sciences.

Food and Beverage (F& B) department is responsible for the provision of food and beverage service and food and the management of food and beverage service has been described as the most technical and complex in the hospitality industry. However, with effective and efficient cost control systems, it can be made one of the easiest and yield high dividends.

2.0 COURSE AIMS

This Course “Food, Beverage and Cost” aims to give you an understanding of how the food and beverage department of the hospitality industry is administered and how the pricing of menu is achieved. It also gives an insight into cost control.

3.0 COURSE OBJECTIVES

To achieve the course aims stated above, overall objectives for the course have been stated. In addition, each unit has specific objectives which are included at the beginning of each unit. You are encouraged to read them before you start working through the unit, during your study of the unit, refer to them to check on your progress. Also at the completion of the unit, you should look at them, so as to ensure that you have achieved the specific objectives for that unit.

4.0 WORKING THROUGH THIS COURSE

This is a two (2) credit unit course, and so you are expected to spend a minimum of two (2) hours on it weekly. It is expected that you complete the entire course between 18 – 25 weeks.

For a successful completion of this course, you are required to go through the study units, reference books, and other resources that are related to each unit.

The Tutor-Marked Assignments (TMA) should be done immediately and submitted to the Course Facilitator. The medium and time for the submission of the TMA will be specified later. Below are the components of the course, what you have to do and how you should allocate your time to each unit in order to complete the course successfully on time.

5.0 COURSE OUTLINED PROGRAMME PROPOSAL (OPP) FOR HCM 235

The course HCM 235 consists of ten units specifically the course discusses the following; Food and beverage department, the meal/drink experience, menu compilation, beverages costing, food and beverage pricing, food cost control, beverage cost control, food and beverage control systems and budgeting

6.0 COURSE MATERIALS

Major components of the course are:

1. Course guide;
2. Study units;
3. Textbooks;
4. Assignment file;
5. Presentation schedule

7.0 STUDY UNITS

The study topics to be discussed have been grouped in units and modules as shown below:

MODULE 1

Unit 1: Food and beverage department

Unit2: The meal/drink experience

Unit3: Menu compilation

Unit4: Beverages

MODULE 2

Unit1: Costing

Unit2: Food and beverage pricing

Unit3: Food cost control

Unit4: Beverage cost control

MODULE 3

Unit1: Food and beverage control systems

Unit2: budgeting.

The units shall be treated in a sequential order.

8.0 ASSESSMENT

There are two aspects to the assessment for this course; the first is the Tutor-Marked Assignment; and the second aspect is the E-examination.

Within each unit are Self - Assessment exercises which are aimed at helping you to check your understanding as you proceed. Try to attempt each of the exercises before finding out the expected answers from literature.

9.0 TUTOR – MARKED ASSESSMENT (TMA)

This is your continuous assessment exercise and it accounts for 30% of your total score. You are expected to answer at least four sets of TMA before you sit for the end of course examination. Your best three TMAs will account for the 30 % of the total score.

10.0 FINAL EXAMINATION AND GRADING

The end of course examination would earn you 70 % which would be added to your TMA score (30 %).The time of the examination would be communicated to you.

When you are successful in your examination, then you have completed the course in Food and beverage production 1V.It is believed that you would apply this knowledge in the hotel and tourism industry.

11.0 GETTING THE BEST FROM THIS COURSE

In Open and Distance Learning, the study units are especially designed to replace the conventional lecturer. This is one of the great advantages of distance learning. You can read and work through the specially designed study materials at your own pace, and at a time and place that suits you best. Think of it as you read the lecture and that a lecturer might set you some readings to do. The study will tell you when to read your other materials. Just as a lecturer might give you an in-class exercise, your study units also provide exercise for you to do at appropriate times.

Each of the study units follows a common format. The first item is an introduction to the subject matter of the unit, and how a particular unit is related with the other units and the course as a whole.

Next is a set of learning objectives. These objectives let you know what you should be able to do by the time you have completed the unit. You should use these objectives to guide your study. When you have finished the unit, you must go back and check whether you have achieved the objectives. If you make a habit of doing this, you will significantly improve your chances of passing the course.

The main body of the unit guides you through the required reading from other sources. This will usually be either from a **Reading Section** or some other sources.

Self-tests are interspersed throughout the end of units. Working through these tests will help you to achieve the objectives of the unit and prepare you for the assignments and the examinations. You should do each self-test as you come to it in the study unit. There will also be numerous examples given in the study units, work through these when you come to them too.

The following is a practical strategy for working through the course. If you run into any trouble, telephone your tutor. When you need help, do not hesitate to call and ask your tutor to provide it.

In summary

1. Read this course guide
2. Organize a study schedule. Refer to the course overview for more details. Note the time you are expected to spend on each unit and how the assignments relate to the unit. Important information e.g. details of your tutorials, and the date of the first day of the semester is available. You need to gather together all information in one place, such as your diary or a wall calendar. Whatever method you choose to use, you should decide on and write in your own date for working on each unit.
3. Once you have created your own study schedule, do everything you can to stick to it. The major reason that students fail is that they get behind in their course work. If you get into difficulties with your schedule, please let your facilitator know before it is too late for help.
4. Turn to unit one and read the introductions and the objectives for the unit.
5. Assemble the study materials. Information about what you need for a unit is given in the “Overview” at the beginning of each unit. You will always need both the study unit you are working on and at least one of your reference text books on your desks at the same time.
6. Work through the unit. The content of the unit itself has been arranged to provide a sequence for you to follow. As you work through this unit, you will be instructed to read sections from your reference books or other articles. Use the unit to guide your readings.
7. Well before the relevant due dates (about 4 weeks before the dates) access the assignment file to download your next required assignment. Keep in mind that you will learn a lot by doing the assignments carefully. They have been designed to help you meet the objectives of the course and, therefore, will help you pass the examination. Submit all assignments not later than the due dates.
8. Review the objectives for each study unit confirms that you have achieved them. If you feel unsure about any of the objectives, review the study material or consult your tutor.

9. When you are confident that you have achieved a unit's objectives, you can then start on the next unit. Proceed unit by unit through the course and try to pace your study so that you keep yourself on schedule.
10. When you have submitted an assignment to your tutor for marking, do not wait for its return before starting on the next unit. Keep to your schedule. When the assignment is returned, pay particular attention to your facilitator's comments. Consult your tutor as soon as possible if you have any questions or problems.
11. After completing the last unit, review the course and prepare yourself for the final examination. Check that you have achieved the unit's objectives (Listed at the beginning of each unit) and the course objectives (Listed in the course guide).

12.0 TUTORS AND TUTORIALS

There are eight (8) hours of tutorials provided in support of this course. You will be notified of the dates, times and location of these tutorials, together with the names and phone number of your tutor, as soon as you are allocated a tutorial group.

Your tutor will mark and comment on your assignment, keep a close watch on your progress and on any difficulties you might encounter as they would provide assistance to you during the course. You must mail your tutor-marked assignments to your tutor well before the due date (at least two working days are required). They will be marked by your tutor and returned to you as soon as possible. Do not hesitate to contact your tutor by telephone, e-mail, or discussion board if you need help. The following might be circumstances in which you would find help necessary.

Contact your tutor if:

- You do not understand any part of the study units or the assigned readings.
- You have difficulty with the self-tests or exercises.
- You have a question or problem with an assignment with your tutor's comment on an assignment or with the grading of an assignment.

You should try your possible best to attend the tutorials. This is the only chance to have a face-to-face contact with your tutor and to ask questions which are answered instantly. You can raise any problem encountered in the course of your study.

To gain the maximum benefit from course tutorials, prepare a question list before attending them. You will learn a lot from participating in discussions actively.

13.0 SUMMARY

It is advisable that you manage your time properly in order to excel in this course. You become what you give your time to, and if you have spent money to enroll for this Course, the onus lies on you to get value for money.

14.0 TEXTBOOKS AND REFERENCES

1. Campbell, J.Foster, D. & Ceserani, V. (2008). Practical cookery. (11theds) Bookpower.London
2. Casado, Matt A (1994), Food and Beverage Service Manual. John Wiley & Sons.
3. Collins English Dictionary – complete and unabridged (2003). Harper Collins Publisher.
4. Davies, B and Stone, S (1985). Food and Beverage Management. Heinemann, UK.
5. Dopson, L. R., Hayes, D. K and Miller J. E (2008). Food and Beverage cost control (4theds). John Wiley and sons. NJ
6. Durkan, A and Cousin, J (1995). The Beverage Book. Hodder Arnold.
7. Fosket, D. Ceserani, V., &Kinton, R. (2003) Theory of Catering. (10theds) Book power pub.London.
8. Katsigris, C and Thomas, C. (2006). The bar and Beverage Book John Wiley and Sons inc.
9. Lillicrap, D and Cousins, J (2006). Food and Beverage Service (6theds). Bookpower, UK.
10. Lillicrap,D,&Cousins,J.(2010).Food and Beverage Service. (8theds) Bookpower with Hodder Educ.UK
11. Lou Heiss, M and Heiss, R (2007). Hot Drinks: cider, coffee, tea, hot chocolate, spiced punch and spirits. Ten speed press.
12. Rande, W. and Luciani, V. (2000). The Beverage Service World. Prentice Hall.

COURSE DEVELOPMENT
HCM 235
FOOD, BEVERAGE AND COSTS

COURSE MAIN TEXT

Course Developer/	Dr. I.A. Akeredolu
Unit Writer:	Yaba College of Technology, Lagos.
Course Editor:	Dr. Ibrahim O. Shehu National Open University of Nigeria, Lagos.
Programme Leader:	Dr (Mrs.) A. O. Fagbemi National Open University of Nigeria, Lagos.
Course Coordinator:	Mr. S. O. Israel-Cookey National Open University of Nigeria, Lagos.

CONTENT	PAGE
MODULE 1	
Unit 1: Food and beverage department	2
Unit2: The meal/drink experience	18
Unit3: Menu compilation	26
Unit4: Beverages	36
MODULE 2	
Unit1: Costing	52
Unit2: Food and beverage pricing	60
Unit3: Food cost control	70
Unit4: Beverage cost control	81
MODULE 3	
Unit1: Food and beverage control systems	90
Unit2: budgeting.	100

MODULE 1

Unit1 : Food and beverage department

Unit2 : The meal/drink experience

Unit3 : Menu compilation

Unit4: Beverages.

UNIT 1: FOOD AND BEVERAGE DEPARTMENT CONTENT

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 Food and beverage
 - 3.2 Restaurants
 - 3.2.1 All day dining restaurants
 - 3.2.2 Fine dining restaurants
 - 3.2.3 Speciality restaurants
 - 3.3 Lounge
 - 3.4 Bar
 - 3.5 Discotheque/night club
 - 3.6 Room service/ in-room dining
 - 3.7 Meeting and conference rooms
 - 3.8 Ball rooms
 - 3.9 Delicatessen
 - 3.10 Others
 - 3.11 Responsibilities and objectives of the food and beverage department
 - 3.11.1 Functions of the food and beverage manager
 - 3.11.2 Constraints to food and beverage management.
 - 3.11.2.1 External factors
 - 3.11.2.2 Internal factors
 - 3.12 The Restaurant
 - 3.12.1 History of restaurant
 - 3.12.2 Classification of restaurant
 - 3.12.3 Types of restaurant
 - 3.12.3.1 Categories
 - 3.12.3.2 Fast food restaurant
 - 3.12.3.3 Casual restaurant
 - 3.12.3.4 Fast casual dining restaurants
 - 3.12.3.5 Other restaurants
 - 3.13 The Restaurant manager
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked assignment
- 7.0 References/ Further reading.

1.0 INTRODUCTION

Food and Beverage (F&B) Department is responsible for maintaining high quality of food and service, food costing, managing restaurants, bars, etc.

Food and Beverage Service is the service of Food made in the Kitchen and Drinks prepared in the Bar to the Customers (Guest) at the Food & Beverage premises. In this unit, we shall look at the different types of food and beverage outlets which include: Restaurants, Bars, Hotels, Airlines, Cruise Ships, Trains, Companies, Schools, Colleges, Hospitals, Prisons, Takeaway, etc.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Identify at least 7 categories of food and beverage outlets
- Define the “term” restaurant
- Classify restaurants
- Describe 4 main duties of a food and beverage manager

3.0 MAIN CONTENT

3.1 Food and beverage

Food & Beverage Outlets are divided into the following categories:

3.2. Restaurants

Restaurants are places where Food & Drink is served.

There are various types of Restaurants:

3.2.1 All Day Dining Restaurants

They are usually called Coffee Shop or Cafe in Hotels. They are usually big in size with many Covers (seats), compared to other Restaurants in the same Hotel. The main reason why they are called All Day Dining Restaurant is because of their hours of operation, as they are open for Breakfast in the morning, Lunch in the afternoon and Dinner in the evening.

3.2.2 Fine Dining Restaurants

Fine Dining Restaurants are characterized by their elaborate and exclusive menu with special emphasis on the very high quality food they serve. The emphasis being on fresh ingredients and natural flavours or on the type of Cuisine served, or both. Usually the operation of this restaurant revolves around the Head Chef or Chef De Cuisine of this Outlet.

3.2.3 Speciality Restaurants

These are Restaurants which usually have a type of National or Regional Character or Cuisine attached to them, for example: Italian Specialty Restaurant, Chinese Specialty Restaurant etc. In some Hotels they do also sometimes have Multi Cuisine Specialty Restaurant, which literally means that Restaurant serves cuisine from more than one country or the dishes on the Menu at that Restaurant have Food Specialties from many different countries.

3.3 Lounge

Lounges can be found in different hotels. Their main purpose is to offer Food and Drinks in comfortable and cosy seating in relaxed surroundings. There are many kinds of Lounges

ranging from a Lounge in a Lobby, Cocktail Lounge and Cigar Lounge to Executive and Club Lounge on special Floors.

3.4 Bar

Bar is a place where drinks are served. There is usually a small Snacks Menu too. The service is fast and quick. There are various kinds of Bars ranging from Formal bars to Club Bars, Pubs, Pool, Bars, Wine Bars, Cocktail Bars, Beach Bar to Juice Bars and many more.

3.5 Discotheque/Nightclub

They are outlets where Music and Entertainment takes priority with the Food and Drink. The operation is very fast and the guest numbers are large. Security is an important aspect in these operations. Music and entertainment can range from DJ to live bands playing.

3.6 Room Service/In- Room Dining

Room Service, also known as In Room Dining .It is the service of Food and Drink in Guest Rooms in a Hotel or a Resort.

3.7 Meeting and Conference Rooms

Meeting and Conference rooms together with Ball Rooms come under the Banquets and Conference section. They are a great source of Revenue in Food and Beverage Department usually in Corporate and City Hotels. MICE (Meetings, Incentives, and Conferences and Exhibitions) can alone bring much revenue in some hotels in comparison to other outlets in Hotel.

3.8 Ball Rooms

These are large Function Rooms which are primarily used for Functions and Weddings. The Staffing ratio of Full Time Staff in this section is very less as the Function and Wedding Business can sometimes be seasonal and extra staff is usually filled in by the use of Casual Staff. This Section is the most Dynamic section in Food & Beverage with the Conference Section, which is more physically demanding and creatively oriented.

3.9 Delicatessen

Delicatessen or Deli is a place where guests can buy fresh produce ranging from Freshly Baked Bread, Cold Meat, Fresh Salads, Cakes, Home Made Ice creams and light and healthy drinks.

3.10 Others

There are many other Food & Beverage outlets ranging from Fast Food Outlets to Food Courts to Snack Bars which usually stand alone or in a shopping centre.

3.11 Responsibilities and objectives of the food and beverage department

- (a) The provision of food and beverage facilities catering for a clearly defined market.
- (b) The purchasing, receiving, storing, issuing and preparation of food and beverages within the establishment for final provision and sale to the customer.
- (c) The formulation of an efficient control system within the food and beverage department
 - (i) Monitoring food and beverage prices and achieving competitive rates whilst ensuring quality standards.
 - (ii) Pricing restaurant and special function menus so as to achieve desired profit margins.

- (iii) Compiling on a daily, weekly and monthly basis, all relevant food and beverage information on costs and sales that may be used by management for forecasts planning, budgeting, etc.
- (iv) Reconciling actual and forecast costs and sales, and initiating control procedures or discrepancies occur, and discovering the causes, e.g. bad portion control, incorrect pricing, etc.
- (d) The training, motivating, and controlling of all food and beverage department staff.
- (e) Finally, the food and beverage department should co-ordinate with other departments in the establishment in which it is situated, if it is to be a significant contributor to the organization's short-term and long-term profitability.

3.11.1 Functions of the Food and Beverage Manager

The functions of the food and beverage manager involves – planning, organizing, motivating and controlling. In a food and beverage department, the planning process involves the setting of several basic policies – a marketing policy defining the market to be catered for; a financial policy dealing with envisaged profitability or costs constraint of the establishment; and a catering policy defining the main objectives of operating the food and beverage facilities and the methods by which such objectives are to be achieved. Such policies would be decided at a senior level of management.

The tasks needed to achieve these objectives would then be assigned to individuals who should receive job descriptions detailing the purposes of their tasks, the responsibilities of the individuals, who he is responsible to, etc. Here the food and beverage manager works in conjunction with the personnel department in producing job descriptions and appointing on-the-job trainers in the various food and beverage departments to train new staff.

The motivation of the staff of the food and beverage department is an important function of the food and beverage manager. This may be undertaken in several ways – for example, by helping individuals who are undertaking common tasks to form into groups so that “team spirit” may develop, by encouraging staff-management committee meetings, or at a more basic level to see that full training is given so that job anxieties are reduced for employees from the beginning.

Finally, there is the element of control in food and beverage department; this involves the checking of actual performance against the budgets of forecasts, and should there be any wide deviations, to locate the problem area and rectify it, and to take whatever steps possible to prevent the problem occurring again.

The functions of the food and beverage manager in co-ordinating the food and beverage department are therefore numerous, and it is important that he should fully utilize all the tools of management available to him. An organization chart should be produced showing the position of the food and beverage department within the context of the total establishment. An organization chart presents graphically the basic groupings and relationships of positions, and a general picture of the formal organization structure.

In larger units departmentalization is done. The control department in this case would probably consist of four to five full-time employees, if a manual system is in operation or two full-time employees for a computerized system. In a small privately-owned hotel, it is often the owner who is the ‘manager’ of all departments, including the food and beverage department. In this instance the hotel proprietor would also operate as the control department,

monitoring all incoming and outgoing revenues and costs. It is also important to supplement the organization chart with another tool of management: job descriptions. A job description is an organized list of duties and responsibilities assigned to a specific position. It may be thought of as an extension of the formal organization chart in that it shows activities and job relationships for the positions identified on the formal organization chart.

Some organizations also produce work schedules; these are outlines of work to be performed by employees with stated procedures and time requirements for their duties. Tasks are broken down into a careful sequence of operations and timed. They are particularly useful in training new employees and for lower grade jobs, but have limited application at the supervisory and management level.

Below is an example of a work schedule:

JOB TITLE:	Food and Beverage Manager
DATE:	3/3/12
NAME OF ESTABLISHMENT:	Levelley's Hotels, Lagos Nigeria.
RESPONSIBLE TO:	The General Manager
RESPONSIBLE FOR:	All personnel within the Food and Beverage Department

DUTIES:

1. To maintain efficient catering services within the hotel for the markets previously identified in the marketing and catering policy.
2. To maintain effective control of raw material, labour, and equipment costs used in food and beverage departments.
3. To liaise with Heads of Departments in producing departmental budgets for approval by the Chief Accountant.
4. To be responsible for obtaining required profits for all selling outlets whilst maintaining the agreed standards in the food and beverage production and service laid down in the catering policy.
5. To be responsible for hygiene and safety standards in the food and beverage department and ensure all legal requirements are met.
6. To liaise regularly at staff meetings with the Heads of Departments, together comprising the food and beverage department.
7. To be prepared to attend any other staff meetings as arranged by the General Manager.
8. To liaise with the Personnel Department in the recruiting and training of new personnel for the food and beverage departments.

3.11.2 Constraints to Food and Beverage Management

The management of food and beverage departments has been described as the most technical and complex in the hospitality industry. The specific factors which make food and beverage management relatively more complex are due to particular external and internal pressures.

3.11.2.1 External Factors

The external factors are often seen as the 'major' problems of the food and beverage function. They originate outside the organisation and for this reason internal action can rarely solve the problem adequately. Some of their major external pressures affecting the food and beverage function are listed below.

Political

- (a) Government legislation, e.g. fire regulations, health and safety acts, EEC regulations, HCITB training levy.
- (b) Changes in the taxation structure of the country, e.g. regulations affecting business expenses allowances.
- (c) Specific government taxes, e.g. VAT.

Economic

- (a) Rising costs – foods and beverages, labour, fuel, rates and insurance.
- (b) Sales instability; peaks and troughs of activity occur on a daily/weekly and seasonal basis.
- (c) Changes in expenditure patterns and people's disposable incomes.
- (d) Expansion and retraction of credit facilities.
- (e) Higher interest rates on borrowed capital.

Social.

- (a) Changes in population distribution, e.g. population drifting away from certain areas.
- (b) Changes in the socio-economic groupings of the area.
- (c) Growth of ethnic minorities leading to a demand for more varied foods.
- (d) Changes in food fashion, e.g. current popularity of take-away food.

Technical

- (a) Mechanization, e.g. of food production and food service equipment.
- (b) Computer technology, e.g. data processing in hotel and catering establishments.
- (c) Product development e.g. textured vegetable protein.(TVP)

3.11.2.2 Internal Factors

In addition to external factors, the food and beverage function also has numerous other day-day internal pressures, which may be described as the 'minor' problems. Internal problems are those originating from within the organization and for this reason such problems can usually be solved adequately within the establishment. The internal problems may be classified as follows:

Food and Beverage

- (a) Perishability of food and the need therefore for adequate stock turnover.
- (b) Wastage and bad portioning control.
- (c) Pilferage from kitchens, restaurants, bars and stores.

Staff

- (a) Staff shortages often coinciding with peaks of sales activity.
- (b) Conversely, staff surpluses coinciding with troughs of sales activity.
- (c) Absenteeism, illness, etc.
- (d) Use of part-time/casual staff in some food and beverage departments.
- (e) Poor supervision.

Control

- (a) Cash collection and control; most transactions are conducted on a cash basis in the food and beverages sales outlets.

(b) Correct pricing of menus and beverages lists when food prices fluctuate.

(c) Stores control – food and liquor.

There is a dividing line between those food and beverage departments that ‘manage’ these external and internal problems and hence function more efficiently, and those that just ‘react’ to the problems only treating the symptom and not the cause. It is important therefore that potential problem areas be identified in advance by management so that they can be planned for and successfully managed when and if they occur.

3.12 The Restaurant

A restaurant is a retail establishment that serves prepared food to customers. Service is generally for eating on premises, though the term has been used to include take-out establishments and food delivery services. The term covers many types of venues and a diversity of styles of cuisine and service.

Restaurants are sometimes a feature of a larger complex, typically a hotel, where the dining amenities are provided for the convenience of the residents and, of course, for the hotel with a singular objective to maximise their potential revenue. Such restaurants are often also open to non-residents.

Restaurants range from unpretentious lunching or dining places catering to people working nearby, with simple food and fixed menu served in simple settings at low prices, to expensive establishments serving expensive speciality food and wines in a formal setting. In the former case, customers usually wear casual clothing. In the latter case, depending on culture and local traditions, customers might wear semi-casual, semi-formal, or even in rare cases formal wear. Typically, customers sit at tables, their orders are taken by a waiter, who brings the food when it is ready, and the customers pay the bill before leaving. In class or porche restaurants there will be a host or hostess or even a *maitre d'hôtel* to welcome customers and to seat them. Other staff waiting on customers include busboys and sommeliers.

3.12.1 History of Restaurant

The term restaurant (from the French word *restauration*, to restore) first appeared in the 16th century, meaning "a food which restores", and referred specifically to a rich, highly flavoured soup. The modern sense of the word was born around 1765 when a Parisian soup-seller named Boulanger opened his establishment. Whilst Inns and Taverns were known from antiquity, these were establishments aimed at travellers, and in general locals would rarely eat there. The modern formal style of dining, where customers are given a plate with the food already arranged on it, is known as *service à la russe*, as it is said to have been introduced to France by the Russian Prince Kurakin in the 1810s, from where it spread rapidly to England and beyond.

3.12.2 Classification of restaurants

Restaurants can be classified by whether they provide places to sit, whether they are served by wait-staff and the quality of the service, the formal atmosphere, and the price range. Restaurants are generally classified into three groups:

1. Quick Service - Also known as fast-food restaurants. They offer limited menus that are prepared quickly. They usually have drive-thru windows and take-out. They may also be selfservice outfits.

2. Mid scale - They offer full meals at a medium price that customers perceive as "good value." They can be of full service, buffets or limited service with customers ordering at the counter and having their food brought to them or self service.

3. Upscale - Offer high quality cuisine at a high end price. They offer full service and have a high quality of ambience.

3.12.3 Types of Restaurants

Restaurants often specialize in certain types of food or present a certain unifying, and often entertaining, theme. For example, there are seafood restaurants, vegetarian restaurants or Ethnic Restaurants. Generally speaking, restaurants selling "local" food are simply called restaurants, while restaurants selling food of foreign origin are called accordingly, for example, a Chinese restaurant and a French restaurant. Depending on local customs and the policy of the establishment, restaurants may or may not serve alcoholic beverages. Restaurants are often prohibited from selling alcohol without a meal according to alcohol sale laws; such sale is considered to be activity for bars, which are meant to have more severe restrictions.

Some restaurants are licensed to serve alcohol ('fully licensed'), and / or permit customers to 'bring your own' alcohol.

3.12.3.1 Cafeterias

A cafeteria is a restaurant serving mostly cooked (ready to-eat) food arranged behind a food-serving counter. There is little or no table service. Typically, a patron takes a tray and pushes it along a track in front of the counter. Depending on the establishment, servings may be ordered from attendants, selected as ready-made portions already on plates, or self-serve of food of their own choice.

In some establishments, a few items such as steaks may be ordered specially prepared rare, medium and well done from the attendants. The patron waits for those items to be prepared or is given a number and they are brought to the table. Beverages may be filled from self-service dispensers or ordered from the attendants. At the end of the line a cashier rings up the purchases. At some self-service cafeterias, purchases are priced by weight, rather than by individual item. The trays filled with selected items of food are taken to a table to eat. Institutional cafeterias may have common tables, but upscale cafeterias provide individual tables as in sit-down restaurants. Upscale cafeterias have traditional cutlery and crockery, and some have servers to carry the trays from the line to the patrons' tables, and/ or bus the empty trays and used dishes. Cafeterias have a wider variety of prepared foods. For example, it may have a variety of roasts (beef, ham, turkey) ready for carving by a server, as well as other cooked entrées, rather than simply an offering of hamburgers or fried chicken.

3.12.3.2 Fast-food restaurants

Fast-food restaurants emphasize speed of service and low-cost over all other considerations. A common feature of newer fast food restaurants that distinguishes them from traditional cafeteria is a lack of cutlery or crockery; the customer is expected to eat the food directly from the disposable container it was served using their fingers.

There are various types of fast-food restaurant:

- one collects food from a counter and pays, then sits down and starts eating (as in a self-service restaurant or cafeteria);
Sub-varieties:

- one collects ready portions
 - one serves oneself from containers
 - one is served at the counter
 - a special procedure is that you first pay at the cash desk, collect a coupon and then go to the food counter, where you get the food in exchange for the coupon.
 - One orders at the counter; after preparation the food is brought to one's table; paying may be on ordering or after eating.
 - a drive-through is a type of fast-food restaurant without seating; diners receive their food in their cars and drive away to eat.
- Most fast-food restaurants offer take-out: ready-to-eat hot food in disposable packaging for the customer to eat off-site.

3.12.3.3 Casual Restaurants

A casual dining restaurant is a restaurant that serves moderately-priced food in a casual atmosphere. Except for buffet style restaurants, casual dining restaurants typically provide table service. Casual dining comprises of a market segment between fast food establishments and fine dining restaurants.

3.12.3.4 Fast Casual-Dining Restaurants

A fast casual restaurant is similar to a fast-food restaurant in that it does not offer full table service, but promises a somewhat higher quality of food and atmosphere. Average prices charged are higher than fast-food prices and non-disposable plates and cutlery are usually offered. This category is a growing concept that fills the space between fast food and casual dining. Counter service accompanied by handmade food (often visible via an open kitchen) is typical. Alcohol may be served. Dishes like steak, which require experience on the part of the cook to get it right, may be offered. The menu is usually limited to an extended over-counter display, and options in the way the food is prepared are emphasized.

Many fast casual-dining restaurants are marketed as health conscious:

Healthful items may have a larger number of items than normal portion of the menu and high-quality ingredients such as free-range chicken and freshly made vegetables may be advertised. Overall, the quality of the food is presented as a much higher class than conventional factory-made fast food. An obvious ethnic theme may or may not be present in the menu.

3.12.3.5 Other Restaurants

Most of these establishments can be considered subtypes of fast casual-dining restaurants or casual-dining restaurants.

i) Café

Cafés and coffee shops are informal restaurants offering a range of hot meals and made-to-order sandwiches. Cafés offer table service. Many cafés are open for breakfast and serve full hot breakfasts. In some areas, cafés offer outdoor seating.

ii) Coffeehouse

Coffeehouses are casual restaurants without table service that emphasize coffee and other beverages; typically a limited selection of cold foods such as pastries and perhaps sandwiches are offered as well. Their distinguishing feature is that they allow patrons to relax and socialize on their premises for long periods of time without pressure to leave promptly after eating.

iii) Pub

A pub (short for public house) is a bar that serves simple food fare. Traditionally, pubs are primarily drinking establishments with food in a decidedly secondary position, whereas the modern pub business relies on food as well, to the point where gastropubs are known for their high-quality pub food. A typical pub has a large selection of beers and ales on tap.

iv) Bistros and Brassiere

A brassiere is a café doubling as a restaurant and serving single dishes and other meals in a relaxed setting. A bistro is a familiar name for a café serving moderately priced simple meals in an unpretentious setting. Especially in Paris, bistros have become increasingly popular with tourists. When used in English, the term bistro usually indicates either a fast casual-dining restaurant with an European-influenced menu or a café with a larger menu of food.

v) Family Style

"Family style restaurants" are restaurants that have a fixed menu and fixed price, usually with diners seated at a communal table such as on bench seats. More common in the 19th and early 20th century, they can still be found in rural communities, or as theme restaurants, or in vacation lodges. There is no menu to choose from; rather food is brought out in courses, usually with communal serving dishes, like at a family meal. Typical examples can include crab houses, German-style beer halls, BBQ restaurants, hunting lodges, etc. Some normal restaurants will mix elements of family style, such as a table salad or bread bowl that is included as part of the meal.

vi) BYO Restaurant

BYO is from the phrase Bring Your Own, while BYOB is an abbreviation of Bring Your Own Booze/Beer/Bottle. They are restaurants and bistros which do not have a liquor license but expect the patrons to bring theirs.

vii) Delicatessens Restaurant

Restaurants offering foods intended for immediate consumption. The main product line is normally luncheon meats and cheeses. They may offer sandwiches, soups, and salads as well. Most foods are precooked prior to delivery. Preparation of food products is generally simple and only involves one or two steps.

viii) Ethnic Restaurants

They range from quick-service to upscale. Their menus usually include ethnic dishes and / or authentic ethnic foods. Specialize in a particular multicultural cuisine not specifically accommodated by any other listed category. Example: Asian Cuisine, Chinese cuisine, Indian Cuisine, American Cuisine etc.

ix) Destination Restaurants

A destination restaurant is one that has a strong enough appeal to draw customers from beyond its community. Example: Michelin Guide 3-star restaurant in Europe, which according to the restaurant guides is "worthy of a journey".

3.13 The Restaurant Manager

The restaurant Manager is responsible for directing and supervising all activities pertaining to employee relation, food production, sanitation, guest service and operating profits. The restaurant manager is either the coffee shop manager, bar manager or the specialist restaurant

manager. The restaurant manager reports directly to the food and beverage manager and has overall responsibility for the organisation and administration of a particular outlet or a section of the food and beverage service department. The restaurant manager's job includes:

- i) Setting and monitoring the standards of service in the outlets.
- ii) Administrative duties such as setting duty charts, granting leave, monitoring staff positions, recommending staff promotions and handling issues relating to discipline.
- iii) Training the staff by conducting a daily briefing in the outlet.
- iv) Playing a vital role in public relations, meeting guests in the outlets and attending to guest complaints, if any.
- v) Formulating the sales and expenditure budget for the outlet.
- vi) Planning food festivals to increase the revenue and organizing advertisement campaign of the outlet along with the chef and the food and beverage manager.

SELF ASSESSMENT EXERCISES

Visit at least 20 food and beverage outlets and classify them accordingly

4.0 CONCLUSION

With the ever-growing food and beverage industry, people who receive formal training stand a good chance of moving up to better paid jobs in larger and more formal food establishments. There are also opportunities for others who could earn a living by taking up part-time positions.

5.0 SUMMARY

Food and Beverage Service is the service of Food made in the Kitchen and Drinks prepared in the Bar to the Customers (Guest) at the Food & Beverage premises, which can be: Restaurants, Bars, Hotels, Airlines, Cruise Ships, Trains, Companies, Schools, Colleges, Hospitals, Prisons, Take-away, etc

The main responsibilities and objectives of the food and beverage department include:

The provision of food and beverage facilities catering for a clearly defined market,

The purchasing, receiving, storing, issuing and preparation of food and beverages within the establishment for final provision and sale to the customer.

The formulation of an efficient control system within the food and beverage department. The training, motivating, and controlling of all food and beverage department staff.

Finally, the food and beverage department should co-ordinate with other departments in the establishment in which it is situated, if it is to be a significant contributor to the organization's short-term and long-term profitability.

The functions of the food and beverage manager involves – planning, organizing, motivating and controlling

A restaurant is a retail establishment that serves prepared food to customers. Service is generally for eating on premises, though the term has been used to describe take-out establishments and food delivery services. The term covers many types of venues and a diversity of styles of cuisine and service.

Restaurants often specialize in certain types of food or present a certain unifying, and often entertaining, theme. For example, there are seafood restaurants, vegetarian restaurants or ethnic restaurants. Generally speaking, restaurants selling "local" food are simply called restaurants, while restaurants selling food of foreign origin are called accordingly, for example, a Chinese restaurant and a French restaurant.

Restaurants can be classified by whether they provide places to sit, whether they are served by wait-staff and the quality of the service, the formality of the atmosphere, and the price range.

6.0 TUTOR-MARKED ASSIGNMENTS

1. Outline 5 objectives of food and beverage management
2. Identify and describe 3 internal and 3 external factors affecting food and beverage function
3. Differentiate the following types of restaurant:
Cafeteria, fast food and casual restaurant

7.0 REFERENCES/FURTHER READING

1. Davies, B, & Stone, S (1985). Food and Beverage Management.
Heinemann, U.K.
2. Collins English Dictionary-Complete and unabridged. (2003).
Harper Collins Pub.

UNIT 2 THE MEAL/DRINK EXPERIENCE CONTENT

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
- 3.1 What is the meal/drink experience
 - 3.1.1 Food and drink
 - 3.1.2 Variety in menu choice
 - 3.1.3 Level of service
 - 3.1.4 Value for money
 - 3.1.5 Interior design
 - 3.1.6 Atmosphere and mood
 - 3.1.7 Expectation of customers
 - 3.1.8 Location/accessibility
 - 3.1.9 Staff
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor- marked assignment
- 7.0 References/further reading

1.0 INTRODUCTION

In unit one, we discussed the responsibilities of the food and beverage department and the different types of food and beverage services. In this unit, you shall learn the things entailed in meal/drink experience.

The meal/drink experience means different things to different people and different establishments offer different services in prices, level of service and even in the extent of the menu. A customer's satisfaction is dependent on the reasons behind his/her choice. The food and beverage operator is expected to meet and even exceed customers' expectation.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Describe what the meal/ drink experience entails
- Outline 8 factors that determine the kind of food and drinks people choose to consume away from home.

3.0 MAIN CONTENT

3.1 What is the Meal/Drink Experience?

The 'meal/drink experience' may be defined as a series of events – both tangible and intangible – that a customer experiences when eating out. It is difficult to define exactly where a meal/drink experience usually starts, and indeed ends, although it is usually assumed that the main part of the experience begins when a customer enters a restaurant and ends when he leaves. However, any feelings the customer may have when he arrives at the restaurant, and when he leaves, should also be taken into account and included as a part of the total meal/drink experience. The series of events and experiences the customer undergoes when eating out may be divided into those tangible aspects of the product, that is the food and drink, and those intangible aspects such as service, atmosphere, mood, etc. In order for the product offered by the restaurant to be acceptable to the customer, it is necessary for the

tangible and intangible components of the restaurant to be combined together and to be seen by the customer as one total product, and not a number of disjointed parts. It is therefore the duty of the restaurant owner or manager to construct this complete product and to present it to the customer. The different components of the meal/drink experience that may be identified and which should be considered by the catering facility include the following;

3.1.1 Food and Drink

The kind of food and drink that people choose to consume away from home depends mainly on the amount of money that they are prepared to pay for it within a given set of circumstances at a specific point in time. Apart from the cost aspect, the factors which are of particular concern to the customer include:

- (a) The type and choice of food and drink available.
- (b) The quality of the product offered (e.g. fresh or convenience foods; chateau bottled or non-chateau bottled wine).
- (c) The quantity of product offered, i.e. the portion sizes.
- (d) The consistent standard of the product (a customer returning to the restaurant and repeating his order of an item would expect the product to be very similar to what he had eaten/drunk before).
- (e) The range of textures, flavours, aromas and colours offered by a food dish, or taste, aroma and colour offered by a drink.
- (f) That the food and drink is served at the appropriate temperature.
- (g) That the presentation of the food and drink enhances the product offered.
- (h) The perceived value for money.

3.1.2 Variety in Menu Choice

The type of menu offered by an establishment and the variety of menu choice should also conform to the requirements of the total meal experience. At the lower level of the market the choice of menu items in a restaurant is usually fairly limited for a number of reasons. Firstly, Price; if a customer is paying ₦2500 for a three-course meal the range of menu items that can be made available within the cost limits of such an operation is obviously more limited than in operations where the customer's average spending power is higher. Secondly, the amount of time taken to consume meals at this level of the market may vary between less than half an hour and one hour, but will rarely exceed this; of this amount of time the customer in these establishments takes proportionately little in studying the menu choice. Thirdly, it may be suggested that customers frequenting this lower level of the market may feel uncomfortable if presented with a very large menu selection and may therefore prefer a more limited, but still varied menu choice.

In high-class restaurants where the average spending power is above ₦10,000 per head, the menu selection is normally much greater. In these establishments which encourage luxury meal experience, the minimum amount of time customers usually spend on a meal is one and a half hours, and may be three to four hours depending on the size of the group and the occasion. The proportion of this time that may be devoted to reading the menu and selecting from the menu items is correspondingly greater; the customers frequenting these types of establishments would also expect to be offered a large menu selection, including a number of chef's specialities and other dishes. The menu choice offered by a restaurant is therefore dependent on a number of interrelated factors – the price the customer is willing to pay; the amount of time available for the meal experience; the level of the market in which the restaurant is situated; and consequently the types of customers likely to frequent that type of

operation. Further considerations affecting the choice of menu from the caterer's point of view would be the production and service facilities available, the skills of the staff, the availability of commodities and the potential profitability of the menu.

3.1.3 Level of Service

Broadly speaking, the higher the cost of the meal to the customer, the more service the customer expects to receive. In a self-service cafeteria where a customer is spending approximately ₦3,000 for a three-course luncheon, the degree of services he will receive is comparatively little; the customer collects his own food from the service counters, carries it to a table, and probably clears his dishes from the table at the end of his meal. As the cost of the meal to the customer increases so will the amount of service he receives. At the top end of the catering market, where the customer may be paying over ₦10,000 per head for a meal, full waiter silver service would be provided. The actual service of the food and beverages to the customer may be described as 'direct' service; part of a restaurant's total service, however, is also comprised of 'indirect' services. These include the provision of cloakroom facilities – somewhere for the customer to leave coats and bags safely; and the availability of a telephone for customer use. It is important therefore for a restaurant operation to consider not only in service of the food and beverages for which the staff are usually adequately trained, but also to remember the indirect service aspects of the operation, which the customer particularly notices.

3.1.4 Value for Money

The concept of value for money will vary from one sector of the market to another, and indeed from one customer to another. In the majority of cases, however, a customer will frequent a restaurant not only because of its food and service, but also because he feels it gives him value for money. At the lower end of the market inclusive price meals are often offered, e.g. by many of the Steak house operations, so that a prospective client is aware in advance what the total cost of the meal will be, and this will help alleviate any concern the customer may have about being able to pay. At the other end of the market, menu items are often charged for separately, because at this level of the market the total cost of the meal is not such an important factor to the customer as perhaps are the other aspects of the operation, such as standard of the food or the level of service offered.

3.1.5 Interior Design

The interior design of a restaurant is one of the first physical aspects of catering operation that a customer will come into contact with. This first impression of the restaurant is very important. A potential customer passing by may like the look of the establishment and decide to come and eat there; the customer who has actually planned to eat in the restaurant and likes what he sees when he enters, will feel pleased with his choice of restaurant.

The interior design of a restaurant contributes greatly to the creation of its image. The importance of an interior design to a catering facility cannot be over-emphasized and it is necessary that professional advice is obtained from experienced designers.

3.1.6 Atmosphere and Mood

The atmosphere or mood of a restaurant is a difficult aspect of an operation to define, but is often described as an intangible 'feel' inside a restaurant. Not all restaurants have an obvious type of atmosphere others try to deliberately create one. The atmosphere of a restaurant is affected by many different aspects of the operation – the decor and interior design of the restaurant, the table seating arrangements, the service accompaniments, the dress and attitude

of the staff, the tempo of the service, the age, dress and sex of the other customers, etc. All these various aspects combine together to produce the restaurant's atmosphere and it is important therefore that all these elements should combine and complement one another to present a picture of totality to the customer. Should one of these aspects be out of keeping with the others, disharmony may result in the customer's image of the restaurant, and the customer will invariably leave remembering a small aspect.

3.1.7 Expectation of Customers

A single customer or group of customers arriving at a restaurant for a meal, bring with them a series of expectations regarding that restaurant – the type of service they will receive, the price they will pay, the expected atmosphere and mood of the restaurant, etc. The customer's expectations may therefore be varied and numerous, ranging from the restaurant which the customer frequents because he wants to be seen there and participate in its social atmosphere to the small quiet restaurant where the customer may go because of its intimate and personal nature. Upon arrival at the restaurant, if the product presented to the customer is in harmony with his expectations, it is very likely that the customer will be pleased with his choice and have a relaxed and enjoyable meal. Should the customer sense disharmony, however, between his expectations of the restaurant and the actual product he finds, for example it is too intimate for the occasion, he may not enter the restaurant but choose another. If the disharmony is not realized until the customer is seated at the table, it is unlikely that he will leave but will have a hurried and uncomfortable meal.

There is therefore a need for the customer to identify and associate himself with a restaurant for a particular meal occasion. He may not always identify with the same restaurant, as his needs and expectations may vary from one meal experience to the next. For example, at a business lunch a customer may require an expensive haute cuisine restaurant with an atmosphere conducive to discussing business; such a restaurant, however, may not be suitable for the same customer to take his wife and family for a special occasion. A customer therefore has different needs and expectations on different meal occasions, and similarly at different times of the day, for example, lunch and dinner. These alternating needs of customers should be identified by a restaurant and catered for, so that the restaurant offering formal business lunches may offer special function catering in the evening when the demand for business meals is minimal. There is a danger in these situations, however, that restaurants may be led into catering for mixed markets, and it is important therefore for a restaurant offering different levels of service at different times of the day, to keep them completely separate, and not attempt to be 'all things to all people'. Those operations that have taken this approach invariably adjust downwards to a lower socio-economic market segment than the one to which they were originally catering.

3.1.8 Location/Accessibility

The location of the restaurant is one of the few, if not the only unchangeable aspect of the operation, and is therefore one which requires considerable thought and attention at the initial planning stage. The restaurant's location in relation to its present markets should not only be considered, but also its location to possible future markets. For example, a city restaurant may rely heavily on several large firms in the surrounding area for the majority of its lunchtime trade, should several of these firms leave the area this would seriously affect the restaurant's trade.

Accessibility to the restaurant is another important factor, particularly if it is situated out of a town and not within easy reach by public transport. In these cases the majority of the

restaurant's clientele would travel by private transport and thought must be given to car parking spaces for the customers.

3.1.9 Staff

Staff employed by a restaurant operation should complement the meal experience of the customers, and they are able to do this in a variety of ways – their attitude to customers, their age and sex, their uniform, the tempo of their service etc. The number of staff serving in a restaurant is closely related to the prices charged by the establishment and the level of service that it offers. In self-service operations very few service staff are required; in some establishments the ratio of staff to customers being as low as one member of staff to 20-40 customers. However, in the luxury haute cuisine restaurants offering silver service, the ratio may be as high as one member of staff to eight customers. These latter types of operations are, however, charging the customer for this extra attentive service and must therefore be seen to have an adequate number of staff. Not only does the number of staff in a restaurant contribute to the meal experience, but also their attitude to customers and the tempo of their service. In a large industrial cafeteria where the ratio of service staff to customers is low, and the speed of throughput is important, the staff are required to work at a fast and efficient speed, and where possible leave the customers to serve themselves. In a luxury restaurant the tempo of the staff to customers is considerably slower and more relaxed because of high ratio of service staff to customers. It should be noted that the attitude of the staff is almost totally influenced by the management attitude and the environmental climate in which the staff are working.

Additionally, such things as the levels of skills of the staff, their visual cleanliness, as well as their sex, age and nationality are of importance. Finally, the uniforms of the service staff should be appropriate for the level of the catering operation, and again this physical aspect of the restaurant must be seen to be part of the establishment's totality. In some lower market level operations the staff may only be provided with overalls; this is in complete contrast to high class restaurants, particularly in hotels, where there is a very strict demarcation of uniform styles according to the status of the service personnel.

SELF ASSESSMENT EXERCISES

In light of what you just learnt, outline the factors that determine what you eat outside

4.0 CONCLUSION

Whatever efforts you put in to make the food/ drink experience wonderful is compensated by the volume of turnover that you make.

5.0 SUMMARY

The meal/ drink experience are both tangible (food and drink) and intangible aspects of the product (service, atmosphere, mood etc). There are several factors that determine the kind of food/ drink people eat away from home and they include: the type and choice of food and drink available, the quality of the product offered, consistent standard of the product, the range of textures, flavours, aromas and colours offered by a food/drink etc.

6.0 TUTOR – MARKED ASSIGNMENTS

State 3 tangible and 3 intangible aspects of a meal/ drink experience.

7.0 REFERENCES/ FURTHER READING

1. Lillicrap, D and Cousins, P (2010) Food and Beverage Service. 8th Edition, Book power, U.K.
2. Davies, B. and Stone S (1985) Food and Beverage management. Heinemann, London.

UNIT 3 MENU COMPILATION

CONTENT

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 History of menu
 - 3.2 Rules for menu writing
 - 3.3 Types of menu and their characteristics
 - 3.3.1 Special party menu
 - 3.3.2 Table D'hôte menu
 - 3.3.3 A La Carte du jour menu
 - 3.3.4 Luncheon- Dejeuner.
 - 3.4 The order of courses for a dinner menu
 - 3.5 Detailed account of the courses on a full-dinner menu
 - 3.5.1 Hors d'oeuvres
 - 3.5.2 Potage
 - 3.5.3 Poisson
 - 3.5.4 Entree
 - 3.5.5 Releve/remove
 - 3.5.6 Entremets
 - 3.5.7 Bonne/bonne Douche
 - 3.6 Additional courses of a meal
 - 3.6.1 Sorbet
 - 3.6.2 Entremets de legume
 - 3.6.3 Dessert
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignments
- 7.0 References/Further reading.

1.0 INTRODUCTION

In unit two, we shall learn about what customers expect in food and beverage service and how we can meet and even exceed these expectations. In this unit, we shall learn how to compile different kinds of menu.

A menu or a bill of fare is a list of prepared dishes of food which are available to a customer. The compiling of a menu is one of the most important jobs of a caterer and there are a number of factors that must be taken into consideration before any menu is written. The aim of a menu is to give the customer what he wants and not what the caterer thinks the customer wants. In general it is better to offer fewer dishes of a good standard rather than having a wide choice of dishes of mediocre quality. To be able to compile a luncheon or dinner menu is an art in itself, and the composing of an elaborate dinner menu needs great care in the selection of the various courses, so that each dish will harmonize with all of the others on the same menu.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- List at least 10 rules for writing menu

- Differentiate the 4 main types of menu.
- Analyse the order of courses for :
 - A luncheon
 - A 4 course dinner
 - An 8 course dinner

3.0 MAIN CONTENT

3.1 History of the menu

The menu as we know it today first came into being in the early 19th century. It was born in the celebrated restaurants of the Palais-Royale, which, at that time, were the gastronomic centre of Paris.

A menu is a list of food dishes that are available to the customer. There are four main types of menu, which are as follows:

- **Special Party:** This is a menu compiled for private parties, banquets or special functions.
- **Table d'hôte:** This is a menu compiled for private parties, banquet or special functions.
- **À la Carte:** This is a menu containing a large selection of dishes for each course. Each dish is individually priced and, therefore, the client is permitted to compile his or her own menu. Clients are also allowed to choose as many or as few dishes as they wish. "À la carte" dishes should be individually prepared and cooked, and the customer should be informed that he or she will have to wait for this service.
- **Carte de Jour:** This is a menu containing "special" dishes that are selected by the chef or management, and may be available for a limited period of time. A modern example of "carte de jour" is "The Chef's Special," which appears on a large number of restaurant menus today. In composing the menu, the aim should also be to express, as far as possible, the spirit of the occasion for which it is intended.

3.2 Rules for menu writing

- The requirements of the menu must depend on the occasion, the season, the number of people, the price being paid and the class of catering.
- Each dish should be different in composition and mode of cooking.
- The harmonizing effect is obtained by arranging the dishes that each one is distinct from the other, bearing no relation in appearance to the preceding or the following dishes.
- No two similar vegetables garnishes should ever be placed on the same menu, with the exception of mushrooms and truffles.
- The various meats and other important ingredients forming one complete course must not be repeated on the same menu from one course to another.
- The various kinds of sauces and accompaniments employed must be entirely different in colour, taste and appearance.
- The menu must be compiled with a view to achieving a successful service in the restaurant. It is better to have fewer dishes or courses well cooked and correctly served than a pretentious, many-course menu, which would put too much stress on the kitchen, its staff and equipment, and upon the service and waiting staff.
- A careful selection of raw materials, paying attention to the time and season of the year, must be made in all cases.
- Ensure the use of correct cookery terms and spelling—especially when using French. Avoid repeating "à la" on a menu; this term means "in the style of," and in many cases, can be omitted.

- Never write the word “gravy” on a menu.
- Sauces and/or garnishes are written directly after the dish to which they belong. Add the vegetables after the main course and its sauce and/or garnish. Follow the vegetables with the potato dish.
- Give a sufficient choice on the menu to satisfy the varying tastes and digestions of your clientele.
- Bear in mind quality, quantity and, from a customer’s point of view, “value for money.”
- Place on the menu dishes that are attractive and appetizing, and will combine to form a well-balanced and pleasing meal.

It is necessary to make certain that menu terms are expressed accurately so that the customer receives exactly what is stated on the menu. For example, pâté Maison must really be home-made pâté not factory-made. If Fried Fillets of Sole are offered on the menu, then more than one must be offered and the fish must be sole, and if an 8-oz rump steak is stated on the menu as the portion size, then it must be 8 oz raw weight. If the sole is advertised as 'fried' and the steak as 'grilled' then these processes of cooking should be applied; if the soles are stated to be Dover soles and the steak as rump steak then the named food must be served. Likewise if the sole is stated to be served with a sauce tartare and the steak with a particular sauce then the sauce should be correct and accurate. The description on the menu should give an indication as appropriate of the quality, size, preparation and composition of the dish.

3.3 Types of menus and their characteristics

3.3.1 Special Party Menu

These types of menus are compiled for a previously arranged number of dishes (covers) and, more often than not, do not offer the guest at the table any selection in dishes. Because of these factors, large numbers can successfully be catered for at the same time. Less staff is required to cater for larger numbers than with any other type of menu.

3.3.2 Table D’hôte Menu

This type of menu is available in most hotels and restaurants, and provides for a quick service. All dishes are prepared, if not cooked, beforehand. Adequate supplies of produce are ordered to cater for a large clientele, and staff is quite easily organized. In addition, not so many staff is required like in à la carte service.

3.3.3 À la Carte Menu

Many people prefer to choose from an à la carte menu, and in doing so, compile their own menu from dishes that they particularly like. This type of catering is obviously more difficult and costly to provide, and is reflected on the menu by the rather high prices of the individual dishes. As every dish is prepared and cooked to order, service becomes more personal and highly specialized waiting and restaurant-management staff is also required. Quite a number of the dishes are finished on “the lamp” in the dining room, for example, Crêpes Suzette; Steak Tartare.

3.3.4 Carte du Jour Menu

This type of menu allows a wider choice than the table d’hôte menu, and usually serves to bring to the notice of the customer a particular characteristic either of the restaurant or of the town or region in which it is situated. It can also be an opportunity to display the particular skills of a specialized chef. These joints would be cooked by the sauce cook in a first-class

hotel or restaurant, and could be cooked by any method except roasting. They are usually cooked on casserole, braise or poêle, and generally cooked in a sauce and served with it.

3.3.5 Luncheon—*Dejeuner*

First Course: Hors d'oeuvre or a soup, offering a choice of thick or thin (consommé).

Second Course: Egg, farinaceous, or a fish dish—usually offering a choice of all three.

Third Course: A roast joint, grill, a lightly prepared dish such as a ragoût, navarin or blanquette, etc., or a choice from the cold buffet. Vegetables and potatoes, or a salad, is served with this course.

Fourth Course: Sweets—hot or cold, or selection of cheese served with greens (watercress, spring onions, celery, radishes, etc.).

N.B. Coffee (café) is never included as an actual course.

3.4 Order of Courses for a Dinner Menu

A full-course dinner is seldom served today, but the sequence of courses should be respected even if some are omitted. The general standard at present is for a four- or five-course meal to be served for dinner. Theoretically, however, all the courses of a full-dinner menu must be studied and learnt by heart so that perfect compilation of menus can be achieved.

Dinner—*Diner*

Three-Course Dinner Menu:

1. Hors d'oeuvre or soup
2. Main course—with vegetables and potatoes or salad
3. Sweet or savory

Four-Course Dinner Menu:

1. Hors d'oeuvre or soup
2. Fish course
3. Main course—with vegetables and potatoes or salad
4. Sweet and savory

Five-Course Dinner Menu:

1. Hors d'oeuvre or soup
2. Fish course
3. Main course—with vegetables and potatoes or salad
4. Sweet
5. Savory

Six-Course Dinner Menu:

1. Hors d'oeuvre or soup (*potage*)
2. Fish (*poisson*)
3. Entrée
4. Main (*releve or remove*) with (*pommes et legumes ou salade*)
5. Sweet (*entremets*)
6. Savory (*savoureux ou bonne bouche*)

Seven-Course Dinner Menu:

1. Hors d'oeuvres or soup
2. Potage
3. Poisson
4. Entrée
5. Releve/Remove—Pommes et Legumes
6. Roast (*roti*)—Salade
7. Entremets or Bonne/Bonne Bouche

Eight-Course Dinner Menu:

1. Hors d'oeuvres
2. Potage
3. Poisson
4. Entrée
5. Releve/Remove–Pommes et Legumes
6. Roti–Salade
7. Entremets
8. Savories/Bonne Bouche

3.5 Detailed Account of the Courses on a Full-Dinner Menu

3.5.1 Hors d'oeuvres: Being of a highly seasoned and piquant nature, this course is used to manipulate the appetite for the dishes that are to follow. In recent years, hors d'oeuvres have gained in popularity, and now appear even on simple menus in modest eating places. Although the actual term “hors d'oeuvres” applies to the service of various cold salads and morsels of anchovy, sardines, olives, prawns, etc., it also covers whatever items are served before the soup.

Examples of such hors d'oeuvres are as follows:

Melon Melon Frappe
Oysters Huitres Nature
Smoked Salmon Saumon Fumee
Caviar Caviar
Grapefruit Pamplemousse
Salami Salami
Potted Shrimps Petites Pots de Crevettes
Shrimp, Prawn or Lobster Cocktail
Fruit Cocktail Coupe Florida
Souses Herrings Hareng Dieppoise
Pate of Goose Liver Pate de Foie Gras

There are also quite a number of items that may be served hot, such as Bouchees, Croquettes, Fritters, etc., and these are known as Hors d'oeuvres chaud.

3.5.2 Potage: Being an extract of meat (in some instances fish), hot water, aromatic herbs, and vegetables, soup is a digestive stimulant.

Two soups are generally served on menu: one a clear soup (consommé) and a thick soup (cream). The guest chooses one or the other. The clear soup is always placed first on the menu. On good-class à la carte menus, a fish soup is also usually offered for selection, the two most common being “Bisque d'Homard” or “Bouillabaisse.”

3.5.3 Poisson: Fish, being soft-fibred, prepares the palate for the heavier meats that follow. Deep-fried or grilled fish dishes do not generally occupy a place on the “classical dinner menu,” but are freely offered on the shorter-coursed luncheon menu. This also applies to the coarser members of the fish family, and the dinner menu is usually comprised of the finer fish prepared and cooked in the more classical manners. Ideal fish for dinner menu compilation are: Sole, Salmon, Halibut, Escallops, etc. Rarely seen on a menu for the evening meal are: Cod, Bass, Haddock, Brill, Hake, and Plaice. One deep-fried fish dish, which normally finds itself on the dinner menu, however, is “Blanchaille”, and this only because Whitebait are so light and in no way too filling for the comfort of the guest.

3.5.4 Entrée: This is the first of the meat courses on a menu. It is always a complete dish in itself. It is dispatched from the kitchen garnished and sauced in the manner in which it is intended to be served. The “entrée” is always cooked and garnished in an artistic manner and usually served with a rich sauce. The “entrée” can be devised of almost anything light. This course consists of all the small cuts of butcher’s meats—usually sautéed, but never grilled. Grilled steaks, cutlets and chops invariably replace the joints as the roast (roti) course. The following items, with their appropriate garnishes and sauces, can be successfully employed as entrées.

Brains (Cervelles)

Liver (Foie)

Oxtail (Queue de Boeuf)

Kidneys (Rognons)

Calves Head (Tete de Veau)

Trips (Tripes)

Rump, Entrecote and Tournedo Beefsteaks

Lamb Chops and cutlets—Noisettes and Filet Mignons

Pork Chops and cutlets

Escallops, Granadins, Medallions, and Cotes of Veal

Sweetbreads—(Ris de Veau/Agneau)

Hot Souffles or Mousses

Bouchees

Pilaws and Rizottos

Small cuts or portions of poultry, individually cooked, are also served as entrées.

In first-class hotels and restaurants, all entrées are cooked, garnished and presented for service by the sauce cook (saucier).

3.5.5 Releve/Remove: This is the main meat course on the menu, and is commonly known as the “piece de resistance.” It may consist of joint of any of the following:

Lamb (Agneau) Chicken (Poulet)

Beef (Boeuf) Duckling (Caneton)

Veal (Veau) Tongue (Langue)

Ham (Jambon) Fowl (Poulard)

Pork (Pore)

These joints would be cooked by the sauce cook in a first-class hotel or restaurant, and could be cooked by any method except roasting. They are usually cooked on casserole, braise or poêle. Generally cooked in a sauce and served with it.

3.5.6 Entremets: This may consist of a sweet, such as various soufflés, soufflé surprise, omelet au rheum, omelet a confiture, etc., or a cold sweet with an ice-cream base, which consists of anything with ice cream, such as coupe, bisquit, bombe, meringue glaxis, poire helene, peche melba, etc.

3.5.7. Bonne/Bonne Douche: Various tidbits served on toast or canapés to counteract the sweetness of the previous course. Simple savories include mushrooms, anchovies, sardines, beef marrow, etc. However, there are many more combinations of foodstuffs that make excellent savories.

Savory soufflés may be served, and an ideal substitute for the savory is, of course, the “cheese board” served with an appropriate “miniature” salad consisting of watercress, radish, spring onions, etc.

3.6 Additional Courses of a Menu

3.6.1 Sorbet: This course is a rest between courses. It counteracts the previous dishes, and rejuvenates the appetite for those that are to follow.

Normally served between the releve/remove and the roti, it is a water ice flavoured as a rule with champagne and served in a glass.

3.6.2 Entremets de Lagume: This course follows the roti, and is not a part of it. Invariably, asparagus is served, accompanied by hollandaise sauce or melted butter (beurre fondue).

3.6.3 Dessert: Comes from the French term “*desservir*,” and means, “to remove all” items from the table; in other words, the end of the meal.

Fresh fruit is always served for this course.

SELF ASSESSMENT EXERCISE

Highlight the advantages of 4 main types of menus

4.0 CONCLUSION

Whatever menu compiled should give an indication as appropriate of quality, size, preparation and composition of the dish. The name of each course on the menu and the place they occupy on a menu must be carefully studied and strictly adhered to.

5.0 SUMMARY

A menu is a list of prepared dishes of food which are available to a customer. It is important to make certain that menu items are expressed accurately so that the customer receives exactly what is stated on the menu. The kind of menu required should be clearly understood. For all round success to be achieved, the rules of menu writing should be followed in menu compilation. A full course dinner is seldom served today, but the sequence of courses should be respected even if some are omitted.

6.0 TUTOR-MARKED ASSIGNMENTS

- Visit 3 Nigerian food and beverage outlets and take note of all the indigenous dishes served.
- Analyse these dishes into 3 course, 4 course and 5 course menus.
- How can you ensure that there is balance in the menus?

7.0 REFERENCES/FURTHER READING

1. Lillicrap,D,& Cousins,J. (2006).Food and Beverage service.6th edition.
Bookpower,UK

UNIT 4 BEVERAGES

CONTENT

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
- 3.1. Classification of beverages
 - 3.1.1 Alcoholic beverages
 - 3.1.2 Fermented alcoholic beverages
 - 3.1.2.1 Beer
 - 3.1.2.2 Wine
 - 3.1.3 Distilled alcoholic beverages
 - 3.1.3.1 Whiskey
 - 3.1.3.2 Brandy
 - 3.1.3.3 Rum
 - 3.1.3.4 Vodka
 - 3.1.3.5 Sake
 - 3.1.3.6 Compound beverages
 - 3.1.3.7 Gin
 - 3.2 Non Alcoholic beverages
 - 3.2.1 Cold drinks
 - 3.2.1.1 Aerated
 - 3.2.1.2 Squash
 - 3.2.1.3 Juice
 - 3.2.1.4 Syrup
 - 3.3 Hot drinks
 - 3.3.1 Tea
 - 3.3.1.1 Types of tea
 - 3.3.1.2 Black tea
 - 3.3.2 Processing of tea
 - 3.3.3 Storage of dried tea
 - 3.3.4 Preparation of tea
 - 3.4 Coffee
 - 3.5 Processing of coffee bean
 - 3.6 Roasting
 - 3.7 Grinding
 - 3.8 Methods of preparation of coffee
 - 3.8.1 Brewing
 - 3.8.2 Boiling
 - 3.8.3 Steeping
 - 3.8.4 Drip Brew
 - 3.9 General rules for storing and making coffee
 - 3.10 Cocoa

3.11 Advantages of Beverages

4.0 Conclusion

5.0 Summary

6.0 Tutor-Marked Assignments

7.0 References/ Further reading.

1.0 INTRODUCTION

We discussed how to compile different types of menu in the previous unit. In this unit, we shall study the different types of beverages and how they are processed and prepared.

Beverages are potable drinks which have thirst-quenching, refreshing, stimulating and nourishing qualities. By refreshing, one means the replenishment of fluid loss from the body due to perspiration. Nourishment is provided by the nutrients in the beverages, especially fruit juices. Most of the beverages supply energy in the form of sugar or alcohol. They also provide other nutrients like mineral salts and vitamins. For example, milk gives calcium and citrus fruits give vitamin C. This unit teaches you the different classes of beverages, how you can select beverages and the different methods and preparation of beverages. Generally, people drink for one or more of six reasons; to quench thirst, to get drunk, to enjoy a social setting (social drinking), to enjoy the taste of the beverage, to feed an addiction (alcoholism), or as part of a religious or traditional ceremony or custom (proposing toast).

2.0. OBJECTIVES

At the end of this unit, you should be able to:

- Classify beverages
- Analyse the processing of different types of beverages
- Prepare different types of beverages

3.1 Classification of Beverages

A beverage is a liquid formulation specifically prepared for human consumption. The word “Beverage” has been derived from the Latin word “bever” meaning rest from work. After work, one tends to feel thirsty due to fluid loss through perspiration and one is inclined to drink water or other potable beverages to compensate fluid loss.

Beverages can be broadly classified into two. They are

Alcoholic Beverages and Non-alcoholic Beverages.

3.1.1 Alcoholic beverages

An alcoholic beverage is a drink containing ethanol, commonly known as alcohol. Ethanol is a psychoactive drug, with a depressant effect. Significant alcohol content in the blood may be considered legal drunkenness as it reduces attention and slows reaction speed.

Alcohol has been widely consumed since prehistoric times by people around the world, as a component of the standard diet, for hygienic or medical reasons, for its relaxant and euphoric effects, for recreational purposes, for artistic inspiration, as aphrodisiacs, and for other reasons. Some drinks have been invested with symbolic or religious significance suggesting the mystical use of alcohol.

However Alcoholic beverages can be addictive and the state of addiction to ethanol is known as alcoholism.

3.1. 2 Fermented Alcoholic Beverages

In fermentation process, certain yeasts decompose sugars, in the feed stock in the absence of oxygen, to form alcohol and carbon dioxide. Low alcohol- content drinks are produced by fermentation of sugar or starch-containing products, and high-alcohol ones are produced by distillation of these low alcohol products.

3.1.2.1 Beer

Beer is an alcoholic beverage made by brewing of fermenting cereals mash, especially malted barley, usually with the addition of hops as a flavouring agent (bitter taste) and as a stabilizer. A great many beers are brewed across the globe. Local traditions will give beers different names, giving the impression of a multitude of different styles. However, the basics of brewing beer are shared across national and cultural boundaries. Ale and Lager are two main types of Beer. These are clear and sparkling. Another beer is stout which is stronger and coloured.

3.1.2.2 Wine

Wine is an alcoholic beverage produced through the partial or total fermentation of grapes. Other fruits and plants, such as berries, apples, cherries, dandelions, elder-berries, palm, honey and rice can also be fermented. Some popular types of wine are Table wine, Sangria, Sparkling wine, Champagne, Fortified wine, Port, Sherry, Vermouth etc.

3.1.3 Distilled Alcoholic Beverages

A distilled beverage is a consumable liquid containing ethyl alcohol (ethanol) purified / enriched by distillation from a fermented feed stock such as fruits, vegetables, or cereal grains. The word spirits generally refers to distilled beverages low in sugars and containing at least 35% alcohol by volume. Popular spirits include Absinthe, Baijiu, Brandy, Grappa, Rum, Tequila, Vodka, Whisky, Sake and traditional German Schnapps.

A brief description of these is presented below:

3.1.3.1 Whiskey

This refers to a broad category of alcoholic beverages that are distilled from fermented grain mash and aged in wooden casks (generally oak). Different grains are used for different varieties, including: barley, malted barley, rye, malted rye, wheat, and maize (corn).

3.1.3.2 Brandy

This is a general term for distilled wine, usually containing 40–60% ethyl alcohol by volume. In addition to wine, this spirit can also be made from grape, pomace, or fermented fruit juice. It is normally consumed as an after-dinner drink. Brandy made from wine is generally coloured with caramel to imitate the effect of long aging in wooden casks; pomace and fruit brandies are generally drunk unaged, and are not usually coloured.

3.1.3.3 Rum

Rum is a distilled beverage made from sugarcane by-products such as molasses and sugarcane juice by a process of fermentation and distillation. The distillate, a clear liquid, is then usually aged in oak and other barrels. Rum is produced in a variety of styles. Light rums are commonly used in cocktails, while golden and dark rums are appropriate for use in cooking as well as cocktails. Premium brands of rum are also available that are made to be consumed neat or on the rocks.

3.1.3.4 Vodka

Vodka is one of the world's most popular distilled beverages. It is a clear liquid containing water and ethanol purified by distillation from a fermented substance such as potatoes, grain or sugar beet molasses, and an insignificant amount of other substances: impurities and possibly flavourings.

Except for various types of flavourings, vodka is a colourless liquid. It usually has an alcohol content of 35% to 50% by volume. It is a Russian delight.

3.1.3.5 Saké

It is a Japanese wine made from rice and is very strong.

3.1.3.6 Compound Beverages

Distilled beverages with added flavourings and relatively high sugar content are generally referred to as compound beverages.

A liqueur is a sweet alcoholic beverage, often flavoured with fruits, herbs, spices, flowers, seeds, roots, plants, barks, and sometimes cream. The word liqueur comes from the Latin word liquifacere which means "to dissolve." This refers to the dissolving of the flavourings used to make the liqueur. Liqueurs are not usually aged for long periods, but may have resting periods during their production to allow flavours to blend.

There are many categories of liqueurs: fruit liqueur, cream liqueur, coffee liqueur, Chocolate liqueur, schnapps liqueur, brandy liqueur, anise liqueur, nut-flavoured liqueur, and herbal liqueur, depending upon the flavouring agents used.

3.1.3.7 Gin

Gin is a spirit flavoured with juniper berries. Distilled gin is made by redistilling white grain spirit which has been flavoured with juniper berries. Compound gin is made by flavouring neutral grain spirit with juniper berries without redistilling and can be considered flavoured vodka. The most common style of gin, typically used for mixed drinks, is London dry gin.

3.2 Non-alcoholic beverages

A non-alcoholic beverage is a beverage that contains no alcohol. Such drinks are generally drunk for refreshment, or to quench people's thirst. Non-alcoholic beverages can be mainly classified as hot and cold beverages.

3.2.1 Cold Drinks

3.2.1.1 Aerated

These beverages are charged or aerated with carbonic gas. The charging with carbonic gas imparts the pleasant effervescent characteristic of these beverages. Carbonation occurs when carbon dioxide is dissolved in water or an aqueous solution. This process yields the "fizz" to carbonated water and sparkling mineral water. Example: soda water, dry ginger, fizzy lemonade, ginger beer, coca-cola, Pepsi, fanta and others.

Spring water: Spring water is the water derived from underground mineral water formation from which water flows naturally (artesian) to the surface of the earth. Minerals become dissolved in the water as it moves through the underground rocks. This may give the water flavour and even carbon dioxide bubbles, depending upon the nature of the geology through which it passes. This is why spring water is often bottled and sold as mineral water.

Mineral water is the water containing minerals or other dissolved substances that alter its taste or gives it therapeutic value. Salts, sulphur compounds, and gases are among the

substances that can be dissolved in the water. Mineral water can often be effervescent. Mineral water can be prepared or can occur naturally.

3.2.1.2 Squash

Squash is a highly-sweetened (and often fruit-based) concentrate, which is diluted with a liquid, most commonly water, before drinking. Typically, squash is created by mixing one part concentrate with four or five parts of water (depending on concentration and personal taste) directly into a glass or mug or into a jug. Squashes are also mixed with spirits or cocktails. The most common flavours are orange, apple and blackcurrant, lemon, peppermint, mixed fruit, summer fruits, and lemon-lime. Other flavours include peach, strawberry, passion fruit, custard apple and kiwi fruit.

3.2.1.3 Juice

Juice is prepared by mechanically squeezing or macerating fresh fruits or vegetables without the application of heat or solvents. Popular juices include, but are not limited to, apple, orange, prune, lemon, grapefruit, cherry, pineapple, tomato, carrot, grape, strawberry, cranberry, pomegranate guava, etc. It has become increasingly popular to combine a variety of fruits into single juice drinks.e.g. “5 Alive”

Popular blends include cran-apple (cranberry and apple) and apple and blackcurrant. Juices are also used for cocktails and mixing with spirits.

3.2.1.4 Syrup

Syrup is a thick, viscous liquid, containing a large amount of dissolved sugars (60 to 65% brix), but showing little tendency for crystallisation of dissolved sugar. The main use of these concentrated sweet fruit flavourings is as a base for cocktails, fruit cups or mixed with soda water as a long drink. Some examples of syrup are orgeat (almond), cassis (blackcurrant), Citronelle (lemon), framboise (raspberry) and cerise (cherry)

3.3 Hot Drinks

3.3.1 Tea

Tea is one of the most widely-consumed stimulant beverages in the world. It has a cooling, slightly bitter, astringent flavour. It has almost no carbohydrates, fat, or protein. Tea is a natural source of the amino acid thiamine, methylxanthines such as caffeine and theobromine, and polyphenolic antioxidant catechins.

The most popular non-alcoholic beverage, tea is a stimulating and refreshing drink. All tea comes from the "*Camellia sinensis*", an evergreen shrub that may grow up to 60 feet in the wild. When cultivated for harvest, the tea bushes are kept to a height of about three feet. There are over 3000 varieties of tea each with their own specific characteristics. Tea leaves have a characteristic oval shape and serrated edge. The younger the leaves,the better the quality of the tea.

The kind of tea obtained is determined by the manufacturing process and treatment. The principle flavour components of tea are caffeine, tannin yielding compounds and small amounts of essential oils.Caffeine provides the stimulating effect, tannin the colour, body and taste to the extract and the essential oils contribute the characteristic aroma. It is predominantly grown in India, Ceylon, China and Japan.

Chinese tea contains less tannin than the other varieties. Tea is mostly named after the region in which they are cultivated. Example: Assam tea is named after the Assam region in India, and Keemun is named after the Keemun region of China.

3.3.1.1 Types of Tea

The climate, soil conditions where the tea is grown, and how the tea is processed, determines the flavour characteristics of the tea. Tea is harvested after each flush - the sprouting of the top two leaves and bud. Tea pickers' motto is 'two leaf and a bud.' The top two leaves and bud are hand plucked and then processed into any of the four types of tea, which are Black, Green, Oolong, and White.

3.3.1.2 Black Tea

The leaves are withered, then rolled till they become soft and massy. This is done to break up the fibre and cells of the leaf to liberate the constituents so that their extraction is easy. The leaves are then fermented. During the process of fermentation some of the acid in the leaves oxidizes and is converted into less soluble forms while more essential oils develop. After fermentation is complete, the leaves are fired in a drying machine. Some of the popular black teas include English Breakfast, and Darjeeling.

3.3.2 Processing of Tea

Green Tea skips the oxidizing step. It is simply withered and then dried. It has a more delicate taste and is pale green/ golden in colour. The chief difference between black tea and green tea is the former is fermented while the latter is not. Since the purpose of fermentation is to make tannin less soluble, an infusion of green tea has more tannin in it, astringent and slightly bitter to taste.

Oolong tea is popular in China; it is withered, partially oxidized, and dried. Oolong is a cross between black and green tea in colour and taste.

White tea is the least processed. A very rare tea from China, White tea is not oxidized or rolled, but simply withered and dried by steaming. The best tea generally produces a pale-coloured infusion and the depth of colour is not necessarily a 'sign of strength.' Freshly infused tea is harmless to normal digestion; continued infusion extracts the tannin, a bitter substance which is harmful.

3.3.3 Storage of Dried Tea

1. Tea easily absorbs moisture and odours and so it is essential that it is kept in a cool dry place away from any strong smelling items.
2. Tea must be stored in an airtight container not exposed to light and used within a reasonable time. Because light breaks down the quality (photo-oxidation) of tea, glass containers are not suitable for the storage of tea unless stored away from light.
3. If the tea is in chest, they should be kept off the ground and at 16 cm. or 6 inches away from the wafts. This allows a current of air to circulate round the tea chest and averts dampness.
4. Once a chest is opened it is advisable to put a close-fitting lid over it.

3.3.4 Preparation of Tea

Tea brewing or preparation is an art that is simple to perform but which also requires some care to do well. While essentially tea is brewed by adding boiling water to the dry leaf, the quantity of leaves, the temperature of the water and timing is of vital concern. The following is a guide for the preparation of tea:

The basic rule of thumb to start is 'one teaspoon of loose-leaf tea per cup'.

1. Warm your empty tea pot by filling it with hot water. This will prevent the hot water from cooling too quickly when leaves are added.

2. Boil freshly drawn tap water. If the quality of your tap water is poor, try using filtered or bottled spring water. For black tea, use the water when it comes to a boil. Water left boiling too long will de-aerate. This will result in a flat tasting tea.

For green tea, the water should be heated to a lower temperature (usually approximately 80 degrees Celsius), which may vary from tea to tea.

3. Empty the hot water from your tea pot and add 2.25g or one rounded teaspoon of tea leaves for each cup of water (or one heaping teaspoon per mug), placing the tea directly into the bottom of the pot or using a basket infuser. Tea ball strainers, while convenient, often yield poorer tasting tea as they are often too small to allow all of the leaves to fully unravel its contents. If you do use a tea ball, be sure to use one that is sufficiently large to pack the tea loosely.

4. Add the freshly boiled water over the leaves in the tea pot.

5. Brew tea for the appropriate length of time. Time needed to brew tea varies depending on the leaves being used and the drinker's individual taste. Careful timing is essential for brewing tea. A very general rule to follow is the smaller the leaf, the less time required for brewing. Broken grades of tea leaves and most Darjeeling teas usually only need 3-4 minutes to brew. Whole-leaf teas often need 4-5 minutes. All teas, however, will become bitter due to higher tannin extraction if brewed for longer than 5 or 6 minutes. When brewing tea, time with a timer, and not with your eyes. It is a common mistake to brew the tea until it looks a particular colour or shade. The colour of tea is a poor indicator of the tea's taste.

6. If you use a basket infuser or a tea ball, remove these promptly when the brewing time has expired. If you placed the tea directly into the pot, pour the tea into the cups through a strainer to catch the leaves. In this instance, if you do not wish to serve your tea immediately, pour your tea through a strainer into another pre-heated tea pot.

7. Tea sometimes is brewed with spices like fresh ginger, dried ginger powder or cardoms to enrich the flavour. Milk and sugar should be added according to individual taste.

Adding of milk first or last does not make any significant difference in the taste of tea - but many people have their choice some like to add milk first and some afterwards. Sugar must be added last.

Tea is also taken hot with sugar and slices of lemon. This is known as Russian Tea. For preparing iced tea: prepare strong tea.

Pour over crushed ice on which placed a sprig of mint and topped with lemon slices.

Instant tea: Of late completely water soluble tea powder is getting popular. Another convenient method of preparing tea is to use tea bags.

3.4 Coffee

Coffee is a widely consumed stimulant beverage prepared from roasted seeds, commonly called coffee beans, of the coffee plant. Once brewed, coffee may be presented in a variety of ways. Drip brewed, percolated, or French-pressed / cafetière coffee may be served with no additives (colloquially known as black) or with sugar, milk or cream, or both. When served cold, it is called iced coffee.

Coffee berries, which contain the coffee bean, are produced by several species of small evergreen bush of the genus *Coffea*. The two most commonly grown species are *Coffea canephora* (also known as *Coffea robusta*) and *Coffea arabica*. These are cultivated in India, Latin America, Southeast Asia, and Africa. Once ripe, coffee berries are picked, processed to remove the mesocarp, and dried.

The seeds are then roasted, undergoing several physical and chemical changes. They are roasted to various degrees, depending on the desired flavour. They are then ground and brewed to produce liquid coffee which is also known as coffee decoction. Coffee can be prepared and presented by a variety of methods.

Coffee is always brewed by the user immediately before drinking. In most areas, coffee may be purchased unprocessed, or already roasted, or already roasted and ground. It is often Vacuum packed to prevent oxidation and lengthen its shelf life.

3.5 Processing of Coffee Beans

Coffee preparation is the process of turning coffee beans into a beverage. While the specific steps needed vary with the type of coffee desired and with the raw material being utilized, the process is composed of four basic steps; raw coffee beans must be roasted, the roasted coffee beans must then be ground, the ground coffee must then be mixed with hot water for a certain time (brewed), and finally the liquid coffee must be filtered off from the spent powder.

3.6 Roasting

Roasting coffee transforms the chemical and physical properties of green coffee beans into roasted coffee products. The roasting process is integral to producing a savoury cup of coffee. When roasted, the green coffee bean expands to nearly double its original size, changing in colour and density. As the bean absorbs heat, the colour shifts to yellow and then to a light "cinnamon" brown then to a dark and oily colour. During roasting, oils appear on the surface of the bean. The roast will continue to darken until it is removed from the heat source. Coffee can be roasted with ordinary kitchen equipment (frying pan, grill, and oven) or by specialised appliances. Sometimes, butter fat (melted butter / ghee) is added during roasting to enhance the flavour of the resultant powder.

3.7 Grinding

The whole roasted coffee beans are ground, which is also known as milling, to facilitate the brewing process. The fineness of grind strongly affects brewing, and must be matched to the brewing method for best results. Brewing methods which expose coffee grounds to heated water for longer require a coarser grind than faster brewing methods. Uniformly ground coffee is better than the mixture of sizes produced by a mill with chopping blades. Many coffee drinkers grind the beans themselves immediately before brewing. There are four methods of grinding coffee for brewing: burr-grinding, chopping, pounding, and roller grinding.

3.8 Methods of Preparation of Coffee

General methods of preparation of coffee are given below:

3.8.1 Brewing

Coffee can be brewed in several different ways, but these methods fall into two main groups depending upon how the water is introduced to the coffee grounds.

If the method allows the water to pass only once through the grounds, the resulting brew will contain mainly the more soluble components (including caffeine).

If the water is repeatedly cycled through the beans (as with the common percolator), the brew will also contain more of the relatively less soluble, and bitter-tasting, compounds found in the bean, but for this coarse ground coffee will be required.

3.8.2 Boiling

Despite the name, care should be taken not to actually boil coffee for more than an instant because it becomes bitter. The simplest method is to put the ground coffee in a cup, pour in hot water and let it cool while the grounds sink to the bottom. This is a traditional method for making a cup of coffee (known as "mud coffee") .

"Cowboy coffee" is made by simply heating coarse grounds with water in a pot, letting the grounds settle and pouring off the liquid to drink, sometimes filtering it to remove fine grounds.

The above methods are sometimes used with hot milk instead of water.

Water temperature is crucial to the proper extraction of flavour from the ground coffee. The recommended brewing temperature of coffee is 93°C (199.4°F). If cooler, some of the soluble that make up the flavour will not be extracted. If the water is too hot, some undesirable, bitter, components will be extracted, adversely affecting the taste. If coffee is heated to boiling point only very briefly, the taste will be little affected; the longer it is kept at a high temperature, the worse the taste becomes.

3.8.3 Steeping

A cafetière (or French press) is a tall, narrow cylinder with a plunger that includes a metal or nylon mesh filter. Coffee is placed in the cylinder and boiling water is poured on. The coffee and hot water are left in the cylinder for a few minutes (typically 4'-7') and the plunger is pushed down leaving the filter immediately above the grounds, allowing the coffee to be poured out while the filter retains the grounds. Depending on the type of filter, it is important to pay attention to the grind of the coffee beans, though a rather coarse grind is almost always called for. A plain glass cylinder may be used, or a vacuum flask arrangement to keep the coffee hot.

3.8.4 Drip Brew

Drip brew (also known as filter or American coffee) is made by letting hot water drip onto coffee grounds held in a coffee filter (paper or perforated metal). Strength varies according to the ratio of water to coffee and the fineness of the grind, but is typically weaker than espresso, though the final product contains more caffeine. By convention, regular coffee brewed by this method is served in a brown or black pot (or a pot with a brown or black handle), while decaffeinated coffee is served in an orange pot (or a pot with an orange handle).

3.9 General Rules for Storing and for Making Coffee

- Coffee loses aroma and flavour with storage, as the volatile components evaporate. It should be roasted and ground immediately before brewing for the best possible drink.
- ii) Roasted coffee bean can be stored for some time, and can be re-roasted briefly immediately before use. Ground coffee should be used within two or three days of grinding.
- iii) Vacuum-packing extends storage life much. Roasted coffee, whether ground or not, can be kept in an airtight container in a freezer to lengthen shelf life.
- iv) Fresh coffee is the best; so buy quantities to last not more than a week.
- v) Use the exact quantity of powder required.
- vi) Use freshly drawn and freshly boiled water.

- vii) The coffee-maker must be rinsed with hot water before each use and thoroughly washed and dried before being put away. Never brew less than three fourths of the coffee maker's capacity; use a smaller one instead.

3.10 Cocoa

It is a powder made from cacao seeds (bean) after they have been fermented, roasted, shelled, ground, and freed of most of their fat. A beverage is made by mixing this powder with sugar in hot water or milk. It is a rich source of theobromine which acts as a stimulant.

Cocoa, besides being a stimulant, is also a food. It is prepared from the seeds (beans) of a tree called *theobromo cacao*, grown in South and Central America, the West and East Indies and along the Gold Coast and adjacent areas in Africa. Common commercial varieties are criollo (fine quality) and trinitario (medium quality). The pods are gathered in heaps and cut open with sharp rounded knives. The cocoa beans which are covered with a moist, glistening sweet white pulp (mucilage) are scooped out. Oxidation begins almost at once causing the beans to become brown. Therefore, as soon as possible, they must be placed on fermenting heaps and are spread in the sun to remove the moisture so that spoilage does not set in. However, fermentation is necessary to get the finest possible flavour. This is accompanied by a rise in temperature and the transformation of natural sugars to acetic and other acids. After several days, this operation is complete and the beans are allowed to dry. They are then ready to be packed and shipped.

Cocoa contains theobromine and caffeine as well as starch fat, nitrogenous compounds and salts. So, apart from being a stimulating drink, it is also a food. Cocoa can be prepared in milk only, or in milk and water, mixed to suit the taste of the individual.

The powder is mixed with sugar to avoid lumping. A little cold milk is added and a thick even paste made. Either hot milk or hot milk and water are poured over. The preparation is then allowed to boil for a few minutes and this improves the flavour. A pinch of salt added at the beginning enhances the flavour.

3.11 Advantages of beverages

1. Refreshment: Non-alcoholic beverages such as plain or carbonated water, lime juice, ginger ale and other bottled beverages, fruit juices and iced tea or coffee are refreshing drinks and are used to relieve thirst.
2. Nourishment: Pasteurized milk, butter milk, chocolate and cocoa drinks, eggnog made with rum, fruit juices, glucose water, lemonade provide nutrients and help in nourishing the body.
3. Stimulant: Tea, coffee, cocoa and chocolate beverages help in stimulating the system.
4. Soothing Agent: Warm milk and hot tea have a soothing effect and are used for this purpose.
5. Appetizers: Soups, fruit juice and alcoholic drinks in limited quantities increase an individual's appetite and thereby food consumption.

SELF ASSESSMENT EXERCISES

1. Visit 4 different types of supermarkets/ departmental stores and take note of the different types of beverages available.
2. Classify them into:
 - a. Alcoholic and non-beverages
 - b. Fermented and distilled alcoholic beverages.
 - c. Hot drinks and cold drinks

4.0 CONCLUSION

People drink beverages to fulfill certain needs and desires. The most important thing is to wisely select one's beverages so that one can get the best out of them.

5.0 SUMMARY

Beverages are potable drinks which have thirst-quenching, refreshing, stimulating and nourishing qualities. Most of the beverages supply energy in the form of sugar or alcohol. Beverages can be broadly classified into two, viz. alcoholic beverages and non-alcoholic beverages.

An alcoholic beverage is a drink containing ethanol, commonly known as alcohol. Low-alcohol-content drinks (beer and wine) are produced by fermentation of sugar or starch-containing products, and high-alcohol ones (brandy, rum, vodka, whisky, etc.) are produced by distillation of these low alcohol products. Distilled beverages with added flavourings and relatively high sugar content are generally referred to as compound beverages. Eg. Liqueur, gin, etc. A non-alcoholic beverage is a beverage that contains no alcohol. Such drinks are generally drunk for refreshment, or to quench people's thirst. Non-alcoholic beverages can be mainly classified as hot and cold beverages. Non-alcoholic beverages (cold) include beverages aerated with carbonic gas, spring water, mineral water, squash, juice, syrup, etc. e.g. for non-alcoholic beverages (hot) include tea, coffee, cocoa, etc. The most popular non-alcoholic beverage, tea, is a stimulating and refreshing drink. The principle flavour components of tea are caffeine, tannin yielding compounds and small amounts of essential oils. Caffeine provides the stimulating effect, tannin the colour, body and taste. The four types of tea are: black, green, oolong and white.

Next to tea, coffee is most popular non-alcoholic beverage in many parts of the world. Coffee is always brewed by the user immediately before drinking. Cocoa, besides being a stimulant, is also a food. Cocoa contains theobromine and caffeine as well as starch fat, nitrogenous compounds and salts. The beverages provide refreshment and nourishment and act as stimulants, soothing agents and appetizers.

6.0 TUTOR – MARKED ASSESSMENT

- Identify factors that determine your beverage selection?
- What are the advantages of beverages?

7.0 REFERENCES /FURTHER READING

1. Durkan, A.&Cousins,J. (1995). The Beverage Book. Hodder Arnold H&S.
2. Katsigris, C.& Thomas,C. (2006). The Bar and Beverage Book. John Wiley & Sons Inc.
3. Rande, W. & Luciani,V.(2000).The Beverage Service World. Prentice Hall.
4. Lou Heiss, M & Heiss, R. (2007). Hot Drinks: Cider, Coffee, Tea, Hot Chocolate, Spiced Punch, and Spirits. Ten Speed Press.

MODULE 2

Unit 1 Costing

Unit 2 Food and beverages pricing

Unit 3 Food cost control

Unit 4 Beverage cost control

UNIT 1 COSTING

Content

1.0 Introduction

2.0 Objectives

3.0 Main content

3.1 Concept of cost

3.2 Elements of cost

3.2.1 Material

3.2.2 Labour

3.2.3 Expenses

3.3 overhead

3.4 Elements of cost in a food and beverage operation

3.5 Components of total cost

3.6 Cost groups

3.7 Profit

4.0 Conclusion

5.0 Summary

6.0 Tutor-marked/assignments

7.0 References/further reading

1.0 INTRODUCTION

In the previous unit, you learnt about the different types of beverages and how they are processed and prepared. This unit will teach you the meaning of “Cost”, the elements and components of cost.

Successful costing of food and beverages can be achieved when one understands the concept of cost and what costing entails.

2.0 OBJECTIVES

At the end of this unit you should be able to:

1. Define cost
2. Identify 3 main elements of cost
3. Analyse the components of cost.

3. O. MAIN CONTENT

3.1 Concept of Cost

Cost accounting is concerned with cost and therefore is necessary to understand the meaning of the term cost in a proper perspective. In general, cost means the amount of expenditure (actual or notional) incurred on, or attributable to a given thing.

However, the term “cost” cannot be exactly defined. Its interpretation depends upon the following factors:

- The nature of business or industry
- The context in which it is used

In a business where selling and distribution expenses are quite nominal the cost of an article may be calculated without considering the selling and distribution overheads. At the same time, in a business where the nature of a product requires heavy selling and distribution expenses, the calculation of cost without taking into account the selling and distribution expenses may prove very costly to a business. The cost may be factory cost, office cost, and cost of sales and even an item of expense. For example, prime cost includes expenditure on direct materials, direct labour and direct expenses. Money spent on materials is termed as cost of materials just like money spent on labour is called cost of labour etc. Thus, the use of the term cost without understanding the circumstances can be misleading.

Different costs are found for different purposes. The work-in-progress is valued at factory cost while stock of finished goods is valued at office cost. Numerous other examples can be given to show that the term “cost” does not mean the same thing under all circumstances and for all purposes. Many items of cost of production are handled in an optional manner which may give different costs for the same product or job without going against the accepted principles of cost accounting. Depreciation is one of such items. Its amount varies in accordance with the method of depreciation being used. However, efforts should be made, as far as possible, to obtain an accurate cost of a product or service.

3.2 Elements of Cost

The following are the three broad elements of cost:

3.2.1. Material

The substance from which a product is made is known as material. It may be in a raw or a manufactured state. It can be direct as well as indirect.

Direct Material

The material which becomes an integral part of a finished product and which can be conveniently assigned to specific physical unit is termed as direct material. The underlisted are some of the examples of direct material:

- All materials or components specifically purchased, produced or requisitioned from stores
- Primary packing material (e.g., carton, wrapping, cardboard, boxes etc.)
- Purchased or partly produced components

Direct material is also described as process material, prime cost material, production material, stores material, constructional material etc.

Indirect Material

The material which is used for purposes ancillary to the business and which cannot be conveniently assigned to specific physical units is termed as indirect material. Consumable stores, oil and waste, printing and stationery material etc. are some of the examples of

indirect material. Indirect material may be used in the factory, office or the selling and distribution divisions.

3.2.2 Labour

For conversion of materials into finished goods, human effort is needed and such human effort is called labour. Labour can be direct as well as indirect.

Direct Labour

The labour which actively and directly takes part in the production of a particular commodity is called direct labour. Direct labour costs are, therefore, specifically and conveniently traceable to specific products.

Direct labour can also be described as process labour, productive labour, operating labour, etc.

Indirect Labour

The labour employed for the purpose of carrying out tasks incidental to goods produced or services provided, is indirect labour. Such labour does not alter the construction, composition or condition of the product. It cannot be practically traced to specific units of output. Wages of storekeepers, foremen, timekeepers, directors' fees, salaries of salesmen etc, are examples of indirect labour costs. Indirect labour may relate to the factory, the office or the selling and distribution divisions.

3.2.3 Expenses

Expenses may be direct or indirect.

Direct Expenses

These are the expenses that can be directly, conveniently and wholly allocated to specific cost centres or cost units. Examples of such expenses are as follows:

- Hire of some special machinery required for a particular contract
- Cost of defective work incurred in connection with a particular job or contract etc.

Direct expenses are sometimes also described as chargeable expenses.

Indirect Expenses

These are the expenses that cannot be directly, conveniently and wholly allocated to cost centres or cost units. Examples of such expenses are rent, lighting, insurance charges etc.

3.3 Overhead

The term overhead includes indirect material, indirect labour and indirect expenses. Thus, all indirect costs are overheads.

A manufacturing organization can broadly be divided into the following three divisions:

- Factory or works, where production is done
- Office and administration, where routine as well as policy matters are decided
- Selling and distribution, where products are sold and finally dispatched to customers

Overheads may be incurred in a factory or office or selling and distribution divisions. Thus, overheads may be of three types:

Factory Overheads

They include the following things:

- Indirect material used in a factory such as lubricants, oil, consumable stores etc.
- Indirect labour such as gatekeeper, timekeeper, works manager's salary etc.
- Indirect expenses such as factory rent, factory insurance, factory lighting etc.

Office and Administration Overheads

They include the following things:

- Indirect materials used in an office such as printing and stationery material, brooms and dusters etc.
- Indirect labour such as salaries payable to office manager, office accountant, clerks, etc.
- Indirect expenses such as rent, insurance, lighting of the office

Selling and Distribution Overheads

They include the following things:

- Indirect materials used such as packing material, printing and stationery material etc.
- Indirect labour such as salaries of salesmen and sales manager etc.
- Indirect expenses such as rent, insurance, advertising expenses etc.

3.4 Elements of Cost in a food and beverage operation

The cost of operating a catering unit or department is usually analysed under the three headings of:

(a) **Material costs** – cost of food and beverage consumed and the cost of additional items such as tobacco. 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 formula:

Operational stock + cost of purchases – closing stock – cost of staff meals = material cost.

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

(c) **Overhead costs** – all costs other than material and labour costs, e.g. rent, rates, insurance, depreciation, repairs, printing and stationery, china and glassware, capital equipment.

MATERIALS	30%
LABOUR	30%
OVERHEADS	20%
NET PROFIT	20%

Figure 1. A typical example of the elements of cost.

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.

3.5 Components of Total Cost

Prime Cost

Prime cost consists of costs of direct materials, direct labours and direct expenses. It is also known as basic, first or flat cost.

Factory Cost

Factory cost comprises prime cost and, in addition, works or factory overheads that include costs of indirect materials, indirect labours and indirect expenses incurred in a factory. It is also known as works cost, production or manufacturing cost.

Office Cost

Office cost is the sum of office and administration overheads and factory cost. This is also termed as administration cost or the total cost of production.

Total Cost

Selling and distribution overheads are added to the total cost of production to get total cost or the cost of sales.

Various components of total cost can be depicted with the help of the table below:

Table 1: Components of total cost

Components of total cost	
Direct material Direct labour Direct expenses	Prime cost or direct cost or first cost
Prime cost plus works overheads	Works or factory cost or production cost or manufacturing cost
Works cost plus office and administration overheads	Office cost or total cost of production
Office cost plus selling and distribution overheads	Cost of sales or total cost

3.6 Cost Groups

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

(a) **Fixed costs.** These are costs which remain fixed irrespective of the volume of sales, e.g. rent, rates, insurance, the management element of labour costs.

(b) **Semi-fixed costs.** These are costs which move in sympathy with, but not in direct proportion to the volume of sales, e.g. fuel costs, telephone, laundry.

(c) **Variable cost.** These are costs which vary in proportion to the volume of sales, e.g. food, beverage, and tobacco costs.

(d) **Total costs.** This is the sum of the fixed costs, semi fixed costs and variable costs involved.

3.7 Profit

Three main kinds of profit are referred to in catering operations:

(a) **Gross Profit = Total sales – Cost of Materials.**

N.B. The term gross profit is often referred to as ‘kitchen profit’ (food) or ‘bar profits’ (beverages). Room hire is normally treated as 100 per cent gross profit.

(b) **After-Wage Profit (or net margin) = Total Sale – (Material + Labour Costs).**

(c) **Net Profit = Total Sales – Total Costs (Material + Labour + Overhead Costs).**

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

SELF ASSESSMENT EXERCISES

1. Pay a visit to 3 different food and beverage operations in your locality and take note of the different types of costs incurred.
2. Use the above information to categorise the costs

4.0 CONCLUSION

A good understanding of the elements and components of cost will help you cost your food and beverage in a proper way.

5.0 SUMMARY

Cost means the amount of expenditure incurred on or attributable to a given thing. Different costs are used for different purposes. The three main elements of cost are material, labour and expense. Components of total cost are prime cost, factory cost, office cost and total cost.

The cost of operating a catering unit is usually analysed under material costs (cost of food and beverage consumed etc) labour costs (wages and salaries, taxes, staff meals etc) and overhead costs (rent, rates insurance, capital equipment etc). Costs in relation to changes in the volume of sales are fixed, semi-fixed, variable and total costs.

Three main kinds of profits referred to in catering operations are gross profit, after wage profit and net profit.

6.0.TUTOR MARKED ASSIGNMENT

Using practical examples, differentiate the following:

- a. Fixed Costs b Semi-Fixed Costs c. Variable Costs d.Total Costs

7.0 REFERNCES/ FURTHER READING

1. Davies, B. F. & Stone, S. (1985). Food and Beverage management.
William Heinemann Ltd., London.

UNIT 2 FOOD AND BEVERAGE PRICING

CONTENT

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 The relationship between revenue, costs and profits
 - 3.2 Price, cost value and worth
 - 3.3 Pricing policies
 - 3.4 Pricing methods for food service operations
 - 3.4.1 Cost plus
 - 3.4.2 Prime costing methods
 - 3.4.3 Backward pricing
 - 3.4.4 Rate of return pricing
 - 3.4.5 Profit-per-customer pricing
 - 3.4.6 Elasticity pricing
 - 3.4.7 Competition pricing
 - 3.5 Menu pricing
 - 3.5.1 Departmental profit margins
 - 3.5.2 Differential profit margins
 - 3.6 Special pricing considerations
 - 3.6.1 Sales tax
 - 3.6.2 Service charges
 - 3.6.3 Cover charges
 - 3.7 Menu pricing applications
 - 3.8 Table d'hote menus
 - 3.9 Banqueting menus
 - 3.10 A la carte menus
 - 3.11 Pricing of beverages
- 4.0 Conclusion
- 5.0 Summary
- 6.0 Tutor-Marked Assignments
- 7.0 References/Further reading.

1.0 INTRODUCTION

We examined the elements and components of cost in food and beverage operation in unit one. In this unit, we shall look at the relationship between revenue, costs and profits.

Pricing is a complex area which unfortunately is not given the degree of priority that it requires. The pricing of a product has to meet the objectives of an organization and aspects related to pricing will normally be found in the financial, marketing and catering policies. For example, within the financial policy, the basic aim of profit to be made in relation to the capital invested will be stated.

The approach to pricing will differ, not only between the major sectors of the industry but also between organizations within these sectors. For example, a fairly new growth-orientated organization could be concerned with increasing sales volume (and to do so may decide to keep its prices very competitive indeed) whilst an established organization may be concerned with maintaining its net profit from an established sales volume.

2.0 OBJECTIVES

At the end of this unit, you should be able to

- Describe the relationship between revenue, costs and profits.
- Analyse the main pricing methods for food service operations.
- Identify and discuss special pricing considerations in food service operations.

3.0 MAIN CONTENT

3.1 The relationship between Revenue, Costs and Profits

For a foodservice operation there is a relationship between the costs of running the operation, the revenue that is received and the profit that is made. In foodservice operations there are three elements of cost.

1. *Food or beverage costs*: often called cost of sales
2. *Labour*. wages, salaries, staff feeding, uniforms
3. *Overheads*: rent, rates, advertising, fuel

There are also two types of profit:

1. *Gross profit*: Total revenue less cost of sales
2. *Net profit*: Gross profit less both labour costs and overhead costs

In foodservice operation sales or revenue is always equal to 100 percent. Therefore, the relationship between the elements of cost and profits in foodservice operation may be seen as shown in Figure 2

Food and beverage costs	Cost of sales
Labour costs	Gross profit
Overhead costs	
Net profit	
Total sales	Revenue 100%

Figure 2 Food and beverage pricing

Thus, all elements of cost and profits in a foodservice operation are always calculated as a percentage of the total sales figures. In many retail operation, the cost of sales figure are taken as 100 percent so the gross profit percentage is worked out as a percentage of the cost price.

3.2 Price, cost value and worth

Price is that element of the *meal experience* that also relates to value. Price is also directly related to profitability. However, price is also flexible and can be changed relatively easily, thereby changing value perceptions and possibly changing profitability.

Although values are attached to various food and beverage products because of the perception of the customer needs they can satisfy, the ability to realise those goals is dependent on the customer's ability to pay. But this is not just about having the required amount of money. Customers also make choices by considering their view of the relationship between price, cost, worth and value:

- **Price** is the amount of money required to purchase the product
- **Cost** includes in addition to price the cost of not going somewhere else, the cost of transport and time, the cost of potential embarrassment, the cost of having to look and

behave in a required manner and the cost in terms of effort at work to earn the money to pay the required price.

- **Worth** is a perception of the desirability of a particular product over another in order to satisfy a set of established goals.
- **Value** is not only the personal estimate of a product's capacity to satisfy a set of goals; it is also a perception of the balance between worth and cost.

Good value for a food and beverage operation is where the worth is perceived as greater than the costs, and poor value is where the costs are perceived as greater than the worth.

Prices should always be set in relation to the quality and value perception that operators want the customers to have. A high-priced product might be perceived as either good quality or a rip-off, and a low-priced product as poor quality or good value, indicating that it is more than just the cash price that determines value, but rather the price and the other cost relative to the perceived worth.

It is good practice to establish a price range within which the customer will be prepared to pay. The foodservice operator can also establish the price range within the operator is prepared to offer the food and beverages and other services. The overlap is the range available to the foodservice operator to work within. Setting prices within ranges, which the consumers will be able to pay, should also be undertaken with reference to the particular market segment and type of operation. Market research can determine a range within which families travelling on motorways, for example, are prepared to stop and pay for food and drinks, and will also be able to determine a price range for a particular menu item.

The information to be gained from researching customer's attitudes and behaviour towards price will always show that the lowest price is far from being the only consideration for customers. The importance that a customer attaches to the five elements of the meal experience will change depending on the type of experience they are undertaking at the time. Thus the importance of price to the customer for different experiences also changes.

3.3 Pricing policies

Various pricing methods are available to foodservice operators, but whichever methods are used, the foodservice operator should always have a clear pricing policy or objective in mind. These pricing objectives might include the following:

- Sales volume maximisation, where the pricing objective is to achieve the highest sales possible.
- Market share gain, where the objective is to increase the number of customers relative to the total possible market and the competition.
- Profit maximisation, where the pricing objective is to achieve the highest profit possible.
- Market penetration, where the pricing objective is to move from a position of a zero or low market share to a significant market share.

Once a clear pricing policy has been established, the pricing methods most suitable can be drawn from the various methods available; this is a combination of a range of the various pricing methods.

3.4 Pricing methods for foodservice operations

Pricing methods used by operators vary in their appropriateness and sophistication. The main various pricing methods for foodservice operations are described below.

3.4.1 Cost plus

This is the most common method. The ingredient cost is established – not always very accurately – and the required profit (referred to as gross profit) is added. The result is selling

price that gives the operator the required profit for that dish (although it should be noted that this required profit would only be realised when that dish is actually sold). This method is attractive because of its simplicity but it ignores price sensitivity and demand (price is a determinant of demand) and that value for money must be factored into the pricing decision. It also makes the assumption that the required profit can be established by making it a set percentage of selling price (often between 65 and 75 percent); fails to account for different restaurant types and different menu categories; and does not take into account that each dish / beverage is only part of a collection of items purchased to produce the meal experience. Where this method is applied, differentiated percentages are used so that low cost starter items earn proportionately more gross profit than higher cost main course item.

3.4.2 Prime costing methods

These methods attempt to factor in the labour cost of a dish, and actual cost pricing attempts to include fixed and variable costs as well as labour. These additional costs are also established as a percentage of the final selling price (e.g. labour at 25 percent and variable costs at 10 percent). These methods are flawed in the same way as cost plus: labour is a factor related to the time needed to prepare a dish, not to the value of the ingredients used to prepare it; no account is taken of volume of business or item popularity in assessing the labour content of a dish, therefore not taking into account economies and diseconomies of scale; and allocating fixed and variable costs to each menu item should at least be related to the volume of each dish sold rather than a fixed percentage figure to be used for each menu item.

3.4.3 Backward pricing

This attempts to match costs to a price previously established for a desired potential market. This market-driven approach – which is not really backwards – is a good starting point in new product development but it is still difficult to establish the necessary gross profit, ingredient and labour costs. Care must also be taken to avoid the problems of using percentages. However, identifying what the customer is prepared to pay for a particular product and investigating whether the operation can provide the product, profitably, at that price may avoid an operation being created that is never going to be profitable.

3.4.4 Rate of return pricing

This method tries to establish price based on a forecast of sales and costs and may be used to produce a break-even matrix for the operation. This approach may help give a guide to the price range but will not in itself establish individual selling prices.

3.4.5 Profit-per-customer pricing

This establishes the total profit required and allocates a forecast demand resulting in an average profit per customer. This 'profit' is then added to the material and / or other costs to produce a selling price for each dish. Again, this may be used to produce a break-even matrix, but caution should be exercised because profit is a factor of demand, which is a factor of price, which is a factor of demand, and so on. However, as with backwards pricing described above, relating the required profitability of an operation to a given level of demand and within a price range that the customer is likely to pay can be used to determine whether the operation can in fact ever be successful.

3.4.6 Elasticity pricing

This asks how sensitive a market is to price changes. In order to determine menu prices the operator will try to determine the effect a price change may have on demand. It should be remembered that it is possible to increase demand and profitability through price decreases.

It is very difficult to predict market responses to price changes, but considering elasticity may inform the pricing decision.

3.4.7 Competition pricing

This is copying the competitors' price. However, there is no guarantee that the cost structure of any competitor offering a similar product will be similar, so a particular market price may produce higher or lower profits. Copying the competition may also take the form of discounting, premium promotions, happy hours, special meals, free wine and children's toys. All of these are short-term tactics, which can lead to increasing costs and fierce price-based competition.

3.5 Menu Pricing

3.5.1 Departmental Profit Margins

The approach to menu pricing must follow from the outline of the basic policies and from the departmental profit targets. Each department will have a significant role in the total organization and its individual profit targets will normally be unrelated. For example, in an hotel the profit required from the a la carte restaurant may well be far lower than that of the coffee shop. The existence of the a la carte restaurant may be mainly of an image status for the hotel as against being a major profit contributor. What is necessary is for the total sum of the individual departments' contributions to equal (at least) the desired contribution to the revenue for the whole establishment.

3.5.2 Differential Profit Margins

It is unusual to apply a uniform rate of gross profit to all of the items found on a food menu or beverage list, although this simplistic method of costing can at times be found in the non-commercial sector of the industry. In the non-commercial sector of the industry one of the advantages is that where a uniform rate of gross profit is applied – e.g. 60 per cent – reference to the takings can quickly show the costs at 40 per cent gross profit irrespective of the sales mix and an immediate comparison can be made to the actual usage of materials.

3.6 Special Pricing Considerations

3.6.1 Sales Tax

Depending on the government in power, it is likely that some sort of sales tax may be enforced during its period of office. It is important to the customer to know whether prices displayed or quoted are inclusive of this sale tax or not. Additionally, the caterer needs to realize that any money collected on behalf of the government has at some time to be paid to that government and that it should not be included when calculating revenue or average spend figures, etc.

3.6.2 Service Charges

This is an additional charge, made to customers, at a fixed percentage of the total cost of food and beverage served. The fixed percentage is determined by management, printed on the menu/beverage list, with the objective of removing from the customer the problem of determining what size of tip to give when in a particular establishment. As this charge is to be distributed to the staff at a later date, usually on a points system, it should be treated similarly to a sales tax and not included in the calculation of revenue for food and beverages or in the calculations of average spend figures.

3.6.3 Cover Charge

This is an additional charge to a meal in restaurants to cover such costs as bread roll and butter and other items included but not priced on the menu. Care should be exercised as to whether to implement this or not as it is most likely to cause aggravation to some clients when it is applied. This is often enforced by restaurants to discourage some potential clients from using the premises and to discourage clients from taking up a seat and only purchasing a very low-priced item.

3.7 Menu Pricing Applications

The exact method of pricing used by an establishment will depend on such matters as which sector of the industry the establishment is in; the level of profit/subsidy required; its basic policies; etc. It is important though to remember that the price in itself can be a valuable selling tool and a great aid in achieving the desired volume of sales.

Desired return on capital Or Level of subsidy given
Basic policies – financial, marketing, catering
Overall budget
Basic overall gross profit percentage
Individual departmental budget
Individual departmental gross profit percentage
Individual departmental differential profit margins
Special pricing considerations, e.g. sales tax, cover charge, service charge, minimum charge, 'happy hour', special promotions, 'bargain breaks', etc.

Figure 3 The development of pricing.

3.8 Table d'hôte Menus

This type of menu is characterized by being a restricted menu, offering a small range courses with a limited choice within each course and at a fixed selling price. The price may be just one price for any three courses chosen, or may vary in price depending on the main course chosen.

The method of pricing chosen should take into account the departmental profit required and the differential profit margins of the menu. Based on forecasted sales take-up by guest, the average should be taken to fix the price. The average may well be the true figure, rounded off, when the objective is to attract as many customers as possible to choose from the menu; or alternatively, it may be an average plus figure when it is being offered with an a la carte menu by making the price differentiation too attractive.

3.9 Banqueting Menus

This is a specific type of table d'hôte menu offering normally no choice to the customers. The specific difference in pricing this menu is that apart from the food and often the liquor, all the additional items are normally priced and charged separately. Examples of such items are meals and refreshments for the band, services of a toastmaster, hire of a microphone, printing of a special menu for the functions.

The pricing of a banquet menu for a client is commonly found to have a flexible element to it, in that it is usual for a banqueting manager to offer additions to a menu at no additional cost

to the client in order to obtain the business during a slack trading period or for a particular gap in a week.

3.10 A la Carte Menus

This type of menu is characterized by being a larger menu than a table d'hôte menu offering a greater choice of courses and dishes within each course, and each item being individually priced.

The method of pricing needs to take into account the departmental profit required and the differential profit margins for each course and then price each item separately using standard recipes. In addition, note should be taken of the potential sale mix within each course so as to achieve the desired profit margin.

3.11 Pricing of Beverages

The method used to price beverages is similar to that for pricing foods. As in the case of foods, firstly the departmental profit target and gross profit percentage should be set, followed by differential profit margins based on the sales mix achievable. The sales mix breakdown depends on the type of operation and how detailed the breakdown of sales is required. The gross profit percentage of house brand beverages (i.e. the particular brand of beverage that is offered to the customer, when a specific brand is not requested) is usually higher than on other brand beverages as it is normally made available by the supplier at a special discounted rate.

Pricing may be more accurately calculated for beverages as little, if any, processing of the drinks takes place; drinks being purchased by the bottle (e.g. beer, wine) or by a specific stated measure (e.g. 6-out) from a bottle of known standard size (e.g. whisky, $26\frac{2}{3}$ fl ozs). The mixing of drinks is, like food, usually prepared using a standard recipe particular to an establishment.

SELF ASSESSMENT EXERCISES

Assuming you are just starting a restaurant. What would be your pricing policy?

4.0 CONCLUSION

The pricing will differ for different food and beverage operation, it is better to acquire the ability to relate the costs of running the operation with the revenue that is received and the profit that is made.

5.0 SUMMARY

The pricing of a product has to meet the objectives of an organisation. In food service operations there are three elements of costs viz: food and beverage cost, labour and overheads. Price is the amount of money required to purchase a product and they are usually set in relation to the quality and value perception that operators want the customers to have.

The different pricing methods for food service operations include cost plus, prime costing methods, backward pricing, rate of return policy, profit-per-customer pricing, elasticity pricing, and competitive pricing. Sales tax, service charges and cover charges are examples of special pricing considerations.

6.0 TUTOR – MARKED ASSIGNMENTS

- a. Visit 3 large and 3 small food and beverage outlets, take note of their pricing methods.
- b. Identify and critique the methods as observed above.

7.0 REFERENCES/ FURTHER READING

Lillicrap, D and Cousins, P. (2010). Food and Beverage Service. 8th Edition.
Book power, U.K.

UNIT 3 FOOD COST CONTROL

CONTENT

1.0 Introduction

2.0 Objectives

3.0 Main content

3.1 The essentials of a control system

3.2 Calculation of food cost

3.3 Methods of food control

3.3.1 Weekly/monthly food cost report

3.3.2 Daily food cost report

3.3.3 A detailed daily food cost report.

3.4 Calculation of the potential food cost

3.5 Food control check list

3.5.1 Menu

3.5.2 Purchasing, receiving, storing and issuing procedures

3.5.3 Food production

3.5.4 Food service

4.0 Conclusion

5.0 Summary

6.0 Tutor-Marked Assignments

7.0 References/Further reading.

1.0 INTRODUCTION

In unit two, we studied the relationship between revenue, costs and pricing and also the main pricing methods used in food and beverage service operations. In this unit, you shall be exposed to the essentials of a food control system.

Food cost control is involved in the analysis of income and expenditure, the establishment and maintenance of standards and the pricing and quotations of menus. It also aims at prevention of waste and fraud and also supplying information for management reports.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Identify the essentials of a control system
- Describe the methods of food control.
- Calculate food cost.
- Prepare a daily cost report

3.0 MAIN CONTENT

3.1 The Essentials of a Control System

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

- (a) Any control system should be comprehensive and cover all the outlets of an establishment and all stages of the food control cycle.
- (b) 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.

- (c) The control system should be easy to operate and to be understood by all levels of staff.

Food and Beverage Management

- (d) The control system should be seen by staff to be working. That is, that management acts in a positive way to adverse trading results and follow up on future results to check if the corrective action taken is effective.

- (e) To be effective the information produced must be accurate and up-to-date.

(f)

General Manager

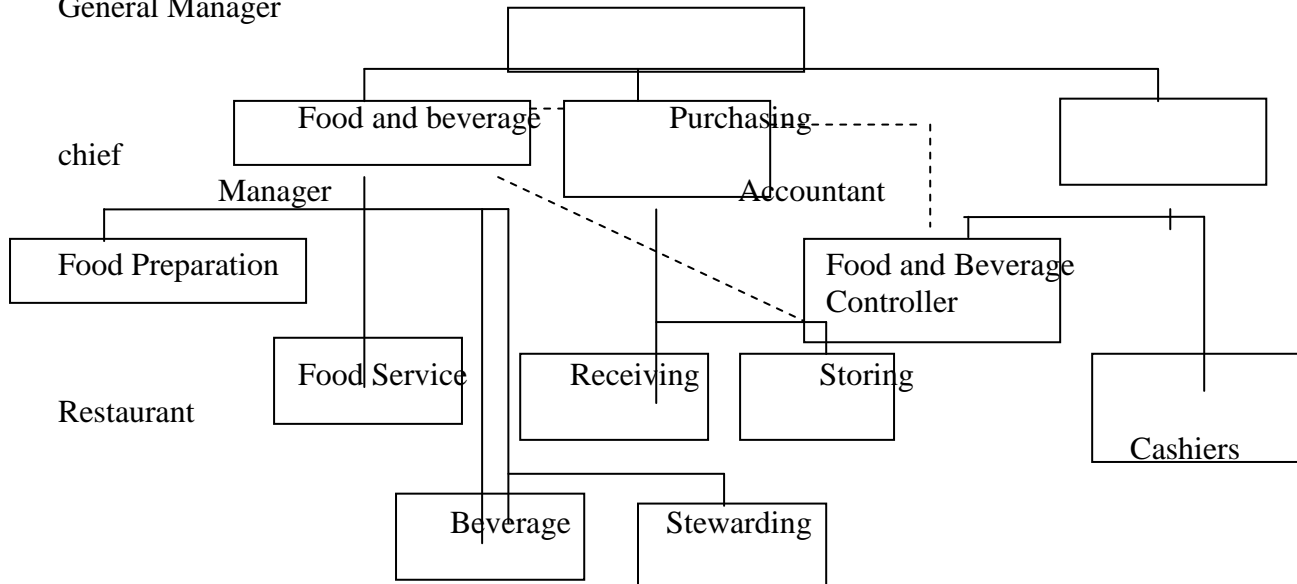


Fig 4 An extract from the organization chart of a large hotel showing the relationship of food and beverage control department to other departments.

Note: The broken line indicates close co-operation to be maintained between the various departments to obtain maximum control and operating results.

3.2 Calculation of Food Cost

There are several basic terms which need to be emphasized with regard to the calculation of food costs, such as:

Food cost: this refers to the cost of food incurred in preparing the meals served.

Food cost percentage: refers to the percentage of the revenue from sales incurred in preparing the meals, that is, the cost of food as a percentage of sales of food.

Gross profit or kitchen gross profit: the excess of sales over the cost of food expressed as a percentage, or in financial terms.

Potential food cost (or sales): the food cost (or sales) under perfect conditions. This may be expressed as a percentage or in financial terms.

3.3 Methods of Food Control

3.3.1 Weekly / Monthly Food Cost Report

The following is an example of how to calculate a monthly food cost 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 2)

The advantages of this method are:

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

The disadvantages are:

- (a) This information is only produced after 7 or 28 days of operation.
- (b) It provides no intermediate information so that any undesirable trends (e.g. food costs too high) may be corrected earlier.
- (c) It does not provide the daily or to-date information on purchases, requisitions and sales that a unit with an average of N1, 000 a day turnover should.

Table 2: A weekly / Monthly food cost report

	N
Opening food stock level a.m. Day1	2,220.00
Plus Total purchases for period (Day 1-28)	10,934.00
SUB TOTAL	13,154.00
Less Closing food stock level, p.m. Day 28	2,116.00
Total cost of food consumed	11,038.00
TOTAL FOOD SALES	29,251.00
FOOD COST PERCENTAGE	37.74%

3.3.2 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 cost involved in relation to the savings to be made do not justify a more involved method.

Table 3: A Daily Food Cost Report

1	2	3	4	5	6	7	8	9	10	11	12
		Today	Today	Today	Today	Today	Today	To-date	To-date	To-date	To-date
Date	Day	Opening food storeroom inventory	Purchases	Total food available	Food requisitioned	Food sales	Food cost	Food purchases	Food requisition	Food sales	Food cost
MAY		N	N	N	N	N	%	N	N	N	%
1	M	2,220.00	320.50	2,540.50	290.00	820.00	35.37	320.50	290.00	820.00	35.37
2	T	2,250.50	385.00	2,635.50	370.00	980.00	37.78	705.50	66b.00	1,800.00	36.66
3	W	2,265.50	404.00	2,669.50	440.00	1,100.00	40.00	1,109.50	1,100.00	2,900.00	37.93
4	T	2,229.50	480.00	2,709.50	480.00	1,050.00	45.71	1,589.50	1,580.00	3,950.00	40.00
5	F	2,229.50	890.00	3,119.50	404.50	1,005.00	40.25	2,479.50	1,984.50	4,955.00	40.05
6	S	2,715.00	202.50	2,917.50	535.00	1,490.00	35.91	2,682.00	2,519.50	6,445.00	39.09
7	S	2,382.50		2,382.50	240.00	720.00	33.33	2,682.00	2,759.50	7,165.00	38.51
8	M	2,142.50	380.00	2,522.50	310.00	920.00	33.70	3,062.00	3,069.50	8,085.00	37.96
9	T	2,212.50	402.00	2,614.50	395.00	1,015.00	38.92	3,464.00	3,464.50	9,100.00	38.07
10	W	2,219.50	425.00	2,644.50	345.00	925.00	37.30	3,889.00	3,809.50	10,025.00	37.99
11	T	2,299.50	464.00	2,763.50	427.00	1,160.00	36.81	4,353.00	4,236.50	11,185.00	37.87
12	F	2,336.50	844.00	3,180.50	463.00	1,220.00	37.95	5,197.00	4,699.50	12,405.00	37.88
13	S	2,717.50	185.00	2,902.50	512.00	1,405.00	36.44	5,382.00	5,211.50	13,810.00	37.73
14	S	2,390.50		2,390.50	265.00	690.00	38.41	5,382.00	5,476.50	14,500.00	37.77
15	M	2,125.50	365.00	2,490.50	315.00	840.00	37.50	5,747.00	5,791.50	15,340.00	37.75
16	T	2,175.50	495.00	2,670.50	405.00	1,085.00	37.33	6,242.00	6,196.50	16,425.00	37.77
17	W	2,265.50	445.00	2,710.50	465.00	1,290.00	36.05	6,687.00	6,661.50	17,715.00	37.60
18	T	2,245.50	492.00	2,737.50	380.00	990.00	38.38	7,179.00	7,041.50	18,705.00	37.64
19	F	2,357.50	904.00	3,261.50	440.00	1,015.00	43.35	8,083.00	7,481.50	19,720.00	37.94
20	S	2,821.50	143.00	2,964.50	547.00	1,407.00	38.88	8,226.00	8,028.50	21,127.00	37.99
21	S	2,417.50		2,417.50	237.00	604.00	39.24	8,226.00	8,265.50	21,731.00	38.03
22	M	2,180.50	345.00	2,525.50	327.00	850.00	38.47	8,571.00	8,592.50	22,581.00	38.05
23	T	2,198.50	305.00	2,503.50	435.00	1,105.00	39.37	8,876.00	9,027.50	23,686.00	38.11
24	W	2,068.50	485.00	2,553.50	403.00	1,090.00	36.97	9,361.00	9,430.50	24,776.00	38.06
25	T	2,150.50	463.00	2,613.50	393.00	1,050.00	37.43	9,824.00	9,823.50	25,826.00	38.04
26	F	2,220.50	865.00	3,085.50	485.00	1,350.00	35.93	10,689.00	10,308.50	27,176.00	37.93
27	S	2,600.50	245.00	2,845.50	525.00	1,490.00	35.23	10,934.00	10,833.50	28,666.00	37.79
28	S	2,320.50		2,320.50	204.50	585.00	35.04	10,934.00	11,038.00	29,251.00	37.77
Totals			10,934.50		11,038.00						
Closing stock		2,116.00									
Proof of inventory						29,251.00		10,934.00	11,038.00	29,251.00	37.77
Opening stock		2,220.00									
Plus Purchases		10,934.00									
Sub total		13,154.00									
Minus Requisitions		11,038.00									
Closing stock		2,116.00									

Explanation of columns. 1. Date. 2. Day of week. 3. Stock level at beginning of each day. The opening stock for the first day of a new period is the dosing stock figure from the previous period. Subsequent days are calculated from column 5 minus column 6 of previous day. 4. Total of aB food produced and delivered on that day. 5. Total of column 3 plus column 4. 6. Total of aB food requisitions for that day. 7. Total daily food sales obtained from till readings. 8. Column 6 divided by column 7, expressed as a percentage. 9. Running totals of column 4. 10. Running totals of column 6. 11. Running totals of column 7. 12. Column 10 divided by column 11, expressed as a percentage.

Table 3: shows an example of this basic food cost report for twenty-eight days. The following is a step-by-step procedure on compiling the report.

Step 1 Prepare a chart on column paper as set out in Table 2 and complete entries on a day – to – day basis as follows.

Step 2 Column 3. Begin by entering the opening stock value (i.e the closing stock value at the end of the last period). On subsequent days enter in this column the different between column 5 and column 6 of the previous day e.g. the entry in column 3 on May 3rd is N2,635.50 – N370.00 = N2,265.00)

Step 3 Column 4. Enter the total of all goods purchased and received on that day. N.B. on Sundays there is no purchasing done and therefore no entry made.

Step 4 Column 5. This is the total of column 3 and 4 for that day.

Step 5 Column 6. This is the total of all goods requisitioned by the chef on that day. (N.B. Some of the items requisitioned may be for preparation on the same day but for selling on subsequent days).

Step 6 Column 7. This is the total food sales as recorded by the cashier / manager and will consist often of cash plus credit accounts. N.B. Any government taxes that are required to be charged against food sales have been excluded from this figure.

Step 7 Column 8. This is obtained by dividing column 6 by column 7 and multiplying by 100 to convert to a percentage (e.g. May 2nd $N370 \div N980 = 0.3775$, $0.3775 \times 100 = 37.75$)

Step 8 Column 9. This is the to-date total of all food purchases, i.e. the sum total of all purchasing for the period to date.

Step 9 Column 10. This is the to-date total of all food requisitions for the period.

Step 10 Column 11. This is the to-date total of all food sales for the period.

Step 11 Column 12. This is obtained by dividing the figures from column 10 by figures from column 11 of the same day and multiplying by 100 to convert to a percentage.

The advantages of producing this basic food report are:

- (a) It is simple and easy to follow.
- (b) It gives a reasonably detailed account of the general performance of the business on a day – to – day basis.
- (c) It records the daily stock level, daily purchases, daily food requisitioned and daily food sales and enables the daily food cost percentage to be calculate. This information is used for preparing to – date totals (i.e. running totals to date).
- (d) The to – date food cost percentage smooth 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 reports are:

- (a) Although simple and easy to prepare, the report relies heavily on the accuracy of the basic information to be collected, e.g. the total of daily purchases, daily requisitions. Etc.
- (b) It is not totally accurate as it ignores such things as the cost of the staff meals; food transferred to bars, e.g. potato crisps, nuts, salted biscuits, trays of canapés, 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, e.g. wine, spirits, beer, etc. For use in the cooking of specific dishes.

3.3.3 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 kitchens, the cost of food transferred out of the kitchens to the bars, and the cost of employees' meals.

- (a) It is more accurate than the two previous food reports 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 employee's 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.
- (b) 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, e.g. 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.

3.4 Calculation of the Potential Food Cost

The potential food 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 one percent between the potential and actual food costs should be investigated. The potential food costs 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 the 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) A detailed sales analysis of all items sold in the various outlets, together with their selling prices;
- (b) Standard recipe cards of all the menu items costed out
- (c) Summary of potential food cost obtained from the standard recipe cards;
- (d) Average market price for the main ingredients taken from invoices, food marketing report 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 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 one percent should be investigated.

3.5 Food Control Checklist

It would not be possible to state what corrective action should be taken when standards are not being met as the operating and trading conditions would vary from one establishment to another. It is possible, however, to produce a control checklist, similar to the one below, to act as an aide-memoire when trying to identify the reasons) for any variance in standards, the checklist being a summary of the control procedures which should be used. Any control procedures not being used would be a weak link in the chain of control.

3.5.1 Menu

- (a) Suitable for present market segment.
- (b) Takes into account current trends in customer eating habits
- (c) Menu is interesting, imaginative, changes during the year, takes into account the major food seasons, assists greatly in selling.
- (d) Accurately priced, competitive, takes into account the labour content in the production and service of dishes.

3.5.2 Purchasing, Receiving, Storing and Issuing Procedures

- (a) Purchase specifications used for all main items.
- (b) Purchase orders made for every purchase; the exception possibly being to the daily order of fresh fruit and vegetables.
- (c) All purchases made from nominated or approved suppliers.
- (d) Deliveries timetable whenever possible so that quantity and quality checks may be efficiently carried out.
- (e) All deliveries to be recorded in the 'Good Received Book' and credit notes obtained for any variance between what is stated on the delivery note and what is actually delivered.
- (f) All deliveries of food to be entered into bin cards/ledgers on the day of delivery.
- (g) Collection of any food item from the stores to be against authorized, signed requisitions only.
- (h) Entry to food stores to be restricted to authorized personnel.

3.5.3 Food Production

- (a) Yield and product testing practised to establish and measure standard of products.
- (b) Production to be related to volume forecasts.
- (c) Maximum use to be made of standard recipes.
- (d) Efficient scheduling of production to be made so as to ensure maintenance of quality of dishes produced.
- (e) All equipment to be regularly maintained so as to ensure that the standard yields and quality of dishes are maintained.

3.5.4 Food Service

- (a) Food service standard established and practised.
- (b) Standard portion sizes adhered to.
- (c) Standard portion sizes equipment always available
- (d) Careful control made to all food sent to restaurant e.g. sweet and carving trolleys, etc. All unsold food to be accounted for and returned to the kitchen.

3.5.5 Food Control Procedures

- (a) Check and marry up all delivery notes, credit notes, invoices and goods received report.
- (b) Check arithmetic to all paper work
- (c) Check correct discounts are being allowed.

- (d) Check delivery notes to bin cards / ledgers
- (e) Maintain certain charges and credits for period inventory.
- (f) At set periods complete a full inventory of all chargeable containers.
- (g) At set period complete a full stocktake of all food stores and food held in the kitchens and compare to ledgers
- (h) Maintain up-to-date food reports.
The major reasons for food cost (and gross profit) variances from the established standard for a unit include the following
 - (a) Inaccurate arithmetic in paperwork. This also includes the paperwork of suppliers.
 - (b) Inefficient stocktaking
 - (c) Poor revenue control-lack of systematic procedures and practices.
 - (d) Poor menu – unrelated to market conditions and requirements, lack of sales analysis and updating of menu
 - (e) Poor purchasing, resulting in higher food cost, overstocking and wastage.
 - (f) Poor receiving, inferior goods being accepted, short weight of goods being signed for.
 - (g) Poor storing, poor rotation of stock resulting in wastage, poor security.
 - (h) Failure to establish and / or maintain standards for volume forecasting, standard recipes, standard yields and standards portion sizes.
 - (i) Failure to account accurately for all staff and management meals.
 - (j) Food control not being seen by staff to work, resulting in staff failing to maintain desired standards.
 - (k) Food control not being up to date and not providing essential management data quickly after each trading day.

SELF ASSESSMENT EXERCISES

Differentiate between a daily and a weekly/ monthly food cost report.

4.0 CONCLUSION

An effective food cost control system would go a long way to ensure that profit is made and not just remaining in business for the sake of it.

5.0 SUMMARY

An effective food cost control system would be comprehensive and cover all the outlets of an establishment and all the stages of the food control cycle, it should be easy to operate and be workable. Methods of food control are weekly/ monthly food cost report and daily food cost report. Even though the weekly/ monthly food cost report is simple and quick to produce, it provides no immediate information. Making any undesirable trends not to be corrected early. A daily food report on the other hand is equally simple and easy to follow but relies heavily on the accuracy of basic information to be collected and is not totally accurate.

6.0 TUTOR MARKED ASSIGNMENTS

1. Prepare a detailed daily food cost report for a medium sized food service operation.
2. Visit a typical Nigerian restaurant and calculate:
 - a. The cost of the menus for one week
 - b. Food cost percentage.
 - c. Gross profit
 - d. Potential food cost

7.0 REFERENCES/ FURTHER READING

1. Davies, B. and Stone, S. (1985). Food and Beverage management. Heinemann, London.

UNIT 4 BEVERAGE COST CONTROL

CONTENT

- 1.0 Introduction
- 2.0 Objectives
- 3.0 Main content
 - 3.1 Beverage controlling
 - 3.2 Calculation of beverage cost
 - 3.3 Methods of beverage control
 - 3.3.1 Bar cost system
 - 3.3.2 Par stock or bottle control system
 - 3.3.3 Potential (or standard) sales system
 - 3.3.4 The inventory or 'ounce' system
 - 3.3.5 Banqueting and function of bar system
 - 3.3.6 Automated beverage dispensing system
 - 3.3.7 Control check list
 - 3.3.7.1 Purchasing, receiving, storing, and issuing procedures
 - 3.3.7.2 Bar procedures
 - 3.3.8 Beverage control procedures
- 4.0 conclusion
- 5.0 summary
- 6.0 Tutor-marked assignments
- 7.0 References/further reading.

1.0 INTRODUCTION

We examined how food cost is controlled in unit three. In this unit, we shall learn how to achieve beverage cost control.

Beverage costs reflect on operation's control systems, management skill level and value provided to customers. Beverage sales are an easy way to increase profitability because the costs are lower and the gross margin is far greater for beverage than for food. However, beverage costs must be controlled if an operation is to reach maximum potential of gross profit from beverage sales.

2.0 OBJECTIVES

At the end of this unit, you should be able to :

- Identify the different methods of beverage control.
- Describe the beverage control procedures.
- Calculate beverage cost

3.0 MAIN CONTENT

3.1 Beverage controlling

The objectives of beverage control are similar to those of food control. In simple terms it is to determine and report on the actual and the potential sales and costs for each beverage outlet and to take corrective action where necessary.

Beverage control is simpler than food control for many reasons including:

- (a) There are a fewer number of beverage items to handle than food.
- (b) Beverages are purchased in standard unit size of known standard qualities.

- (c) Beverages are not as highly perishable as foods.
It is important however, that strict control of beverage is maintained at all times for such reasons as
- (a) The danger of bar staff appointing themselves as 'unofficial partners', e.g. a barman paying no overheads and no wages yet, if bringing in bottles of spirits and selling them and pocketing the money, is depriving the unit of that amount of sales and profit.
- (b) It is easier for bar staff to steal money than it is for food staff.
- (c) Beverages are more tempting than food to many staff.
- (d) Beverages are in the main more expensive, and contribute more to profit than food items.

3.2 Calculation of Beverage Cost

There are several basic terms which need to be explained with reference to the calculation of beverage costs:

Beverage cost percentage – this refers to the cost of beverages sold as a percentage of sales of the beverage

Gross profit or – the excess of sales over the cost of the beverage expressed as a percentage or in financial terms.

Potential beverage cost (or sales)-the beverage cost (or sales) under perfect conditions; this may be expressed as a percentage or in financial terms

3.3 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, i.e. the control of purchasing, receiving, storing and issuing; producing planning; the establishment of standard yields, standard recipes, standard portion sizes and inventory.

3.3.1 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.

3.3.2 Par Stock or Bottle Control System

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

- (a) The level of par stock is established for each bar, i.e. 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.
- (b) The number and type of empty bottles are noted each day, this being the amount and type to be requisitioned for the day.
- (c) The potential sales are based on the quantities issued at selling price and are compared to actual revenue received.
- (d) 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 figure give cause for investigation

The particular advantages of this system are in 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.

3.3.3 Potential (or standard) 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 per 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 required the rice to be reviewed.

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

- (a) Full bottle 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.

- (b) Spirits etc. Sold by the glass. The sales value for a bottle of spirit, 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	262/3 oz		
Size of a straight drink	5/6 oz		
Selling price per drink	N1.25		
Number of drinks per bottle	30	(as determined by management)	
30	x	N1.25	= N37.50

(Number of drinks) (Selling price drink) (Potential sales value of one bottle)

- (c) Soft drink and mineral water sales. The potential sales value of soft drinks, etc. depends on the establishment; it could, for example, be:

- (i) A fixed price when sold on its own or when with another drink, e.g. gin and tonic water.

- (ii) At a lower price when served as part of a mixed drink, e.g. a straight 5/6 oz drink of whisky may cost N1.25; a split bottle of dry ginger may cost N0.45; as a mixed drink whisky and dry ginger may be priced at N1.05 and not N1.70 as would be the case in (i) above.

- (iii) 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.

- (d) 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 sheets similar to the following example:

Calculation of the sales potential value of a dry martini.

Ingredients: 2 1/2 oz gin, 1/4 oz vermouth, ice, lemon peel.

Selling at N2.25.

Selling price:

Dry gin	1 ¼ oz	N1.25
Vermouth	1 ¼ oz	N1.00

Therefore as a dry martini:

Dry gin	2 ½ oz potential sales value	2.50
Vermouth	¼ oz potential sales value	20
Total		N2.70

Differential of gin and vermouth sold as a martini = N0.45. therefore for each martini sold, N0.45 must be subtracted from the potential sales value.

When the sales of mixed drinks on analysis is 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 difference between the actual money taken in the bars differs from the potential sales value by say more than 2 percent that detailed analysis of sales and allowances needs to be done.

3.3.4 The Inventory or 'Ounce' System

This method is recognized as the most accurate (non-automatic) method of determining the amount of beverage sold. It is used at time 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 service 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 stocktaking, 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 ounces 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 analyses sales and to 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.

3.3.5 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 (calculate in tenths of a bottle) unused and returned to the cellar. The number of bottles issued minus bottles returned is equal to the number of bottles used. Actual cost is the purchase price paid per bottle, or half or split. The potential sales per bottle is the selling price per drink multiplied by the standard number of drinks per bottle.

It would be normal practice for the bar staff at a function not to be paid until the actual and potential sales calculations had been made and found to be satisfactory.

3.3.6 Automated Beverage Dispensing System

There are many type of mechanical and automated beverage dispensing machines available, all designed to assist management in controlling beverage costs. As a method of controlling beverage it is very efficient, but the question of the cost of the installation and its suitability for some types of operation may preclude it from being considered.

3.3.7 Control Checklist

As with food control, a beverage control checklist, similar to the one below, can be produced to act as an aide-memoire to help identify the reason(s) for variances in standards.

3.3.7.1 Purchasing, Receiving, Storing and Issuing Procedures

- (a) Purchase specifications prepared for all main items.
- (b) Purchase orders completed in detail for every purchase made.
- (c) Purchase made from nominated or approved suppliers only.
- (d) Deliveries timetable for a slack period so that quantity and quality inspection may be efficiently carried out.
- (e) Copy of purchase order sent to delivery point for checking against deliveries
- (f) All deliveries entered on to the goods received report and credit notes obtained for any variance between goods and delivery note.
- (g) Credit notes obtained for all returned empties and ullages.
- (h) All deliveries to be entered on to bin cards, etc. On day of delivery.
- (i) Issues of beverages to be against authorized signed requisition only.
- (j) Cellar ledger and any other records kept to be up to date and accurate.
- (k) Access to cellar restricted.
- (l) Check that all bottles are stamped with the establishment stamp and are correct bottles for the particular bar. Check bottle disposal area contains no 'foreign' bottles.

3.3.7.2 Bar Procedures

- (a) Bar stock to be replenished by written and authorized requisition, or by using a 'full for empty' bottle system.
- (b) Bars to use standard recipes, standard drink sizes and glassware.
- (c) Bars to sell 'house brands' for all drinks unless specifically requested by the customer, as they will normally give a higher gross profit. 'House brands' may, for example, be determined by a brewery owning a chain of pubs, restaurants and hotels, when it would quite naturally wish to sell its own products in preference to those of its competitors; or by a company that has no liquor ties but negotiates a price advantageous contract with a supplier. In both cases the prices paid for the particular 'house brand' would normally be lower than if purchased otherwise.
- (d) Check that all bar sales are properly recorded.
- (e) Periodically check proof of liquor in open bottles if tampering is suspected.
- (f) Check that beverage price lists are displayed and freely available to customers
- (g) Check frequency of 'breakages' recorded.
- (h) Check 'shortage' or 'overs' recorded by accounts department for each bar.
- (i) Check that bar staff have no access to till rolls, etc.

3.3.8 Beverage Control Procedures

- (a) Check and marry up delivery notes, credit notes, invoices and goods received report.
- (b) Check arithmetic to all paper work.
- (c) Check correct discounts are being allowed.
- (d) Check delivery notes, etc. To cellar inwards book.

- (e) Maintain beverages perpetual inventory book.
- (f) Maintain container charges and credits for period inventory.
- (g) At set periods complete a full inventory of all chargeable containers, e.g. crates, kegs, soda syphons, etc.
- (h) At set periods complete a full inventory of cellar and compare to beverage perpetual inventory book.
- (i) Prepare a stocktaking report of value and type of goods, rate of stock turnover, etc.
- (j) At set period complete a full inventory of the stock of each bar for beverage control reports.
- (k) Maintain daily and to-date beverage control reports, the amount of detail depending on the size of the unit and the volume of business.
- (l) Prepare end of period beverage reports for management and highlight any problem areas for corrective action.

Beverage control is not as difficult or involving as food control. What at times is a problem is the dishonest employee and this is usually difficult to detect. The typical problems are bar staff who:

- (a) Bring in their own bottles of spirits, etc., sell the contents to customers and then pocket the money. This results in a busy bar with disappointing cash takings
- (b) Drink at work: Bar staff who help themselves to the odd drink soon get into the habit of it unless it is quickly detected. This results in lower than should be cash takings or customers having short measure drinks which ‘compensate’ for the free drink taken by staff.
- (c) Fail to ‘ring-up’ each drink sold and pocket the money taken from the client. This also results in lower cash takings.
- (d) Provide free drinks for friends which also results in lower cash takings.
- (e) Under-charge the customer. The customer being an accomplice of the bar staff, orders a drink, pays for it and is given change in excess of what it should be. This results in bar takings being lower than it should be.
- (f) Short-change customers. This is a very common problem of bar staff giving customers giving less change than they should do and pocketing the difference for themselves.

SELF ASSESSMENT EXERCISES

Outline the different methods of beverage control

4.0 CONCLUSION

An effective beverage control determines and reports on actual and potential sales and cost and also makes correction where appropriate.

5.0 SUMMARY

Beverage control is simpler than food control because beverages are fewer in number to handle, they are purchased in standard unit sizes of known standard qualities and they are not as highly perishable as foods.

There are several methods of beverage control: Bar cost system, par stock or bottle system, potential (or standard) sales value system, the inventory or “ounce” system, banqueting and function bar system. Beverage dispensing machines also assist in controlling beverage costs

6.0 TUTOR – MARKED ASSIGNMENTS

- Find out the different types of beverage dispensing machines available worldwide.
- Classify the dispensing machines into mechanical and automated
- Identify the types of dispensing machines available in Nigeria and where they can be found.

7.0 REFERENCES/ FURTHER READING

1. Davies, B. & Stone, S. (1985). Food and Beverage Management. Heinemann, London.

MODULE 3

UNIT 1 FOOD AND BEVERAGE CONTROL SYSTEMS

UNIT 2 BUDGETING

UNIT 1 FOOD AND BEVERAGE CONTROL SYSTEM

CONTENT

1.0 Introduction

2.0 Objectives

3.0 Main content

3.1 The objectives of food and beverage control

3.2 Effective control systems for food and beverages

3.2.1 The planning phase

3.2.2 The operational phase

3.2.3 The management control after the event phase

3.3 Special problems of food and beverage control

4.0 Conclusion

5.0 Summary

6.0 Tutor-Marked Assignments

7.0 References/Further reading.

1.0 INTRODUCTION

In the previous unit, we studied the methods of beverage control. In this unit, we shall discuss the different phases of food and beverage control and special problems of food and beverage control.

Food and beverage control may be defined as the guidance and regulations of the costs and revenue of operating the catering activity in hotels, restaurants, hospitals, schools, employee restaurants and other establishments. In hotels, food and beverage sales often account for up to half of the total revenue, whilst in restaurants, food and beverage sales are the main or the only source of revenue. The cost of food and beverages in the commercial sector is usually in the region of 25-45 per cent of the total operating costs.

The amount of control is related to the size of the operation. A large group operation obviously requires much precise, detailed, up-to-date information, and its provision is often aided by the use of computers. A small operation, such as an owner-operated restaurant, often cannot afford, nor does it need, the same level of sophistication of control. In both instances the type and the volume of data required needs to be selectively determined if control is to be meaningful and effective.

2.0 OBJECTIVES

At the end of the unit you should be able to:

- Describe 6 objectives of the food and beverage control
- Differentiate the 3 phases of control systems and procedures
- Analyse problems of food and beverage control.

3.0 MAIN CONTENT

3.1 The Objectives of Food and Beverage Control

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

(a) 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 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.)

b. 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, e.g. 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 SOP's (standard operational procedures) which should be readily available for 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.

c. 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.

d. Prevention of waste

In order to achieve performance standards for an establishment, targets are set for turnover, 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 the 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 event.

e. 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; unjustifiable claiming that the food or drink 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 overcharging or undercharging for items served and stealing of food, drink or cash.

f. **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). The amount of control necessary is related to the size and complexity of an establishment. A small owner-managed restaurant would not require the same level of control and written management information as would a large multi-outlet hotel. Whatever the size and type of operation, the management control information required has to be limited to what is really necessary and meaningful.

3.2 Effective Control Systems for Food and Beverages

Effective control systems and procedures consist of three broad phases: planning, operational, and management control after the event.

3.2.1 The Planning Phase

It is difficult to run an effective catering operation without having firstly defined the basic policies. Policies are predetermined 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.

A catering operation should have its policies clearly defined before it commences business, and redefined whenever a major change takes place, e.g. 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 periodically reviewed in relation to the current business and future trends; however, in smaller organizations, to formally draw up and commit policies to paper is not so vital.

There are three basic policies which need to be considered:

(a) The **financial policy** will determine the level of profitability, subsidy or cost limits to be expected from the business as a whole and the contribution to the total profit, subsidy or cost limit that is to be expected from each unit, and then from the department within them.

(b) 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 conscious basis in order to maintain and improve its business performance.

(c) 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 methods by which such objectives are to be achieved. It will usually include the following:

(i) The type of customer – e.g. high-spending business executive, low-spending female shopper, short-stay hospital patient, etc.

(ii) The type of menu(s) - e.g. table d'hôte, a la carte, fast food.

(iii) The beverage provision necessary for the operation.

(iv) The food quality standards – e.g. fresh, frozen, canned, etc., and the grade of produce to be used.

(v) The method of buying – e.g. by contract, quotation, cash-and-carry, etc.

(vi) Type and quality of service – e.g. cafeteria, counter, waiter, etc.

(vii) Degree of comfort and décor – e.g. square footage per customer, type and style of décor, of chairs, tables, etc.

(viii) Hours of operation – e.g. twenty-four hours, seven days a week; 1200-1500 and 1800-2200 hours, Mondays-Saturdays; etc.

3.2.2 The Operational Phase

It is necessary to outline how policies are to be interpreted into day-to-day control activities of the catering operation. The operational control is in five main stages of the control cycle.

These are:

(a) **Purchasing.** There are five main points to be considered.

(i) Product testing – to identify as a result of a series of taste panel evaluations the particular to be used.

(ii) Yield testing – to identify as a result of test the yield obtainable from all the major commodities used.

(iii) Purchases specifications – a specification is a concise description in writing the quality, size, weight, etc., for a particular food or beverage item.

(iv) Method of buying – by contract, quotation, cash and carry, etc.

(v) Clerical procedures – it is necessary to determine who originates sanctions and places orders and what documentation is required for control.

(b) **Receiving.** There are three main points to be considered:

(i) 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.

(ii) Quality inspection – this is particularly important with perishable foods where inspection may be made by a senior chef. A head cellarman may inspect beverages. Whenever possible the items should be checked against the appropriate purchase specifications.

(iii) Clerical procedures – this is a very important aspect as all necessary documentation must follow a set procedure. It includes the acknowledgement of the receipt of acceptable goods and the delivery person's signature on a 'Request for Credit' note for returned goods and short deliveries.

Storing and Issuing. There are four main points to be considered:

(i) Stock records – it is necessary to decide what records are kept.

(ii) Pricing of issues – the method of pricing of the various types of issues must be decided upon so that there is consistency within the operation. Although there are many ways to price issues, it is common to use one or more of these methods; actual purchase price; standard price.

(iii) 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.

(iv) Clerical procedures – there is a need to determine what documentation is necessary, e.g. requisitions, record cards, bin cards, stocktaking reports, etc.

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

(i) 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.

(ii) 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, e.g. ladles, scales, optics, standard glassware, etc.

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

(e) **Selling.** This important stage of operational control needs to take into consideration the following points:

(i) A checking system – this is necessary to keep control of the number of covers sold and of the items sold. This may be done 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.

(ii) 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.

(iii) 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.

3.2.3 The 'Management Control after the Event Phase

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

(a) **Food and beverage cost reporting.** 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.

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

(c) **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.

3.3 Special Problems of Food and Beverage 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:

(a) The perishability of the produce

Food, whether raw or cooked, is a perishable commodity and has limited life. The caterer, therefore, has to ensure that he buys produce in the correct quality and quantity in relation to estimated demand, and that it is correctly stored and processed. (Beverages are normally not as perishable as food and this contributes to their easier control).

(a) The unpredictability of the volume business

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 regards to the quantities of commodities to be purchased and prepared as well as to the staffing required.

(b) **The unpredictability of menu mix**

To add to the caterer's problems is the fact that in order to be competitive and satisfy a particular market, it is often necessary to offer a wide choice of menu items to the customer. It is therefore necessary to be able to predict not only the number of customers who will be using the facility at a particular period in time, but also what the customer's selection will be from the alternatives offered on a menu. It is seldom possible to be 100 per cent accurate, but in order to control costs effectively, it is necessary to have some method of volume forecasting as part of the total food and beverage control system.

(c) **The short cycle of catering operations**

The speed at which catering operations take place, relative to many other industries, allows little time for 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 prices.

(d) **Departmentalization**

Many catering establishments 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.

SELF ASSESSMENT EXERCISES

1. Identify and describe the 3 basic policies that need to be considered in the planning phase as an effective control system.
2. Identify 5 main things that make the food and beverage control more difficult than the control of materials in many other industries.

4.0 CONCLUSION

For control to be meaningful and effective, the planning, operational and management control after the event need to be selectively determined.

5.0 SUMMARY

Food and beverage sales often account for up to half of the total revenue of hotels, while they form the main or only source of revenue in restaurants. The main objectives of the food and beverage control are analysis of income and expenditure, establishment of maintenance of standards, pricing, prevention of waste, and prevention of fraud and management of information. Effective control systems consist of the planning phase, the operational phase and the management control after the event. The amount of control necessary is related to the size and complexity of an establishment. Food and beverage control tends to be more difficult than the control of materials in many other industries due to perishability of the produce, the unpredictability of menu mix, the short cycle of catering operations and departmentalization.

6.0 TUTOR – MARKED ASSIGNMENT

Visit a food and beverage outlet and get the following information:

- a. The financial policy
- b. The catering policy
- c. The marketing policy

- d. The type of customers that visit there.
- e. The types of menus served.
- f. The beverage provision available
- g. The food quality standards
- h. The method of buying
- i. The type and quality of service
- j. Hours of operations

7.0 REFERENCES/ FURTHER READING

1. Dopson, L. R, Hayes, D. K. and Miller, J. E (2008). Food and beverage cost control. 4th Edition. John Wiley and Sons, New Jersey.
2. Davies, B and Stone, S (1985). Food and beverage management. Heinemann London.

UNIT 2 BUDGETING

CONTENT

1.0 Introduction

2.0 Objectives

3.0 Main content

3.1 The budget

3.2 Rational for budget

3.3 Types of budgets

3.3.1 Long-range budget

3.3.2 Annual budget

3.3.3 Achievement budget

3.3.3.1 Prior-period operating results

3.3.3.2 Operation assumptions of next period

3.3.3.3 Establishing operational goals

3.3.3.4 Expense analysis

3.4 Developing yardstick standards for food

4.0 Conclusion

5.0 Summary

6.0 Tutor-Marked Assignments

7.0 References/Further reading.

1.0. INTRODUCTION

In unit one, we learnt about the different phases of food and beverage control and how to achieve effective control. In this unit, we shall learn the different rationales for having and using a budget and how to develop budgets.

The budget or annual plan will detail the operational direction of an operational unit and the expected financial results. The techniques used in managerial accounting will show you how close your actual performance was when compared to your budget, while providing you with the information you need to make changes to your operational procedures or budget. This will ensure that your operation achieves the goals of your financial plan. It is important to note that the budget should not be a static document. It should be modified and fine-tuned as managerial accounting presents data about sales and costs that affect the direction of the overall operation.

2.0 OBJECTIVES

At the end of this unit, you should be able to:

- Identify 10 rationales for having and using a budget.
- Describe the 3 main types of budgets that are useful for food service operations.
- Discuss the 3 main areas where budget should be monitored.
- Develop budgets.

3.0 MAIN CONTENT

3.1 The budget

The budget is developed to help you achieve your future goals. In effect, the budget tells you what must be done if predetermined profit and cost objectives are to be met. In this respect, you are attempting to modify the profit formula. With a well-thought-out and attainable budget, your profit formula would read as follows:

$\text{Budgeted Revenue} - \text{Budgeted Expense} = \text{Budgeted Profit}$

To prepare the budget and stay within it assures you predetermined profit levels. Without such a plan, you must guess about how much to spend and how much sales you should anticipate. The effective foodservice operator builds his or her budget, monitors it closely, modifies it when necessary, and achieves the desired results.

3.2 Rationale for budget

Despite the fact that some operators avoid budgets, they are extremely important. The rationale for having and using a budget can be summarized as follows:

1. It is the best means of analyzing alternative courses of action and allows management to examine these alternatives prior to adopting a particular one.
2. It forces management to examine the facts regarding what is necessary to achieve desired profit levels.
3. It provides a standard for comparison essential for good controls.
4. It allows management to anticipate and prepare for future business conditions.
5. It helps management to periodically carry out a self-evaluation of the organization and its progress toward its financial objectives.
6. It provides a communication channel whereby the organization's objectives are passed along to its various departments.
7. It encourages department managers who have participated in the preparation of the budget to establish their own operating objectives and evaluation techniques and tools.
8. It provides management with reasonable estimates of future expense levels and serves as an instrument for setting proper prices.
9. It identifies time periods in which operational cash flows may need to be augmented.
10. It communicates to owners and investors the realistic financial performance expectations of management.

3.3 Types of Budgets

Budgeting is best done by the entire management team, for it is only through participation in the process that the whole organization will feel compelled to support the budget's implementation. Foodservice budgets can be considered as one of three main types:

1. Long-range budget
2. Annual budget
3. Achievement budget

3.3.1 Long-range budget

The long-range budget is typically prepared for a period of three to five years. While its detail is not great, it does provide a long-term view about where the operation should be going. It is also particularly useful in those cases where additional operational units may increase sales volume and accompanying expense. Assume, for example, that you are preparing a budget for a corporation you own. Your corporation has entered into an agreement with an international franchise company to open 20 BBQ outlets in malls across Nigeria and Ghana. You will open a new store approximately every month for the next four years. To properly plan for your revenue and expense in the coming four-year period, a long-range budget for your company will be needed.

3.3.2 Annual budget

The annual or yearly budget is the type most operation think of when the word budget is used. As it states, the annual budget is for a one-year period or in some cases, one season. This would be true, for example, in the case of a summer camp that is open and serving meals only while school is out of session and campers are attending.

It is important to remember that an annual budget need not follow a calendar year. In fact, the best time period for an annual budget is the one that makes sense for your own operation. A college foodservice director, for example, would want a budget that covers the time period of a school year, that is, from the beginning. For a restaurant whose owners have a fiscal year different from a calendar year, the annual budget may coincide with either the fiscal year or the calendar, as the owners prefer.

It is also important to remember that an annual budget need not consist of 12 one-month periods. While many operations prefer one-month budgets, some prefer budgets consisting of thirteen (13) 28-days periods, while others use quarterly (three-month) or even weekly budgets to plan for revenues and cost throughout the budget year.

3.3.3 Achievement budget

The achievement budget is always of a shorter range, perhaps a month or a week. It provides current operating information and, thus, assists in making current operational decisions. A weekly achievement budget might, for example, be used to predict the number of gallons of milk needed for this time period or the number of waiters to be scheduled on Friday night. To establish any type of budget, you need to have the following information available:

1. Prior-period operating results
2. Assumptions of next-period operations
3. Goals
4. Monitoring polices

3.3.3.1 Prior-period operating results

It is important to note that one must have the income (P&L) statements at the end of the year information if one is to do any meaningful profit planning. Foodservice unit managers who do not have access to their operating results are at a tremendous managerial disadvantage, you must have operational summaries and the data that produced them. Because you known how you operated in the past you are now ready to proceed to the assumptions section of the planning process.

3.3.3.2 Operations assumptions of next-period

If one is to prepare a budget with enough strength to serve as a guide and enough flexibility to adapt to a changing environment, you must fact in the assumptions you and other feel will affect the operation. While each management team will arrive at its own conclusions given the circumstances of the operation, one can make the following assumptions regarding next year:

1. Food cost will increase by 3%
2. Labour costs will increase by 5%
3. Other expenses will rise by 10% due to a significant increase in utility costs.
4. Revenue received for all meals served will be increased by no more than 1%.
5. Occupancy of 80% of facility capacity will remain unchanged.

You would be able to establish these assumptions through discussions with your suppliers and union leaders your own records, and, most importantly, your sense of the operation itself. In the commercial sector, when arriving at assumptions, operators must consider new or diminished competition, changes in traffic patterns, and national food trends. At the highest

level of foodservice management, assumptions regarding the acquisition of new units or the introduction of new products will certainly affect the budget process. As an operator, one predicts items 1, 2, and 3 by one self, while your supervisor would give input about items 4 and 5. Given these assumptions, you establish operating goals for next year.

3.3.3.3 Establishing operational goals

Given the assumptions you have made, you can now determine actual operating goals for the coming year. You will establish them for each of the following areas:

1. Meals served
2. Revenue
3. Food costs
4. Labour costs
5. Other expenses
6. Profit

All budgets must be modified or the expenses associated with these increased sales will soon exceed budgeted amounts. Effective managers compare their actual revenue to that which they have projected on a regular basis.

It is clear that increase in operational revenue should dictate proportional increases in variable expense budgets, although fixed expenses, of course, need not be adjusted for these increases. For those food service operations with more than one meal period, monitoring budgeted sales volume may mean monitoring each meal period.

Some food services operators relate revenue to number of seats they have available in their operation. As a result, they sometimes budget based on sales per seat, the total revenue generated by a facility divided by the number of seats in the dining area(s). Since the size of a food service facility affects both total investments and operating costs, this can be a useful number. The formula for the computation of sales per seat is as follows: (Total sale divided by available seats is equal to sales per seat)

$$\frac{\text{Total sales}}{\text{Available seats}} = \text{Sales per seats}$$

When sales volume is lower than originally projected, management must seek ways to increase revenue or reduce costs. As started earlier, one of management's main task is to generate guests, while the employee's main task is to service these guests to the best of his or her ability. There are a variety of methods used for increasing sales volume, including the use of coupons, increased advertising, price discounting, and specials.

3.3.3.4 Expense analysis

Effective foodservice managers are careful to monitor operational expense because costs that are too high or too low may be a cause for concern. Just as it is not possible to estimate future sales volume perfectly, it is not possible to estimate future expense perfectly, since some expenses will vary as sales volume increases or decreases. To know that an operation spent N800 for fruit and vegetable in a given week becomes meaningful only if we know what the sales volume for that week was. Similarly, knowing that N500 was spent for labour during a given lunch period can be analyzed only in terms of the amount of sales achieved in that same period. To help them make an expense assessment quickly, some operators elect to utilize the yardstick method of calculating expense standards so determinations can be made as to whether variations in expenses are due to changes in sales volume or other reasons such as waste or theft.

3.4 Developing Yardstick Standards for Food

To illustrate the yardstick method, consider the case of Joseph, who operates a college cafeteria during nine months of the year in a small south eastern city. Joseph has developed both revenue and expense budgets. His problem, however, is that variations in revenue cause variation in expense. This is true in terms of food product, labour, and other expenses. As a truly effective manager, he wishes to know whether changes in his actual expense are due to inefficiencies in his operation or to normal sales variation. To begin his analysis, Joseph establishes a purchase standard for food products using a seven-step model.

Step 1. Divide total inventory into management-designated subgroups, for example, meats, produce, dairy, and groceries.

Step 2. Establish money value of subgroup purchases for prior accounting period.

Step 3. Establish sales volume for the prior accounting period

Step 4. Determine percentage for the purchasing naira spent for each food category.

Step 5. Determine percentage of revenue naira spent for each food category

Step 6. Develop weekly sales volume and associated expense projection. Compute % cost to sales for each food grouping and sales estimate.

Step 7. Compare weekly revenue and expense to projection. Correct if necessary.

SELF ASSESSMENT EXERCISES

Plan one month's food budget for a delicatessen

4.0 CONCLUSION

The effective food service operator builds his or her budget, monitors it closely, modifies it when necessary and achieves the desired results.

5.0 SUMMARY

The budget or financial plan will detail the operational direction of your unit and your expected financial results. A budget helps management to examine the facts regarding what is necessary to achieve desired profit levels and allows management to periodically carry out a self-evaluation, it also provides a communication channel whereby the organization's objectives are passed along its various departments.

Food service budgets could be long-ranged budget, annual budget and achievement budget. To establish any type of budget, you need to have prior-period operating results, assumptions of next- period operations, goals and monitoring policy.

6.0 TUTOR – MARKED ASSIGNMENTS

Develop the following budget for your Chinese restaurant:

- Long-range budget
- Annual budget
- Achievement budget

7.0 REFERENCES/ FURTHER READING

1. Dopson, L. R., Hayes, D. K. and Miller, J. E. (2008) Food and Beverage cost control. 4th Edition, John Wiley and Sons. New Jersey.

