

Chapter 4

Principles & Practices of Food Controlling

4.1 Introduction.

4.2 The essentials of Control System.

4.3 Calculation of Food Cost.

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Food Control

- A control system covering the sale of all food in a catering establishment is essential to achieve maximum returns.
- The type of control system used varies from one operation to another. How this is performed depends on the management and the level of training and instruction that is given to the staff on the job. In a large hotel the Food and Beverage Controls department works in coordination with the Accounts department.
- Food control may be defined as the *guidance & regulations of the costs & revenue of operating* the catering activity in hotels, restaurants, hospitals, schools, employee restaurants & other establishments.

4.2 The essentials of Control System.

A control system essentially monitors areas where sale/production takes place.

The control systems in an organization can be manually operated or could be electronically operated like POS (Point of Sales) Cash registers which are used very commonly throughout the world. The purpose of every control system practised in hotels can be summarized as follows:

- keep track of the daily receipts.
- find accounting mistakes and losses.
- provide sales data.
- serve as a base for bookkeeping.
- allow a quick & accurate settlement of accounts.
- comply with food hygiene regulations
- provide staff with food hygiene training
- protect your business's reputation
- improve your business, such as by wasting less food
- cost control
- following standard recipes to ensure a standardised product and cost

Need/Objectives of F & B Control

Analysis of Income & Expenditure

The analysis is solely concerned with income & expenditure which is relevant to the F & B operations.

Establishment & maintenance of standards

Food & beverage control enables in establishment of a set of standards which would be particular to an operation.

Pricing To provide a sound basis for menu pricing.

Prevention of Waste

This can be done only by preventing wastage of materials caused by poor preparation, over-preparation, failure to use standard recipes etc.

Prevention of Fraud

Food & beverage control enables in prevention of or at least restriction of possible areas of fraud by customers & staff. Typical areas of fraud by staff are overcharging or undercharging for items served & stealing of food, drink or cash.

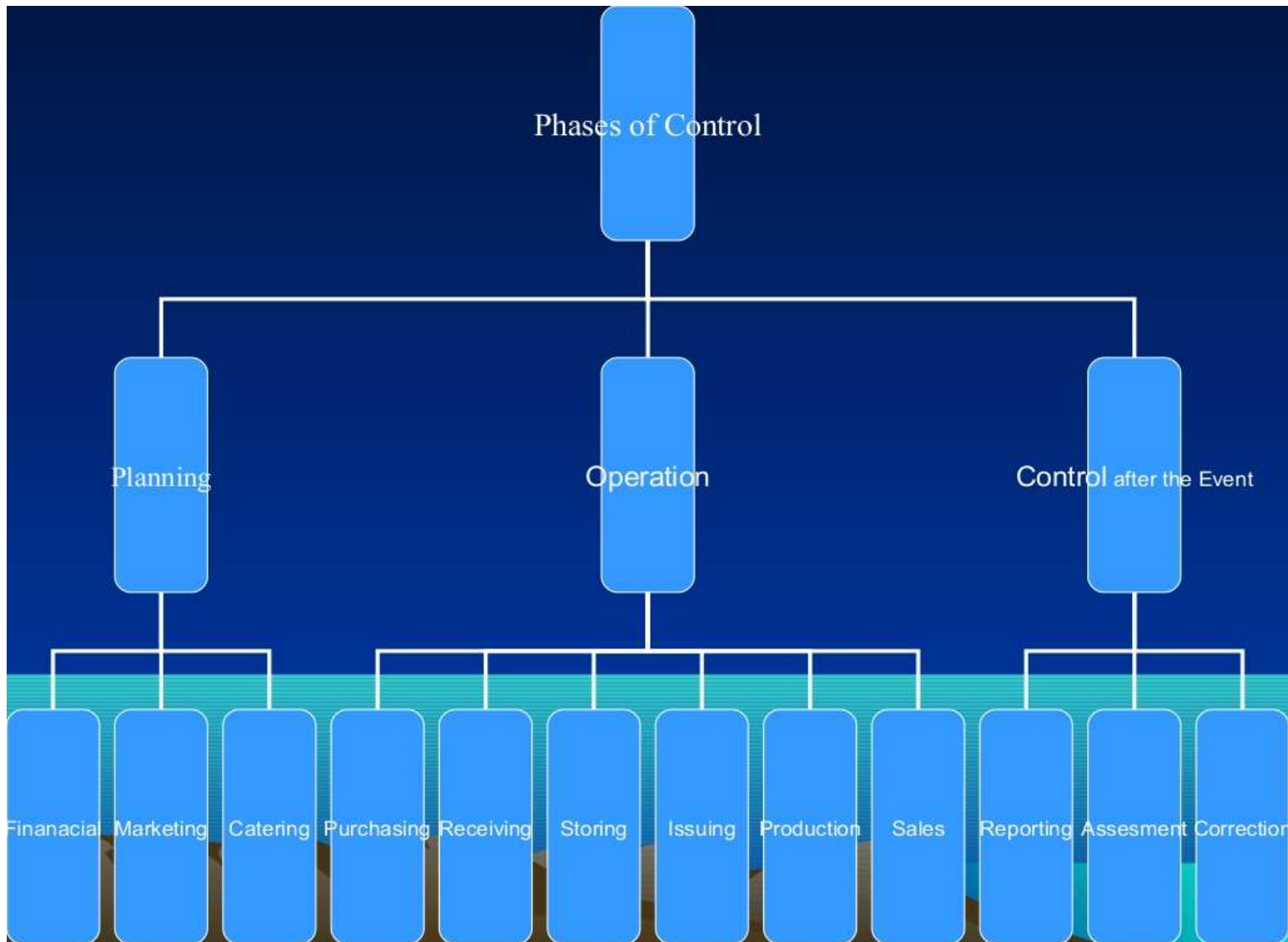
Management Information

Accurate up-to-date information will enable a complete analysis of performance for each outlet of an establishment for comparison with set standards previously laid down.

How it integrates?



The phases of control cycle – Planning, Operational & Post Operational.



The development of an effective system of food control resolves itself into three distinctive phases

PHASE-1

Basic policy decisions – i.e. PLANNING

Dealing with basic policy decisions. This constitutes of basic policy decisions in relation to financial and catering policies in the establishment.

Financial Policy

This is where setting of profit targets are done, planning for profit margins for menu or wine list.

Marketing and catering Policy

This deals with the market to be aimed at, the market you are going to cater for in order to satisfy it e.g. you have to identify the customer, his average spending power, decide what menu will satisfy the spending power, decide what menu will satisfy the customer, determine the type of service determine the portion service and choose the appropriate décor or atmosphere.

PHASE-2

Operational Control

Cycle e.g. quantity inspection of incoming good, technological procedures i.e. use of written store requisition this should be planned so as to cover the cycle of food and beverage preparation, operational control in relation to the control cycle is.

- Buying
- Receiving
- Storing and issuing
- Preparation
- Selling

PHASE-3

After Event Control – Post Operational

- There must be food and beverage report: For reasons of the specific character of food and beverage operations, food is highly perishable cooked form or raw and always unpredictable trend and unexpected change in order to control a food operation effectively, the manager must have a daily, weekly and other reports covering longer periods.
- Assessment of results: It is concerned with an appreciation of how far the actual results of food and beverage results correspond with expected results.
- Corrective action where appropriate: Any action that is taken following the receipt of food and beverage report e.g. malpractices on the part of the staffs must be corrected.

The main control methods used in establishments are:

1. Triplicate and/or duplicate Kitchen Order Ticket's
2. Restaurant Sales Summary
3. Operational statistics
4. Inventory sheets for food stock
5. Wastage register
6. Measuring equipment employed in the kitchen including pre-measured portions, pre-prepared food products

4.3 Calculation of Food Cost.

Costing is an integral branch of accounting process. It provides management with cost data relating to products, processes and operations as well as helps to appraise the actual costs against predetermined budgets & standards

Food/ Material Cost : It refers to four basic costs:

1. Food Costs
2. Beverage Costs
3. Cost of Tobacco and Cigarettes
4. Cost of Sundry sales.



Food cost consists of **cost of food** consumed **less** the cost of staff meals. Food cost may be calculated at any point of time by the following formula:

$$\begin{aligned} \text{Food Cost} &= \text{Opening stock of Materials} + (\text{cost of purchases} - \text{cost of Staff meals}) - (\text{closing stock of Materials}) \\ &= \text{OS} + (\text{P} - \text{SM}) - \text{CS} \end{aligned}$$

The calculation of beverage cost is done on similar lines.

$$\text{Beverage Cost} = \text{Opening Stock} + (\text{Cost of Purchases} - \text{transfer to departments \& complimentary drinks}) - \text{Closing Stock}$$

ii) LABOUR COST:

It includes all the expenses/remuneration incurred for the welfare of the employees in cash and kind. Other than the bonuses, commissions, salary & wages, cost of staff meals, accommodation, transportation, medical expenses, training costs ,laundry expenses etc. will come under labour cost. Cost of labour is more in specialty & fine dining restaurants where skilled & experienced staff is employed whereas this will be less in popular restaurants and cafes.

The industry norm is 22-25%. It is the responsibility of every manager to see that the labour costs does not go beyond the predetermined level and they should also see that employee hours are utilized properly.



iii) OVERHEAD COSTS:

These are expenses other than food & labour. It includes the cost of water, gas, electricity, telephones, postage, repairs, stationery, rent, interest, depreciation, insurance, rates, etc. The industry norm is 22-25%.

The cost of gas, electricity water keeps increasing and it is important to educate the employees to use them carefully without wasting. Many a times, chefs turn on the burners and wait for food orders which wastes gas. Lights that are not needed should be turned of and water should be used carefully.

The above three are known as Total Cost

Total cost 80%	Materials	30%	Sales 100%
	Labour	30%	
	Overheads	20%	
	Net profit	20%	

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Basic Concept of Profits

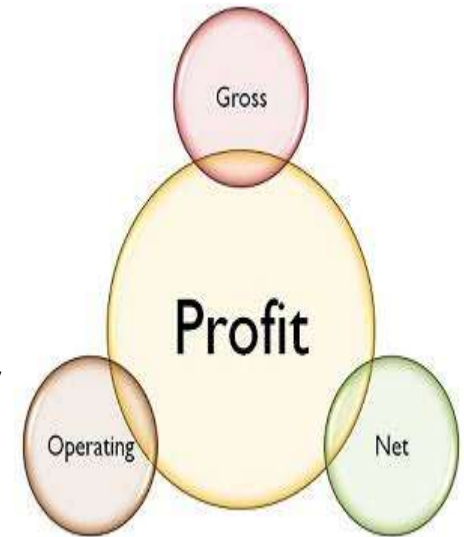
For any organisation, profit is the most important motivating factors. All organizations aim at maximizing their profits consistently. Following are the important concepts of profits.

Gross Profit: It is defined as excess of sales over the cost of material also known as Kitchen or Bar profit.

Gross Profit = Total Sales - Cost of materials / Food cost / Bar cost.

After- wage/operating Profit: It is defined as excess of sales over the cost of materials and labour costs. Usually used in establishments where the current control of labour costs is as important as the control of materials.
Total sales – material + labour costs.

Net Profit: It is defined as excess of sales over total cost i.e. Material + Labour + Overhead cost.



Costs can be examined not only by their nature i.e. material, labour, overheads but also by their behaviour in relation to changes in the volume of sales. Thus they are as follows:

Fixed Costs: Fixed costs are normally not effected by changes in occupancy or sales volume. They are said to have little direct relationship to the business volume because they do not change significantly when the number of sales increases or decreases.

Examples of Fixed costs are:

- Land, Building Taxes to government.
- Wages to employees.
- Hotel employees health premium.
- Out sourced services contracted for fixed amount in a month eg:- security services.
- Yearly maintenance contract fees (AMC) for all equipments, machineries and Hotel Management software's.
- Fixed internet, telephone plans.
- Advertising cost.
- Yearly external auditing cost.
- Payroll.
- Provision.
- Satellite TV.
- Music entertainment.
- Reservation expenses.
- Subscription - Newspaper, magazine etc.
- Human resources.
- Sales & marketing.
- Interest on loan.
- Other fixed charges etc.

Variable Costs: Variable costs are clearly related to hotel occupancy and business volume. As business volume or occupancy increases, variable costs will increase; as hotel occupancy decreases, variable costs should decrease as well.

Examples of variable costs are:

Food, beverages, house keeping cleaning supplies.

Flower arrangements.

Guest room amenities.

Guest room, restaurants and banquets linen.

Banquet HVAC costs.

Stationeries used in Front desk and restaurants.

Chemicals for laundry and water treatment plants.

T/A commission.

Flower & decorations.

Guest supplies -amenities.

Guest relations.

Laundry operations.

Laundry Uniform.

Printing supplies.

Entertainment.

Telephone & Fax.

Transportation.

Other operating supplies.

Administration & General.

Human resources.

Sales & Marketing.

Management & Finance.

Semi-fixed Costs:

These are the costs which move in sympathy with but not in direct proportion to the volume of sales e.g. fuel costs, telephone, laundry, room supplies, etc.



Food Establishment Self-Inspection Checklist

Checklist Completed By:	Date:	Time:		
S = SATISFACTORY	N = NEEDS IMPROVEMENT	C = NEEDS IMMEDIATE CORRECTION		
Note: The items that are bolded are priority violations that require immediate correction.				
FOOD RECEIVING AND STORAGE PRACTICES	S	N	C	ACTION TAKEN
Food items are received from approved sources.				
Food is wholesome and in good condition.				
Upon receipt, foods are temped and stored at proper temperatures.				
Food is labeled and stored above the floor.				
Food storage rooms are clean and organized.				
COLD STORAGE OF FOOD	S	N	C	ACTION TAKEN
Cold foods are stored or displayed at 41°F or below.				Food: _____ Temp: _____ °F
Prepared time/temperature control for safety food (TCS) has date and time labels for cooling.				
Prepared or opened TCS food held > 24 hours date marked for no more than 7 days and held ≤ 41°F (add a of max 6 days from date of prep or opening).				
Proper disposition of returned, previously served, reconditioned, and unsafe food.				
Refrigerator temperatures are 41°F or below, and thermometers are present and visible.				Date: _____ Temp: _____ °F
Frozen foods are frozen solid.				
Food products protected by food grade containers/covers.				
No direct bare hand contact with ready-to-eat food.				
COOKING AND SERVICE	S	N	C	ACTION TAKEN
Hot TCS food held at 135°F or above.				
Cold TCS food held at 41°F or below.				
Time as a public health control in place – TCS food cooked, served, or discarded at end of 4 hours (no raw eggs for highly susceptible population). Written procedures available for review by staff and MCDH.				
Sliced beef, steaks, pork, fish, and cook to order eggs cooked to 145°F for 15 seconds.				Food: _____ Temp: _____ °F
Ground meat and pooled eggs for later service are cooked to 155°F for 15 seconds.				Food: _____ Temp: _____ °F
Poultry, stuffed meat and pasta, TCS food cooked in microwaves, and previously prepared and cooled foods are cooked or reheated to 165°F for 15 seconds within 2 hours using stoves, ovens, grills, or microwaves only. Reheating to 165°F for hot holding or any temperature for individual orders.				Food: _____ _____ Temp: _____ _____ °F
Thermometers are calibrated.				
Thermometers used to verify food temperatures at all preparation steps.				
Consumer advisory provided for raw or undercooked food (on menu or posted).				

Summit Day 08/2020

CHECKLIST CONTINUED ON BACK

EMPLOYEE PRACTICES AND TRAINING	S	N	C	ACTION TAKEN
Employees wear clean clothing and effective hair restraints. Fingernails are trimmed, filed, and clean.				
Employees preparing food are not wearing jewelry on arms or hands (exception: plain band rings).				
Hand sinks accessible, in good repair, and stocked with soap and paper towels.				
Employees wash hands only at designated hand sinks, and barriers are used to turn off faucets and to open door handles.				
Employees wash hands before starting work and after breaks.				
Employees use good hygiene practices while handling food.				
Employees observed washing hands between tasks (handling raw meats, garbage, mop, etc.).				
Employees free of any illness, cuts, or infections.				
Employees do not eat, drink, or smoke in food preparation, food service, and food storage areas.				
Food Protection Manager(s) onsite supervising food staff.				Name: _____
Food handlers complete food handler training within 30 days of employment.				
KITCHEN AND EQUIPMENT	S	N	C	ACTION TAKEN
Sanitizing rinse at 3 compartment sink is at proper concentration and test kits are onsite.				Water Concentration: _____ ppm chlorine / quat / iodine
Dishwasher final rinse at proper sanitizer concentration or temperature with test kit or thermometer present.				Water Concentration: _____ ppm chlorine Water Temperature: _____ °F
Chemicals are labeled and stored separate or below food and single service items.				
All food equipment is clean and in good repair.				
Food service sinks are cleaned and sanitized before use.				
All food equipment is washed, rinsed, and sanitized after use.				
FACILITY	S	N	C	ACTION TAKEN
Water from an approved source.				
Hot and cold running water under pressure during all hours of operation.				
Proper sewage and waste disposal.				
Proper plumbing for equipment (open site drain, air gaps, back flow prevention device).				
Effective pest control in use, doors and windows closed, and free of insect and rodent infestations.				
Dumpster lids kept closed and dumpster area kept clean.				
Walls, floors, and ceilings kept clean and in good repair.				
Restrooms cleaned and stocked with soap, paper towels, and waste can; and women's restroom has lidded receptacle for feminine sanitary products.				
EVENTS THAT MAY REQUIRE IMMEDIATE CLOSURE	S	N	C	ACTION TAKEN
Fire, sewage backup, no hot/cold running water, no electricity, utility interruptions, and inability to clean and sanitize.				Immediately contact GM/H&S :