

# FOOD COSTING MAGIC

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# Basic Food Cost Overview

- ▶ **Food Cost Overview** - Food Cost is an important area that everyone can have an impact on. This is why it is important that every Manager / Chef understands factors and situations that can affect food cost. controls it, and how it is controlled.
- ▶ **Food Cost** (as a percent of sales) Amount of money to produce the product divided by the sales of that product -  $\text{Cost} / \text{sales} \times 100\%$
- ▶ **Food Cost Calculations** - Food cost is based on the amount of food used related to food sales. To calculate food usage, take the beginning food inventory, add food purchases for that period or week, and subtract the ending food inventory. For example, if beginning food inventory is Kes 15,000/ total food purchases for the week are Kes 28,000/ and the ending food inventory is Kes14,000/ the usage for the week is Kes 29,000/

# Basic Food Cost Overview

- ▶ **Food Cost Control** - Food Cost control is a team effort. The manager/kitchen manager / Chef is directly responsible for the employees that control food production. They must be continually training their team so that the integrity of the food stays intact with minimal waste. They also make sure that all dishes are rung in and comped correctly.
- ▶ **Understanding the Food Chain process** - Food Cost starts and encompasses from the supplier , delivery, receiving, Storing, Production, Stock management to sales

# Common food costing mistakes and misconceptions

- ▶ The food cost % is high - The chef is no good
- ▶ The food cost is the Chef's responsibility
- ▶ Setting of Food cost % before starting a business
- ▶ Only the meats are High cost foods
- ▶ High food cost is always theft / pilferage relate
- ▶ Low food means the chef is stealing from the guests
- ▶ Reducing menu items on a buffet can help reduce food cost
- ▶ Buying from the lowest seller is the best for Food cost
- ▶ Locking up all items helps save food cost

# How to Control Food Cost - Basic

There are five areas that have impact to control food cost. The areas are Food Purchases, Receiving Food, Food Storage, Food Production, and Food Sales

1. Food Purchases: Ordering the proper amount for storage and rotation. Maintain par levels so that there are always enough products, but not so much that there are waste. Buying right and monitoring supplier prices to get the best price for the quality specified.
2. Receiving Food: Ensuring that the product ordered is the product received and paid for. Proper receiving requires matching the order guide/purchase order to the delivery.
3. Food Storage: Storing product at the optimal temperature for quality and proper shelf life.
4. Food Production: Maintaining proper temperatures while prepping items, and training the Crew to get as much yield out of raw product as possible
5. Food Sales: Selling product using accurate measures with up to date pricing and records. Recording all complimentary and duty meals.

# 5 ways to Impact Food Cost through Effective Floor Control

- ▶ Restaurant profitability requires effective Floor Control. Managing Food Cost, the largest P&L expense, is essential to optimizing profits.
- ▶ Discuss Food Cost opportunities observed from your shifts at weekly team meetings. Use the G.A.M.E. method of problem solving to correct Food Cost opportunities.

## **Procedures:**

- ▶ Observe all crew procedures, coach if necessary.
- ▶ Observe portion sizes, addressing yield items as appropriate.
- ▶ Remove any barriers that prevent staff from delivering quality products in the proper amount of time for your operation:
- ▶ Insure proper execution of on-the-floor training.

## **Raw Product:**

- ▶ Avoid overstocking at the prep table, fry station, coolers, freezers e.t.c
- ▶ Check code dates to insure stock rotation

# 5 ways to Impact Food Cost through Effective Floor Control

## **Product Waste:**

- Check waste containers to insure discards are in the proper location.
- Count waste accurately.
- Check code dates of incoming products to insure proper remaining shelf life.

## **Security:**

- Keep store keys in possession of the shift manager or allocated store keeper
- Ring / Post up all employee and manager meals
- Reconcile promo against POS/cash register amount during drawer counts/check out.

## **Communication:**

- Inform the kitchen crew of the restaurant's top 3 food cost issues. Obtain their assistance.
- Recognize, reward and communicate successes to management and crew during your shift

# G.A.M.E. approach to optimize Food Cost

G.A.M.E. is a simple four step method of problem solving useful in all situations. Here is the G.A.M.E. approach to help you to improve food cost

## G - Gather Facts (What's the Problem?)

- Insure accuracy of reports: Inventory, product mix, daily sales reports.
- Check for administrative errors: Transfers, Waste recording, Invoice entries, etc.
- Observe staff procedures, product storage and handling while managing your shift
- Identify problems on-the-floor

## A - Analyze (Why is this happening?)

- Analyze reports and identify opportunities.
- Determine your restaurant's largest money loss items
- Ask "Why" the problem is occurring. Continue asking why until you determine the root cause

# G.A.M.E. approach to optimize Food Cost

## M - Make a Plan(What would work better?)

- Make plan realistic and obtainable
- Plan must be easy to implement
- Plan must include measurement of with tactics
- Plan must include accountability of timely results
- Assign each manager a part of the action plan
- Communicate plan to all restaurant staff

## E - Execute and Evaluate(Make it happen consistently!)

- Execute the plan
- Monitor the results (measurement)
- Evaluate progress made on the top Stat loss items
- Refine the action plan as necessary
- Communicate, communicate, communicate and finally recognize and reward

# Save Money by Buying Smarter

- ▶ Know the price before you buy - ask suppliers to provide order guides (price lists) as frequently as their prices change. You have the right to know the price before you buy and you should take that into consideration when placing your order. Don't let small weekly price changes catch up with you over time.
- ▶ Look for quantity discounts - most suppliers charge extra for broken cases. Evaluate the opportunity to take advantage of full cases for items (especially non perishables) based on your storage space.
- ▶ Evaluate impact of price trends - periodically re-calculate the food cost based on current prices. Proteins can have peaks and valleys in pricing, peaks may result in changing the menu items or pricing, valleys may create opportunity to run featured items to capture more margin.
- ▶ Receiving - Take a few extra minutes to check in every order. Make sure quantities match the order (and invoice), double check weight of high cost items

# Taking a Deeper Dive into Food Cost saving measures

- ▶ **Dumpster Dive:** the purpose of the dumpster dive is to evaluate food and paper waste, look at dumpster usage and evaluate the corral area
- ▶ **Refrigeration:** Refrigeration that does not run efficiently can have a big impact in the following areas: food cost/waste, electricity usage, repair bills, and capital expenditures. In addition, food quality , food waste and food safety are impacted.
- ▶ **Food Cost :** Controlling food cost is a shift by shift task. POS procedures, inventory systems, production and prep systems, and constant communication and follow-up are the keys to keep your food cost in check.
- ▶ **Production Area** This is one of the most critical areas with regards to profitability. The bulk of controllable costs are in the hands of the production staff. Digging into the details is where you will find the profit opportunities.

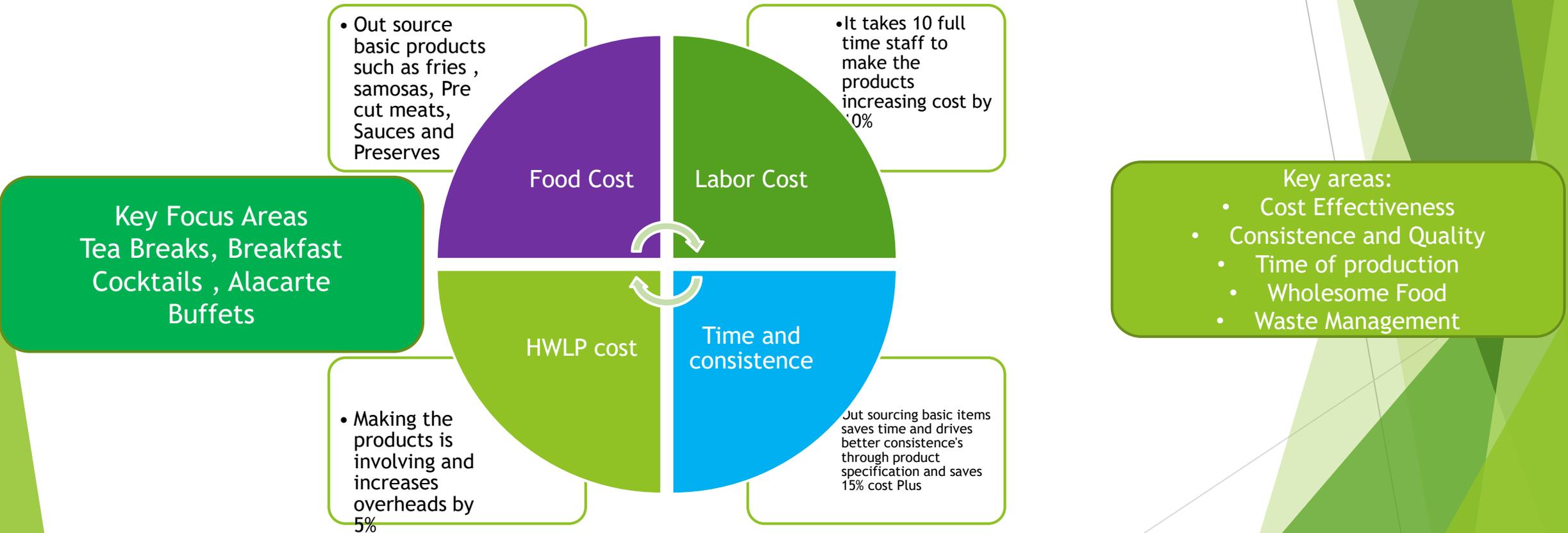
# Taking a Deeper Dive into Food Cost saving measures

- ▶ **Prep procedures** : Product yields are largely determined by prep procedures. Proper procedures can improve yields between 5 and 25+%.
- ▶ **Beverage yields** : Proper portioning is the key to maintaining the cost of goods and product quality with regards to beverages
- ▶ **Trash cans** : Check trash cans to insure your profits are not being “thrown away”.
- ▶ **Back Door** : The back door is a critical as your front door for maintaining profits. The value of items that go in and out the back door is greater than what you typically deposit in cash each day. Having a system in place to monitor the back door will protect profits and the personal safety of employees and customers.
- ▶ **Inventory Systems** : An efficient inventory system is the first step in maintaining a good food cost. Both stocks and selling

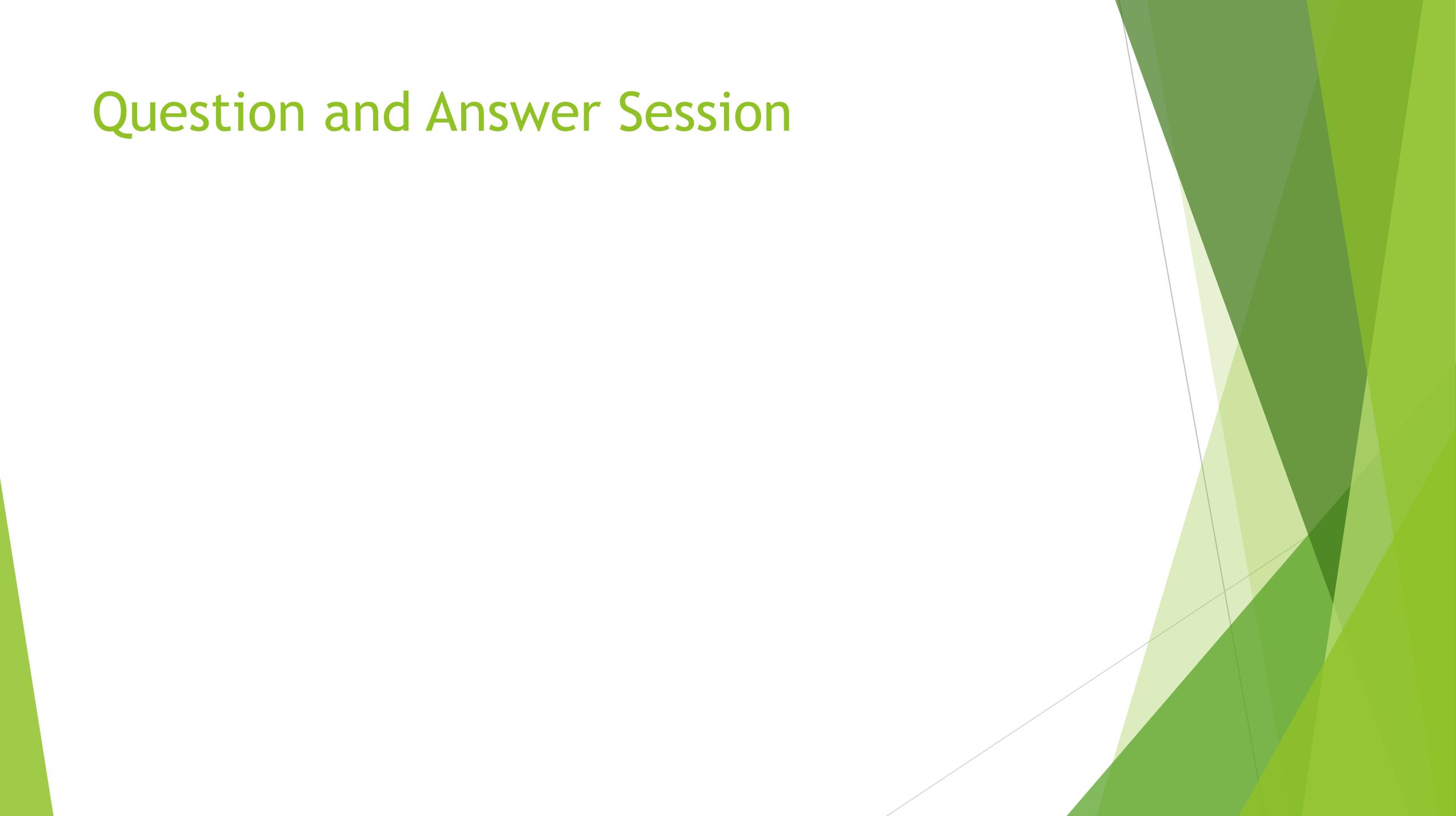
# Non Kitchen Factors that affect food cost

- ▶ Poor menu pricing
- ▶ Poorly trained staff
- ▶ High food pricing due to PESTLE and inflation
- ▶ Not having proper discounting / Complimentary policy
- ▶ Lost Revenue / Sale through theft and pilferage
- ▶ Lack of communication

# Holistic approach to food production



# Question and Answer Session

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the slide, creating a modern, layered effect. The text 'Question and Answer Session' is positioned in the upper left quadrant in a clean, sans-serif font.

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