

## Introduction to F&B Cost

As you are browsing my web site you can come to the conclusion that I am a talented good chef, all food art work; ice carvings, centerpieces and other art works you can see there, do not give you any guarantees that you can have a long-lasting job. All business owners, be they independent or corporate, are looking for profit (bottom line). Of course, your creativity and great palette, producing tasty food with outstanding presentation is the additional feather in your cap that gives you recognition. So in order to be good, profitable chefs, you have to deliver budgeted departmental cost, containing all costs of food and expenses F&B operation labor costs. Otherwise, your working place becomes a miserable stressful nut house, and your employment maybe numbered in days. In this segment of my web-site you can see some other important factors to help you take full control of the operation such as: the business forecast, schedule, menu costing sheets with menu profile chart, food cost and other F&B expenses report.

**Labor** cost is the main profit “Pac-man”, that can chew-up departmental profit quicker than you can turn your head around. It is imperative to schedule your kitchen staff according to the business value and schedule employees suitable to do the job efficiently in order to get as much productivity you can achieve. You need to watch employee’s professional behavior for quality of product and employee breaks for productivities. The Chef’s position in the United States is not a well-defined position, meaning that we still have many chefs performing duties without formal training, which can effect sanitation and quality of production as well as level of cost associated with the business value.

In today’s level of technologies it is easy to put your hands around all of that to control your departmental cost, even if you have an operation with multiple F&B outlets, like banquet service, fine dining room, fast food establishment and café bar. The most important thing that needs to be done is to “forecast” to recognize the value of the business approaching your operation. This may be done on a basis of pre-booking banquet function, repeat business and other occasional events like large public celebrations of holidays (Valentines, St. Patrick day, Easter, Mothers day, Thanksgiving, Christmas – New Year season etc.).

**Forecast** done in this segment, showing three different F&B establishments, two other places with sleeping rooms and pre-booked value of F&B revenue. That information should help you to make appropriate scheduling of F&B staff per outlet with satisfaction of the business demand and labor cost control. There are now many such programs created on CD’s for sale and many of them are not suitable for your operation and hard to be converted, so the best is to create such spreadsheets by yourself for your business needs. Believe me, this is working. In my situation, I can see daily what happened in my F&B department, and feel so good when you can present the actual numbers before anyone else (controller or GM) can tell you the actual position of your F&B department.

**Schedule** shows mathematical configuration to project up-coming cost per schedule to the forecasted revenue, which takes more time to do but keeps your labor cost in better shape. There is another way to do schedule which is most complicated with schedule employees by factor. It is very complicated and not many corporations can come up with the correct numbers per factor due to the variety of menu items per meal period. This type of scheduling is mostly implemented in the rooms division. F&B is too diverse, so the factor number varies for each meal period which causes too much time to be wasted in

such a schedule. I personally prefer the second schedule type, which lets you see how much money you can spend in your up-coming schedule compared to the revenue.

**Food cost & other expenses report:** this report is the most important report not only to the F&B director but to each Exc. Chef, and it is so simple. A chef must sign off on each invoice showing receipt of merchandise, or at the end of the day, or whatever system is designated (each company has it's own policy). My report is designated to just track down these invoices and allocate them in the right column with the appropriate code (you got budget and you know cost allowances per code). You place these numbers on the top of the columns and as you are placing the invoice value per code formula collecting the total and subtracting from the budgeted number showing you where are in relation to the revenue. Of course, some invoices have multiple categories of expenses: maybe food, paper, cleaning supply, etc. You must separate these numbers for accounting purposes. All formulas should be done that way so whatever you do on any other page all data is transferred to the front page for efficiency of reporting. No one wants to have to flip through multiple pages to see bottom line numbers. This way page one is main page. Possibly you may need more explanation you can contact me at [chefemn@aol.com](mailto:chefemn@aol.com)