

CHAPTER 3

INTRODUCTION TO COST CONTROL CYCLE

LEARNING OBJECTIVES

After completing this chapter learners would be able to:

- (i) Understand Cost Control Cycle
- (ii) Explain Concept of Purchasing, Receiving, Storing, Issuing, Production Control & Sales Control

3. COST CONTROL CYCLE :

The motive of a Restaurant / hotel is to make reasonable profit at the end of the day. To make profit, it is not only that the sale is to be increased but the cost / total cost of the product is also to be controlled without affecting the portion of the dish or without deteriorating the quality of the dish.

At all levels, from purchasing, receiving, storing, issuing, production (cooking) and sale, the cost have to be controlled. At any level if the cost is not controlled than the restaurant / hotel will not make profit in spite of having a very good sale.

3.1 : PURCHASING:

The purchase department must ensure that the right quality of food, at competitive price and right quantity of raw material should be procured to keep the cost control.

3.2: RECEIVING AND STORING OF RAW MATERIAL:

The raw material received by stores must be inspected for the quality and the quantity desired, and in case it is not found up to requirement, it should be returned to the supplier for replacement. All raw material received must be stored at a proper place. It is saying that in stores there should be , 'a place for every thing and every thing in place'. The store keeper must ensure that no food item should get spoiled and if it happens then it is charged to store keeper.

3.3 : STORING

All raw material received must be stored properly in the stores department attached to the receiving department. In some hotels the perishable items are received in consultation with the Chef or the head of other department who ordered the material. The department who ordered is asked to take the delivery and shift the material to their department.

3.4: ISSUING:

All goods should be issued after a proper requisition. The store keeper must follow the rule of 'FIRST IN FIRST OUT (F.I.F.O.)', which means the goods received first are issued first.



3.5 : PRODUCTION CONTROL AND PROPER STORING OF COOKED FOOD:

The chef must ensure that the standard recipe is strictly followed in kitchens. The dishes served must have the similar presentation with identical accompaniments at all times. In case the cooked food is left at the end of the day then it must be stored at a proper temperature so that it can be used on the following day, if so required. Chefs can Re-Chafe the dishes to give a fresh look and better presentable. The cooks must ensure that there should be as far as possible no spoilage of food in the kitchen.

3.6: SALES CONTROL

In case food is allowed to be picked up without proper bill then this will increase the food cost.

To have a better cost control cycle there are other numerous factors apart from above mentioned points which affect the cost control and these are:

- a) **POLICY:** Policy of purchasing, menu finalisation, interior decoration of the restaurant, etc. should be as per the market requirement. There is no need to design or plan menu which people, at large, do not relish. For example, planning a Thai Menu for a small restaurant where guests do not have the liking of Thai Menu.
- b) **MENU:** Keeping in view the menu / dish, the quantity of raw material should be ordered. For example, for soups one may order for small sized but red coloured tomatoes but for salads tomatoes should be red, large and round.
- c) **VOLUME:** If possible, large volume of raw material should be purchased as the bulk purchasing will be always cheaper. But the large quantity should only be bought if it can be used without losing the quality of the raw material.

SUMMARY / RECAPITULATION:

The controlling of cost on purchasing, receiving, storing, issuing, etc. is a must to make net profit. Otherwise, in spite of large sale, the restaurant may make loss.

ANSWER THE QUESTIONS:

- Q1. How will you ensure a profitable venture for your restaurant?
- Q2. It is not only sale which determines a profitable restaurant. What are the other factors which affect the profitability of the restaurant?