

- Content: Cost and portion control
- Learning Outcomes: Students will
- know the term 'add on costs'
 - cost a recipe
 - work out the selling price of a dish

COSTING DISHES

All hospitality outlets need to make a profit in order to stay in business. This is very important when deciding the dishes to put on a menu. The chef has to consider a number of things when deciding the dishes to make.

When working out the selling price the chef will need to consider the following

- The actual cost of the food
- Labour costs (what staff are paid)
- Overheads (heating, lighting, equipment costs, premises – rent/rates)
- Profit
- VAT (tax paid to the government)

In order to keep costs down the chef has to plan carefully.

Food costs.

- Use food in season as they are usually cheaper.
- Order only the quantity required to avoid wastage
- Order from a good supplier so the food is high quality and can all be used therefore no waste.
- Have good stock control (FIFO) so food is always used in rotation and none has to be thrown out because it is poor quality or unsafe to eat.
- Use reliable recipes that produce high quality dishes.
- Know the number of portions from a recipe by having good portion control in place to ensure consistent portion size served to customers.

Labour costs

The wages of the staff are important and must be built into the selling price of a dish. Careful planning is required so that there are enough staff on duty to cope at busy times. Similarly, if too many people are employed when they are not needed this can lower profits.

Overheads

The business will have to build in the cost of rent, equipment, heating, lighting and refurbishment of the premises.

Profit

The amount of profit needed to make the business succeed will have to be worked out.

VAT

This is a tax set by the Government and has to be added on as the customer has to pay this for services.

Example

A chef in a restaurant is planning to add a new dish to the menu. The following information shows how he works out what he needs to charge per portion.

DISH: Sour Cream Pasta Bake

Number of portions: 4

He set up a spread sheet under the following headings and listed the ingredients in the recipe.

Dish Sour Cream Pasta Bake				
A	B	C	D	E
Ingredients	Grams Required	Weight of food purchased	Cost of food purchased	Actual cost
Row 4				=D4/C4*B4
Row 5				=D5/C5*B5
Row 10			Total cost	=sum
Row 11			Number of portions	4
Row 12			Cost per portion	=E10/E11

The spreadsheet helped him to work out the actual cost of the ingredients in the dish. He used the formula = D4/C4*B4 to work out the actual cost per ingredient. The row number had to change each time.

He then divided the total cost of the ingredients by 4 to get the cost of one portion.

To find the selling price he had to use the following formula

Food cost x 100 divide 40

For example, if the cost per portion for the ingredients is £2.50 then the selling price is **£2.50 x 100 divide by 40 = £6.25**

The cost of the dish on the menu is £6.25

ACTIVITY 1 – costing a dish

Select a recipe you have used recently.

Note the number of people or portions it serves.

Set up a spreadsheet to help you work out the cost of making the recipe.

To work out the cost of each ingredient you will need to know

- the weight of each ingredient required in the recipe.
- the weight of a packet of each ingredient.
- the cost of each packet of food

Use a supermarket website to help you find the cost of the ingredients. Make sure you have the weight of the product packet you are looking at.

Workout the food cost for the chosen recipe.

ACTIVITY 2 – finding the selling price

In hospitality most businesses use the following formula to work out the selling price to charge enough to cover all the add on costs and make a profit.

1. Cost of food multiplied by 100 divided by 40.
2. Use this formula to work out the selling price per portion.