

Course Objectives/Course Outline
Spokane Community College

Course Title: Hospitality Cost Controls
Prefix and Course Number: HM 265

Course Learning Outcomes:

By the end of this course, a student should be able to:

- determine income and expenses
- calculate sales volume and beverage cost
- manage the food and beverage production process
- calculate costs of labor and other expenses
- maintain the income control system

Course Outline:

I. Income and Expense

- a. Explain the basic formula for making a profit.
- b. Calculate percentages from the cost vs. the menu price.
- c. Compare budgets to actual sales and expenses.

II. Sales Volume

- a. Record actual sales volume in sales dollars and customer count.
- b. Estimate future sales from past sales.
- c. Maintain a sales history record.
- d. Use percentages for comparison analysis of sales.

III. Food Costs

a. Describe standardized recipes and their importance in relationship with menu pricing and food costing.

- b. Use sales histories for purchasing and preparation schedules.
- c. Create an organized purchasing program.
- d. Compute the actual cost of food consumed.
- e. Estimate a daily and weekly cost of food consumed.
- f. Analyze inventory and its relationship to cost control.
- g. Compare food cost percentage vs. food cost in dollars.

IV. Beverage Costs

- a. Categorize the different alcoholic beverages.
- b. Explain the importance of standardized recipes in the bar.
- c. Compute bar transfers to the kitchen and from the kitchen.
- d. Prepare a menu for selling wines by the glass using percentages.
- e. Cost out beers on tap and by the bottle.
- f. Explain the importance of management controls in the bar area.

V. Food and Beverage Production Process

- a. Compute portion costing from standardized recipes.
- b. Compare actual costs of goods to the potential cost of goods.
- c. List methods for reducing the overall cost of goods.
- d. Explain the principle of ABC inventory.
- e. Compare physical vs. perpetual inventory.
- f. Explain the components of an efficient food production management system.
- g. Categorize food products.
- h. Explain menu-pricing decisions based on food cost percentage vs. the contribution margin method.
- i. Use yield testing to explain EP cost vs. AP cost.
- j. Analyze basic problems and solutions for controlling food and beverage costs.

VI. Labor Costs

- a. Compare labor expense vs. payroll.
- b. Explain the importance of labor productivity.
- c. Explain the benefits of proper training in a food service facility.
- d. Write a schedule for restaurant.
- e. Illustrate proper supervision of employees.
- f. Explain the relationship of good morale and good productivity.
- g. Evaluate the relationship of a good equipment and physical plant maintenance program and good productivity.
- h. Evaluate the costs and problems associated with high employee turnover.
- i. Write job descriptions for a restaurant.
- j. Establish and explain productivity measurements for labor cost analysis.
- k. Develop methods for controlling labor costs.
- l. Explain the importance of employee empowerment.

VII. Controlling Other Expenses

- a. Define the categories of "other" expenses in a restaurant.
- b. Define fixed costs.
- c. Define variable costs.
- d. Define necessary expenses.
- e. Define controllable expenses.
- f. Define uncontrollable expenses.
- g. Compute other costs as a percentage, or as a cost per guest.
- h. Summarize a program for reducing other costs in a restaurant.

VIII. Analyzing Results by Using Basic Accounting

- a. Describe financial accounting.
- b. Analyze a balance sheet.
- c. Analyze profit and loss statement.
- d. Prepare a budget from sales history.
- e. Forecast income and expenses from sales and expense histories.
- f. Define assets, liabilities, owner's equity, and other terminology.
- g. Explain how to borrow money based on your accounting knowledge.
- h. Calculate break-even analysis.
- i. Explain menu sales mix analysis.
- j. Explain the concept of menu engineering

IX. Income Control System

- a. Explain the importance of a good security system.
- b. Describe different inventory methods and how often one should inventory.
- c. Explain the system of deposits, checks and balances.
- d. Organize a program to prevent customer and employee thefts and pilferage.