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# Advance Food & Beverage Management-1

## (BHA 503)

**National Council for Hotel Management and Catering Technology**

(An Autonomous Body Under Ministry of Tourism, Govt. of India)



A-34, Sector 62, Noida - 201309



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# PREFACE



**National Council for Hotel Management and Catering Technology**

(An Autonomous Body Under Ministry of Tourism, Govt. of India)

## **Gyan Bhushan, IES**

*Sr Economic Advisor and CEO, NCHMCT  
Ministry of Tourism, Govt of India*

Entering your fifth semester, you stand at the threshold of transforming knowledge into expertise and preparing for leadership in the dynamic world of Hospitality Management. This student handbook has been meticulously crafted to provide you with a comprehensive understanding of the principles, practices, and strategies that are essential for success in the dynamic hospitality industry. As the global hospitality landscape continues to evolve, the role of hotel managers become increasingly multifaceted. This handbook written as per the new curriculum based on NEP is a reflection of our commitment to equipping you with the knowledge and skills that will make you not just a successful hotelier but a true hospitality professional.

I would like to extend my gratitude to the dedicated team of educators and industry experts who have contributed their expertise to this textbook. Their collective wisdom ensures that you receive the most relevant and up-to-date information. Remember, in the world of hospitality, the guest is at the heart of everything we do. I invoke you to approach your studies with the same spirit of guest-centricity. It has been a deliberate effort to keep the language used in the student handbook as simple as possible. Necessary pictorial illustrations, formats and review questions have been included to help the learners understand the concept without any difficulty. I wish you a rewarding and enriching learning experience.

Comments and suggestions are welcome for further improvement of the book.

**Gyan Bhushan, IES**



# ACKNOWLEDGEMENTS

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# Unit-1

## Revenue Control

### Overview

Revenue control is a crucial part of the food & beverage service management. The success of a food & beverage department will also be determined by how well the revenue flow has been controlled. It outlines the fundamentals of cost which is vital for the management to plan and execute its operation. This unit will provide information about cost, elements and classification of cost, labor control, costing - pre and post profit and loss (P&L).

S. No.	Sub-Unit	Learning Topics	Key learning objectives/ At the end of this subunit, the learners will be able to:
1.1	Cost	<ul style="list-style-type: none"><li>• Definition</li><li>• Elements and Classification of cost</li></ul>	<ul style="list-style-type: none"><li>• Define cost</li><li>• Enumerate and explain the elements and classification of cost</li></ul>
1.2	Labor control	<ul style="list-style-type: none"><li>• Labor cost</li><li>• Staffing guidelines</li><li>• Work scheduling</li><li>• Analyzing labor cost</li></ul>	<ul style="list-style-type: none"><li>• Define cost</li><li>• Enumerate and explain the elements and classification of cost</li></ul>
1.3	Costing	<ul style="list-style-type: none"><li>• Pre &amp; Post P&amp;L</li></ul>	<ul style="list-style-type: none"><li>• Explain pre and post P&amp;L</li><li>• Differentiate pre and post P&amp;L</li></ul>

### 1.1 COST (ELEMENTS AND CLASSIFICATION)

The amount of money used on the production and sale of a product is called cost, which comprises of labor and overhead cost and also other expenses as well.

#### 1.1.1 Elements and classification of cost

The cost involved in the operation of a food & beverage unit is usually analysed under the headings of:

> Material Costs – These are the one that includes the price of the food and

beverage that are consumed as well as the price of miscellaneous items. (Note: Employee meals are subtracted from material cost and added to labor cost.). The food cost is then determined using the formula:

• Opening stock + (purchases – staff meals) - closing stock = material cost

> **Labor costs** – wages and salaries paid to all employees, plus an employer contribution to government taxes, bonuses, staff meals, pension fund, and fringe benefits given to employees which shall include staff transportation, staff uniforms, staff accommodation or HRA, medicals and insurance benefits provided to staff, etc.

> **Overhead costs** – All expenses other than labor and material costs are referred to as overhead costs. Example - rent, insurance, repairs and glassware, etc.

The sum total after adding the material cost, labor cost and overhead is called as total cost. This deducted from the sales of the establishment, gives the net profit. The relationship between sales, costs and net profit is shown in figure 1 below –

<b>Total Cost</b> ₹850 (85%)	Materials	₹350	35 %	<b>Sales</b> ₹1000 (100%)
	Labor	₹270	27 %	
	Overheads	₹230	23 %	
	Net profit	₹160	15 %	

Figure 1. Elements of cost

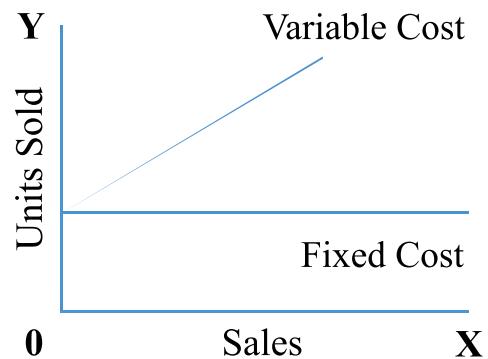
(Davis, Lockwood, & Stone, 1998)

Cost on the basis of their behaviour may be classified into (Changes in the volume of sales):

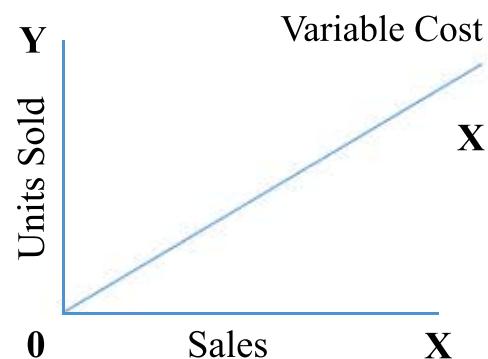
> **Fixed cost:** Fixed costs may be defined as costs which remain completely or substantially fixed irrespective of the volume of sales. Examples – Loan repayment, insurance, etc. An important feature of fixed costs is that they accrue with the passage of time, quite regardless of the changing pattern of sales. Hence, they are referred to as “period costs”.



> **Semi Fixed Cost:** the expenses that fluctuate in aggregation with sales volume, but not proportionately. Examples - gas, electricity, etc.



> **Variable Cost:** Variable costs are those that change according to the establishment's output or sales. They increase with the increase in sales, e.g. food cost, beverages cost, etc.



\*Total costs: Total costs is the sum of the fixed costs, semi-fixed costs and variable costs involved.

(Kotas & Davis, Food cost control, 1973)

Cost on the basis of traceability may be classified into the following – Direct and Indirect Cost.

> **Direct Cost:** Expenses that are clearly and easily recognized and linked to a particular cost object. Direct costs are of the following types -

- **Direct Material Cost:** Direct Material Cost is that cost which we find in finished product and easily measures its cost. For example, for making furniture, woods are direct material and its cost will be part of the direct cost.
- **Direct Labor Cost:** Direct labor cost is used for producing the product. We pay wages for making product to laborers and this cost will be the direct labor cost.
- **Direct Expenses Cost:** Except direct material and direct labor cost, all direct expenses will be direct expenses cost.

> **Indirect Cost:** Expenses that are frequently allocated yet are difficult to linked to a particular cost object. Indirect costs are of the following types –

- **Indirect material cost:** Materials that are utilized for purposes that are not easily attributed to a particular physical component of a good or service.
- **Indirect labor cost:** Cost of employing workers who are not directly involved in the production of commodities or the provision of services.
- **Indirect expenses:** Expenses that cannot be directly, easily, and entirely assigned to a specific cost unit.

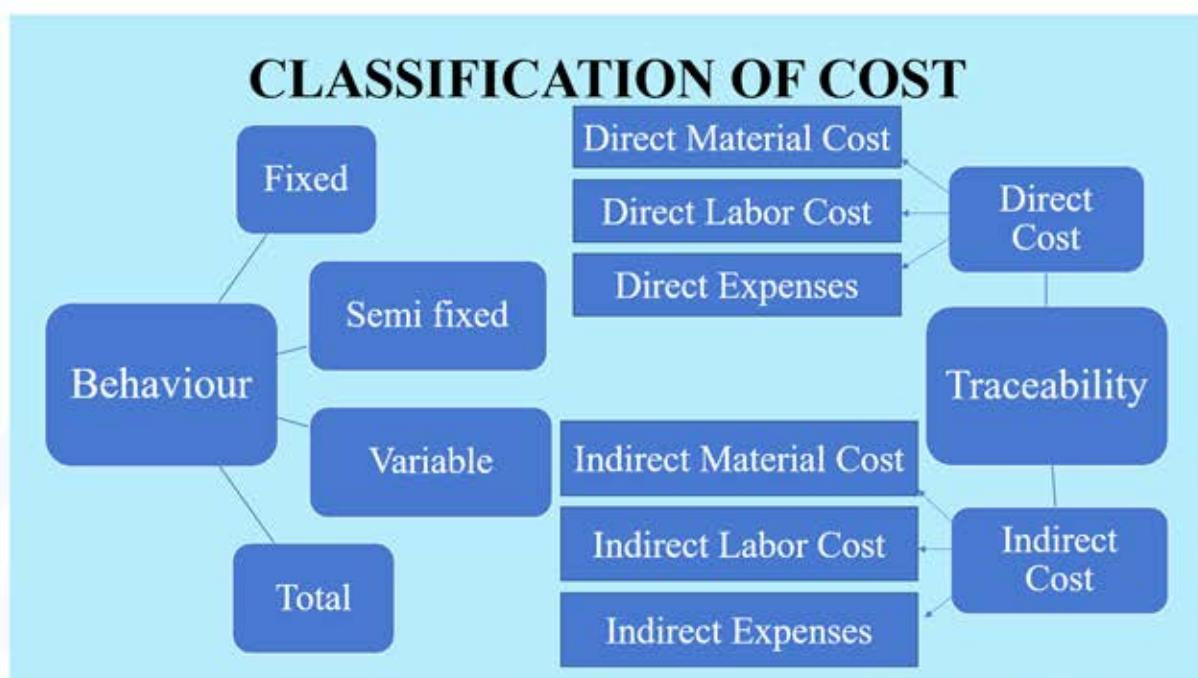


Fig. – Classification of cost

(Mathur, 2019)

### Check Back Questions:

1. Define cost
2. Enumerate the elements of cost.

## 1.2 LABOR COST

The total amount an establishment spent upon employing staffs and compensating its workforce is termed as labor cost. Success of the food and beverage industry requires a very well staff planning and managing labor costs. In the sector of food and beverage, labor cost represents a significant portion of the total operating expenses. Labor cost typically in food & beverage establishment are of two types – salary (permanent employees) and wages (for daily staffs hired and apprentices, e.g. ODC)

### 1.2.1 Establishing standard staffing guidelines

It is not easy to decide the accurate numbers of staff required for a food & beverage outlet. Too less a staff will lead to customer dissatisfaction, complaints and increase in staff workload and pressure while too many staff will reduce the profit margin of the establishment.

Requirement of staff may vary from one establishment to another, depending upon –

- I. Category of hotel/restaurant
- II. Labor cost according to city
- III. Productivity of staff
- IV. Skill/ Training level
- V. Size/ covers of the restaurant
- VI. Styles of service used
- VII. Quality/type of equipment's
- VIII. Labor laws
- IX. Company policies, etc.

(Kotas & Jayawardena, Profitable food & beverage)

In food & beverage service outlet, where there is a constant flow of goods or services with little variation, creating standard staffing guidelines is frequently more feasible and measurable. Over the course of a year, it is common to adjust staffing guidelines to account for changing conditions, such as menu changes or restaurant expansion. A staffing guide will need to be reviewed and updated as a restaurant undergoes changes. When determining the type of employees needed for a food and beverage establishment, the following factors may be taken into consideration:

schedule employees, keep future labor costs under control, and correlate with sales projections.

**Exercise -**

Identify the labor cost from the following data given below and calculate the labor cost percentage –

S. No.	Cost Head	Total
1	Food raw material	₹40,000/-
2	Beverage	₹20,000/-
3	Salary	₹30,000/-
4	Stationery	₹5,000/-
5	Transport	₹10,000/-
6	Electricity	₹5,000/-
7	Fuel	₹5,000/-
8	Rent	₹70,000/-
9	Wages (casual staff)	₹10,000/-
10	Repairs	₹5,000/-

\*Answer – 20%

**Check Back Questions:**

1. What is the formula to calculate Labor cost percentage of sales?
2. Why is labor cost analysis a crucial concept?

**> Work production standards**

The establishment of work production standards and detailed job analyses comprises the next logical development in the attempt to analyze labor costs in food service operations.

The quantity of work that an employee with a particular type of job is expected to complete is known as the work production standard. The average amount of work that a person on that job actually does can then be compared to these standards. Work production standards can be used to more accurately

scheduling. Having enough employees to manage busy meal times without having too much help during slower intervals between meals is one scheduling objective. This can be accomplished with the aid of advance planning. To avoid having to work during the busiest meal times, employees should complete as much advance work as they can during the slow times. Part-time assistance may be available in certain areas to support peak hours. If workers can be found to work the staggered hours, break shifts can be very helpful. Double transportation costs can be an issue, though, and many employees dislike the "off" time in between. It is important to make sure that workers aren't scheduled before they are needed.

(Keiser & Kallio, 1974)

Flexibility must be built into an effective scheduling program, particularly for job assignments. The number of employees scheduled to work at a given time largely determines the level of service. The schedule of each employee has a significant impact on their level of satisfaction and productivity. The schedule demands your attention for reducing labor costs. Further the schedule needs to be directly tied to a business forecast.

It is crucial to comprehend the task of business forecasting in order to comprehend the three conflicting pressures that owners, employees, and guests face. When estimating the number of employees to schedule, expected business levels are essential.

Extend the forecast, modifying, if necessary, to accommodate economic patterns, upcoming holidays, or special events.

Calculate the number of employees required and ascertain each person's availability after the forecast has been established. Regardless of whether volume or sales increase or decrease, many businesses set aside a specific number of hours per week for each employee. Although this approach is simple and ensures that payroll won't go over budget, it ignores shifts in demand. Completing a business forecast, on the other hand, gives you the chance to change the number of hours worked by each employee in accordance with current circumstances.

There are two common methods for modifying schedules: cross utilization of employees to reduce costs or adjust hours based on business volume.

In accordance with staffing standards, modify the number of hours worked by each employee based on the growth or decrease in business volume. Business volume, not just company sales, should determine scheduling. For instance, free packages may increase your hotel's occupancy rate, but restaurant sales may not

always follow. However, your service standards might suffer if you don't plan for additional staff to handle any increase in guests.

(Ojugo, 2009)

### **1.2.3 A Duty Roster**

Duty roster is a format that shows allocation of service duties to a team of staff members. The main objective of a duty rota is to ensure that all necessary tasks are covered and assigned, so that service may be carried out effectively. And it also ensures that the tasks are assigned in rotation. It can be made weekly or fortnightly. It is a format in which the staff members are distributed into different shifts of a day. It also enables to rotate day offs evenly. Any special requests for days off or shifts should be granted as far as possible, unless it effects the operations. There are a few points to be considered when making a duty roster.

- Maximum and most efficient staff must be assigned during the peak and rush hours.
- Whenever necessary, overlapping of shifts should be done.
- Off days must be evenly distributed throughout the week.
- Staff must be rotated through all shifts, being impartial to all.
- Days of rush should be kept in mind.

The rota must be duly signed by the restaurant manager, and it should be prepared and displayed at least two days before it becomes effective.

**Example:** Prepare a duty roster for staffs of a 100 covers 24×7 coffee shop.

Ideally, there should be one waiter for every 20 covers, so in this case, we need 5 waiters at a time. One station contains approximately 45-50 covers, in our case, there would be two stations and 1 captain/supervisor required per station, so we need two captains/supervisors at a time.

As it is a coffee shop and runs 24\*7 We need 5 waiters and 2 supervisors in each shift. Total waiter required = 18 waiters (3 extra to make up for the weekly offs). Total Captains/Supervisor required = 7 Captain/Supervisors (1 extra to make up for weekly offs)

- M- Morning Shift (7:00- 15:00)
- E- Evening Shift. (15:00-23:00)
- N- Night Shift (23:00-7:00)
- O- Off

## Duty Roster for Captains/Supervisors

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
C1	M	M	M	M	M	M	O
C2	M	M	M	M	M	O	M
C3	E	E	E	E	O	M	M
C4	E	E	E	O	N	N	N
C5	N	N	O	E	E	E	E
C6	N	O	N	N	N	N	N
C7	O	N	N	N	E	E	E

## Duty Roster for Waiters

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
W1	O	M	M	M	M	M	M
W2	M	O	M	M	M	M	M
W3	M	M	O	M	M	M	M
W4	M	M	M	O	M	M	M
W5	M	M	M	M	O	M	M
W6	M	M	M	M	M	O	M
W7	O	E	E	E	E	E	E
W8	E	O	E	E	E	E	E
W9	E	E	O	E	E	E	E
W10	E	E	E	O	E	E	E
W11	E	E	E	E	O	E	E
W12	E	E	E	E	E	O	E
W13	O	N	N	N	N	N	N
W14	N	O	N	N	N	N	N
W15	N	N	O	N	N	N	N
W16	N	N	N	O	N	N	N
W17	N	N	N	N	O	N	N
W18	N	N	N	N	N	O	N

**Check Back Questions:**

1. What is the importance of employee flexibility to shift?
2. What factor determines whether a Manager can or cannot change shift timings or working hours of an employee?

**1.2.4 Analyzing labor cost**

All costs associated with employee compensation, such as wages, benefits, taxes, and other labor-related expenses, are systematically examined and evaluated as part of labor cost analysis.

Labor Cost Analysis is a crucial concept that aids companies in a variety of sectors in streamlining their workforce management procedures. It ensures effective labor resource allocation, adherence to legal requirements, and congruence with corporate objectives.

(workplace, 2025)

The two main functions of labor cost analysis are to identify areas of inadequacy and to assess whether labor costs are excessive or inadequate. Necessary corrective measures may then follow.

**> *Labor cost as a percentage of sales***

The first labor cost analysis simply compared the amount paid for labor with sales volume. This led to the calculating of labor cost as a percentage of sales,

a very simple and frequently used approach.

$$\text{Labor cost \% of sales} = \frac{\text{Total labor cost}}{\text{Total sales}} \times 100$$

Simple labor cost calculations expressed as a percentage of sales are very popular and useful, but their application is restricted. Daily differences usually equalize if the percentage is computed over a specific time frame, like a week or a month. Although the labor cost may have fluctuated between being too high and too low during this time, the overall percentage may have been acceptable. When percentage figures for previous weeks and months are available, the value of calculating labor cost as a percentage of sales is increased. These can be used to

schedule employees, keep future labor costs under control, and correlate with sales projections.

**Exercise -**

Identify the labor cost from the following data given below and calculate the labor cost percentage –

S. No.	Cost Head	Total
1	Food raw material	₹40,000/-
2	Beverage	₹20,000/-
3	Salary	₹30,000/-
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8	Rent	₹70,000/-
9	Wages (casual staff)	₹10,000/-
10	Repairs	₹5,000/-

\*Answer – 20%

**Check Back Questions:**

1. What is the formula to calculate Labor cost percentage of sales?
2. Why is labor cost analysis a crucial concept?

**> Work production standards**

The establishment of work production standards and detailed job analyses comprises the next logical development in the attempt to analyze labor costs in food service operations.

The quantity of work that an employee with a particular type of job is expected to complete is known as the work production standard. The average amount of work that a person on that job actually does can then be compared to these standards. Work production standards can be used to more accurately

identify the area where labor costs are abnormal; in certain situations, they will also identify the specific jobs or individuals responsible for the disparities. Following that, work production standards are objectives set for every kind of job. They frequently set an upper limit that, if exceeded, could indicate that the worker is overworked and that the level of service is lowered. They may also establish a lower limit suggesting the minimal fair day's output.

When there are variable type employees or when the number of employees fluctuates with the volume of sales, work production standards are most helpful. They are less useful for evaluating the contributions of semi-variable or fixed-type employees because, despite possible changes in sales volume, it may not be possible to increase or decrease their numbers.

Example is given in the following chart -

S. No.	Cost Head	Nos. of Covers	Total
1	Speciality Restaurant	12-16	1
2	Coffee Shop	20-24	1
3	Banquet	30-35	1
4	Bar	20	1
5	1 Captain for 5 waiters or 1 Captain per station/section		
6	1 Manager for 75 to 100 covers		

### **> Determining work production standards**

The creation of work production standards is the first issue, and it's also one of the most challenging. Using standards created by other food operations is typically impractical due to the variety and uniqueness of food service operations. Variations in work production standards among different operations will be influenced by the menu, production techniques, layout, equipment, service, pricing, and the type of customer. The prior productivity records of the better employees should be used to set standards. It can be assumed that the appropriate production standards fall somewhere in the range of 135 to 270 covers per day on average for a satisfactory dishwasher over a given time period (let's say a month).

(Keiser & Kallio, 1974)

		<ul style="list-style-type: none"> <li>•Standard purchase specification</li> <li>•Purchase of alcoholic beverages</li> </ul>	4. Describe standard purchase specification 5. Specify the process of purchasing alcoholic beverages 6. Differentiate between purchase of food items and alcoholic beverages
4	Receiving , Storing & Issuing	<ul style="list-style-type: none"> <li>•Receiving</li> <li>-Meat tags</li> <li>•Storing and Issuing</li> <li>-Salient features of storing</li> <li>•Different stock levels and maintenance of stock</li> </ul>	1.Explain receiving process 2.Highlight salient features of storing 3.Justify different stock levels
5	Production Control	<ul style="list-style-type: none"> <li>•Unique features of F&amp;B production planning</li> <li>•Key success areas in production</li> </ul>	1.Elaborate on the unique features of production planning 2.Elucidate key areas to ensure successful production planning
6	Standard Recipe	<ul style="list-style-type: none"> <li>•Definition</li> <li>•Elements of Standard recipe</li> </ul>	1.Define standard recipe 2.Illustrate a standard recipe card
7	Standard portion size	<ul style="list-style-type: none"> <li>•Definition</li> <li>•Benefits of standard recipe</li> </ul>	1.Define standard portion size 2.Explain the benefits of using a standard recipe
8	Bar frauds	<ul style="list-style-type: none"> <li>•Common bar frauds and prevention</li> </ul>	1.Define standard portion size 2.List common bar frauds 3.Explain ways to prevent bar frauds
9	Beverage control Volume forecasting	<ul style="list-style-type: none"> <li>•Definition</li> <li>•Advantages of volume forecasting</li> </ul>	1.Define Volume forecasting 2.List the advantages of volume forecasting
10	Books maintained	<ul style="list-style-type: none"> <li>• Bin card</li> <li>• Meat tag</li> </ul>	1.Explain the utility of meat card 2.Draw a sample of: - Bin card - Meat tag

production and sale of a product, which includes labor, overhead and material costs. Cost may also be classified on the basis of their behaviour into fixed, semi-fixed, variable and total cost. And, on the basis of traceability cost may also be classified into Direct Cost and Indirect Cost.

Labor cost is the cost which an establishment spent upon employing staffs and compensating its workforce. Employees are the backbone of any establishment, hence, planning and management of staff is crucial for the success of any food & beverage establishment. Neither too less nor excess of staff should be kept on payroll in order to avoid staff dissatisfaction and inflation in expenditures. Also, each employee is expected to complete the quantum of job as per the type of job. It is therefore imperative for the manager to be able to allocate duties to employees as per requirement efficiently.

Finally, it was discussed that pre-P&L are the cost incurred by an establishment before the commencement of its operation which helps in standardization, deciding pricing, allocating resources, etc., while post P&L are the cost incurred during or post operation/event which helps in noticing areas of overspending, food wastages, etc.

## REVIEW QUESTIONS

### MULTIPLE CHOICE QUESTIONS:

1. Cost includes:
  - a). Material cost
  - b). Labor cost
  - c). Overhead cost
  - d). All of the above
2. Cost that includes the price of the food and beverage that are consumed as well as the price of miscellaneous items is called as:
  - a). Labor cost
  - b). Material cost
  - c). Overhead cost
  - d). None of the above
3. Cost that changes according to the establishment's output or sales is called as:
  - a). Fixed cost
  - b). Semi-fixed cost
  - c). Variable cost
  - d). Total cost
4. When percentage figures for previous weeks and months are available, the value of calculating labor cost as a percentage of sales is:
  - a). Decreased
  - b). Increased
  - c). Constant
  - d). Varies

## FILL IN THE BLANKS

1. Appropriate production standards fall somewhere in the range of \_\_\_\_\_ to \_\_\_\_\_ covers per day on average for a satisfactory dishwasher.
2. \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ boost productivity, raise the standard, and retain staff members.
3. Work production standards are most helpful when the number of employees fluctuates with the \_\_\_\_\_
4. Two common methods for modifying schedules are \_\_\_\_\_ and /or \_\_\_\_\_

## TRUE OR FALSE

1. Wages is an example of labor cost. T/F
2. Meals provided to staffs are subtracted from food cost and added to labor cost. T/F
3. Using standards created by other food operations is typically impractical due to the variety and uniqueness of food service operations. T/F
4. Taxes paid is an example of pre P&L. T/F

## SHORT ANSWER TYPE QUESTIONS

1. List down 3 benefits each of Pre and Post P&L.
2. What are two common methods for modifying work schedules?
3. Give 2 functions of labor cost.
4. Differentiate between Pre and Post P&L.

## LONG ANSWER TYPE QUESTIONS

1. Give the classification of cost and explain in details.
2. What are the factors to be considered when determining the number of employees needed for a food and beverage establishment?

3. What do you understand by the term work production standards? Explain in details.
4. What are the benefits of Pre and Post P&L.

## ACTIVITY

1. Students may be divided into various group comprising of 5 members in each group. Each group may be given the task to prepare a weekly duty rota for a Fine Dining Restaurant with 80 covers. The staff requirements may be ascertained by the groups.

## OPEN BOOK QUESTIONS

1. List down the factors/criteria you would consider as a manager when recruiting an employee for your outlet.

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## Unit-2

### FOOD AND BEVERAGE CONTROL

#### Unit Overview

In any catering establishment, Food and beverages are the raw materials of operations. Controlling the cycle through which these commodities pass through a hotel as a raw material to a processed end product is known as the control cycle. This cycle with checks and balances ensures that the operations are financially feasible and enduring. The understanding of the control cycle is essential for any catering professional to get an professional edge over the competition and enthrall customers with their management of food and beverage at their various stages of a raw material, a semi prepared commodity to a finished product which is standardized, safe and yet exquisite in taste, presentation and provides value for money. This chapter takes us through the nuances of the Control cycle.

S. No.	Sub-Unit	Learning Topics	Key learning objectives/ At the end of this subunit, the learners will be able to:
1	Different types of bar licenses	<ul style="list-style-type: none"><li>• Introduction to Bar</li><li>• Bar Licenses</li><li>• Types of Bar</li></ul>	<ul style="list-style-type: none"><li>1. Describe what is a bar</li><li>2. List different kinds of bar licenses</li><li>3. Enumerate different types of bars</li></ul>
2	F&B control	<ul style="list-style-type: none"><li>• F&amp;B control</li><li>• Distinct aspects of F&amp;B control</li><li>• Phases of controls</li></ul>	<ul style="list-style-type: none"><li>1. Explain the components of F&amp;B Control</li><li>2. Justify the uniqueness of F&amp;B control</li><li>3. Discuss the phases of F&amp;B control</li></ul>
3	Purchasing	<ul style="list-style-type: none"><li>• Definition</li><li>• Stages of Purchasing</li><li>• Purchase of food items</li></ul>	<ul style="list-style-type: none"><li>1. Define purchasing</li><li>2. List stages of purchasing</li><li>3. Explain the method of purchasing</li></ul>

		<ul style="list-style-type: none"> <li>• Standard purchase specification</li> <li>• Purchase of alcoholic beverages</li> </ul>	4. Describe standard purchase specification 5. Specify the process of purchasing alcoholic beverages 6. Differentiate between purchase of food items and alcoholic beverages
4	Receiving, Storing & Issuing	<ul style="list-style-type: none"> <li>• Receiving</li> <li>- Meat tags</li> <li>• Storing and Issuing</li> <li>- Salient features of storing</li> <li>• Different stock levels and maintenance of stock</li> </ul>	1. Explain receiving process 2. Highlight salient features of storing 3. Justify different stock levels
5	Production Control	<ul style="list-style-type: none"> <li>• Unique features of F&amp;B production planning</li> <li>• Key success areas in production</li> </ul>	1. Elaborate on the unique features of production planning 2. Elucidate key areas to ensure successful production planning
6	Standard Recipe	<ul style="list-style-type: none"> <li>• Definition</li> <li>• Elements of Standard recipe</li> </ul>	1. Define standard recipe 2. Illustrate a standard recipe card
7	Standard portion size	<ul style="list-style-type: none"> <li>• Definition</li> <li>• Benefits of standard recipe</li> </ul>	1. Define standard portion size 2. Explain the benefits of using a standard recipe
8	Bar frauds	<ul style="list-style-type: none"> <li>• Common bar frauds and prevention</li> </ul>	1. Define standard portion size 2. List common bar frauds 3. Explain ways to prevent bar frauds
9	Beverage control Volume forecasting	<ul style="list-style-type: none"> <li>• Definition</li> <li>• Advantages of volume forecasting</li> </ul>	1. Define Volume forecasting 2. List the advantages of volume forecasting
10	Books maintained	<ul style="list-style-type: none"> <li>• Bin card</li> <li>• Meat tag</li> </ul>	1. Explain the utility of meat card 2. Draw a sample of: - Bin card - Meat tag

## 2.1 BAR

A bar can be defined as a commercial food and beverage outlet for the open market which is licensed to sell alcoholic beverages to bona fide guests. Most bars also offer limited food choices to supplement the beverages on offer.

Bar licenses are issued by the excise department of each state and hence the type of license required varies significantly in different parts of the country. Even the permitted age for drinking various types of alcohol differs from one state to another. The alcoholic beverages for the purpose of licensing are classified as:

- a. Fermented beverages like wines and beers
- b. Distilled beverages

### 2.1.1 Types of bar licenses

The table below lists the different types of licenses that are the most common across the country:

LICENSE NAME	PURPOSE
L1	It is a License granted for the wholesale supply of Indian liquor to other license holders.
L3/L5	L3 is a liquor license granted to hotels that permit the serving of foreign liquors to residents staying in hotel rooms, whereas, L5 license is granted to serve liquor in bars or restaurants which are situated in the hotel premises.
L6	L6 is issued to the retail vendors of Beers and Indian Liquors.
L19	L19 is permitted to a club registered to serve foreign liquor.
L49	L49 is easily granted to any person for serving liquor in any party or function at specific premises anywhere in a state.

There are other licenses like the L-11, L-12, L-15, L-16, L-17, L-18, L-19, L-20, L-21, L-28, L-29, L-30 licenses, which the state excise department grants for various other reasons.

**Ref: The guide to get a liquor license in India, Abhishek Sahoo, myadvo.in**

### **2.1.2 Types of bars**

The type of bars found in hotels may vary from:

- a.Executive or Main bar
- b.Dispense bar
- c.Night club
- d.Pub
- e.Microbrewery
- f.Permit room
- g.Mini bar in rooms

It is hence easy to comprehend that as per operations of each type of bar or types of bars each hotel opt for, the type of licenses to be procured vary.

#### **Check Back Questions:**

1. Define a Bar
2. List three types of bars found in a hotel
3. What is a L1 license?

## **2.2 FOOD AND BEVERAGE CONTROL**

For a F&B outlet to be profitable one of the most important paradigm is F&B control.

This typically encompasses:

- Regulation of costs
- Analysis of sources of income and heads of expenditure
- Maintenance of standards
- Pricing policy
- Reduction of waste
- Prevention of frauds

- Systematic management information systems

Whatever be the size of operations, type of service, menu on offer the above aspects are essential to ensure success of operations and sustained profits

### **2.2.1 Distinct aspects of F&B control**

One should be aware that F&B operations have some distinct aspects which make its control unique. These can be listed as

1. Perishable nature and short shelf life of the produce
2. Fluctuating volume of sales per shift and day
3. Fluctuating menu mix demand leading to difficulty in forecasting
4. Competition and short cycle of operations that need constant updating

### **2.2.2 Phases of control**

The effective control system therefore has three phases

The pre function phase which involves

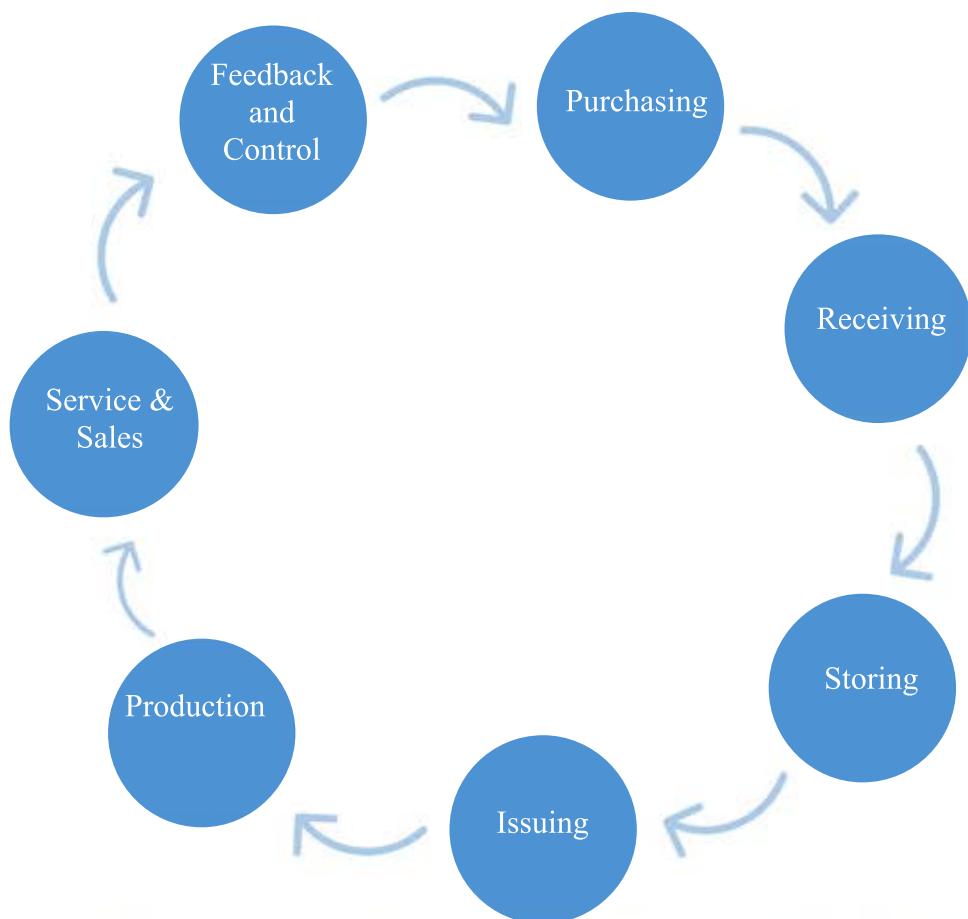
- Financial policy – Budgets, Cost, revenue, profit forecasting, Break even analysis, welfare initiatives
- Marketing policy- branding, customer profiling, advertising, customer satisfaction and feedback control
- Catering policy – Type of customer, type of menu, choice of beverages, SOPs and food quality optimisation, procurement of raw materials, type of service, type of operations and working shifts, décor, size of outlet and luxury to be provided, operating hours, waste segregation and disposal, reducing carbon footprints

Heart of operations- Control cycle consisting of

- Purchasing
- Receiving
- Storing and issuing
- Kitchen operations control
- Sales operations control

The post operations controls

- Reporting of revenue and costs
- Evaluation of operations on parameters fixed
- Correction of lacunae



## 2.3 PURCHASING

The responsibility of procurement in hotels and restaurants lies with the purchase manager.

### Definition

Purchasing is defined as the process of scanning the market, selection of suppliers, actual procurement, receiving, storing and dispatch to the final users of the commodities as per the policy of the catering establishment.

#### 2.3.1 Stages of Purchasing

Purchasing in F&B outlets involves the following stages

- Receiving a requisition form from an authorised staff like chef or maître d hotel.
- Selection of the correct supplier
- Systemising the process of procurement from the supplier
- Standardising the receiving process

### **2.3.2 Purchase of Food items**

Food tends to be the largest inventory in a F&B outlet in terms of quantity, number of items and storage space. There are many methods by which Food items can be purchased which depend mainly on

1. Location of the establishment
2. Type and size of the firm
3. Bargaining power or purchase capability of the establishment
4. Type of food being purchased and how often

### **2.3.3 Methods of Purchasing**

The different methods of purchasing include:

- Purchasing by contract which could further be
- Specific period contract
- Quantity contract
- Purchase by daily market list

This involves identification of 3-4 suppliers and asking them to quote for a list of items on a daily basis and buying from the cheapest. This is often used for perishables by small establishments

- Purchasing by weekly/ Fortnightly list

This is similar to a daily market list but is done for grocery but done on a weekly or fortnightly basis. Again, this is also best suited for small organisations.

- Cash and carry

Involves visiting the market or store and picking up from the shelf in lieu of cash. Used in times of emergency and extraordinary requests by guests for items outside the standard purchase list.

- Single point or Total supply

Involves identification and entering into agreement with a super supplier who supplies all types of foods requested.

### **2.3.4 Standard Purchase Specification- SPS**

This is a concise description of expectations in terms of quality, size, weight, numbers per fixed weight, colour, appearance, smell, texture etc. required for each item on the purchase list. This helps in

- Standardisation of purchase
- Comparing pricing provided by suppliers
- Becomes a benchmark for the receiving clerk to accept or reject goods
- Optimises cost of production

### **2.3.5 Purchase of Alcoholic Beverages**

Though beverages are purchased in lesser quantity as compared to food, the cost of purchase, especially in case of alcoholic beverages tends to be much higher. The number of suppliers tends to be lower and the items tend to be standardised as they are sealed and packaged. The following are methods for purchasing alcoholic beverages:

- Wine shippers- Firms buy wine in the country of origin and get it shipped to them, limited to very large and prestigious establishments.
- Wholesalers – Provide a very large variety and reliable delivery with other benefits like deferred payment, publicity material etc
- Direct to Manufacturer – When purchase quantity is large and regular, one can purchase directly from the manufacturer. The rates are lower, however deferred payment may not be allowed.
- Auctions – Usually suitable to buy crafted or limited edition brands where one can participate in special auctions taking place from time to time.

#### **Check Back Questions:**

1. List two advantages of Standard Purchase Specifications
2. Name two methods of purchasing Food and two for purchasing alcoholic beverages.

## **2.3 RECEIVING, STORING AND ISSUING**

### **2.3.1 Receiving**

Receiving: often construed as not important by catering organisations, this is a critical phase in the control cycle. The key functions played by this area include:

1. Matching delivered quantity with the ordered amount
2. Checking quality parameters against the SPS
3. Checking prices on invoice match with purchase rates
4. Raising Credit note when quality, quantity or price are not matching to purchase order
5. Entering into Goods received Book accurately all items which have been purchase

For vegetables and fruits hotels have an inspection cum cleaning area where they

### **2.3.2 The meat tag**

Most catering organisations tag expensive food in the receiving area. These include meat, fish, and special processed meats. This helps in

- Control of expensive food entering the establishment as they are weighed and matched with specifications
- Helps calculate daily food cost more accurately
- Assists controlling stock levels of these expensive items
- Helps in tracing these items when they are issued from stores to the kitchens so that consumption patterns are better understood .

**06.06.2025 - RECEIVING**

Ref.Doc.	Vendor/supplying plant	Short Text	UNIT	QTY	RECD
300935294	MUTHI ULLA M	BANANA LEAVES BIG	EA	90	40
300935294	MUTHI ULLA M	BANANA RAW	KG	30	
300935294	MUTHI ULLA M	BANANA RAW	KG	5	34
4300935294	MUTHI ULLA M	BEANS	KG	25	
4300935294	MUTHI ULLA M	BEANS	KG	20	35
4300935294	MUTHI ULLA M	BEETROOT	KG	40	20
4300935294	MUTHI ULLA M	BHARTHA BAINGAN	KG	8	5
4300935294	MUTHI ULLA M	BITTER GOURD/KARELA	KG	2	✓
4300935294	MUTHI ULLA M	CARROT	KG	25	
4300935294	MUTHI ULLA M	CARROT	KG	54	60
4300935294	MUTHI ULLA M	CAULIFLOWER	KG	40	
4300935294	MUTHI ULLA M	CAULIFLOWER	KG	48	69
4300935294	MUTHI ULLA M	CHILLI BHAJI	KG	6	3
4300935294	MUTHI ULLA M	CHILLY GREEN	KG	8	
4300935294	MUTHI ULLA M	CHILLY GREEN	KG	10	15
4300935294	MUTHI ULLA M	CORIANDER GREEN/DHANIA LEAVES	KG	23	
4300935294	MUTHI ULLA M	CORIANDER GREEN/DHANIA LEAVES	KG	48	50
4300935294	MUTHI ULLA M	CORN ON THE COB FRESH IMP	EA	5	✓
4300935294	MUTHI ULLA M	CUCUMBER	KG	35	
4300935294	MUTHI ULLA M	CUCUMBER	KG	40	52
4300935294	MUTHI ULLA M	CURRY LEAVES	KG	2	✓
4300935294	MUTHI ULLA M	CURRY LEAVES	KG	2	✓
4300935294	MUTHI ULLA M	DILL LEAVES/ SOYA LEAVES FRESH	KG	2	
4300935294	MUTHI ULLA M	DRUMSTICK	EA	40	✓
4300935294	MUTHI ULLA M	DRUMSTICK	EA	30	✓
4300935294	MUTHI ULLA M	EGGPLANT/BRINJAL SMALL	KG	5	3
4300935294	MUTHI ULLA M	GINGER	KG	6	5.5
4300935294	MUTHI ULLA M	GREEN CABBAGE	KG	14	8
4300935294	MUTHI ULLA M	GREEN CAPSICUM	KG	14	10
4300935294	MUTHI ULLA M	IVY GOARD/KUNDRU/KOVAKKAI IMP	KG	4	3
4300935294	MUTHI ULLA M	LADY FINGER	KG	13	✓
4300935294	MUTHI ULLA M	LAUKI	KG	4	✓
4300935294	MUTHI ULLA M	LEMON BANGALORE	KG	38	32
4300935294	MUTHI ULLA M	MINT LEAVES	KG	4	✓
4300935294	MUTHI ULLA M	MINT LEAVES	KG	5	✓
4300935294	MUTHI ULLA M	ONION LARGE	KG	220	
4300935294	MUTHI ULLA M	ONION LARGE	KG	230	149
4300935294	MUTHI ULLA M	POTATO BIG	KG	150	
4300935294	MUTHI ULLA M	POTATO BIG	KG	110	148
4300935294	MUTHI ULLA M	POTATO SMALL	KG	10	✓
4300935294	MUTHI ULLA M	RAW MANGO	KG	14	12
4300935294	MUTHI ULLA M	RED PUMPKIN	KG	5	✓
4300935294	MUTHI ULLA M	SPINACH	KG	80	✓
4300935294	MUTHI ULLA M	SPRING ONION	KG	4	3
4300935294	MUTHI ULLA M	THANDU KEERAI	KG	4	2
4300935294	MUTHI ULLA M	TOMATO MEDIUM	KG	150	
4300935294	MUTHI ULLA M	TOMATO MEDIUM	KG	245	340

Format: Receiving Sheet

## 2.4 STORING AND ISSUING

Stores play the role of ensuring an adequate supply of F&B for the immediate needs of catering establishments. Usually perishable items are sent directly to the pre processing areas of kitchens. Meats, dairy, seafood and frozen foods are stored separately.

### 2.4.1 Salient features of storing

Salient features of storing are

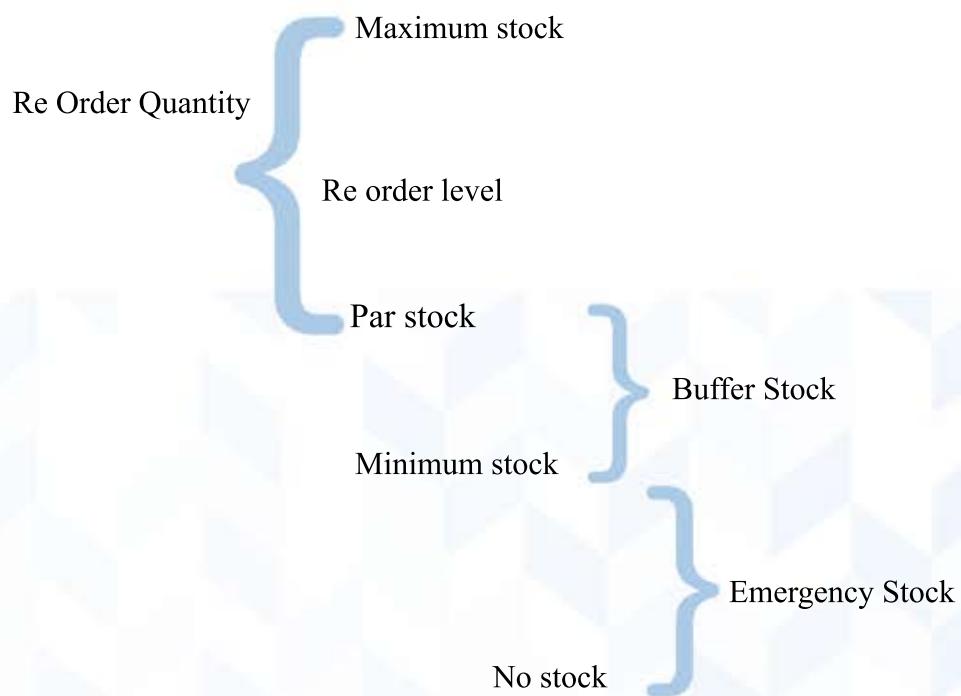
- Daily use items are stored closer to the door
- Commodities are grouped into similar sections and arranged
- LIFO, FIFO and ABC analysis, Bin Cards are some means to ensure rotation of stock, securing high cost items and ensuring that costs are optimally maintained.
- For beverages stores usually the following lead to best results
- Main storage for spirits and red wine at 13-16 degrees C
- A chilled area at 10 deg C for white wines and sparkling wines
- A further chilled area at 6-8 deg C for beer kegs
- An area at 13 deg C for bottle beers, can beers and soft drinks
- A demarcated area for empty bottles returned from the Bar and F&B outlets
- Empty for full bottle of issues is usually followed
- Maintenance of Cellar records helps control alcoholic beverage stock better
- A cellar inward book for posting all beverages coming into the beverages store from the receiving area
- Bin cards with details of stock of each beverage held and to note issues made are fixed on each rack holding the beverage
- Cellar control book records all delivery and issues from the beverage store
- Ullage – All substandard, leaking, badly corked items etc. are to be kept separately and returned to the manufacture, such items are covered under Ullage
- Breakage – Need to be recorded for corrective actions and stock verification.
- Empties return book is maintained in the store meticulously so that strict control can be ensured
- Heavy inventory at the bottom and lighter ones on the top racks
- Racks to have a minimum 6 inch clearance from the floor
- Dairy products to be stored at 2-4 degrees
- Stored veg and non veg food in separate areas

Issuing takes place at set times of the day based on requisition slips duly authorised. For any issues beyond specified times, special permission has to be sought and authorised as per the organisation's policy. Book value of stock is usually calculated as under:

**Value of opening stock+ purchases during the period- issues during the period= value of closing stock**

Stocktaking from time to time and sometimes without notice by the management helps maintain control over the stores and issues. This is also very important as stock in hand is an important asset that needs to be handled very carefully in catering establishments.

#### **2.4.2 Different stock levels and maintenance of stock**



Ideally as the figure above indicates, good store keepers maintain par stock of materials. Par stock is the optimum quantity which allows for smooth operations in the F&B operations.

Re order quantity is the standard quantity of materials which is ordered when the re order level is reached. It is expected that by the time the stocks reach the minimum levels the new stock is delivered and the stock then reaches the maximum level.

Buffer stock is the quantity of back up stock maintained so that operations do not suffer during the supply or delivery time period.

Emergency stock is the stock held for unforeseen circumstances when do to supply disturbance orders may not be delivered. This is the last quantum of stock between the levels of Minimum stock and No stock levels.

**Check Back Questions:**

- 1.What is Buffer stock?
- 2.How do we calculate Closing Stock?
- 3.What is Ullage?

## **2.5 PRODUCTION CONTROL**

Food production refers to the stage when the purchased raw materials undergo processing as raw, semi prepared or fully done dishes that may be either ready to serve or may undergo some preservation like cook chill or cook freeze before being served to the guest.

Beverage production on the other hand includes processing of raw beverages before being served for example coffee may be brewed and filtered, beers may need an extensive brewing process etc

The point which marks the end of Food production and the start of food service is not very clear. These two are often seen in conjugation rather than in isolation.

### **2.5.1 Unique features of F&B production planning**

- Variety in type of raw materials available which differ significantly in quality and price eg rice
- Perishability of raw materials eg seafood
- Perishability of the end products eg Fresh juice
- Variety of customers and their choices
- Variety of production and service methods to be adopted
- Unpredictability of demand patterns

### **2.5.2 Key success areas in production planning**

Since the most important factor behind any commercial enterprise is maximization of profits the planning and control of F&B outlets also underscores some key areas which are pivotal to ensure long term success of the firm:

- Customer appeal which includes plating, garnishing, accompaniments, maintenance of temperature and humidity during the entire production and service cycle all of which lead to repetitive production and presentation of quality products
- Cost control which includes standard portion size, portion control, standard recipe, wastage reduction, pilferage control that leads to optimization of cost of production.
- Ease of production and service which includes layout planning of the facility both in the production and service areas.
- Materials handling which include segregation of raw, preprocessed and finished products with minimum overlap and minimal manual handling
  - Labour management by means of proper rosters and utilization of available skills and machinery
  - Hygiene and safety is an area which needs to be at its best for a catering outlet to consistently do well. Accident prevention for staff and guests alike, sanitation and hygiene rank very high in establishing good production and service standards
  - Cleaning and maintenance of various surfaces, area, freezers, walk ins, equipment are gain primary in keeping at bay cross contamination, food poisoning and food and beverage spoilage which significantly affect costs and goodwill of a catering establishment
  - Flexibility according to changing seasons, competition, customer demand allows a catering establishment to retain its business over a longer time span
  - Supervision and management is another key aspect in a highly labour sensitive area where consistent delivery is but essential for success.

### Check Back Questions:

1. List two features of Production planning
2. Explain Cost control as a key area for success of production planning

## 2.5 PRODUCTION CONTROL

### 2.6.1 Definition

This may be defined as a detailed step by step written instruction used by an organization to repeatedly produce a standardized product with a specified quantity and quality of food at a specific location.

## 2.6.2 Elements of Standard recipe

A standard recipe for a food item shall typically list out

- Quantity of produce
- Name of the product
- Quantity of ingredients required
- Method of preparation
- Costing and nutritional value (optional)
- Photograph of the end product

Usually establishments identify the most popular food and beverages that are sold from each location and create a standard recipe for them. These recipes are supported by pictorial presentations and all employees are trained to follow them meticulously.

The Oberoi Rajvilas, Jaipur		Recipe Card							
<b>Recipe For</b>	1200056243	RCP- AMENITY GRANOLA BAR							
<b>Recipe Group</b>	R-CHO	CHOCOLATES / PRALINE							
<b>Batch Size</b>	1	PC							
<b>Total Batch Weight</b>	0.07								
<b>Weight / Portion</b>	0.07	Kcal							
<b>Total Nutrition Value</b>	339.7	Kcal							
<b>Nutrition Value Per Batch</b>	339.7								
<b>Ingredient ID</b>	<b>Ingredient Name</b>	<b>Gross Raw Quantity</b>	<b>Unit</b>	<b>Unit Price</b>	<b>Waste %</b>	<b>Yielded Raw Quantity</b>	<b>Ingredient Cost</b>	<b>Nutrition Value(Kcal)</b>	
1200001398	ALMOND	0.01	KG	703.66	0.00	0.01	7.04	65.5	
1200000993	CRANBERRY SWEETENED DRIED	0.01	KG	600	0.00	0.01	6.00	30.8	
1200001428	RAISINS KISMIS	0.01	KG	213.6	0.00	0.01	2.14	30.8	
1200013243	SEED PUMPKIN	0.01	KG	350	0.00	0.01	3.50	44.6	
1200002671	SUNFLOWER SEED	0.01	KG	285	0.00	0.01	2.85	62	
1200001619	REAL HONEY DABUR 1X1 KG	0.01	KG	311.6	0.00	0.01	3.12	31.9	
1200000440	BUTTER UNSALTED - WHITE	0.01	KG	477.95	0.00	0.01	4.78	74.1	
<b>Last Updated By</b>	10021225	<b>Ingredient Cost</b>	29.43						
<b>Last Updated On</b>	21-May-25	<b>Other Cost</b>	0						
		<b>Overheads</b>	0						
		<b>Total Recipe Cost</b>	29.43						
		<b>Cost Per Portion</b>	29.43						
		<b>Sales Price per Portion</b>	0						
		<b>Potential Food Cost %</b>	0						
<b>Executive Chef</b>		<b>Cost Controller</b>							

### Check Back Questions:

1. Define standard Recipe
2. Name two essential elements of a standard recipe

### 2.6.3 STANDARD PORTION SIZE

A standard portion size is the quantity of a particular food item that is proposed to be served to the customer by a catering outlet in the menu. This can be ensured by

- Buying standard size of ingredients
- Portioning food using standardized tools or utensils
- By serving food by weight which is pre fixed

### **Benefits of standard portion**

Benefits of opting for standard portion size:

1. Accurate food and beverage costing helps better revenue analysis and product pricing
2. Nutritional value allows balancing meals according to dietary demands of the customer especially in hospitals
3. Eases purchasing and internal requisitioning
4. Standardising products so that customer satisfaction remains high
5. Aids menu planning
6. Reduces wastage

#### **Check Back Questions:**

1. Define standard Recipe
2. Name two essential elements of a standard recipe

### **2.7 BAR FRAUDS**

Bars are usually busy joints and the fact that alcohol tends to make guests less vigilant leads to fraudulent practices which can harm the profitability and goodwill of the establishment. Listed hereunder are common bar frauds along with some remedy to keep them under control:

<b>Common Frauds</b>	<b>Remedy</b>
Under Pouring: Often barmen pour lesser than the ordered quantity especially after a couple of repeat orders or while making cocktails. This allows them to save alcohol which they could sell later and pocket the sales	Daily BOT reconciliation and stock taking at the end of every shift by the outlet manager and surprise checks by the F&B controller
Over Pouring: Usually done by barmen to regular guests to solicit tips	Mystery shoppers – managerial staff from sister organisations or consultants who come to the bar as guests to check on such wrong practices
Filing the peg measure: To reduce its capacity so as to save alcohol while pouring	Surprise checks by the F&B controller and time to time validation of the peg measure

Dilution of alcohol usually by adding water	Checking quality and strength of alcohol periodically and spot checks to ensure quality
Self-Consumption of alcohol by barman	Training, sudden checks by security, F&B controller and use of breath analysers in case of doubt. Drinking on duty is considered a dire offence.
Getting alcohol from outside and selling it at hotel rates, thereby making large profits at the expense of bar sales	All bottles should have tamper proof seals from stores and bottles are issued against empty bottles. No empty bottles to be disposed in dustbins.
Substituting lower priced alternative alcohol in cocktails or during repeat orders	Customer feedback policy, managerial supervision.
Under ringing or not entering orders into POS. Most commonly done for cash guests	Mystery shopping. Surprise checks by F&B controller
Selling complimentary snacks and pocketing tips instead of putting them in the tip box	Kot reconciliation against all free snacks at the end of each shift. CCTV camera and security scanning for unaccounted cash.
Stealing alcohol	Security check, frisking at all exits

### Check Back Questions:

1. Define Under pouring
2. Who is a Mystery shopper?

## 2.8 VOLUME FORECASTING

This is a planning tool used by the F&B service department to estimate sales patterns. F&B outlets in a hotel may vary from Coffee shops, Specialty restaurants, Banquets, Bar to Café and pastry shops to name a few. The eating patterns in these outlets differ from meal times to room occupancy, events, pricing and time of the year. Also since food is highly perishable, it is extremely important that we peruse past patterns, bookings in hand and try and forecast F&B sales as this, unlike rooms needs pre preparation and storage at various stages of the control cycle.

### **2.8.1 Advantages of volume forecasting**

Advantages include:

- Minimising wastage
- Cost control
- Increasing profit margins
- Ensuring all menu items are available at all times

Acts as a basis for marketing campaigns by identifying lean periods

#### **Check Back Questions:**

- 1.What is Volume Forecasting?
2. Name two advantages of Volume forecasting

### **2.9 BOOKS MAINTAINED**

In earlier days books or registers were maintained manually at all stages of the control cycle for proper handling of inventory. With advent of property management systems however, today, all these erstwhile books have been incorporated into MIS modules that allows easier access, safety of data and better costing.

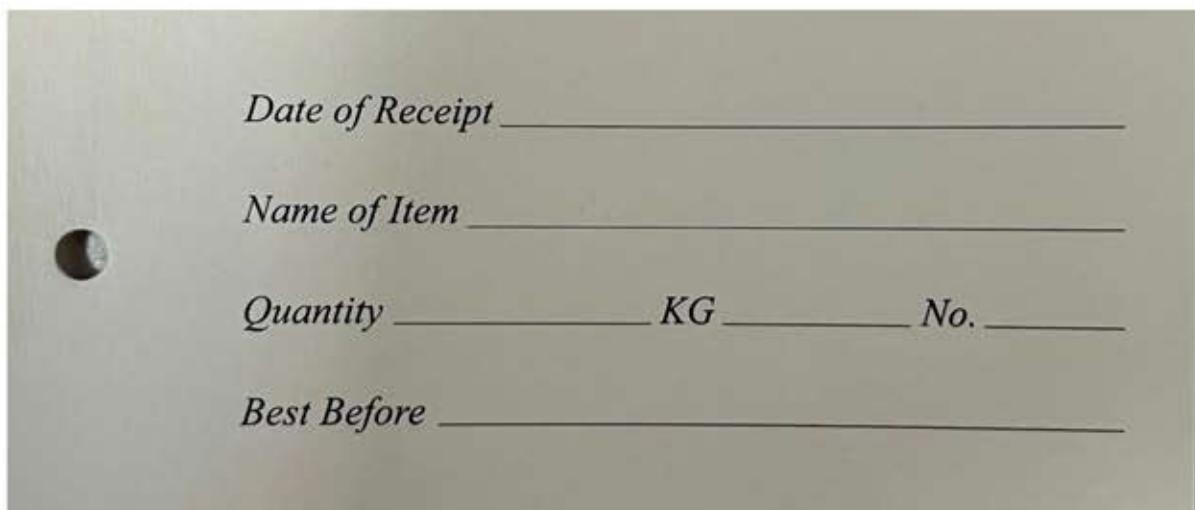
Listed hereunder are some important formats that are commonly used in the F&B service industry for the purpose of controls:

- Purchase order
- Inter departmental transfer
- Security- goods received register (Before & after office hours)
- Perishable requisition
- Meat Tag
- Bin Card
- Standard Purchase Specification

#### **2.9.1 Meat Tag**

In most catering establishments' meat, fish and seafood constitute one of the most expensive items procured. They are hence tagged in the store. This helps controls in the following ways

- The receiving clerk weighs and records each item on entry, this allows comparison with SPS
- Allows arriving at daily food costs accurately
- Helps maintain optimum stock levels
- Allows for quality checks as use by date are mentioned on it
- It has a perforated part which is kept in stores on issue. The kitchen has the other part which tells them the use by date while being stored in the cold room in the kitchen



### 2.9.2 Bin Card

These are typically attached to the bins containing raw materials or racks holding alcoholic beverages. They list the item held, deliveries and issues made and have a bin number which can be used to identify and verify patterns of indents and deliveries. They indicate the actual in hand inventory which can then be matched with book inventory recorded to check for deviations if any.

#### Check Back Questions:

1. Draw a meat Tag.
2. Name two books maintained in a hotel for the purpose of controlling.



# National Council for Hotel Management and Catering Technology

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Address

23190

**EH Associated Hotels Limited**

Page 1 of 4

PO No./ PO Date/Delivery date

4330081292 : 21/05/2025 : 16/06/2025

PO AMD:0

Vendor/Service Provider:	Purchase Order Details:	The Oberoi Rajvilas
1018666 GUNI HOSPITALITY PVT. LTD. E-140 1St Floor Basement, Sec 3, DSIDC, Bwana Indl. Area Delhi-North West Delhi 110039	P.O. No: 4330081292 P. Date: 21/05/2025 Contact Person: Brijraj Jain Contact No.: Extn: E-Mail:	GSTIN : 08AAACE2125M1ZR PAN No: AAACE2125M UNDER REVERSE CHARGE : NO
GSTIN : 07AAHCG0527G1ZV	Contract Details :	
Sales Person:	Contract/Ref. No:	The Oberoi Rajvilas, Jaipur
Mob. No:	Contact Person:	The Oberoi Rajvilas, Jaipur
Tel No:919871666994	Contact No:	Goner Road Near Baba Ji Ka Mod
E-Mail:sales.gunihospitalityindia@gmail.com	E-mail:	Jaipur 302031

**Invoice To:**

EH Associated Hotels Limited  
Unit : The Oberoi Rajvilas  
Goner Road ,Near Baba Ji Ka Mod,Jaipur-Rajasthan  
Telephone:01412680101 Fascimile: 01412680202  
Website:www.ehassociatedhotels.in

**Delivery Address:**

The Oberoi Rajvilas, Jaipur  
The Oberoi Rajvilas, Jaipur  
Goner Road Near Baba Ji Ka Mod  
Jaipur 302031

We are pleased to release the purchase/work order subject to following/below terms and conditions and Annexure.

S. No.	Material Code	Material Description	HSN	UoM	Rate	Qty	Del.Date	Value in INR
1	2300003023	CLEANER TABLET 56.00.210	340211	each	76	100	16-Jun-25	7,600.00

Price(Before discount/surcharge)	7,600.00
Freight	4.30
SGST	684.00
CGST	684.00
Total Value	8,972.30

Amount in Words: INDIAN RUPEES EIGHT THOUSAND NINE HUNDRED SEVENTY-TWO AND THIRTY PESA ONLY

**Terms & Conditions:**

- 1 Payment Terms Payable against delivery (Immediate)
- 2 Warranties
- 3 Penalty for breach of contract
- 4 Terms of Delivery
- 5 Shipping Instruction FR82

Registered Office : EH Associated Hotels Limited ,1/24, G.S.T Road,Chennai-600027 ,Website:www.ehassociatedhotels.in ,CIN: L92490TN1983PLC009903

Format: Purchase Order



National Council for Hotel Management and Catering Technology

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## FOOD & BEVERAGE TRANSFER

No 6641

*The Oberoi*  
RAJVILAS  
JAIPUR, INDIA

Transfer from  
(Department) : \_\_\_\_\_

Date : \_\_\_\_\_  
Transfer to : \_\_\_\_\_  
(Department) : \_\_\_\_\_  
Code : \_\_\_\_\_

Format: Inter-departmental transfer register.



## National Council for Hotel Management and Catering Technology

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SECURITY ITEMS RECEIVED BEFORE						REGISTER & AFTER OFFICE HOURS						
SI No.	VENDOR'S NAME	ITEM DESCRIPTION	QTY	UNIT	INVOICE NO.	DATE & TIME	P.O. NO.	GR NO.	SECURITY SIGNATURE	ITEM RECEIVED BY NAME & SIGNATURE	VENDORS SIGNATURE	RECEIVING SIGNATURE
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100												

Format: Goods received register- Before and after office hours.



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## Format : Perishable Requisition Form



Format: Meat Tag

300438	PASSION FRUIT OOTY	
300371	PEACH	
300163	PEARS CHINESE	8-10 nos. in 1 kg. One day to ripe. Yellowish in colour. No bruises. 9 - 11 in 1 kg.
300164	PEARS GREEN IMPORTED	
300447	PERSIMMON IMP	
300166	PINEAPPLE RANI	Size between above 800 gm with stem. The pineapple should be orange and semi green. The ripe pineapple should show softness around the apex when pressure is applied by thumb and fingers. The inside of the pineapple should be yellow, soft, sweet and juicy.
300168	PLUMS IMPORTED	
300351	POMEGRANATE/ANAR KABULI	
300180	RAMBUTAN	
300440	ROSE APPLE	
300054	SAPODILLA/CHIKOO/SOFEDA	Dark brown colour thin skin, firm surface no bruises or soft patches, size approx. 12 in 1 1/2 kg. The pulp should be dark brown through soft juicy and sweet.
300383	STAR FRUIT	
300201	STRAWBERRY	
300384	SUGAR CANE	
300387	SWEET LIME JUICY	5-7 per kg, bright greenish yellow colour, thin skin, sweet juice.
300149	TABLE ORANGE	Bright orange colour, not over ripe, semi green, acceptable off season, but no discolouration, browning or dry patches. Heavy for its size, approx 5 per kg. Even spherical shape firm and resilient to pressure of thumb. The segments should have thin skin, few seeds, be ripe, sweet and juicy. Squashed and damaged oranges will not be accepted.
300367	TABLE ORANGE IMP	
300423	APPLE TABLE GOLDEN SIMLA	Bright brick red colour, no discolouration, bruises or cracks. This particular quality to have the distinguishing characteristic of 5 pounds at the approx and its particular flavour with the crisp pulp. The table apple should under no condition have packing pressure marks of a size more than 1/2" in diameter. Size on an average 5 to 7 in a kg.
302235	JUMBO PINEAPPLE 1.2 KG TO 1.5 KG	Size between 1 1/2 kg with stem. The pineapple should be orange and semi green. The ripe pineapple should show softness around the apex when pressure is applied by thumb and fingers. The inside of the pineapple should be yellow, soft, sweet and juicy.
1300808	KALA JAMUN	

Format: Standard Purchase Specification

## **LET'S SUM UP:**

Bars are licensed outlets in hotels which primarily sell alcoholic beverages, distilled, brewed and mixed. State governments in India lay down the licenses and a fee against each for sale of alcohol of various types and in different scenario.

Controlling the purchasing, receiving, storing, issuing, production and sales of various food and beverage in a hotel or catering establishment is crucial to achieve sustained profitability, standardization and competitive edge.

Understanding critical elements like SPS, Storage levels, importance of production control, Standard recipe, standard Portions, Bar frauds and remedy help a food and beverage executive to align operations with the goals professionally.

## **REVIEW QUESTIONS:**

Fill in the blanks:

1. The stage following receiving in a F&B control cycle is \_\_\_\_\_
2. SPS stands for \_\_\_\_\_
3. \_\_\_\_\_ is a system for tracing expensive meat and fish items when they are issued from stores to the kitchens so that consumption patterns are better understood
4. All substandard, leaking, badly corked items etc. are to be kept separately and returned to the manufacturer, such items are covered under \_\_\_\_\_
5. \_\_\_\_\_ is the quantity of back up stock maintained so that operations do not suffer during the supply or delivery time period
6. \_\_\_\_\_ a detailed step by step written instruction used by an organization to repeatedly produce a standardized product
7. \_\_\_\_\_ is a managerial staff from sister organisations or consultants who come to the bar as guests to check on such wrong practices
8. A common planning tool used by the F&B service department to estimate sales patterns is \_\_\_\_\_

**SHORT ANSWER QUESTIONS:**

Explain in brief:

1. Volume Forecasting
2. Methods used for purchasing alcoholic beverages
3. Emergency stock
4. Under pouring by a barman
5. Bin card
6. Elements of preparing a Standard Recipe
7. Storage temperature for commodities in a main store
8. Advantages of standard portion size
9. Unique features of production planning
10. Factors affecting purchase of Food and beverage raw materials

**LONG ANSWER QUESTIONS:**

1. List the different stages of the control cycle and justify the importance of each stage.
2. Prepare a three course lunch menu to be served in the Coffee shop of a hotel. List the key ingredients to be used in the menu and propose a Standard Purchase Specification chart for any 5 of the key ingredients.

**FIELD ACTIVITY:**

Visit three 5\* hotels or Luxury hotels in your city/Town and collect standard recipe and portion size, SPS and Selling price of the following

- a. Chicken tikka
- b. Tandoori roti
- c. Vegetable Pulao
- d. Dal makhni
- e. Paneer Butter Masala
- f. Mutton roganjosh

Compare the profit margin on each.

**KEY WORDS:**

1. **Bar:** A bar can be defined as a commercial food and beverage outlet for the open market which is licensed to sell alcoholic beverages to bona fide guests. Most bars also offer limited food choices to supplement the beverages on offer.
2. **Standard Purchase Specification:** This is a concise description of expectations in terms of quality, size, weight, numbers per fixed weight, colour, appearance, smell, texture etc. required for each item on the purchase list.
3. **Standard Recipe:** This may be defined as a detailed step by step written instruction used by an organization to repeatedly produce a standardized product with a specified quantity and quality of food at a specific location.
4. **Standard Portion Size:** A standard portion size is the quantity of a particular food item that is proposed to be served to the customer by a catering outlet in the menu.
5. **Bin Card:** These are typically attached to the bins containing raw materials or racks holding alcoholic beverages. They list the item held, deliveries and issues made and have a bin number which can be used to identify and verify patterns of indents and deliveries. They indicate the actual in hand inventory which can then be matched with book inventory recorded to check for deviations if any.
6. **Par Stock:** Par stock is the optimum quantity of stock which allows for smooth operations in the F&B Department
7. **Volume Forecasting:** This is a planning tool used by the F&B service department to estimate sales patterns
8. **Mystery Shopper:** Managerial staff from sister organisations or consultants who come to the bar as guests to check on wrong practices like bar frauds by the staff.
9. **Meat Tag:** In most catering establishments' meat, fish and seafood constitute one of the most expensive items procured. They are hence tagged in the store. This helps control from receiving to production stage.
10. **Re order quantity:** Re order quantity is the standard quantity of raw materials which is ordered when the re order level is reached.



## National Council for Hotel Management and Catering Technology

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**Reference: Food and Beverage Management: Bernard Davis, Andrew Lockwood, Sally Stone, Third Edition; ISBN 978-81-312-0102-2, Butterworth-Heinemann**

### Credits:

- 1.Chef Anuj Sood, Executive Chef , ITC Gardenia, Bengaluru
- 2.Chef Chinmaya Narasimiah , Sous chef - The Oberoi Rajvilas, Jaipur

## Unit-3

### Sales Revenue and Budget Control System

#### Overview

This module provides students with a comprehensive understanding of essential sales revenue and budget control concepts within Food & Beverage (F&B) operations. It covers both monetary and non-monetary sales. Learners will explore sales forecasting techniques for existing businesses and startups, considering key influencing factors. This will give a details explanation on procedures for handling cash through the imprest system, digital payment methods, and end-of-shift cash closures. Students will get idea about different manual and electronic sales control systems, including Electronic Cash Registers (ECR) and Point of Sale (POS) systems. Additionally, it will explain the credit card processing, batch closures, and familiarizes students with various payment networks in India. Emphasis is also placed on the generation and analysis of various operational department reports, identifying types of theft common in F&B outlets. Lastly, the module introduces budgetary control, its objectives, and the critical factors to consider while planning budgets for F&B departments.

#### Learning Objectives

S. No.	Sub-Unit	Learning Topics	Key learning objectives/ At the end of this subunit, the learners will be able to:
1	Sales Concepts	<ul style="list-style-type: none"><li>Sales expressed in Monetary terms</li><li>Sales expressed in non-monetary terms</li></ul>	<ul style="list-style-type: none"><li>To understand the key monetary sales concepts used in F&amp;B outlets</li><li>Analyze the sales data based on different categories</li><li>To understand different non-monetary sales concepts</li></ul>
2	Sales forecasting for business Plan	<ul style="list-style-type: none"><li>Sales forecast for existing business unit and startup</li><li>Factors effecting the sales forecast</li></ul>	<ul style="list-style-type: none"><li>To analyze the factors to be considered while sales forecast.</li><li>Investigate the points to be kept in mind while preparing for sales forecast.</li></ul>

<b>3</b>	Procedure of cash control- Imprest amount Cash	<ul style="list-style-type: none"> <li>• Imprest Cash</li> <li>• Cash Control</li> </ul>	<ul style="list-style-type: none"> <li>• To understand how does the cash float works in Hotel F&amp;B Outlets.</li> <li>• To learn the cash closure procedure for a shift at different F&amp;B outlets.</li> </ul>
<b>4</b>	Manual / Electronic Check system	<ul style="list-style-type: none"> <li>• Manual System</li> <li>• Electronic cash register</li> <li>• Point of sale</li> </ul>	<ul style="list-style-type: none"> <li>• To understand the process of manual sales control system.</li> <li>• Examine how does ECR facilitates sales.</li> <li>• To have an overview of POS at different F&amp;B Outlets</li> </ul>
<b>5</b>	Processing Credit Card and digital payment handling	<ul style="list-style-type: none"> <li>• Processing of credit card</li> <li>• Batch closure of EDC</li> <li>• Charge Slip</li> <li>• Different payment Network</li> <li>• Different Digital payment methods</li> </ul>	<ul style="list-style-type: none"> <li>• To understand the processing of credit cards.</li> <li>• To learn the concept of batch and close and charge slip in credit card payment acceptance.</li> <li>• Awareness about the different payment networks in India.</li> </ul>
<b>6</b>	Reports	<ul style="list-style-type: none"> <li>• Different reports generated and prepared at F&amp;B Department of a Hotel</li> </ul>	<ul style="list-style-type: none"> <li>• To examine the importance of different reports generated and prepared.</li> </ul>
<b>7</b>	Types of Thefts	<ul style="list-style-type: none"> <li>• Different cases of theft at F&amp;B Outlet</li> </ul>	<ul style="list-style-type: none"> <li>• To frame ways to curb the different thefts in F&amp;B Outlets.</li> </ul>
<b>8</b>	Budgetary Control	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• Objectives</li> <li>• Factors</li> </ul>	<ul style="list-style-type: none"> <li>• To evaluate various objectives of budgetary control.</li> <li>• To examine various factors to be considered while planning for a Budget for F&amp;B Department</li> </ul>

### 3.1 SALES CONCEPT

#### Introduction

The term sales are defined as revenue resulting from the exchange of goods and services for value. In Hotel industry, food and beverage sales are exchanges of

the goods and services of a restaurant, bar and other F&B outlets for a value. Sales are normally expressed in monetary terms. Though there are other possibilities. There are two basic groups of terms normally used in food and beverage operations to express sales concepts: monetary and nonmonetary.

### **3.1.2 Monetary Terms**

**Total Sales** - Total sales is a term that refers to the total sales expressed in rupee. This may be for a given time, a day, a week, a month, or a year. For example, total Rupee sales for the Bar are expressed as 1000000 for the year ending December 31, 2025 of bar.

**Total Sales by Category** - A total sale by category denotes sales from a particular category of a menu listed. For example, we want to see as total Biryani sales from all the dishes listed in main courses or total Lassi sales out of all Non-Alcoholic beverages listed in Menu.

**Total Sales per Server** - A total sale per server is the total amount of sales which a particular server has sold during a particular time period, such as a meal period, a day, or a week. These data's helps the management to take decisions about the performance between different staffs of a particular outlet.

**Average Per cover sale** - It is calculated by dividing the total sales of an outlet by the number of covers in the outlet. It can be done by meal period wise or day wise or month wise.

### **3.1.3 Nonmonetary Terms**

**Total Number of items Sold** - Total number sold refers to the total number of grilled chicken, Hara bhara Kebab or any other menu items sold in each time. This is helpful in several ways. For example, food & service managers use total number sold to identify unpopular menu dishes and then they try to eliminate such dishes from the menu.

**Covers** - are a term used in the industry to describe the area occupied by a single diner in an outlet irrespective of their order value.

**Total Covers** - It refers to total number of guests which has been served in the outlet throughout the day or any particular meal period.

**Seat Turnover** – It is determined by calculating to total number guest being served in the outlet throughout the day and getting it divided by number of

available covers at restaurant.

Seat turnover, most often called simply turnover or turns, refers to the number of seats occupied during a given period (or the number of customers served during that period) divided by the number of seats available

**For example**, 180 customers served during that one Friday lunch time. The restaurant has 60 seats, so seat turnover would be calculated as follows:

$$\begin{aligned}\text{Seat turnover} &= \text{Number of customers served} \div \text{Number of seats} \\ &= 180/60 = 3\end{aligned}$$

### **Sales Mix**

Sales mix is a term used to describe the quantity of any dish sold from any menu As compared with other dishes in the same category. The relative quantities are normally percentages of total unit sales and always total 100 percent.

#### **Check Back Questions:**

1. How to check the performance of any staff working at the outlet?
2. What do we understand by average check?

## **3.2 SALES FORECASTING**

A sales forecasting is a process which forecast, what the organisation will be selling in each time period- weekly, monthly, quarterly, or annually. It is used to effectively manage the business and make long term and short-term decision.

It is different for start-up business and different for existing business.

### **3.2.1 Start-up business plan**

Sales forecasting is important for determining pricing, Inventory, staffing, and funding when developing a business plan. It should collect data from outlets with similar capacity.

### **3.2.2 Existing business plan – Points to be kept in mind while forecasting.**

**Operations-** It includes the business capacity (staff, production equipment's and inventory) need to match the sales forecast. The sales forecast can help you know how many products to make and when, what should be style of service etc.

**Marketing** - The sales forecast will affect pricing plans, product, and promotion. You may need to enhance your service or product due to strong competition. You may need to promote your business more effectively facilitating an increase in sale.

**Sales** – Sales forecast can affect how you allocate your sales resources and strategies.

**Finance** - The sales forecast effects the organisation revenue, profitability, budget (purchasing decision) and cash flow. Example if sales forecast anticipates a 20% increase in sales, you may need additional funding to increase staff, inventory, or equipment.

**Sales forecasting and capacity**- an organisation capacity should match their sales forecast. A sales forecast will not be completely accurate, so your capacity plan needs to have some buffer to enable you to meet the sales forecast.

If the sales forecast is significantly higher than the capacity, you might lose sales (Missed Opportunity) or you might not be able to deliver on time.

If sales are significantly lower than your capacity, it cost your money to have unused capacity (staff and /or inventory)

### **3.2.3 Factors affecting the sales forecast**

- **Competition** – The competitors may impact your sales by launching a new or an improved product or services, or by changing pricing.
- **Economy** – A strong economy, customers are more confident and tend to purchase better Product and services. Whereas in a weak economy, customers are more cautious and may purchase fewer goods and services.
- **Laws** - New laws can either help or hurt business. You need to consider how a law will impact your business and when.
- **Product changes** – You need to forecast how a new or improved product/service or a new pricing model will affect your sales.
- **Market Industry** – The trend in your market or industry may also impact your sales forecast. Is the market growing or shrinking? How will this trend affect your sales?
- **Season ability** – customer demand for your services or products may be affected by seasonal factors such as weather, holiday and other factors.

## Steps involved in sales forecasting



**Create Sales Forecast Team** – Involve operations department, Finance and sales in the forecasting process. Each department will bring assumptions and valuable insights which can improve the sales forecast.

**Gather and analyse the data** – At first, we have to identify a forecast method (or combination of methods) that will work best for the organisation.

The three methods are

- **Historical** – Forecast based on existing sales information. Review existing sales information, trends (Growth or decline) and seasonality to forecast future sales. Multiply last year's sales by the expected sales growth or decline
- **Sales Pipeline** – A list of customers interested in your product or services.
- **Fixed capacity** – Forecast used by business that have a fixed capacity such as restaurant, hotels etc.

**Apply assumptions and finalize the sales forecast** – Competition, economy, and changes in your product or service can affect your sales forecast. Think on what all may affect your future sales and write down those assumptions. For example, Hotel has planned to start a new restaurant at premises, the market is growing by 8 %, the hotel market share is growing by 11 % or a competitor is losing sales and might go out of business.

**Manage the Gap** – It is very hard to predict the future; the sales forecast will not be accurate. If the actual sales differ significantly from the forecast, you will need to make decisions to manage the difference (gap). An example of situation which was not forecasted like one the competitor reduced their price by 40 %, which reduced the hotel sale by 30 %. Such incidents cannot be forecasted hence this gap arises.

**Evaluate the actual results with the forecast** – The last step in sales forecasting process is to compare the actual sales to the forecasted sales and then to identify was there any difference? Why was the difference? How significant was the difference?

These finding are applied to future sales forecast, which should with time increase forecast accuracy.

### **Check Back Questions:**

1. What do understand by sales forecast?
2. How do local laws affect the sales forecast of any F&B Outlets?

## **3.3 PROCEDURE FOR CASH CONTROL**

### **3.3.1 Imprest cash**

In every food and beverage outlet, a specific cash amount, known as a "cash float" or "Imprest cash," is allocated at the beginning of each day to facilitate transactions. The amount of this float cash varies significantly, depending on the property, brand, and even among different outlets within the same property. This variation is primarily based on the typical sales volume of each outlet.

For instance, a coffee shop in a hotel might receive a float cash of 10,000 rupees, while in-room dining might be allocated 5,000 rupees, and a banquet operation could have a float of 20,000 rupees. This initial cash provides staff with sufficient funds in various denominations to make change for guest's right from the first transaction, so that they do not have to use their money for operational needs.

It's important to note that this cash float is a fixed amount that remains constant. It is typically handed over from one shift to the next, maintaining a continuous operational flow without daily recalculations.

### **3.3.2 Cash control**

This will give a comprehensive overview of cash handling procedures and the prevailing digital payment landscape in India, in the Hotel industry.

In India, digitalization has significantly increased the use of digital payment methods such as credit cards, debit cards, RuPay cards, Diners Club cards, and

UPI. When a bill is presented to a guest, they are offered these various digital payment options. While cash payments are still accepted, there are certain limitations imposed by the RBI:

**Cash Transactions up to INR 50,000:** An F&B outlet cannot collect more than INR 50,000 in cash from a single guest at one time. (As on 1.8.25)

**Cash Transactions above INR 50,000:** For amounts exceeding INR 50,000, the guest's PAN card details are required. However, guests are often reluctant to share this information. (As on 1.8.25)

**Maximum Cash Collection Limit:** Regardless of PAN card submission, the maximum cash collection from a guest is capped at INR 250,000. Any payment exceeding this amount must be made via cheque, draft, or card, not cash. (As on 1.8.25)

Regarding cash collection throughout the day, the process varies based on the outlet's shift structure. If there are multiple shifts, cash is reconciled and passed from one shift to the next. If there is only one shift, the closing in-charge is responsible for collecting all cash from the cashier's desk at the end of the day, before the night audit or closing.

The collected cash, along with a detailed breakdown of denominations (e.g., number of INR 2000 notes, INR 500 notes, etc.), is placed in an envelope. This envelope must also include the cash reports generated from the POS system, detailing the total cash collected during the day up to the time the shift concludes and receipt generated after batch closing of EDC of the outlet.

The closing in-charge is responsible for submitting this cash to the duty manager at the front desk, who then performs the night audit. In most hotels, there is a designated cash drop box where the closing in-charge deposits the envelope containing the cash amount, denomination details, and the sales summary sheet, which includes cash details.

### Check Back Questions:

1. What are different regulations by government of India on acceptance of cash limit by any F&B Outlets?
2. Enlist the steps to be taken by shift in charge for handling of cash at day end.

### 3.4 ECR/NCR/POS

There are two basic approaches to recording and controlling food and beverage sales.

**1. A manual system**, which is commonly used in small outlets. Were the transactions are not recorded digitally.

**2. An automated system:** This is commonly used in large outlets or units with several outlets, which has a very high volume of business. Were the transactions are recorded digitally.

#### 3.4.1 Manual System

##### Sales Checks (KOT in India)

One of the simplest steps to take when attempting to establish sales control procedures is to require that each item ordered and its selling price are recorded on a waiter's sales check. Using some form of a check system serves the following functions:

1. To remind the staff of the order they have taken.
2. To give a record of sales so that portion sales, sales mixes, and sales histories can be prepared.
3. To assist the cashier and help in easy checking of prices charged.
4. To show the customer a detailed list of charges made.

An additional aid is to use numbered checks and control these tightly, recording all cancelled and missing checks.

It is more common to find duplicate or triplicate checks being used as an aid to control for the following reasons:

They provide the kitchen, restaurant, or bar with a written record of what has been ordered and served.

1. They authorize the kitchen, restaurant, or bar to issue the food and beverage.
2. They provide the opportunity to compare the top copy of the check with the duplicate to ensure that all the goods that have been served have been charged and paid for.

## Problems with the manual system

The basic problems of manual system of controlling any food and beverage operation are:

1. The period between issuance and reconciliation of KOT may take a few hours.
2. The number of transactions taking place on an hourly basis in some operations are very high and hence control gets very difficult.
3. To be able to control the operation efficiently, management ideally requires many information to be available quickly and to be presented in a meaningful way which is difficult in manual system.
4. The data analysis is cumbersome and time taking
5. Poor handwriting by the waiting staff, resulting in:
  - a) Incorrect order given to the kitchen or the dispensing bar
  - b) Wrong food being offered to the customer.
6. The communication between departments such as the restaurant, dispense bar, kitchen and cashiers have to be done physically by the waiting staff going to the various departments. This is not only time consuming but inefficient.

### 3.4.2 Automated systems

#### Cash Registers (ECRs)

A cash register is a device that helps businesses process sales transactions. It calculates the total amount due, stores cash, and often features a display and cash drawer. Modern registers may also include credit card terminals, barcode scanners, and other tools. The cashier enters sale details, and the register calculates the total, displays it, and records the transaction, allowing for easy management of sales and cash handling. (VMax, 2025) (trycake, 2025)

Some machines also have a printer attached to them and generate the receipt for the customer.

#### Advantages

- **Affordability/low cost** – Cash registers are often more budget-friendly than POS systems, making them a cost-effective choice for businesses with limited financial resources.

- **Simplicity** - Cash registers are simple to use. They require little to no technical knowledge, making them accessible to employees who may not be tech-savvy.
- **Durability** - Built to last, cash registers can endure heavy usage and provide long-term service with regular maintenance and care.
- **Limited technical issues** - With fewer complex components, cash registers tend to be less prone to technical problems compared to POS systems.



**Electronic Cash Register Machine**

### **Disadvantages**

- **Limited functionality** - Cash registers focus on processing transactions and lack the advanced features of POS systems, such as inventory tracking and cloud-based reporting.
- **Less accurate record-keeping** - Cash registers require manual data entry, which can lead to errors, and they lack record-keeping facilities, making it harder to track sales and revenue trends over time.
- **Limited payment options** – It usually has very less payment acceptance methods.

No Mobility of machine

### **3.4.3 POS – Point of Sale**

A Point-of-Sale (POS) system is a vital tool in the hospitality industry, enabling seamless order processing and payment settlement between hotels and their guests. It combines software (such as mobile apps or cloud platforms) with hardware (like iPads, touch screens, card readers, or cash registers) to manage and process sales efficiently.



## **POS**

A modern restaurant POS system serves as the central hub for managing the entire operation. It simplifies and streamlines every stage of service, including:

### **1. Order Entry**

Staffs take dine-in, takeaway, or online orders directly through the POS. Orders are instantly routed to the kitchen via Kitchen Order Tickets (KOTs) or digital display screens, ensuring speed and accuracy.

### **Billing & Payments**

The POS calculates totals, taxes, and discounts automatically. It supports multiple payment methods, including cash, cards, UPI and mobile wallets, for fast and secure checkout.

### **2. Table & Order Management**

Easily manage tables, split bills, and coordinate multi-course meals. The system tracks each order from punching order to delivery of order, making operations smooth and organised.

### **3. Sales Reporting & Analytics**

Generate daily sales reports that highlight best-selling dishes, revenue performance, peak hours, and more, empowering smarter, data-driven decisions. (PoS, 2025)

#### **Advantages of POS:**

- Accept and process various payment methods

- Consolidate sales across multiple service channels (e.g., room service, restaurants, bars)
- Track and manage orders in real-time

A hotel POS system enables you to process transactions from every revenue centre — restaurants, room service, spa, minibar, tours, and more — all in one integrated platform. This centralized approach is crucial, especially as cashless, and contactless payments become the norm. Hotels are to be equipped to accept a variety of payment methods anytime, anywhere on the property.

Seamless connectivity between the PMS and POS ensures that every transaction — whether it's a spa treatment, a meal, or a minibar charge — is automatically recorded and reflected in the guest's profile and folio within the PMS. (POS tech, 2025)

Examples of various POS Micros, Odoo, Petpooja etc.

### **Check Back Questions:**

1. What are the advantages for having electronic cash register?
2. How do POS facilitate F&B Operations?

## **3.5 PROCESSING OF CREDIT CARDS AND DIGITAL PAYMENT HANDLING**

### **3.5.1 Introduction**

**The full form of EDC is Electronic Data Capture.**

EDC refers to the process of electronically capturing data at its source, typically during monetary transactions. This process is evident when a customer swipes their card at a point of sale, such as a restaurant, where the system electronically captures card details, including the transaction amount and other relevant guest information. This automation eliminates the need for manual data entry, streamlining the transaction process.

Any EDC machine is an electronic device that captures and processes payment data from credit cards and debit cards. It enables business owners to accept card payments from guests, ensuring secure, faster, and more convenient transactions.

**EDC Machine**

### **3.5.2 Processing of credit card steps**

1. The customer presents that card to the merchant for payment.
2. The merchant inserts, taps or swipes the card through the EDC machine card reader and enters the amount and requests the PIN (if needed)
3. The EDC machines capture the card details and send them to the bank for authorization.
4. The card issuing Bank verifies the card details, checks if there is an available limit or the funds in the card, and sends back an approval or a declined payment status.
5. If the transaction is successful, the EDC Machine prints a receipt for the customer.

### **3.5.3 Different modes of payment are supported by EDC machines as of the current date.**

- Debit card
- Credit card
- Contactless payment
- QR code payment
- UPI payment
- International cards

### **3.5.4 Closing of batch in EDC**

At the end of the day, it's the responsibility of the shift in charge to close the batch (Sales settlement through the machine) at the POS/EDC before the night audit so that the day's sales can be calculated and settled into the account.

Batch settlement is also known as the closing of Daily transactions and the generation of transaction reports.

### **3.5.5 What is a charge slip?**

A charge slip refers to the voucher printed from the EDC machine after swiping a debit or a credit card.

### **3.5.6 Different payment networks in India**

- Visa
- Master Card
- Ru Pay- it is launched by the National Payment Corporation of India NPCI.
- Diners Club International
- American Express
- UPI: Unified Payment Interface



**Check Back Questions:**

1. What do we understand by charge slip?
2. Enlist different Payment networks in use in India.

**3.6 REPORTS GENERATED AT THE FOOD AND BEVERAGE DEPARTMENT****3.6.1 Daily Revenue Report**

The Daily revenue report from a Restaurant POS provides a detailed breakdown of the restaurant's daily sales performance. It displays the total revenue generated during the day, along with a breakdown of sales by menu category, such as food sales and beverage sales. Sales by period (Breakfast, lunch, and Dinner), Sales by payment methods (Cash, Credit cards, UPI, etc.)

It helps in analysing sales, provides an overview of various payment methods opted for by guests, helps in decision-making regarding menu engineering, and also monitors staff performance.

**Daily Void Report**

A Void KOT/BOT refers to a kitchen order ticket (KOT) or Bar Order Ticket (BOT) that has been cancelled or voided, meaning the order is no longer valid and will not be prepared or served.

The Void KOT report provides a comprehensive summary of all dishes and beverages that have been voided by the order taker. This report requires signatures from the restaurant manager and chef-in-charge, along with a reason for cancellation, to maintain transparency and prevent potential malpractices.

**Daily Discount Reports**

The Daily Discount Report provides a summary of all discounts applied to sales or orders within a specific day. This report helps management track discount trends, monitor sales promotions, and identify areas for improvement or potential discrepancies.

## **Daily Breakfast Report**

It gives a summary of the number of breakfast covers served to guests at the coffee shop, including both complimentary and charged breakfasts.

It also shows the record of Breakfast being served through room service, allowing management to track and analyse in-room dining sales.

## **Guest birthday list**

The Guest Birthday List Report provides a list of resident guests (currently staying at the hotel) who have birthdays on a specific date. This allows hotel staff to: Recognize and celebrate guests' special days, offer personalized gestures, such as birthday wishes or amenities

## **Previous day glitch report**

The Previous Day Glitch Report highlights issues related to guest orders and experiences, such as Order errors or miscommunication, Delays, or cancellations of orders. It's usually prepared by the outlet in charge manually.

## **Charge to Room reports**

The Room Charge Post report typically includes: Room number. Details of charges posted to the room (e.g., F&B, room service)  
Amount settled (billed to the guest's account)

## **Monthly report on meal period revenue analysis**

A monthly report on meal period revenue analysis generally presents an overview of the revenue generated across various meal times, such as breakfast, lunch, and dinner, for the previous month. This report also compares the current month's performance to earlier periods, helping to identify trends and areas that could be improved.

## **Server performance report**

This report details server up selling performance and includes:

**Server Identification:** The name or ID of the server being evaluated.

**Date Range:** The specific period the report covers.

**Average Check Size:** This is calculated by dividing the total revenue generated by a server by the number of tables it served. This metric indicates how effectively servers are increasing the value of each transaction through up selling.

**Percentage of Orders with Up sells:** This reveals the proportion of orders where a server successfully upsold a customer.

**Specific Up sold Items:** A breakdown of the items most frequently up sold, categorized by type (e.g., appetizers, desserts, drinks). This helps identify popular up selling options and areas for potential focus..

### 3.6.2 Month-end P&L report

A month-end profit and loss report for a restaurant summarizes its financial performance by tracking revenue from food, beverages, and other sources, and comparing it to costs such as ingredients, labour, rent, and utilities. The report calculates gross profit, operating income, and net income, providing insights into the restaurant's profitability.

### Few More Reports

- **MTD** - MTD stands for “month to date.” It’s the period starting from the beginning of the current month up until now, but not including today’s date, because it might not be complete yet.

So if the date today is 20th July, MTD would cover activities/data during the period from 1st July – 19th July, inclusive, etc.

- **Last Month MTD** - The days in the previous calendar month up to and including the same date as Yesterday. If a store opens Monday, May 28, and you run a report for Last Month MTD, the report runs for Tuesday, May 1, to Sunday, May 27.

- **Same MTD Last Year** - The days in the same calendar month of the previous year, up to and including the same date as Yesterday. If a store opens Monday, May 28, and you run a report for Same MTD Last Year, the report runs for Monday, May 1, to Saturday, May 27 for the previous year.

- **YTD stands for “year to date”** — Again, from the beginning of the current year, up to but not including today. Once again, make sure you know whether your company goes by the calendar year or the fiscal year, as the latter may not begin on January 1st.

- **Current YTD** - The days in the current calendar year up to and including Yesterday. If a store opens Monday, May 28, and you run a report for Current Year, the report runs from Monday, January 1, to Sunday, May 27.

- **Last Year YTD**- The days in the previous calendar year, up to and including the respective day for Yesterday. If a store opens Monday, May 28, and you run a report for last year YTD, the report runs for Sunday, January 1, to Saturday, May 27, for the previous calendar year
- **VIP/HWC** – Very Important person or Handle with care list enlist names of those residents' guest are important for hotel or are to be handled with care as they might have a bad experience during their earlier stays or holds some important portfolio.
- **Allergic** – This report holds the name of all the guests who are allergic to something, might be food ingredients, flower, perfume etc.
- **Incident Report** – Incident report is the report which is prepared by the outlet manager about some incidence which would have happened at the restaurant in context to guest experience, like wrong order served, wrongly charged, guest left without settlement of check etc.

### Check Back Questions:

1. What do we understand by Year to date in a restaurant sale?
2. How does daily breakfast report helps an F&B Manager of a Hotel?

## 3.7 TYPES OF THEFTS AT F&B OUTLETS

### 3.7.1 Reusing of checks

It typically involves reusing guest checks (bills) from previous cash-paying customers and not entering the new transaction into the POS (Point-of-Sale) system. The server collects cash from the new guest but pockets the money instead of punching up the sale.

Not closing cash-paid checks is a deceptive internal practice observed in some restaurants, where servers deliberately delay or avoid closing a table's bill in the POS system after receiving payment in cash. By leaving the check open, they create an opportunity to reuse, often pocketing the cash without recording the sale.

- > Guest A pays cash for their meal.
- > The server keeps the printed check instead of disposing of it.
- > Later, Guest B places an order, and instead of creating a new check, the server reuses Guest A's old bill.
- > Guest B pays cash, and since no new order was entered into the system, the cash goes directly into the server's pocket.

### **3.7.2 Stealing Tips from Guests**

This is another common form of tip misuse in restaurants, especially where a pooled tipping system is in place (i.e., tips are collected in a common box and later distributed equally or by percentage among all eligible staff).

When servers pocket the tip directly instead of dropping it into the common tip box. It happens more often during busy shifts, late hours, or when managers aren't around.

### **3.7.3 Not charging friends/Family**

This is another critical internal fraud issue in F&B Outlets — the manipulation of billing for friends or family by servers.

Buffet not punched - Server allows friends/family to dine without entering their buffet punched in the POS at all.

Under-punching - If 4 people eat, only 2 or 3 buffets are punched — the remaining go unbilled.

Giving complimentary items - Free beverages, desserts, or add-ons without manager approval to their known members along with the regular bill punched.

### **3.7.4 Manipulating with plate counts at Banquet Events**

During high-volume banquet or catering events, a serious malpractice often occurs where servers accept unauthorized cash tips from the host in exchange for providing more plates than officially ordered. These extra plates are issued discreetly during peak hours, without being recorded in the POS system or reflected in the final invoice. To prevent such incidents, it is essential to implement strict plate issuance controls, ensure all additional covers are authorized by a supervisor, monitor service areas through CCTV.

#### **Check Back Questions:**

1. List few steps to stop manipulation pf plate counts at banquet function.
2. What are the activities of staff which leads to reduction of revenue of the restaurant due to various frauds?

## **3.8 BUDGET**

### **3.8.1 Introduction**

According to the Oxford Learner's Dictionary, budget is defined as “The money that is available to a person or organization and a plan of how it will be spent over some time.” (Budget, 2025) According to the Chartered Institute of Management

Accountants, the London budget is defined as “A financial statement prepared before a defined period, of the policy to be pursued during that period to attain a given objective.” (Bhattacharya, 2025)

### **Definition of Budgetary control**

According to the Chartered Institute of Management Accountants, London, Budgetary control is defined as “The establishment of a budget relating to the responsibilities of the executives to the requirements of a policy, and the continuous comparison of actual with the budgeted results, either to secure by individual action the objective of that policy or to provide a basis for its revision”. (Bhattacharya, 2025).

### **3.8.2 Objectives of Budgetary Control in the Food & Beverage Service Industry**

Budgetary control in the F&B service sector acts as a -planning tool and a central pillar of management control, aligning every function—from procurement to service delivery—toward operational excellence and profitability.

#### **1. Planning & Forward Forecasting**

Budgets help F&B managers to anticipate revenue, food and labour costs, inventory requirements, and capital expenditure ahead of time. They enable proactive identification of challenges (e.g demand fluctuations) and guide detailed operational planning—from staffing and menu changes (Ithy, n.d.; GeeksforGeeks, 2025).

#### **2. Coordination Across Departments**

Effective budget systems align kitchen, service, procurement, and finance teams around unified targets and timelines. Coordination ensures that production levels match room occupancy or event schedules and prevents resource conflicts or overproduction (Hospitality Institute, n.d.; GeeksforGeeks, 2025)

#### **3. Cost Control & Profitability Management**

A primary objective is to track food cost, beverage cost, labour costs, overheads, and gross/net margins against pre-set budgets. Rigorous monitoring and variance analysis support cost monitoring, minimizing waste while safeguarding margins (Ithy, n.d.; Testbook, 2025)

#### **4. Establishment and Enforcement of Standards**

Budgets forces service and production standards via SOPs, standardized recipes, portion control, and quality checks. These standards guide cost-efficient operations without compromising customer satisfaction (Saravanan, 2019)

## 5. Pricing Strategy

Accurate cost control helps formulate menu pricing and competitive quotations for banquets or functions. Budgets incorporate cost and market data to set profitable yet acceptable pricing levels considering competitors and customer spending power (Saravanan, 2019)

## 6. Preventing Waste & Fraud

Budgetary control aims to eliminate inefficiencies through timely inventory management, portion monitoring, and compliance with recipes. It also implements checks to prevent fraud (e.g., voids, walkouts, staff pilferage) and ensures auditability (Saravanan, 2019)

## 7. Management Information & Reporting

Budgets establish the basis for accurate, timely performance reporting—daily food-and-beverage costs, sales mix, labour ratios, and outlet-level margins. These reports inform strategic decisions and maintain transparency across operations (Saravanan, 2019; Ithy, n.d.)

## 8. Performance Measurement, Motivation & Accountability

Budget targets create clear responsibility centres—for example, banquet manager, outlet chef, F&B manager—with performance evaluated via variance analysis. Active participation in budget preparation enhances motivation and ownership (Economics Discussion, n.d.; Ithy, n.d.)

## 9. Early Risk Detection & Cash Flow Management

Budgetary control serves as an early warning system: unexpected spikes in food costs or labour expenses can trigger immediate investigation. It also ensures seasonal or event-driven cash demands are forecast in advance, optimizing liquidity (Hospitality Institute, n.d.)

### 3.8.3 F&B Service Department Budget Preparation Framework

#### 1. Identifying Budget Responsibility Areas

The first step is to define the specific units within the F&B Service Department that require separate budgeting. This may include the main restaurant, bar, banquet service, room service, and any other outlets. Each outlet has distinct revenue streams and cost structures, which must be considered independently for accurate planning.

## **2. Formation of an Internal Budget Team**

A team is formed within the F&B department to oversee the budgeting process. This typically includes the F&B Manager, Restaurant Manager, Banquet Manager, Bar Supervisor, and a representative from the accounts or finance team. This group collaborates to prepare, compile, and refine the department's budget proposals.

## **3. Developing a Budget Manual for F&B Service**

An internal guideline or mini manual is created to standardize the budgeting process within the department. It outlines timelines, responsibilities, formats for revenue and cost estimation, and reporting structures. This ensures consistency and avoids confusion during budget preparation.

## **4. Identifying the Limiting or Key Factor**

In F&B Service, the key limiting factors might be seating capacity, guest footfall, manpower availability, or seasonal banquet demand. Recognizing this helps in creating realistic revenue and staffing plans, especially for peak seasons and high-volume events.

## **5. Determining the Budget Period**

The department decides the period for which the budget will be created—typically aligned with the hotel's annual budget cycle. Monthly or quarterly breakdowns are also prepared for better tracking and control of revenues and expenditures.

## **6. Setting Departmental Objectives**

Specific goals are established for the F&B Service team. These may include increasing average check value, improving guest satisfaction scores, reducing wastage, controlling labour cost percentages, or maximizing banquet revenue. Objectives guide budget decisions and daily operations.

## **7. Forecasting Revenue and Costs**

Forecasts are made for expected sales from each outlet and service, including food, beverage, and banquet revenues. Likewise, costs related to staffing, linen, cleaning supplies, breakage, beverages, and outsourced services are estimated. These forecasts are based on past performance, seasonal trends, upcoming events, and local market analysis.

## **8. Drafting the Provisional F&B Budget**

Using the forecasts, a draft budget is prepared covering all income and expense heads. For example, expected beverage sales, staff salaries, service equipment costs, linen replacement, and staff training expenses are all included. This provisional budget is then submitted to the hotel's finance team or budget committee for review.

## **9. Review and Finalization**

The draft F&B budget is discussed with senior management and finance. Adjustments are made to align with overall hotel targets and to account for changes in strategy or projected occupancy. Once approved, the final budget becomes the operating plan for the F&B Service Department for the defined period.

### **3.8.4 Factors to be considered while preparing the budget**

- Historical data of revenue and expenses, and their review**

Collect data of sales over time (monthly, quarterly, and annual) for all the Food and beverage outlets of the hotel. Then break it down into different categories like food cost, beverage cost, labour, rent, marketing, and commissions (if any)

Compare expenses and revenue across different periods; adjust for seasonality (weekends, holidays, festivals as per local custom).

- Revenue forecast and expenditure projections**

The committee decides on amount of revenue they forecast for the budget period, it is usually a set percentage of increase in revenue depending upon the past history records of the hotel and economic condition of the country or state.

- General economic environment**

- Expanding or shrinking economy
- Overall state of the food and beverage industry
- Food, beverage, and labour costs in the marketplace
- Local environment/events affecting the operation, such as

- Local environment/events affecting the operation, such as:**

- Business openings or closings in the region.
- Changes in local regulations taken care by the local government.
- Road or construction work affecting the access to the operation. Example.

Flyover sanctioned in front of the hotel leading to reduced guest footfalls to the hotel)

- Labour issues – hiring or retention difficulties

- **Competitive environment**

- Presence of competitors with similar capacity in the vicinity.
- Competition pricing policies
- SWOT (strengths/weaknesses/opportunities/threats) analysis

- **Future Projects proposed by the organisation**

If there are any plans for start of any new F&B Outlets in the hotel or closure of any existing outlet in the hotel, kit should be kept in the mind.

- **Festive dates and months as per local customs**

Different regions have different festivals celebration, like Durga Puja at West Bengal, Ganpati at Maharashtra, and Diwali at North India. These festive months should also be kept in mind.

**Note: Supplementary Budget** – A budget which is prepared to handle various unforeseen circumstances like war, strike, corona virus etc.

**Check Back Questions:**

1. Plan who all should be part of Budget preparation team for an F&B Department.
2. What all points to be considered while planning a Budget.

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## LET'S SUM UP

In this chapter, you learned different sales concepts relevant to the Food & Beverage department in hotels. You learned about both monetary and non-monetary sales concepts, and how to analyze and forecast sales for existing and new business units by considering various influencing factors. The chapter covered the importance of cash control through the imprest system, handling of digital payments, and the procedures for cash float and shift closures. You also explored manual and electronic check systems including POS and ECR, along with the credit card payment process, batch closure, and awareness of different payment networks in India. Additionally, you learned about different types of reports generated in F&B outlets, understood common theft practices, and gained insights into the principles and objectives of budgetary control within the department.

## REVIEW QUESTIONS

### MULTIPLE CHOICE QUESTIONS:

1. What is the primary purpose of the Daily Revenue Report in a restaurant's POS system?

- A. To record staff attendance
- B. To track kitchen inventory
- C. To analyze daily sales by category, meal period, and payment method
- D. To schedule staff shifts

2. What does the Void KOT/BOT report require to ensure accountability and prevent misuse?

- A. Guest's signature and room number
- B. Manager and chef's signatures along with a reason for voiding

- C. Discount code and cashier's initials
- D. Inventory approval from the store

3. Which report helps management identify how many complimentary and charged breakfasts were served?

- A. Daily Discount Report
- B. Breakfast Cover Summary Report
- C. Daily Breakfast Report
- D. Guest Dining Report

4. What does the Server Performance Report primarily evaluate?

- A. Staff punctuality and attendance
- B. Cleanliness of service areas
- C. Up selling performance, including average check size and up sell percentage
- D. Complaint resolution time

5. What is the function of the Charge to Room Report?

- A. To record room cleaning status
- B. To log F&B charges posted to guest rooms
- C. To update guest check-in details
- D. To track minibar consumption

## **SHORT ANSWER TYPE QUESTIONS**

1. What are different factors which should be kept in mind while planning a budget for an F&B outlet?
2. Discuss few examples of fraud practices which prevail in different outlets?
3. Explain Month to date.
4. Enlist few Payment networks that prevail in Indian Market.
5. Discuss different cash limit acceptance by F&B outlets as per RBI.

## **LONG ANSWER TYPE QUESTIONS**

1. Explain in details the different steps involved in sales forecasting.
2. Enumerate different monetary sales concepts applicable to restaurant.
3. Discuss the working of Imprest cash of any outlet.
4. Explain the working of credit cards.



5. Which are reports which are generally generated by F&B outlet and what is its significance?

## **ACTIVITY**

Collect the sale information from your institute canteen for a day and prepare a report of sales by category for any particular product category.

# Unit-4

## EVENT MANAGEMENT

### OVERVIEW

Event management is a multifaceted field involving the planning, coordination, and execution of various types of events. This chapter explores the essential sub-domains of event management ranging from conceptualization to final reporting. It is crucial for hospitality professionals, business managers, and marketing professionals.

S.No.	Sub-Unit	Learning Topics	Key Learning Objectives	At the End of the Chapter the Learner Will Be Able To:
1	Definition and Objectives	Event definition, scope, purpose	Understand the scope and purpose of event management	Define event management and describe its key objectives
2	MICE	Meetings, Incentives, Conferences, Exhibitions	Learn the MICE components and significance	Organize a basic MICE event
3	Theme and Budgeting	Event theme, budgeting techniques	Design a theme and manage a budget	Develop event themes and control expenditures
4	Destination Wedding	Wedding logistics, guest experience	Plan weddings based on location dynamics	Prepare a destination wedding plan
5	Product Launch	Strategy, PR, guest management	Understand launch planning and brand visibility	Execute a successful product launch event
6	Organising Food Festival for a Hotel	Food stalls, branding, vendor coordination	Create a vibrant food festival	Plan and manage a food-based event
7	Selection of a Venue	Venue types, selection criteria	Learn venue assessment and logistics	Choose appropriate venues based on event type
8	Supplier Management	Vendor types, negotiations, contracts	Manage third-party suppliers effectively	Establish productive supplier relationships
9	Event Marketing	Promotion channels, audience targeting	Understand event promotion and marketing strategies	Create marketing plans for event promotion
10	Dossier	Documentation, checklists, post-event reporting	Create a detailed event record	Prepare event dossiers and assess event effectiveness

#### **4.1.1 Introduction**

From high-profile international summits to local community fairs, events have become a key part of how individuals, organizations, and societies communicate, celebrate, educate, and promote. Behind every successful event lies a structured process known as Event Management, which blends creativity, logistics, and communication to deliver memorable experiences. Understanding what event management is and its underlying objectives is crucial for aspiring professionals in this industry.

- **Definition of Event Management**

Event Management is both a science and an art, combining systematic planning with creative execution to ensure that an event achieves its intended purpose. It is a multidisciplinary field requiring skills from various domains like finance, marketing, logistics, and human resources.

- **Simple Definition:**

At its core, event management is the process of planning, organizing, and managing an event with the goal of fulfilling specific objectives. This could mean delivering a successful product launch, hosting a memorable wedding, or managing a conference that educates and inspires attendees. The process involves coordinating many moving parts to ensure everything aligns with the event's goals.

- **Comprehensive Definition:**

Event management applies the principles of project management—such as scheduling, budgeting, risk assessment, resource allocation, and quality control—to the context of events. Whether it's a small meeting or a large festival, the event manager must oversee every phase from conceptualization through execution and post-event analysis. The scope includes:

- **Budgeting:** Estimating, allocating, and monitoring finances to ensure the event remains financially viable.
- **Marketing:** Promoting the event to attract the target audience through advertising, public relations, and digital outreach.
- **Scheduling:** Creating timelines for all activities, from vendor delivery to program execution, to avoid conflicts and delays.

- **Risk Management:** Identifying potential risks (weather, security, technical failures) and preparing contingency plans.
- **Venue Selection:** Choosing a location that meets the event's logistical, aesthetic, and functional needs.
- **Logistics:** Managing transportation, accommodation, catering, and equipment setup.
- **On-site Operations:** Coordinating staff, managing registration, overseeing the event flow, and ensuring guest satisfaction during the event.

#### **4.1.2 Objectives of Event Management**

Event management objectives are multi-dimensional, often categorized into strategic, operational, and social/cultural goals. Understanding these helps the planner align all event activities to meet desired outcomes.

##### **4.1.2.A Strategic Objectives**

- Enhance Brand Visibility and Awareness: Events are powerful tools to showcase a brand or organization. Through strategic branding, signage, and targeted communication, events increase recognition and positive perception among attendees and broader audiences.
- Communicate with Stakeholders: Events offer a direct platform to engage with customers, employees, investors, partners, and media, fostering transparent communication and strengthening relationships.
- Launch New Products/Services: A well-executed event generates buzz and excitement for new offerings, providing an opportunity for demonstrations, media exposure, and immediate customer feedback.
- Develop Corporate Image: Through theme, tone, and content, events reinforce a company's values and reputation, positioning it favourably in the marketplace.

##### **4.1.2.B Operational Objectives**

- **Execute Events Efficiently:** Efficiency in coordination, timing, and resource use ensures the event runs smoothly without delays or disruptions, saving time and reducing stress.
- **Maximize Attendance and Satisfaction:** Targeted marketing, attractive programs, and excellent guest services boost turnout and create positive attendee experiences, critical for repeat business and referrals.

#### **4.1.2.B Operational Objectives**

- **Optimize Costs and Resources:** Careful budgeting and resource management avoid overspending and waste, ensuring the event delivers maximum value within financial constraints.
- **Ensure Safety and Legal Compliance:** Protecting the wellbeing of all participants is paramount. This involves adhering to safety regulations, securing necessary permits, and preparing for emergencies.

#### **4.1.2.C Social or Cultural Objectives**

- **Celebrate Traditions or Milestones:** Many events mark cultural, historical, or organizational milestones, fostering a sense of community and continuity.
- **Educate or Spread Awareness:** Conferences, seminars, and awareness campaigns use events as platforms for knowledge sharing and advocacy.
- **Foster Networking and Collaboration:** Events create opportunities for attendees to meet, exchange ideas, and build partnerships that can lead to future cooperation and growth.

#### **Check Back Questions:**

1. Define event management in your own words.
2. List any three objectives of event management.
3. Mention any two types of events with examples.

### **4.2 MICE**

#### **Overview**

The MICE segment - comprising Meetings, Incentives, Conferences, and Exhibitions - is a highly specialized and rapidly growing sector within the event management and tourism industries. MICE events are business-oriented, focused on professional development, networking, brand visibility, knowledge exchange, and organizational reward systems. This sub-unit provides students with an in-depth understanding of the components, importance, planning intricacies, and strategic benefits of MICE activities in modern business and destination marketing.

#### **4.2.1 Definition and scope of mice**

MICE stands for:

- **M – Meetings**
- **I – Incentives**
- **C – Conferences**
- **E – Exhibitions**

MICE represent a business-oriented segment of the hospitality and event management industries. It involves large groups, planned well in advance, brought together for a specific purpose related to work, training, recognition, networking, or trade promotion.

#### **4.2.2 breakdown of mice components**

##### **Meetings**

- Gatherings of people for business, training, or discussion purposes
- Usually small to medium-sized groups
- Examples: Board meetings, annual reviews, strategy sessions

##### **Incentives**

- Reward-based travel for employees or business partners
- Often informal and includes leisure activities
- Purpose: Motivate and recognize performance
- Example: Fully sponsored trip for top sales performers

##### **Conferences**

- Larger than meetings
- Focused on sharing knowledge, research, or business updates
- Includes keynote speakers, panel discussions, workshops
- Example: Medical conferences, tech summits

##### **Exhibitions**

- Trade shows or expos where organizations showcase products/services
- Open to public or restricted to industry professionals
- Objective: Promotion, sales, networking
- Example: Auto Expo, IT Trade Fair

#### **4.2.3 importance of mice in the event and tourism industry**

- **Revenue Generation:** MICE tourists spend significantly more than leisure travellers.
- **Destination Promotion:** Cities that host MICE events gain international recognition.
- **Economic Development:** Boosts sectors such as hospitality, transport, and retail.
- **Knowledge Transfer:** Facilitates idea exchange, innovation, and industry evolution.

#### **4.2.4 key stakeholders in MICE**

- Event Planners and Managers

- Venue Providers (Hotels, Convention Centres)
- Government and Local Authorities
- Logistics and Hospitality Service Providers

#### **4.2.5 MICE venues and destinations**

MICE destinations are selected based on:

- Infrastructure (transport, hotels, tech support)
- Venue capacity and facilities
- Accessibility
- Local attractions and hospitality
- Government support and safety

Examples of Popular Global MICE Destinations:

- Singapore, Dubai, London, Bangkok, Las Vegas, Barcelona

Popular Indian MICE Destinations:

- Delhi NCR, Mumbai, Hyderabad, Bengaluru, Goa, Kochi

#### **4.2.6 planning and management process**

1. Objective Setting
2. Budgeting and Resource Planning
3. Venue Selection
4. Stakeholder Coordination
5. Marketing and Promotion
6. On-site Management
7. Feedback and Post-Event Evaluation

#### **Check Back Questions:**

1. What are MICE?
2. Give two examples each of MICE events.
3. Mention any two stakeholders involved in organizing MICE events.

### **4.3 THEME AND BUDGETING**

#### **Overview**

The selection of an appropriate event theme and effective budget planning are foundational pillars for a successful event. A well-chosen theme sets the mood, aligns with event goals, and enhances the audience experience, while budgeting ensures financial feasibility and resource control. This sub-unit provides a comprehensive understanding of how themes are conceptualized and aligned with event objectives, and how budgets are prepared, allocated, monitored, and optimized throughout the event lifecycle.

### **4.3.1 Event Theming**

#### **Definition:**

An event theme is a unifying concept or idea that sets the tone, visual style, and overall experience for the event. It reflects the event's purpose, audience expectations, and brand personality.

### **4.3.2 Importance of theming**

- Creates a Memorable Experience: Theming helps in immersing attendees in a specific environment or narrative.
- Strengthens Branding: Events with strong themes reinforce the brand's message and identity.
- Drives Engagement: Themed décor, costumes, entertainment, and communication enhance audience involvement.
- Aligns Stakeholders: A defined theme guides decisions across logistics, promotion, and design.

### **4.3.3 Elements of a theme**

- Colour Palette
- Visual Motifs (Graphics, Logos, Banners)
- Lighting and Décor
- Venue Styling
- Dress Code
- Music and Entertainment
- Gifts and Giveaways
- Marketing Communication Style

### **4.3.4 Process of theme selection**

- 1.Understand Event Objectives
- 2.Know Your Audience
- 3.Define Key Messages
- 4.Research Trends and Relevance
- 5.Finalize Mood Board and Concepts
- 6.Check Feasibility (Budget, Venue Constraints)
- 7.Present and Approve the Theme

### **4.3.5 Examples of popular themes**

- Corporate: “Futuristic Vision 2030”, “One Team, One Goal”
- Weddings: “Royal Rajasthani”, “Boho Chic Garden”
- Festivals: “Green Earth Eco Fest”, “Carnival of Cultures”
- Product Launches: “TechXperience”, “Minimalist Luxury”

#### **4.3.6 Budgeting in event management**

Definition:

Budgeting refers to the process of estimating and allocating financial resources for each component of an event, ensuring cost-effective execution without compromising quality.

#### **4.3.7 Importance of budgeting**

- Financial Control: Prevents overspending and cash flow problems.
- Resource Allocation: Helps prioritize crucial areas like venue, catering, and entertainment.
- Sponsorship Planning: Offers transparency and ROI tracking for stakeholders.
- Decision Making: Guides vendor selection and scope decisions.

#### **4.3.8 Components of an event budget**

<b>Budget Item</b>	<b>Description</b>
Venue and Rentals	Hall/space rent, tables, chairs, lighting, sound
Catering	Food, beverages, service staff
Marketing and Promotion	Digital ads, banners, flyers
Guest Speakers/Performers	Honorarium, travel, accommodation
Décor and Theme Materials	Flowers, props, costumes
Logistics and Transport	Shuttle services, VIP handling
Permits and Licenses	Local permissions, legal clearances
Contingency Fund (10-15%)	For unexpected expenses

#### **4.3.9 Types of budgeting methods**

- Zero-Based Budgeting: Every cost is justified from scratch.
- Top-Down Budgeting: Based on available total amount; costs are divided proportionally.
- Incremental Budgeting: Based on past budgets with adjustments.

#### **4.3.10 Cost control strategies**

- Early vendor negotiations
- Barter deals and sponsorships
- Using digital promotion over print
- Repurposing materials across events
- Volunteer staffing where appropriate

#### **4.3.11 Sponsorship & funding options**

- Corporate sponsors (branding, co-hosting)
- Government or institutional grants (for social events)
- Ticket sales and merchandise
- Exhibitor fees (in expos/fairs)
- Advertising rights (for media partners)

#### **Check Back Questions:**

- 1.What is the purpose of having a theme for an event?
- 2.List any three elements involved in theming an event.
- 3.List two ways to control costs during event planning.

### **4.4 DESTINATION WEDDING**

A Destination Wedding refers to a wedding event organized at a location away from the couple's hometown, often in scenic, luxurious, or culturally rich venues. These events combine the wedding ceremony with travel and leisure, often stretching over multiple days. The popularity of destination weddings has surged due to the appeal of curated experiences, picturesque settings, and memorable guest engagement. This sub-unit explores the planning, logistics, challenges, legalities, vendor coordination, and budgeting specific to destination weddings, offering learners the ability to plan such complex yet rewarding events.

#### **4.4.1 Introduction to destination weddings**

A Destination Wedding is a wedding held in a location away from the couple's hometown, often involving travel for the couple and their guests.

Scope:

- Domestic (e.g., Udaipur, Goa, Kerala in India)
- International (e.g., Bali, Santorini, Paris, Dubai)

<b>India</b>	<b>International</b>
Udaipur (Royal weddings)	Bali (Beach theme)
Jaipur (Heritage sites)	Tuscany, Italy (Vineyards)
Goa (Beachfront)	Santorini, Greece (White cliff venues)
Kerala (Backwater themes)	Dubai (Luxury and desert themes)
Mussoorie (Hill station)	Maldives (Island weddings)

#### **4.4.3 KEY ELEMENTS OF DESTINATION WEDDING PLANNING**

##### **A. Location Scouting**

- Accessibility
- Accommodation options

- Local climate and seasons
- Legal permissions

**B. Legal Considerations**

- Marriage laws (domestic & international)
- Required documentation (passports, affidavits)
- Cultural or religious limitations
- Registration requirements

**C. Guest Management**

- Invitation and RSVP handling
- Travel planning (group bookings, airport pickups)
- Accommodation blocks
- Welcome kits and itineraries

**D. Logistics & Itinerary Planning**

- Welcome dinner
- Pre-wedding events (mehendi, sangeet, haldi)
- Main ceremony
- Reception or farewell brunch
- Local transport coordination

**E. Vendor Coordination**

- Local vs. home-city vendors
- On-ground event manager
- Photographer, decorators, caterers
- Translator or local liaison (for international weddings)

**F. Cultural Sensitivity**

- Local customs and laws
- Religious protocols
- Dress codes or noise restrictions

Component	International
Venue	Booking, permits, décor restrictions
Travel & Accommodation	Flights, hotel rooms, transfers
Décor	Multi-cuisine meals, drinks, themed setups
Kerala (Backwater themes)	Location-specific designs, flowers, props
Photography & Videography	Multi-day shoot, drone coverage
Entertainment	Local performers, DJs, MCs
Miscellaneous	Local taxes, tips, welcome gifts, contingencies

**Tips for Budget Optimization:**

- Negotiate bulk hotel and airline bookings
- Combine vendors into packages
- Partner with local tourism boards or sponsors

**4.4.5 Challenges in destination weddings**

- Weather uncertainties
- Language barriers
- Logistics of transporting décor/material
- Time zone coordination
- Currency exchange and legalities
- Guest attendance uncertainty
- Destination weddings offer a unique and memorable experience but involve complex planning.
- Location selection, legal compliance, and local vendor coordination are critical success factors.
- Budgeting must include travel, accommodation, legal, and local logistic expenses.
- Guest management requires extra care due to travel, language, and cultural differences.

**Check Back Questions:**

- 1.What is a destination wedding?
- 2.Name any two popular domestic destination wedding locations in India.
- 3.What is the role of a local vendor in destination events?

**4.5 PRODUCT LAUNCH****Overview**

A Product Launch is a strategic event aimed at introducing a new product or service to the market and target consumers. It is a critical component of marketing communication and brand positioning. Product launch events serve to create awareness, generate excitement, attract media coverage, and stimulate initial sales. This sub-unit explores the step-by-step planning of a product launch event—from conceptualization to execution—while highlighting its importance in brand building and competitive advantage.

**4.5.1 Introduction to product launch events****Definition:**

A Product Launch Event is a marketing-focused event designed to introduce a new product or service to the market, potential buyers, stakeholders, and media.

**Purpose:**

- Build brand and product visibility

- Educate the audience about product features
- Create buzz and media attention
- Drive early adoption and sales
- Engage stakeholders and potential partners

#### **4.5.2 Types of product launch events**

Type	Example
Press Launch	Apple iPhone unveiling to media
Trade/Industry Launch	Auto Expo showcasing new vehicles
Internal Launch	Company introducing product to employees first
Soft Launch	Beta testing with selected users
Virtual Launch	Online live-streamed product introduction

#### **4.5.3 Stages of a product launch event**

##### **A. Pre-Launch Stage**

- Market research and SWOT analysis
- Setting launch goals (awareness, trial, media coverage)
- Identifying target audience
- Venue or platform selection
- Developing teaser campaigns and “Save the Date” communications
- Collaborating with influencers or partners

##### **B. Launch Stage**

- Event execution (live or virtual)
- Keynote presentations
- Product demonstrations and walkthroughs
- Brand storytelling
- Media engagement (interviews, press kits)
- Social media promotions
- Contests or giveaways

##### **C. Post-Launch Stage**

- Gathering feedback
- Media monitoring
- Follow-up communication
- Sales team activation
- Product availability logistics
- ROI analysis

#### **4.5.4 Key elements in planning a product launch**

- Venue or Platform Selection: Must match brand positioning (luxury, tech-savvy, eco-conscious)

- Audience Targeting: Influencers, media personnel, distributors, end-consumers
- Content Strategy: Clear messaging, compelling demos, keynote scripts
- Multimedia Integration: Videos, AR/VR demos, music, lighting
- Media & PR Coordination: Press invites, media kits, press releases
- Branding Collateral: Logos, banners, merchandise, giveaways
- Budget Management: Venue, A/V setup, speakers, catering, promotions

#### **4.5.5 Budgeting for a product launch event**

Expense Category	Typical Items Included
Venue/Platform	Rental fees, permits, staging
AV & Tech	LED screens, microphones, live-streaming setups
Promotional Material	Flyers, social media ads, merchandise
Guest Management	Invitations, seating, RSVP tools
Food & Beverage	Catering or refreshments
Talent & Speakers	Brand ambassadors, keynote speakers, emcees
Media Outreach	Press kits, agency fees, media list handling
Post-Event Follow-up	Thank-you emails, recording edits, analytics tools

#### **4.5.6 Evaluation metrics for product launch success**

- Media coverage, reach and sentiment
- Social media engagement metrics
- Product inquiries and website visits
- Customer feedback from attendees
- Initial sales volumes and pre-orders
- Influencer campaign performance

#### **Check Back Questions:**

- 4.What is the main purpose of a product launch event?
- 5.Name three types of product launch events.
- 6.List two key activities during the pre-launch phase.

#### **4.6 ORGANISING FOOD FESTIVAL BY HOTEL**

A Food Festival organised by a hotel is a themed gastronomic event aimed at promoting culinary excellence, cultural cuisine, and enhancing customer experience. It serves as a powerful marketing strategy to attract new patrons, boost sales during off-peak seasons, and showcase the chef's creativity and regional or international dishes. This unit provides a comprehensive framework for planning, organizing, executing, and evaluating a food festival within a hotel environment.

#### **4.6.1 Introduction to food festivals**

Definition:

A Food Festival is a culinary event organized to celebrate and showcase different cuisines, culinary traditions, chefs, and food innovations. When organized by hotels, it also serves to promote their in-house dining outlets.

Objectives:

- Increase brand visibility and footfall
- Celebrate local or international cuisines
- Boost food and beverage (F&B) revenue
- Foster customer loyalty and engagement
- Highlight the hotel's culinary talent

#### **4.6.2 Types of food festivals in hotels**

Type	Description
Regional Cuisine Festival	Showcasing food from a particular state or region
International Food Fair	Featuring global cuisines (Italian, Thai, Mexican, etc.)
Street Food Festival	Recreating local street food ambience in a hotel setting
Seasonal or Harvest Festival	E.g., Mango Festival, Monsoon Delights, Winter Warmers
Theme-Based Festival	Based on concepts like "Farm to Fork", "Royal Kitchens"

#### **4.6.3 Planning a food festival**

##### **A. Pre-Planning Phase**

- Define objectives (sales, branding, footfall)
- Form a planning committee
- Choose dates (preferably during slow business periods)
- Select the festival theme and cuisine(s)

##### **B. Budget Planning**

- Allocate costs for:
- Menu development and ingredients
- Décor and theme setup
- Marketing and PR
- Staff and equipment
- Entertainment or guest chefs
- Miscellaneous (permits, signage, etc.)

##### **C. Menu Development**

- Curated by executive chef and F&B team
- Include signature dishes, dietary options
- Balance between innovation and familiarity
- Incorporate live counters or tasting booths

#### **4.6.4 Marketing and promotion strategy**

- Design attractive event flyers and posters
- Leverage social media (Instagram reels, Facebook events, etc.)
- Partner with food bloggers and influencers
- Offer early-bird discounts and group packages
- Media coverage via press release or food reviews
- Email marketing to loyal customers and loyalty program members

#### **4.6.5 Operations and logistics**

- Venue preparation (banquet hall, garden, poolside, etc.)
- Seating arrangements and traffic flow
- Lighting, décor, and music aligned with theme
- Hygiene and food safety compliance
- Coordination with kitchen and service staff
- POS systems and billing stations ready

#### **4.6.6 Guest experience enhancement**

- Welcome drinks and greeting stations
- Live cooking counters
- Music or live performances (folk/dance/instrumental)
- Thematic giveaways or souvenir items
- Guest feedback collection via QR or printed forms

#### **4.6.7 Post-festival evaluation**

- Assess guest turnout and demographic analysis
- Calculate ROI (cost vs. revenue)
- Review guest feedback for satisfaction
- Identify improvement areas
- Archive for future reference or recurring events

#### **Check Back Questions:**

1. Define a food festival in the context of hotel event management.
2. List any three popular types of food festivals.
3. What are the primary goals of organizing a food festival?

#### **4.7 SELECTION OF VENUE**

Venue selection is one of the most critical components in the successful execution of an event. The venue influences nearly every other aspect of the event — from layout and logistics to theme implementation, guest comfort, safety, and budget. This unit delves into the core considerations, procedures, and best practices involved in selecting an appropriate venue for various types of events.

#### 4.7.1 Introduction to venue selection

A venue is the physical location where an event is held. Its choice is pivotal because it directly impacts the event's logistics, guest experience, budget, and overall success.

Importance of Selecting the Right Venue:

- Sets the tone and mood of the event
- Influences logistical decisions (seating, catering, A/V setup)
- Affects cost efficiency
- Ensures safety and regulatory compliance
- Determines ease of access for attendees

#### 4.7.2 Types of venues

Venue Type	Suitable Events	Features
Banquet Halls	Weddings, Corporate Functions	Structured, indoor, with in-house catering
Conference Centres	Seminars, MICE Events	A/V-equipped, formal seating, often attached to hotels
Outdoor Spaces	Concerts, Food Festivals, Destination Events	Scenic, spacious, seasonal weather-dependent
Hotels & Resorts	Destination Weddings, Retreats	All-inclusive packages, accommodation + amenities
Stadiums/Arenas	Sports Events, Mega Concerts	Large capacity, public security, major crowd management
Community Centres	NGO Events, Small Functions	Affordable, accessible, basic facilities
Private Estates/Villas	Private Estates/Villas	Luxury, privacy, personalized décor options

#### 4.7.3 Key factors in venue selection

##### 1. Event Type & Audience

- Corporate vs. private vs. public
- Guest demographics and expectations

##### 2. Capacity & Scalability

- Seating arrangements: theatre, banquet, classroom
- Standing or moving crowd accommodation

##### 3. Location & Accessibility

- Centralized or destination-specific
- Parking, public transport, shuttle availability

##### 4. Cost and Packages

- Rental fees (hourly/day basis)
- Hidden charges (cleaning, overtime, security)

**5. Infrastructure and Amenities**

- Stage, A/V support, lighting, green rooms
- Wi-Fi, power backup, restrooms

**6. Legal & Regulatory Compliance**

- Fire safety certificates, alcohol licenses
- NOCs, crowd capacity clearance

**7. Ambiance and Customization**

- Flexibility for décor
- Theme compatibility

**8. Availability and Booking Flexibility**

- Advance booking windows

Cancellation/reschedule policy

**4.7.4 Venue site inspection checklist**

Category	Features
Capacity	Match expected number of guests
Layout & Space	Sufficient space for activities, booths, or stage
Accessibility	Ramps, elevators for differently-abled guests
Catering Services	In-house or outside vendor flexibility
A/V Setup	Microphones, speakers, screens, lighting
Safety Measures	Affordable, accessible, basic facilities
Restrooms	Fire exits, extinguishers, trained staff
Logistics	Load-in/load-out area for equipment
Staff Support	On-site coordinator, event support staff
Surroundings	Noise restrictions, ambiance, lighting conditions

**4.7.5 Cost considerations**

- Rental Fee: Base rate for hours or full day
- Deposit: Refundable or non-refundable booking fee
- Additional Charges: Cleaning, overtime, security, tech support
- Catering & Décor: Whether included or charged extra
- Payment Schedule: Advance, instalment, post-event balance

**4.7.6 Safety, legal and logistical considerations**

- Ensure emergency exits and clear signage
- Check for insurance requirements and liability coverage
- Review permit needs based on event type (e.g., music license, F&B licensing)

- Confirm availability of backup power, first aid, and security personnel
- Evaluate logistics compatibility (loading docks, green rooms, changing rooms)

**Check Back Questions:**

1. List three common types of event venues.
2. What is a site inspection, and why is it important?

Mention any two legal documents required during venue selection.

## **4.8 SUPPLIER MANAGEMENT**

### **Overview**

Supplier Management is a core element of successful event execution. Suppliers provide the essential goods and services required to bring an event to life—from catering and décor to technology, transport, and security. Effective supplier management involves identifying, evaluating, selecting, contracting, coordinating, and maintaining professional relationships with suppliers to ensure timely, cost-effective, and quality service delivery. This unit explores the end-to-end process of managing event suppliers, highlighting best practices, potential pitfalls, negotiation strategies, and legal considerations.

### **4.7.6 Safety, legal and logistical considerations**

Supplier management in event planning refers to the systematic approach to sourcing, hiring, communicating with, and evaluating vendors or service providers critical to event success.

### **Key Objectives:**

- Ensure timely service delivery
- Maintain quality standards
- Keep costs within budget
- Establish long-term professional relationships
- Reduce risks of delays and miscommunication

### **4.8.2 Types of event suppliers**

1. Catering Suppliers – Food, beverages, wait staff
2. Décor & Floral Vendors – Theme-specific setups
3. Audio-Visual Technicians – Lights, sound, projectors, screens
4. Security Providers – Crowd control, emergency preparedness
5. Transport & Logistics – Guest shuttles, cargo, loading support
6. Photographers/Videographers – Capturing event moments
7. Technology Vendors – Event apps, registration software, digital signages
8. Venue Partners – If third-party venue logistics are involved
9. Cleaning & Maintenance Services – Pre-event and post-event clean-up

### 4.8.3 Supplier selection process

#### Step-by-Step Supplier Selection:

Step	Activity
1. Needs Assessment	Identify what services/products are required
2. Research & Shortlist	Search potential vendors; referrals, portfolios, reviews
3. RFP (Request for Proposal)	Share event requirements; ask for quotations
4. Evaluation	Assess proposals on cost, quality, availability, reputation
5. Negotiation	Discuss terms, pricing, and services offered
6. Contract Signing	Define deliverables, terms, penalties, and SLAs

### 4.8.4 Contracts and Service Level Agreements (SLAs)

#### Key Elements in a Supplier Contract:

- Scope of work
- Deliverables and deadlines
- Payment terms
- Cancellation and refund policies
- Penalty clauses for breach or delay
- Force majeure clause
- Confidentiality agreement

#### SLAs (Service Level Agreements)

- Quantifiable performance benchmarks (e.g., 98% uptime, 30-minute response)
- Quality standards and timelines
- Dispute resolution mechanisms

### 4.8.5 Coordinating with suppliers

- Centralized Communication: Use project management tools or spreadsheets
- Timeline Alignment: Share the event run sheet with vendors
- Site Visits: Conduct pre-event walkthroughs
- Technical Rehearsals: Crucial for A/V and lighting teams
- Contingency Plans: Have backup vendors or plans for high-risk services

### 4.8.6 Risk management in supplier relationships

#### Common Risks:

- Late delivery or no-show
- Equipment malfunction
- Overcharging or scope creep
- Communication failures

#### Risk Mitigation Strategies:

- Use verified suppliers with references
- Include backup options in contracts

- Maintain clear, written communication
- Regular progress checks and confirmations
- Hold part payments until delivery

#### **4.8.7 Post-event supplier evaluation**

- Did the supplier meet delivery deadlines?
- Was the quality up to standard?
- Was communication smooth and professional?
- Were costs aligned with agreed budgets?

#### **Evaluation Tools:**

- Feedback forms
- Internal debriefing meetings
- Supplier scorecards
- Retention decisions for future events

#### **Check Back Questions:**

1. Define supplier management in the context of event planning.
2. List three examples of event suppliers and their roles.
3. What is an SLA and why is it used?

## **4.9 EVENT MARKETING**

Event Marketing refers to the strategic promotion and communication efforts involved in attracting attendees, stakeholders, and media to an event. It encompasses a variety of marketing techniques such as digital marketing, social media, email campaigns, public relations, influencer engagement, and experiential branding. A strong marketing strategy is crucial to ensuring maximum reach, audience engagement, ticket sales (if applicable), and brand visibility before, during, and after the event.

This sub-unit emphasizes how to plan, implement, and evaluate marketing strategies specific to various types of events, such as corporate conferences, product launches, cultural festivals, and weddings.

#### **4.9.1 Introduction to event marketing**

Event marketing involves promoting an event to increase participation, engagement, and publicity. It is not limited to ticketed events—corporate, social, and internal events also rely on effective marketing to ensure stakeholder involvement.

#### **Why It Matters:**

- Drives awareness and attendance
- Builds anticipation and hype
- Attracts media and influencers

- Enhances sponsorship value

- Reinforces brand identity

#### **4.9.2 Types of event marketing**

##### 1. Offline Marketing

- Posters, banners, flyers
- Press releases, radio ads
- Promotional roadshows
- Networking and word of mouth

##### 2. Online/Digital Marketing

- Social media marketing (Instagram, Facebook, LinkedIn)
- Email newsletters
- Paid ads (Google Ads, Meta Ads)
- Event-specific websites and landing pages
- Event registration platforms (e.g., Eventbrite)

##### 3. Influencer & Experiential Marketing

- Partnering with influencers, brand ambassadors
- Creating immersive experiences that promote virality
- Interactive booths or pre-event teasers

##### 4. Guerrilla Marketing

- Unconventional, attention-grabbing public stunts
- Flash mobs, street art installations

#### **4.9.3 Traditional vs. Digital marketing**

Feature	Traditional Marketing	Digital Marketing
Channels	TV, newspapers, radio, posters	Social media, email, SEO, PPC, websites
Cost	Usually, higher	Scalable – small to large budget
Reach	Local to regional	Global or targeted demographics
Measurability	Hard to measure	Real-time analytics available
Engagement	One-way communication	Interactive (likes, shares, comments, feedback)

#### **4.9.4 Event marketing channels**

##### 1. Owned Media:

Your website, blog, email list, and social media handles.

##### 2. Paid Media:

Sponsored ads, influencer posts, promoted tweets, PPC campaigns.

##### 3. Earned Media:

3. Press coverage, social media mentions, user-generated content, reviews.

4. Shared Media:

Partner and sponsor collaborations, co-hosted events, community cross-promotion.

#### **4.9.5 Developing an event marketing plan**

Key Steps:

1. Define Target Audience: Age, gender, interest, profession, region

2. Set Marketing Objectives: Increase signups, brand recall, ticket sales, social reach

3. Budgeting: Allocate % of overall event budget to marketing (10–30%)

4. Create Content: Videos, posters, stories, blogs, countdowns

5. Choose Platforms: Based on audience behaviour and event type

6. Timeline: Pre-event (teasing), live-event (updates), post-event (thank you, recaps)

7. Track Metrics: Website traffic, registrations, social shares, conversion rate

#### **4.9.6 Public Relations (PR) and media engagement**

☒ Prepare press kits with event highlights, quotes, and visuals

☒ Build media partnerships with local/national channels

☒ Send pre-event invites to journalists and influencers

☒ Offer exclusives (e.g., early access or interviews)

#### **4.9.7 Marketing ROI measurement**

Evaluate campaign success using KPIs (Key Performance Indicators):

- Website visits
- Email open/click rate
- Cost per registration
- Engagement rate (likes, comments, shares)
- Ticket sales vs. campaign spend
- Social media reach
- Hashtag trends

#### **Check Back Questions:**

1. Define event marketing.
2. Mention two advantages of digital marketing for events.
3. What is the role of PR in event marketing?

#### **4.10 DOSSIER**

A dossier in event management refers to a well-organized, comprehensive document or file that contains all the crucial information related to the planning, execution, and follow-up of an event. It serves as both a strategic tool and an operational guide, allowing all stakeholders involved to have a clear and

consistent reference for the event's objectives, roles, schedules, logistics, vendor contracts, financials, permits, and evaluations.

The dossier acts as a blueprint for event execution, providing transparency, accountability, and documentation that facilitates smooth communication and control throughout the event life cycle.

#### **4.10.1 Introduction to dossiers**

A dossier is an organized collection of detailed documentation about an event. It includes all relevant information for planning and managing the event successfully and is used by internal teams, vendors, sponsors, clients, and government bodies.

Think of it as the “event’s command centre” in a document format.

#### **4.10.2 Why is a dossier important?**

- Centralizes all information in one place
- Reduces chances of miscommunication
- Serves as a reference document during event execution
- Acts as a legal record for contracts and permissions
- Helps in post-event evaluation and reporting
- Ensures accountability among stakeholders

#### **4.10.3 Structure of an event dossier**

A well-structured dossier typically includes:

##### 1. Cover Page

- Event Name
- Date and Location
- Organized by/for
- Contact information

##### 2. Table of Contents

- Easy navigation for users

##### 3. Event Overview

- Purpose and Theme
- Target Audience
- Event Type (Conference, Wedding, Festival, etc.)

##### 4. Event Timeline & Schedule

- Pre-event, day-of-event, and post-event activities
- Rehearsal schedules
- Speaker/artist timelines

##### 5. Stakeholder Roles & Responsibilities

- Team assignments
- Vendor contacts
- Security, catering, volunteers, emcees, etc.

##### 6. Venue Details

- Venue maps and layout

- Seating charts

- Accessibility notes

#### 7. Vendor Agreements

- Contracts with decorators, caterers, AV, transportation

- Contact details and deliverables

#### 8. Permissions & Legal Documents

- Licenses, permissions, safety certifications, insurance

- Municipal approvals, fire safety clearance, etc.

#### 9. Marketing & Promotion Plan

- Media partners, social campaigns, press kits

#### 10. Budget and Financials

- Estimated costs vs actual costs

- Sponsorship details

- Payment timelines

#### 11. Emergency Plan

- Contingency measures

- Risk management protocols

#### 12. Post-Event Evaluation & Feedback Forms

- Attendee surveys

- Stakeholder review reports

#### **4.10.4 Best practices in dossier preparation**

- Start Early: Begin assembling the dossier at the planning stage.

- Standardize Format: Use a template for consistency.

- Keep It Digital: Cloud-based storage allows access to live updates.

- Use Visual Aids: Maps, flowcharts, and checklists improve clarity.

- Version Control: Update regularly and indicate version/date.

- Accessibility: Ensure all team members can easily access the dossier.

#### **4.10.5 Digital tools for dossier creation**

- Google Workspace (Docs, Sheets, Drive)

- Trello or Asana (for task tracking and linking files)

- Microsoft OneNote or Notion (for collaborative planning)

- Event Management Software (Cvent, Eventbrite Pro)

#### **4.10.6 Dossier vs event plan**

Feature	Event Dossier	Event Plan
Scope	Broader – includes planning, execution, reports	Focused on strategy and operations
Audience	Internal and external stakeholders	Mainly internal team
Format	Comprehensive document (often printed & digital)	Typically a working document
Timing	Used before, during, and after the event	Mostly used during planning and setup stages

**Check Back Questions:**

1. Define the term 'event dossier.'
2. Mention two key sections of a standard event dossier.
3. Why is it important to include an emergency plan in the dossier?

**SUMMARY**

Event management is a dynamic and multifaceted discipline that centres on the planning, coordination, and execution of a wide range of events, from corporate meetings and destination weddings to product launches and hotel-based food festivals. At its core, event management combines creativity and strategic thinking with operational expertise, applying key project management principles—such as budgeting, scheduling, risk assessment, logistics, and performance evaluation—to deliver events that achieve specific objectives. These objectives can be strategic (like enhancing brand visibility and stakeholder communication), operational (ensuring efficiency, safety, and cost-effectiveness), or social/cultural (fostering community, education, and networking). Understanding these foundational elements is crucial for professionals aiming to deliver events that are not only memorable but also aligned with organizational and client goals.

A key aspect of successful event management lies in the detailed planning of themes, careful budgeting, and the careful selection of venues and suppliers. Theming is pivotal in setting the tone and atmosphere, enhancing both branding and guest engagement, while effective budgeting ensures that all aspects remain financially viable. Special event categories, such as MICE (Meetings, Incentives, Conferences, and Exhibitions), destination weddings, and hotel food festivals, introduce unique challenges in logistics, guest management, legal compliance, and marketing. Supplier management is a central operational pillar, involving the selection, negotiation, and oversight of vendors spanning catering, audiovisual, decor, security, transport, and more. Strong contracts and clear Service Level Agreements (SLAs) help align expectations and reduce risks. The marketing of events has become increasingly multi-channel, leveraging both traditional methods and digital strategies—like social media and influencer engagement—to build anticipation, maximize attendance, and reinforce the event's brand message.

Central to organising and executing events seamlessly is thorough documentation. The event dossier serves as the "command centre" for the event, compiling all key details: plans, schedules, stakeholder roles, venue layouts, supplier contracts, legal permits, marketing materials, financials, emergency

protocols, and evaluation tools. This comprehensive record not only facilitates collaboration and communication among teams and partners but also serves as a critical reference for compliance, on-site problem-solving, and post-event analysis. With the industry's increasing complexity, especially in large-scale or destination events, a structured yet adaptable approach is essential—combining meticulous planning, effective teamwork, innovative communication, and guest-centred service to ensure that every event fulfils its intended objectives and leaves a lasting positive impact.

**Fill in the Blanks:**

1. \_\_\_\_\_ management is the process of planning and executing an event.
2. A \_\_\_\_\_ budget estimates costs from scratch for each line item.
3. The phase after the launch event where feedback is gathered is called the \_\_\_\_\_ phase.
4. \_\_\_\_\_ presentations are commonly used to showcase the product features during the launch.
5. \_\_\_\_\_ media includes your official website, email list, and blog.

**SHORT-ANSWER QUESTIONS**

1. Name two channels used in event marketing.
2. List any three elements involved in theming an event.
3. Mention two budget components unique to destination weddings.
4. Mention two KPIs used to evaluate a product launch.
5. What is the role of accessibility in venue selection?

**LONG-ANSWER QUESTIONS**

1. Describe the process of planning a food festival at a hotel.
2. Discuss the importance of sponsorships in budgeting and how to attract sponsors.
3. Explain the key steps in planning a destination wedding.
4. Compare indoor and outdoor hotel food festivals in terms of setup and challenges.
5. Highlight five logistical considerations for venue selection.

# Unit-5

## Break Even Analysis

### Overview

This unit will introduce the students to key F&B financial concepts of Break-Even, PV ratio, Contribution, and marginal costs. These concepts are integral to the hospitality industry and help F&B outlets to understand structure of cost, analyse profit and profitability and take decisions which are data driven. The students will also be able to visually represent these concepts for better understanding.

### Learning Objectives

S. No.	Sub-Unit	Learning Topics	Key learning objectives/ At the end of this subunit, the learners will be able to:
1	Breakeven chart	<ul style="list-style-type: none"><li>• Introduction</li><li>• Definition</li><li>• Breakeven Analysis Calculations:<ul style="list-style-type: none"><li>i. Break even points in Units</li><li>ii. Break even in Rupees</li></ul></li><li>• Break even Chart</li></ul>	<ol style="list-style-type: none"><li>1. Define Break even</li><li>2. Describe Cost, volume profit relation</li><li>3. Calculate break-even point in units</li><li>4. Calculate break-even point in Rupees</li><li>5. Draw Break-even Chart</li></ol>
2	PV Ratio	<ul style="list-style-type: none"><li>• Definition</li><li>• Calculation of PV Ratio</li><li>• Application of PV Ratio</li></ul>	<ol style="list-style-type: none"><li>1. Define PV ratio</li><li>2. Calculate PV ratio</li><li>3. Explain the use of PV Ratio</li></ol>
3	Contribution	<ul style="list-style-type: none"><li>• Definition</li><li>• Application</li><li>• Difference between PV Ratio and Contribution</li></ul>	<ol style="list-style-type: none"><li>1. Define Contribution</li><li>2. Discuss the use of Contribution</li><li>3. Elaborate and Defend the difference between PV Ratio and Contribution</li></ol>

<b>4</b>	Marginal Cost	<ul style="list-style-type: none"><li>• Definition</li><li>• Application</li></ul>	1. Define Marginal cost 2. Elaborate on Marginal cost application
<b>5</b>	Graphs	<ul style="list-style-type: none"><li>• Contribution Graph</li><li>• PV Ratio Chart</li><li>• Marginal Cost Graph</li><li>• Breakeven Point Chart</li></ul>	1. Draw and Explain the use of various graphs: Contribution, PV Ratio, Marginal Cost and Breakeven Point Chart.

## 5.1 BREAK EVEN ANALYSIS

### 5.1.1 Introduction

Break even, in its most basic sense means to break something in even or equal parts. Break even as an idiom in business means when your business is neither making a profit, nor making a loss. It is a point where costs and revenue (sale) are the same! The amount of money you spend is equal to the amount of money you make.

### 5.1.2 Definition

Famous American accounting scholar defines Break-even point as:

"The Break-even-Point is that point of activity (Sales Volume) where total revenues and total expenses are equal; it is the point of zero profit and zero loss."

- Charles T. Horngren.

We can break down the above definition into the following key points:

- Break-even- Point
- Point of activity (Sales Volume)
- total revenues
- total expenses
- zero profit and zero loss

Let us understand these one by one

### **5.1.2.A Point of activity (Sales Volume)**

Activity of selling something and in what volume. In short the cost of your goods, the profit/loss you make and the volume of sales. Break-even point or Break-Even Analysis represents the relationship between Cost, Volume, and Profit. [ it is also called as Cost Volume Profit Analysis]

To understand the relation between cost, volume and Profit. Let's take an example:

**Example 1:** You bought 100 muffins for ₹40 each. and selling it for ₹70. What is your profit?

$70-40=30$ ? Unfortunately, it's not that simple. You will not start to make a profit unless you recover your initial investment.

**In the Example 1,**

Buying Cost=  $100 \times 40 = 4000$  [Cost]

Selling 1 unit = 70 [Volume]

Cost to recover= 3930 [Profit/Loss]

The business will turn to profit only when the cost is recovered in full. So the volume of your sales is an important aspect to determine your profit/loss.

Hence to find out when will the business be at a point of no profit no loss we need

### **5.1.2.B Total revenue and Total Expenses**

Total revenue is nothing but total sales. Total expenses which is otherwise known as total cost as we saw in unit 1, on REVENUE CONTROL is complex. There are various costs that we looked in earlier. For our purpose in this unit, its important to look at two classifications of cost: Fixed costs and variable costs.

For understanding BEP its important to look at these costs and appreciate how the volume of sales affects it. It is also of interest to see how does the unit price change with change in volume.

### **5.1.2.C Fixed Cost**

Fixed cost are costs which remain fixed irrespective of the volume of sales, for example rent, rates, insurance, and the management element of labour costs. Even if you make one unit, or a hundred this cost remains the same. But what

happens to unit price of a fixed cost. Unit price is cost of a single item. Let's understand this with an example.

**Example 2:**

You have rented a 2-bedroom house; the rent is ₹30,000. How will we draw this cost on a graph?

The rent remains the same, no matter if you stay alone or 2, 3, or 4 people. Hence it is a fixed cost. Infact even if no one stays in the house, the fixed cost will still be ₹ 30,000/-

But what about unit price or unit cost? How much will one person pay?

Table: Fixed cost and Fixed cost per unit

Number of People	Fixed Cost	Unit cost/ unit Price	
1	30,000	30,000	30000
2	30,000	30,000/2 = 15,000 per person	15000
3	30,000	30,000/3 = 10,000 per person	10,000
4	30,000	30,000/4= 7,500 per person	7,500



Graph 5: Fixed cost and Fixed cost per unit

As we can see from Table no 5.1, more people / more units lead to reduction of unit cost (fixed cost). Hence though fixed cost is fixed, cost per unit (Fixed cost) changes with change in units. So in a business of manufacturing, the fixed cost per unit will go down as we make more and more units of a product. Rent of your fast food restaurant is a fixed cost, but as we sell more burgers that fixed cost gets divided into more burgers. Fixed cost per burger will go down as we produce more burgers.

### **5.1.2.D Variable Cost**

These are costs which vary directly in proportion to the volume of sales, for example food and beverage materials cost. As you make more units, the cost increases. But what happens to unit price of a variable cost?

Let's understand this with another example -

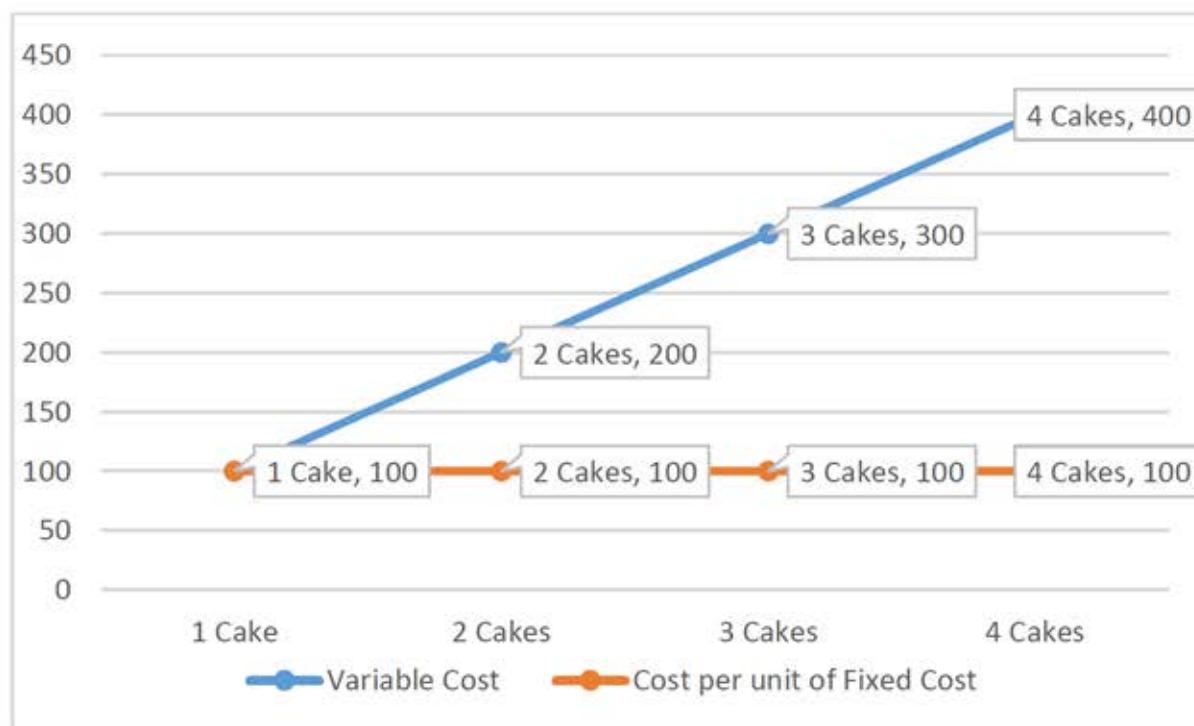
#### **Example 3**

You now have a cake shop, and the material cost of a cake (Flour, eggs, raising agent, flavours etc.) is ₹100 per cake. As you make more cakes this variable cost will increase.

Table : Variable cost and Variable cost per unit

Number of Cakes	Variable Cost	Unit cost/ unit Price
1	100	100 per cake
2	$100 \times 2 = 200$	100 per cake
3	$100 \times 3 = 300$	100 per cake
4	$100 \times 4 = 400$	100 per cake

Variable cost graph



Graph: Variable cost and Variable cost per unit

As we can see from Table no 5.2, more cakes / more units lead to increase in variable cost. But the unit cost (of variable cost) remains the same. Hence though variable cost varies directly in proportion to the volume of sales, unit price (variable cost) in this case remains the same. So in a business of manufacturing, the variable cost per unit will remain the same as we make more and more units of a product but the overall variable cost will increase in proportion to the units produced. Food cost of your fast food restaurant is a variable cost, more burgers we sell, higher the food cost. But no matter how many burgers we sell, the food cost per burger will remain the same.

Table: Summary table- Change in total cost and unit cost

Type of Cost	Change with increase in volume of production	Unit price change with increase in volume of production
<b>Fixed cost</b>	No Change	Goes down
<b>Variable cost</b>	Goes Up	No Change

### 5.1.2.E Zero profit Zero Loss

This is the break-even point where all your costs (Fixed and variable) are equal to all your revenue. Let us now dig deep into the topic of Break-even Analysis.

#### Check Back Questions:

1. How would you define BEP?
2. Differentiate between Fixed and Variable cost.

Throughout this unit, we will understand concepts with an example:

You want to start a fast food outlet, and are naming it 'IHMite's Fast Food Centre serving combo meal (burger, fries and a soda) along with other things.

By the end of this unit, you will be able to answer the following questions:

1. How many Combo meals will you have to sell to make profit?
2. How much revenue should you have to earn to make profit?
3. How much profit are you making from each combo meal?
4. Can you increase the price of the Combo Meal?
5. Can I increase the cost of ingredients and start selling Gourmet/fancy Combo meals?

### 5.1.3 Breakeven Analysis Calculations

For Break-even analysis costs are analysed into fixed and variable costs. Total cost (Total variable and fixed costs) are assessed and compared against sales revenue to identify the sales volume, sales value, or production level at which the business neither earns a profit nor incurs a loss.

Break-even point (BEP) can be presented in either units or sales. How many units do I sell to reach BEP? Or How much revenue (in rupees) should I make to reach BEP. As such:

#### 5.1.3. A Break-even-point in Units

This is also known as Break-even-Point in Quantity or just output Break-even-Point. This is calculated only when per unit Selling Price and per unit Variable Cost or per unit per unit Contribution are known to us.

If the required result is the quantity of units that must be sold to achieve breakeven, the following formula is used:

$$\frac{\text{Fixed Costs}}{\text{Contribution Margin per Unit}} = \text{Breakeven in Units Sold} = BE_u$$

Where, Contribution Margin is the amount each unit contributes toward covering fixed costs and generating profit. Or in other words removing variable cost from sales price.

$$\text{Contribution margin per Unit} = \text{Sales price (unit)} - \text{Variable cost (unit)}$$

So we can write Breakeven in units as:

$$\text{Breakeven in Units Sold}(BE_u) = \frac{\text{Fixed Costs}}{\text{Sales price (units)} - \text{Variable Cost (units)}} =$$

### 5.1.3.B Breakeven Point in Rupees

It is also known as Sales Breakeven-Point. If the desired result is the rupee amount of sales required to reach breakeven, the following formula is used:

$$\frac{\text{Fixed Costs}}{\text{Contribution Margin Ratio per Unit}} = \text{Breakeven in Rupees/ to be Sold} = BE_s$$

Contribution Margin Ratio is the contribution margin expressed as a percentage of the selling price.

$$\text{Contribution Margin Ratio per Unit} = \frac{\text{Sales price per unit} - \text{Variable Cost per unit}}{\text{Sales price per unit}}$$

So we can write Breakeven in Rupees as:

$$\text{Breakeven in Rupees (BE_s)} = \frac{\text{Fixed Costs}}{\frac{\text{Sales price per unit} - \text{Variable Cost per unit}}{\text{Sales price per unit}}}$$

Or

$$BE \text{ in Rupees} = \frac{\text{Fixed Costs}}{\text{Sales price per unit} - \text{Variable Cost per unit}} \times \text{Sales price per unit}$$

Let's take our Example

You have a small fast food restaurant, 'IHMite's Fast Food Centre'. You sell a meal combo (e.g., burger + fries + drink) for ₹300.

- **Fixed Costs:** ₹90,000/month  
(Rent, staff salaries, utilities, licenses, etc.)
- **Variable Cost per Meal:** ₹180  
(Ingredients, disposable packaging, etc.)
- **Selling Price per Meal:** ₹300

Calculate Breakeven point in units and in rupees.

$$\begin{aligned} \text{Breakeven in Units Sold (BE_u)} &= \frac{\text{Fixed Costs}}{\text{Sales price (units)} - \text{Variable Cost (units)}} \\ &= \frac{90000}{300 - 180} = \frac{90000}{120} = 750 \end{aligned}$$

This means you will have to sell 750 Meals to break even.

*Breakeven in Rupees*

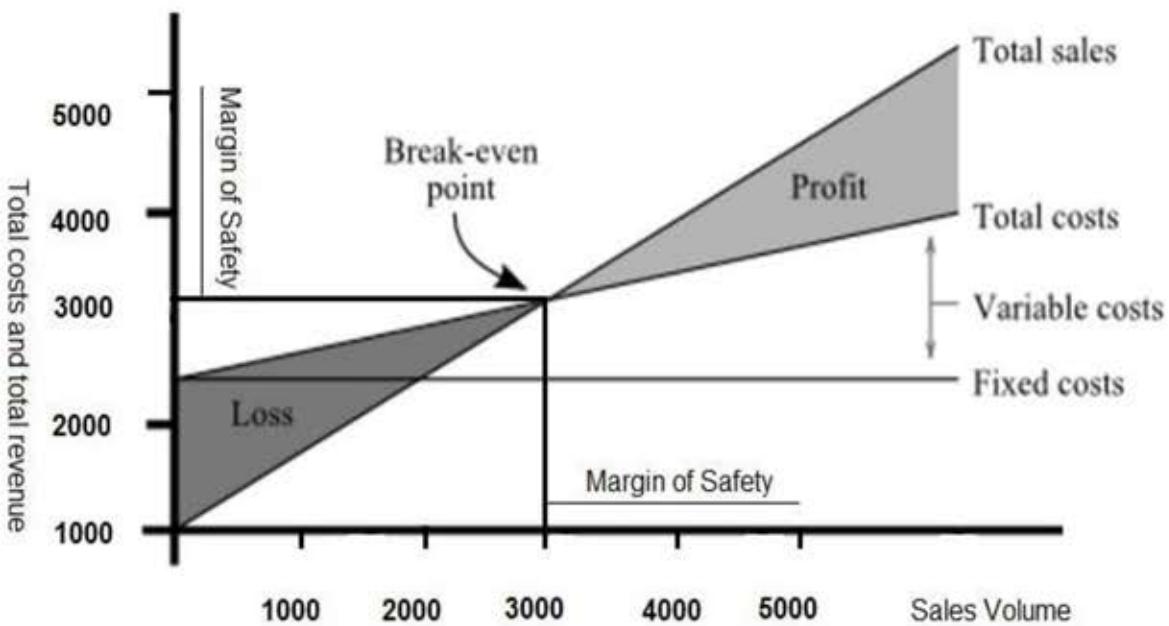
$$\begin{aligned} &= \frac{\text{Fixed Costs}}{\text{Sales price per unit} - \text{Variable Cost per unit}} \times \text{Sales price per unit} \\ &= \frac{90000}{300 - 180} \times 300 = \frac{90000}{120} \times 300 = 750 \times 300 = 225000 \end{aligned}$$

This means you will make to generate ₹2,25,000 in revenue to break even.

#### 5.1.4 Break even Chart

For understanding the BEP and better visualising the data, we can make a graphical representation of our Breakeven point. We will take the following steps:

1. X axis should represent the units sold
2. Y axis should represent the sales
3. Draw the line for fixed cost. (This line will go parallel to the x axis as no matter how many units you have sold the fixed cost remains the same)
4. Optional step: Draw variable cost.
5. Draw Total Cost line. (This line will not start from zero but from the point on Y axis which represents fixed cost. As the total cost would be fixed cost + variable cost)
6. Draw the sales line. (This line will grow higher towards right, as you increase the x axis (units sold) the y axis (revenue generated) will also rise)
7. The sales line will intercept the total cost and this point of interception will be called as Break-even point (BEP).
8. Area below BEP bound by sales and total cost will be loss
9. Area above BEP bound by sales and total cost will be profit
10. Area between Maximal sale ( in units and in rupees) and BEP is Margin of Safety or MOS



Pic Source: <https://educationleaves.com/>

Graph

### 5.1.4.A Making the Chart

Now that we have a fair understanding about the chart, we can chart the BEP for our fast food restaurant example.

You have a small fast food restaurant and sell a meal combo (e.g., burger + fries + drink) for ₹300.

- **Fixed Costs: ₹90,000/month**

(Rent, staff salaries, utilities, licenses, etc.)

- **Variable Cost per Meal: ₹180**

(Ingredients, disposable packaging, etc.)

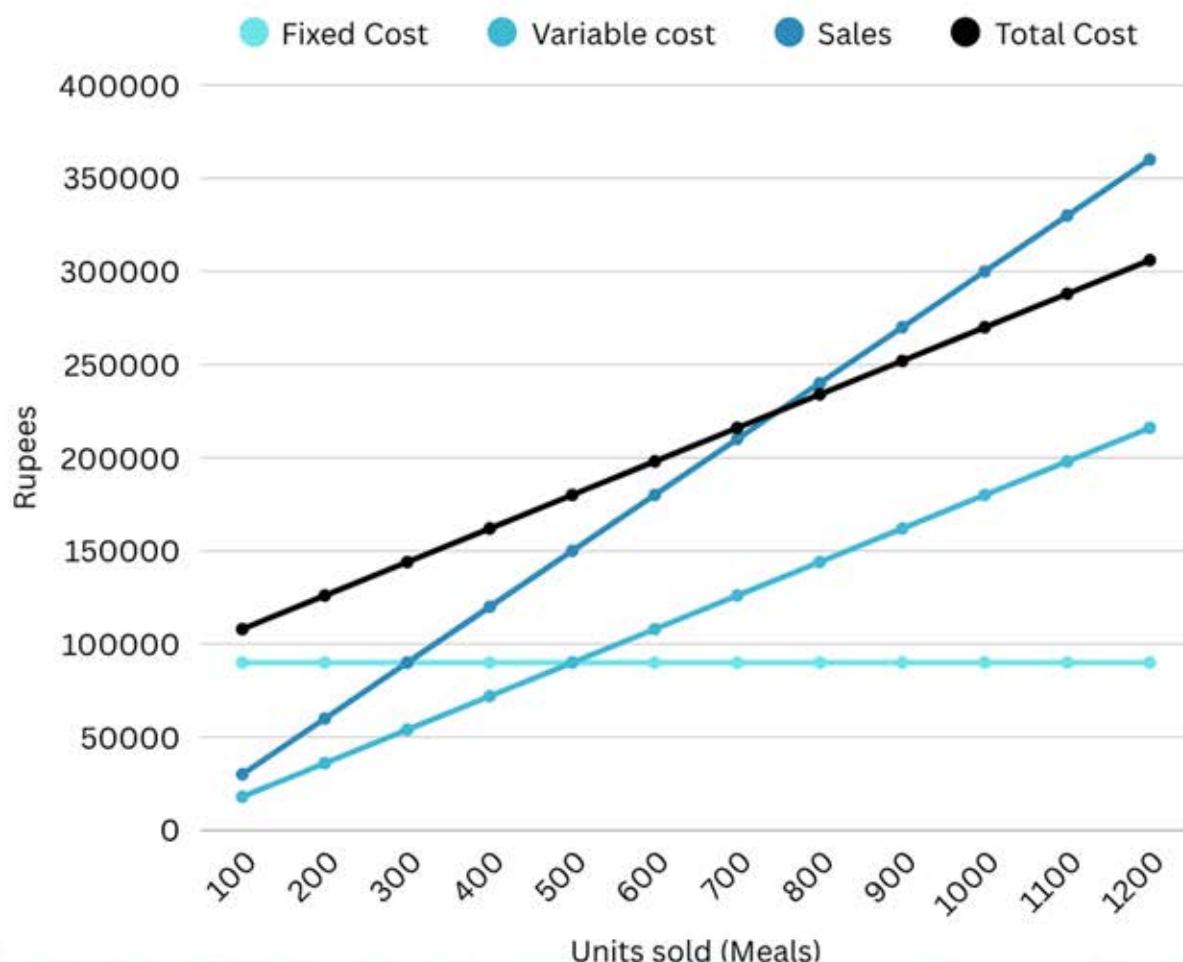
- **Selling Price per Meal: ₹300**

So as to make the chart, we have to make a table to calculate variable cost, total cost and sales across various units sold. Let's make a table:

Table: Calculating Variable cost, total cost and sales per units/numbers sold

Numbers sold	Fixed Cost	Variable cost (180 X units sold)	Total Cost (Fixed + Variable)	Sales (300 X units sold)
100	90000	18000	108000	30000
200	90000	36000	126000	60000
300	90000	54000	144000	90000
400	90000	72000	162000	120000
500	90000	90000	180000	150000
600	90000	108000	198000	180000
700	90000	126000	216000	210000
800	90000	144000	234000	240000
900	90000	162000	252000	270000
1000	90000	180000	270000	300000
1100	90000	198000	288000	330000
1200	90000	216000	306000	360000

Now we can make the chart



Graph: BEP chart from the example

### 5.1.5 Brain teaser 1

If all your company's expenses were variable would BEP be relevant?

Every unit sold would either make a profit or not, immediately

You will not have any fixed costs to recover!

That means: you "break even" as soon as you sell the first unit, as there's no fixed

**Check Back Questions:**

1. What is the formula for BEP in units?
2. What is the formula for BEP in Rupees?
3. Calculate BEP in units, BEP in rupees and draw a BEP chart with the following inputs:
  4. You have opened a small Idli kiosk which you run before your college opens. You only serve idlis and are open only for breakfast.
    - Fixed Costs: ₹10,000/month (Staff salaries, utilities, licenses, etc.)
    - Variable Cost per Idli plate Meal: ₹10 (Ingredients, disposable packaging, etc.)
    - Selling Price per Meal: ₹50

**5.2 PV RATIO****5.2.1 Definition**

In the Book ‘Horngren’s Cost Accounting’ Srikant Datar and Madhav Rajan define PV ratio as:

“The Profit-Volume Ratio is the ratio of contribution margin to sales revenue. It reflects the portion of each sales rupee that contributes towards fixed costs and profit.” — Horngren’s Cost Accounting: A Managerial Emphasis, Pearson

**Fun fact:** Profit-Volume Ratio seems to be a misleading term because profit here does not indicate profit but represents contribution. (Gross margin) Similarly, volume does not signify the volume of sales but denotes value of sales.

### 5.2.2 Calculating PV Ratio

We can calculate PV ratio with the help of following formula:

$$PV\ Ratio = \frac{Contribution}{Sales} \times 100$$

$$Contribution = Sales - Variable\ cost$$

**Lets go back to our example of IHMite Fast Food centre to understand the concept better.**

Fixed Costs: ₹90,000/month

Variable Cost per Meal: ₹180

Selling Price per Meal: ₹300

Now if you make a sale, someone pays you 300₹ how much of that is going to you to recover your fixed cost and make a profit?

#### Step 1

$$Contribution = Sales - Variable\ cost$$

$$Contribution = 300 - 180 = 120\ ₹$$

#### Step 2

$$PV\ Ratio = \frac{Contribution}{Sales} \times 100$$

$$PV\ Ratio = \frac{120}{300} \times 100 = 0.4 \times 100 = 40\%$$

PV ratio is 40%, meaning, for every ₹100 you earn, ₹40 helps you recover fixed costs and make a profit. It implies that 40% of sales will go to recover 90,000 rupees, post that 40% of sales will be profit!

### 5.2.3 Application of PV

PV Ratio will help us in:

- It helps managers compare the profitability of different menu items.
- Items with higher PV ratios are more efficient in generating profit.
- Helps decide what to promote, what to discount, or what to remove from the menu.

Let us go back to 'IHMite Fast Food Centre' and expand our menu. Let us include Espresso, Buffet meal, Mocktail, Pizza and a Pastry slice. Now let us see how the PV ratio differs and what it tells us.

Table: Food items with Selling Price (₹), Variable Cost (₹), Contribution (₹), PV Ratio (%)

Food and Beverage items	Selling Price (₹)	Variable Cost (₹)	Contribution (₹)	PV Ratio (%)	Remarks
Cappuccino	150	30	120	80	Has a very high margin ; great for upselling.
Burger Meal Combo	300	180	120	40, 80	Has a moderate margin; Drives up the volume.
Buffet Meal	800	600	200	25	Has low margin; it requires high occupancy
Mocktail	250	60	190	76	High profit; Can be sold as a great add-on
Pizza (Med)	400	240	160	40	Moderate margin; ideal for combo meals
Pastry Slice	120	90	30	25	Low margin; often a loss-making item

Sources: Adapted from Horngren et al. (2015), Hayes & Ninemeier (2017), Walker (2021), FHRAI India.

Generated using OpenAI's ChatGPT (June 2025).

Data synthesized and visualized using OpenAI's ChatGPT based on hospitality industry standards and educational texts.

#### Check Back Questions:

1. Define PV ratio
2. What is the formula for PV ratio?

## 5.3 CONTRIBUTION

We saw previously that contribution tells us how much each unit sold contributes to covering fixed costs and eventually profit.

In the Book 'Horngren's Cost Accounting' Srikant Datar and Madhav Rajan define PV ratio as:

"The contribution margin is the amount remaining from sales revenue after variable expenses have been deducted. It is the amount available to cover fixed expenses and then to provide profit."

— Horngren, Datar & Rajan (2015), Cost Accounting: A Managerial Emphasis, Pearson

In simple terms contribution margin per menu item is defined as the amount that remains after the product cost of the menu item is subtracted from the item's selling price.

### 5.3.1 Brain teaser 2

How are PV ratio  
and Contribution  
different?

Do they tell us the  
same thing?

**Contribution and PV Ratio are related, and both increase when price increases (assuming costs are constant). But they're not interchangeable**

Let us understand this: Lets go back to 'IHMite's Fast Food Centre'. And analyse two items on our menu.

Table: Food items with Selling Price (₹), Variable Cost (₹), Contribution (₹), PV Ratio (%)

F&B Item	Selling Price (₹)	Selling Price (₹)	Contribution (₹)	PV Ratio (%)
Burger Combo	300	180	120	40
Buffet Meal	800	600	200	25

Which one will be better for our outlet? Burger Combo since it has higher PV ratio? Or Buffet meal which has a higher Contribution?

There is no simple answer, because Contribution and PV ratio indicate similar but different things.

Burger combo has a higher PV Ratio — but you need to sell fewer units of Buffet Meal to recover fixed costs, because its Contribution is higher.

Higher contribution = Faster break-even

Higher PV ratio = More efficient in generating profit

Or

PV Ratio = tells you efficiency

Contribution = tells you impact

### **PV Ratio is Relative, Contribution is Absolute**

#### **5.3.2 Example**

What will you do?

- Selling a ₹1,000 buffet with ₹700 cost → Contribution ₹300, PV Ratio 30%
- Selling a ₹100 dessert with ₹30 cost → Contribution ₹70, PV Ratio 70%

When we compare them:

- Buffet gives you more money, but for every rupee you make, you get only 30 paisa.
- Dessert gives you less money, but every rupee you make, you get 70 paisa.
- Dessert has a better PV Ratio, but buffet gives more money per sale
- If you want to cover ₹30,000 fixed cost:
  - o You need to sell 100 buffets
  - o Or 429 desserts
- So you need both:
  - PV Ratio for comparing items
  - Contribution for break-even and pricing impact

**Check Back Questions:**

1. Define Contribution
2. What is the formula for Contribution?
3. Differentiate between Contribution and PV ratio

**5.4 MARGINAL COST**

Marginal cost is cost incurred to produce one more unit of your product. The following two are the definitions of Marginal cost:

"Marginal cost is the increase in total cost that arises from an extra unit of production."

— Paul A. Samuelson & William D. Nordhaus, Economics (19th ed.)

Or

"Marginal cost is the cost of producing one additional unit of a product."

— N. Gregory Mankiw, Principles of Economics

Calculating Marginal cost

Marginal Cost can be calculated using the given formula:

$$\text{Marginal Cost} = \frac{\Delta \text{ Total Cost}}{\Delta \text{ Quantity Produced}} = \frac{\text{Change in Total Cost}}{\text{Change in Quantity Produced}}$$

Let's go back to 'IHMite's Fast Food Centre'

☒ Fixed Costs: ₹90,000/month

☒ Variable Cost per Meal: ₹180

☒ Selling Price per Meal: ₹300

What is the marginal cost?

To produce 100 meals, it costs us  $90,000 + 180 \times 100 = 90,000 + 18000 = 108000$

Change in Total cost for 1 more unit = Cost of 101 units

Fixed cost remains the same

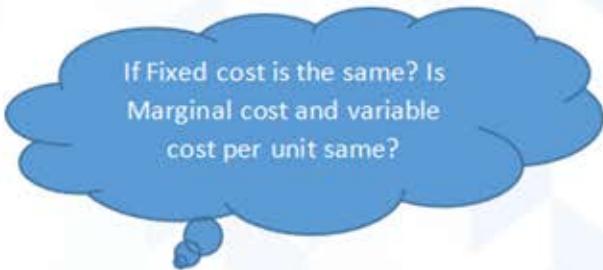
Therefore, Change in total cost = New cost - Old cost =  $108180 - 108000 = 180$

Change in quantity = new quantity - Old quantity =  $101 - 100 = 1$

$$\text{Marginal Cost} = \frac{\Delta \text{ Total Cost}}{\Delta \text{ Quantity Produced}} = \frac{\text{Change in Total Cost}}{\text{Change in Quantity Produced}}$$

Marginal Cost is ₹180

#### 5.4.1 Brain teaser 3



If Fixed cost is the same? Is Marginal cost and variable cost per unit same?

Let's understand this by going back to 'IHMite's Fast Food Centre', and let's look at our Burger meal.

- Fixed Cost = ₹90,000
- Variable Cost = ₹180
- Selling Price = ₹300

Contribution per unit = *Contribution* = *Sales* – *Variable cost* = ₹300 – ₹180 = ₹120

$$\text{PV Ratio} = \text{PV Ratio} = \frac{\text{Contribution}}{\text{Sales}} \times 100 = \frac{120}{300} \times 100 = 40\%$$

Variable Cost per Unit = ₹180

Marginal Cost (normal) =

$$\text{Marginal Cost} = \frac{\Delta \text{ Total Cost}}{\Delta \text{ Quantity Produced}} = \frac{\text{Change in Total Cost}}{\text{Change in Quantity Produced}}$$
$$= \frac{180}{1} = 180$$

₹180 (same as variable cost)

But

Let's say your kitchen operates smoothly up to 100 meals a day, after which:

- ☒ You need to pay overtime to staff (₹30 extra per meal),
- ☒ Or source ingredients at premium rates (₹20 more per meal),

Hence the cost per meal will increase by 30

So the next burger (101st meal) costs ₹180 + ₹30 = ₹210.

So what are its implications?

- ☒ It helps you know when increased sales may not equal increased profit.
- For instance, here selling meals after 100 eats into your profit
- ☒ Helps plan for peak hours or bulk orders.
- As in our case, scenario 1, the marginal cost of an extra burger is ₹180, and you sell it at ₹300, you're fine. But if a customer wants a bulk discount (say, at ₹200), you'd still make ₹20 profit per burger, because it's above marginal cost — even though it's below your usual price.

In scenario 2, if a customer wants a burger at 200, and you have already sold 100 burgers, your marginal cost is 210, so you cannot sell the meal at 200.

☒ You can use this to justify dynamic pricing, surcharges, or say, “we stop taking online orders after 9 PM.”

○ In you have already sold 100 burgers, and you know your marginal cost now is higher, you can start selling meals at a premium.

### **5.4.2 Application**

- Helps decide how low you can price a product without making a loss.
- Marginal cost is vital in break-even analysis, which determines how many units must be sold to cover fixed costs.
- Helps determine whether to accept bulk orders at discounted prices.
- Helps decide whether to produce more or stop
- In hotels and airlines, marginal cost helps justify changing prices depending on demand

#### **Check Back Questions:**

1. Define Marginal cost
2. How does marginal cost help an F&B business?

### **5.5 GRAPHS**

Apart from the mathematical calculations graphs helps us visualise how the output changes when we change the input. Graphs helps to understand how costs, revenue, and profit change with different sales volumes.

Table: Types and Utility of Graphs

Concept	Graph Type	Purpose
Break-even Point	Break-even Chart	Shows the starting point of profit , both in terms of rupees and units
PV Ratio	PV Ratio Graph	Helps to compare profitability margins visually
Contribution	Contribution Graph	Useful for comparing profitability for each product
Marginal Cost	Marginal Cost Graph	Shows how the cost changes with every additional unit (constant or increasing)
Pricing Decisions	Sensitivity Graphs	Shows how contribution improves as price increases or variable cost lowers.

### BEP Chart

We have discussed this in great detail earlier

#### 5.5.1 Additional inputs on Graphs

##### 5.5.1.A Contribution Graph

Shows how contribution per unit builds up as sales increase. Let us plot two Graphs

1. Comparing contribution margin of products

2. Comparing contribution margin of a product when we change the selling price or cost

1. Let us take the example of 'IHMite's Fast Food Centre'

Table: Food items with Selling Price (₹), Variable Cost (₹), Contribution (₹), PV Ratio (%)

F&B Item	Selling Price (₹)	Variable Cost (₹)	Contribution (₹)	PVRatio (%)
Espresso Coffee	150	30	120	80%
Burger Combo	300	180	120	40%
Buffet Meal	800	600	200	25%
Mocktail	250	60	190	76%
Pizza (Med)	400	240	160	40%
Pastry Slice	120	90	30	25%

Lets draw a chart Comparing contribution margin of all our items vis-a-vie its selling price

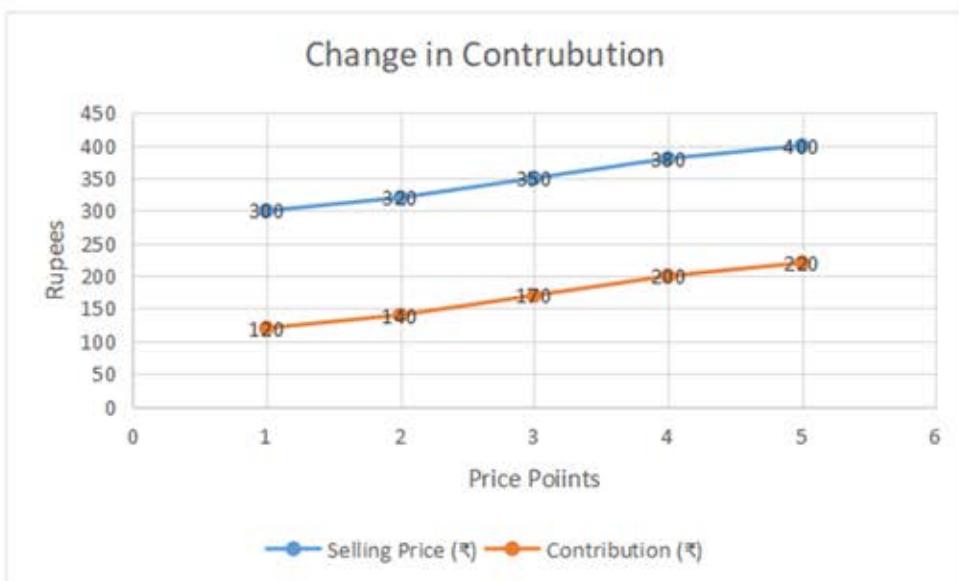


### Graph: Comparing Selling price and contribution

What if we increase the selling price of Burger combo?

Table: Food items with Selling Price (₹), Variable Cost (₹), Contribution (₹), PV Ratio (%)

Burger Combo	Selling Price (₹)	Variable Cost (₹)	Contribution (₹)	PV Ratio (%)
Current price	300	180	120	40%
Price 1	320	180	140	43.75
Price 2	350	180	170	48.5
Price 3	380	180	200	52.6
Price 4	400	180	220	55



### 5.5.1.B Brain teaser 4

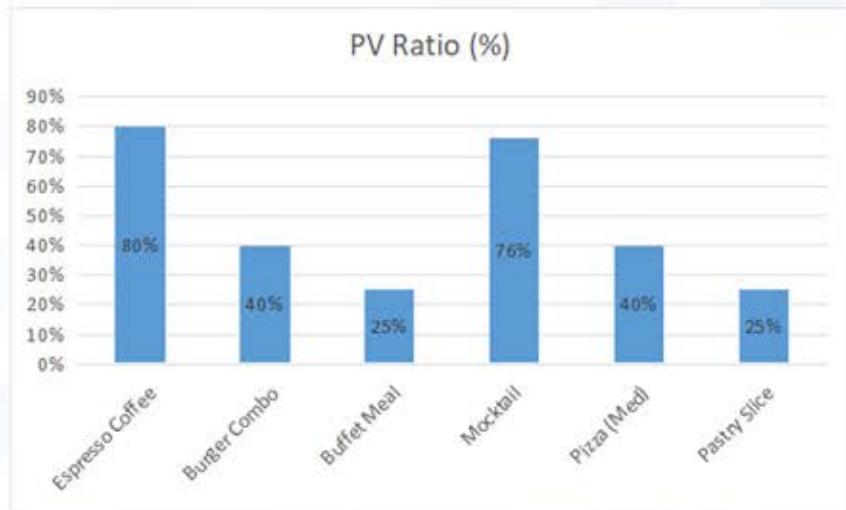
Can you simply keep increasing selling point then?

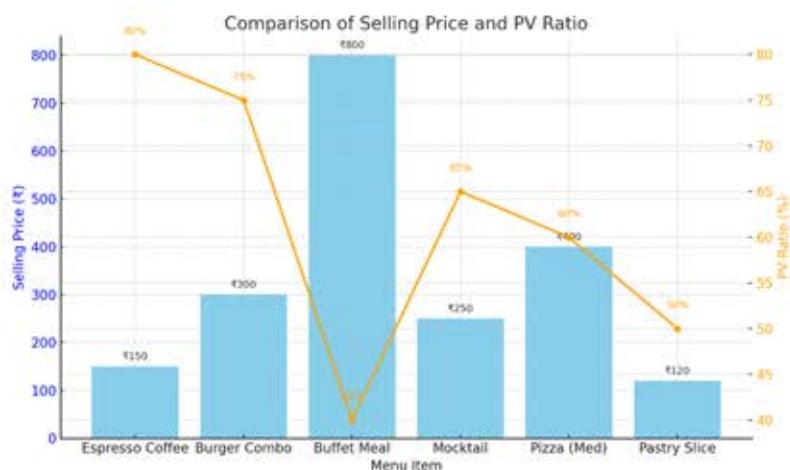
No! other factors come in play. High price might affect units sold.

### 5.5.2 PV Ration chart

Table: Food items with Selling Price (₹), Variable Cost (₹), Contribution (₹), PV Ratio (%)

F&B Item	Selling Price (₹)	Variable Cost (₹)	Contribution (₹)	PV Ratio (%)
Espresso Coffee	150	30	120	80%
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Buffet Meal	800	600	200	25%
Mocktail	250	60	190	76%
Pizza (Med)	400	240	160	40%
Pastry Slice	120	90	30	25%





Graph: Comparing of Sales with P/V Ratio

### LET'S SUM UP

Break-even point is where no profit and no loss is made. It is the point where total revenue equals total cost. PV ratio is the ratio of contribution margin to sales revenue. Contribution margin is the amount remaining from sales after variable expenses have been deducted. Marginal cost is the increase in total cost with an extra unit of production. These concepts can be visualised using graphs and can be used in decision making.

### Review Questions

#### Fill in the blanks

1. Break-even point or Break-Even Analysis represents the relationship between Cost, Volume, and \_\_\_\_\_
2. Total revenue is nothing but \_\_\_\_\_
3. Marginal cost is the cost of producing \_\_\_\_\_ additional unit of a product
4. To calculate PV ratio, we divide \_\_\_\_\_ by sales, multiplied by 100.
5. The contribution margin is the amount remaining from sales revenue after \_\_\_\_\_ have been deducted.

#### True or False

1. BEP is a point where costs and revenue (sale) are the same!
2. Sales minus fixed cost is contribution
3. PV ratio and contribution are the same



**4. Marginal cost is the amount of cost needed to produce double the number of units.**

**5. If all your company's expenses were variable BEP will be irrelevant**

### **Short answer questions**

1. Define BEP
2. Define PV ratio and Contribution
3. List the uses of PV ratio
4. Describe Cost, volume profit relation
5. Define Marginal cost

### **Long answer questions**

1. Draw and explain the Break-even Chart.
2. Differentiate between PV ratio and Contribution
3. What are the uses of Marginal cost.
4. Calculate BEP in Units and in Rupees for a fine dining restaurant when; Fixed Costs: ₹7,00,000/month (Rent, staff salaries, utilities, licenses, etc.) Variable Cost per Meal: ₹600 (Ingredients, disposable packaging, etc.) Selling Price per Meal: ₹2000
5. Calculate PV ratio and Contribution for the following dishes:

## Class activity

Divide the class in groups and give them the following activity to solve and present their findings:

### 1. Group 1

A high end restaurant has the capacity to produce 250 meals per day. The variable cost of a meal is 50% of the selling price. The meal is sold for Rs.400. Fixed overheads per day Rs. 20000.

a. Calculate BEP in units and in sales.

b. What profit will the restaurant make in busy season when the output is 225 meals per day?

### 2. Group 2

A restaurant sells 350 portions of an item in a week at the rate of Rs. 20/- per portion. The food cost is 40 % of the selling price. Total fixed cost per week amounts to Rs. 4,400/-.

a. How many more portions does the restaurant have to sell in order to break-even?

b. What is BEP in sales?

c. Calculate PV ratio.

## Field activity

Step 1: Visit a nearby kiosk and find the following:

Their sales, variable costs, fixed costs. Calculate the following: Contribution, PV ratio and BEP

Step 2: Discuss the results with your class and with your professor

Step 3: Formulate a list of advices that you can offer the kiosk owners to improve and possibly expand their business (consult your faculty members to finalise)

Step 4: Make graphs, photographs and a presentation

Step 5: Meet the kiosk owners and share with them the data-driven findings.

All the best!

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FHRAI F&B Costing Guidelines

BEP Chart inputs Prof. Sandeep Bapat,

Sample costing templates used in Indian hotel management institutions (NCHMCT-based curriculum models)

## Feasibility Report

### Introduction

A feasibility analysis is the second step after brainstorming business ideas to discover the possibility of transforming a business idea into a profitable business. This analysis of feasibility of a restaurant idea is especially useful when certain aspects of the business appear to be reliable in the current market conditions but uncertain about how that idea will translate in the future.

There could be various approaches to conduct a feasibility study

Approach one covers three aspects of feasibility which should be accessed:

#### 1. Industry and Market Feasibility

Three aspects of Industry and Market feasibility are:

a. industry attractiveness,

i. high chance of profitability and an opportunity to introduce a new product or service.

ii. Increasing size

iii. Highly focus on customer's demand

iv. Product cycle: juvenile stage

b. market opportunity

c. identifying a possible niche market.

#### 2. Product or Service Feasibility Analysis

a. Demand of the product

b. Desirability of the product

c. Customers' need and market demand is important.

#### 3. Financial Feasibility Analysis

a. Venture capital requirements, estimated earnings, and return on investment.

Second approach could be a step-wise approach

National Restaurant Association of China divides a restaurant feasibility study into five steps, which are

- 1) identifying market area and gathering of demographic data such as age, sex, income, dining-out habits and other characteristics of potential customers
- 2) concept development, which involves using the data about the population in the market area and forming and evaluating a restaurant concept that fits the area's needs and preferences.
- 3) site analysis, a process to determine whether the characteristic of the site and the competitive environment around the restaurant will support such a concept.
- 4) competitor analysis, which involves investigating competitors in the market area through a competitor analysis worksheet.
- 5) financial analysis, a process of specifying revenue- generating criteria, computing estimated average-check and revenue figures, estimating operating expenses, analyzing and interpreting the financial statement, and finally, developing an implementation plan.

(Guo, 2006), (Dhakal, 2014) (Fullen, 2005) (ElQuliti & Elalem, 2018)

# Feasibility Report: Izumi – A Japanese Dining Experience in Adyar, Chennai

## 1. Executive Summary

The proposed mid-range Japanese restaurant, Izumi, sits in the heart of culturally rich Adyar, Chennai. This report looks into the feasibility of opening the restaurant, considering factors such as market potential, financial projections, restaurant operations, and competition. In light of the extensive research conducted, the project's financial outlook and strategic potential appear promising.

## 2. Business Concept

Name of the restaurant: Izumi – The Japanese Kitchen

Type: Casual Dining Restaurant (Speciality cuisine: Japanese)

Cuisine: Japanese with options modified for Indian palates

Seating: 50 indoors and 10 outdoors

USP: Serves affordable Japanese cuisine in a serene, Japanese Zen inspired setting. The meals are made with high quality locally sourced ingredients.

Target Customers: Professionals, Urbane youth, expats, students, and foodies aged between 18 to 45

## 3. Market Analysis

(Zomato, 2023)

Industry Overview:

- India's Asian cuisine market has been growing 15-18% year on year.

Costs (per month): ₹5,50,000

Contribution per Cover (estimated): ₹1500 x 60% = ₹900

Break-even Covers Required per Month = ₹5,50,000 / ₹900 ≈ 611

Break-even Covers per Day (30 days): ≈ 20 covers

## 12. SWOT Analysis

Strengths:

- Authentic cuisine with growing demand
- Prime location
- Unique ambiance and curated experience

Weaknesses:

- High initial investment
- Relatively niche cuisine in Chennai

Opportunities:

- Rising trend of Japanese culture
- Food tourism and international students
- Catering and B2B partnerships

Threats:

- Market volatility and supply chain dependency
- Established competitors with loyal base

## 13. Risk Assessment

(NRAI, 2022)

Risk: High setup cost | Mitigation: Phased investment, soft launch

Risk: Limited awareness of cuisine | Mitigation: Pre-launch education via content

Risk: Perishable raw materials | Mitigation: Weekly inventory checks, local sourcing

Risk: Staff turnover | Mitigation: Competitive pay + training

## 6. Site Feasibility

Proposed Site: 3,000 sq. ft. space on 2nd Main Road, Gandhi Nagar, Adyar

Lease Terms: ₹1.75 lakh/month, 5-year lock-in

Advantages: Good frontage, parking availability, near residential catchment

Utility Access: Water, drainage, 3-phase electricity, broadband-ready

## 7. Menu Feasibility

### a. Sample Menu Highlights:

- Sushi (Veg/Non-Veg) – Maki, Uramaki, Nigiri, Sashimi etc
- A wide range of Sushi platters
- Ramen Bowls
- Yakitoris
- Teriyaki Chicken or seafood Donburi
- Matcha Cheesecake & Mochi

### b. Sourcing Plan:

- Fresh seafood from Kasimedu market
- Imported (fresh frozen) seafood like Salmon and Tuna, Imported staples (Wasabi, Nori) via specialty distributors
- Locally grown Asian greens via organic farms in ECR

## 8. Marketing & Branding Strategy

### a. Branding:

- Minimalist logo with Japanese flag motif or Mt. Fuji and cherry blossom motif
- Interior with tatami-inspired low seating and bamboo décor

### b. Pre-launch:

- Influencer tasting events
- Social media teasers with behind-the-scenes content

- Tasting menu pre-launch

c.Ongoing:

- Instagram & Zomato campaigns
- Loyalty program: “Stamp & Sushi” (Buy 5 meals, 6th free)
- Collaborations with local colleges and Japanese language institutes

## **9. Operational Plan**

a.Staffing:

- 2 Chefs (1 head, 1 sous), 5 service staff, 1 manager, 2 kitchen assistants

b.Training:

- Cultural sensitivity + Japanese dining etiquette training

c.Service Style:

- Table service with optional takeaway

d.SOPs:

- Hygiene, food prep, customer interaction

## **10. Technology Requirements**

- POS system: Eg. Petpooja / Zoho POS
- Online reservation plugin on website
- Kitchen Display System (KDS) for efficiency
- Aggregator integration: Swiggy, Zomato, Dunzo

## **11. Financial Feasibility**

a.Startup Costs:

- Kitchen Equipment: ₹8,00,000
- Interiors & Furnishing: ₹12,00,000
- Licenses & Legal: ₹1,50,000
- Marketing & Launch: ₹2,00,000
- Working Capital (3 months): ₹6,00,000
- Total Initial Investment: ₹29,50,000

- 60% preferred dine-in for 'themed' international cuisine
- 84% open to sushi if affordably priced and well-explained

## **16. Further Expansion Plan**

Post break-even and successful market validation (after 18–24 months), the business plans:

- We propose to open a second outlet in areas like Velachery or OMR (tech corridor)
- Launching a cloud kitchen format, in other areas to focus on delivery only market growth
- Creating a signature 'Izumi Bento' line for corporate lunch tie-ups
- Starting Japanese culinary workshops and chef training programs
- Long-term goal: Franchise model for other South Indian cities

## **17. Conclusion & Recommendations**

The Japanese dining concept in Adyar aligns well with current consumer trends toward global cuisine, aesthetic dining, and health-conscious eating. The financial projections are realistic, and location advantages add strength. With solid branding, trained staff, and curated experiences, Izumi has the potential to become a local favorite.

Recommendation: Proceed with launch, beginning with a soft opening and gradual expansion of offerings and hours.

## **References**

Dhakal, D. (2014). Feasibility analysis of Indian vegetarian restaurant in Helsinki. *Theseus*.

ElQuliti, S. A., & Elalem, A. G. (2018). ElQuliti, Said Ali, and Abdoulrahman Gamil Elalem. "Feasibility Study for Establishing a Restaurant in Jeddah.". *American Academic Scientific Research Journal for Engineering, Technology, and Sciences* 40, no. 1, 143-167.

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Risk: Limited awareness of cuisine | Mitigation: Pre-launch education via content

Risk: Perishable raw materials | Mitigation: Weekly inventory checks, local sourcing

Risk: Staff turnover | Mitigation: Competitive pay + training

## 14. Location Map

The restaurant is proposed to be located on 2nd Main Road, Gandhi Nagar, Adyar – a premium residential and commercial locality with excellent connectivity. The map below indicates the precise location.



**Second Main Rd**

Gandhi Nagar, Adyar, Chennai, Tamil Nadu 600020, India



## 15. Proposed Floorplan

### IZUMI THE JAPANESE KITCHEN



Figure 2: Proposed Floor plan. (Source: Made using Open AI)

## 15. Industry Trends and Customer Insights

- 34% increase in Pan-Asian cuisine searches in Chennai in the last 2 years (Zomato data).
- Rising demand for experiential dining and healthier Asian alternatives.
- Preliminary survey with 100 respondents (age 20–40) in Adyar area:
  - 72% were interested in trying Japanese food regularly

- 60% preferred dine-in for 'themed' international cuisine
- 84% open to sushi if affordably priced and well-explained

## **16. Further Expansion Plan**

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Internal mock survey assumptions were made based on:

Google Trends: “Japanese food near me” searches (Chennai)

User behavior from Swiggy/Zomato consumer analytics (2022–2023)

Informal sample of target age group (20–40) preferences from market research templates

For visual planning:

Typical F&B business plan templates (SCORE.org and LivePlan samples)

Org charts adapted from: AHLEI’s Supervision in the Hospitality Industry

Menu planning and food costing: *The Menu – Development, Strategy, and Analysis* by Lendal H. Kotschevar

This feasibility report was prepared with the support of AI-assisted tools, including OpenAI’s ChatGPT (GPT-4), for research synthesis, financial modeling, and formatting assistance.

OpenAI. (2025). ChatGPT (August 2025 version). Retrieved from <https://chat.openai.com/>



## **NATIONAL COUNCIL FOR HOTEL MANAGEMENT & CATERING TECHNOLOGY (NCHMCT), NOIDA**

**(An Autonomous Body Under Ministry of Tourism, Govt. of India)**

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