

FOOD AND BEVERAGE MANAGEMENT

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Features of

Capturing the Essence



Fig. 1.1 Chadha's restaurant

Source: 501room/Shutterstock/OUP Picture Bank

Capturing the essence starts every chapter to brief the reader about the topic that will be discussed in it.

Flow diagrams, tables, and screenshots are interspersed with the text to enable learning.

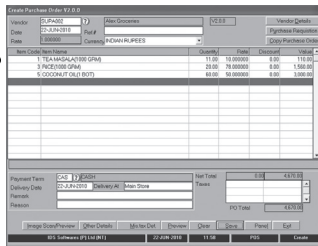


Fig. 2.9 Screenshot of a purchase order

Courtesy: IDS

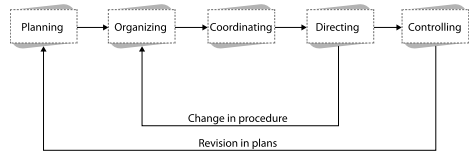


Fig. 1.6 Management function process

Table 2.3 Sample price comparison sheet

| Item | Unit | A ₹ | B ₹ | C ₹ | Best bid ₹ | Chosen company | Last price paid ₹ |
|-------------|--------|--------|--------|--------|---------------|----------------|----------------------|
| Capsicum | kg | 100 | 105 | 95 | 95 | C | 90 |
| Tomato | kg | 30 | 28 | 35 | 28 | B | 25 |
| Baby corn | kg | 150 | 160 | 145 | 145 | C | 140 |
| Spinach | kg | 45 | 50 | 42 | 42 | C | 40 |
| Cabbage | kg | 35 | 32 | 38 | 32 | B | 30 |
| Cauliflower | pieces | 45 | 40 | 42 | 40 | B | 35 |
| Carrot | kg | 40 | 45 | 42 | 40 | A | 40 |

Note: Vendors

A – Farm fresh, B – Shivam Agro Pvt. Ltd, C – Sahil Vegetables

EXERCISES

CONCEPT-REVIEW QUESTIONS

1. What is a standard purchase specification? What are its uses?
2. What are the various methods of purchasing?
3. What is the use of tender and quotation in purchasing?
4. What is economic order quantity? What is the purpose of EOQ in purchasing goods?
5. What is inventory holding cost?
6. What are the points to be considered while preparing a purchase order?
7. What are the duties and responsibilities of a purchase manager?
8. What is a price comparison sheet? What is the purpose of the sheet?
9. What are the points considered while rating a supplier?
10. What are the points to be considered while purchasing beverages?

CRITICAL THINKING QUESTIONS

1. Name five items which are best suitable for EOQ in a hotel store.
2. Create a standard purchase specification of five local vegetables available in your area.
3. Prepare a purchasing policy for a small restaurant.

MULTIPLE-CHOICE QUESTIONS

1. Which of the following would help us know that the food purchased will be of the desired quality for intended use?
 - (a) Quantity standard
 - (b) Purchase price
 - (c) Standard purchase specification
 - (d) Corrective action
2. A standard purchase specification could include
 - (a) standard or grade
 - (b) pricing unit.
 - (c) size or weight range
 - (d) all of these

Chapter-end exercises including concept-review and critical thinking questions, multiple choice questions, and project work help students hone their cognitive learning.

Activities are interspersed in the chapters to provide the students real-time application-based learning.



ACTIVITY 2.1

Consider an item that you purchase on a regular basis and mention the quality check for that item. Match it with other members of your class.



ACTIVITY 2.2

Visit three to four suppliers in the vicinity of your area, compare them on their overall performance of price, delivery, and quality and understand the reasons behind their functioning.



ACTIVITY 3.1

Carry out a role play in your class showing different steps involved while receiving items for F&B services.

the Book

Technological insights are included to give insight to readers about how the food and beverage industry is advancing as per times.

TECHNOLOGICAL INSIGHT 6.1

Mobile Ordering

New technology is changing how restaurant operators execute business, and mobile ordering is the new trend gaining popularity.

With interactive design that looks and feels like an app, customers can enjoy accessing the menu directly from their smartphones. They can find nearby stores, place orders, and manage their accounts, all within their palms. In other words, ordering on a mobile device need not be limited.

Today, large brands use mobile ordering as an attempt to appeal to the younger generation as most of them use smartphones. Some fast food joints have reported mobile ordering between 15% and 20% of their sales. Even the average per customer sales has been higher in mobile ordering as compared to conventional outlet ordering by about 20%. ChowNow.com is an example of a website that helps restaurants in placing mobile orders.

CAREER INSIGHT 4.1 Duties of a Storekeeper

The duties of a storekeeper include the following:

- Maintain proper storage space for food items and arrange it in FIFO basis.
- Update any change in the price list of commodities used so that food or beverage costing is appropriately prepared.
- Good standard of tidiness and cleanliness with proper storing procedures have to be adhered to.
- Ensure supply of all important and necessary food items and check stocks frequently.
- Maintain delivery notes, invoice, credit notes, and receipts.
- Maintain daily store issue sheet and bin cards so that the accurate stock for each date is calculated.
- Issue items on receipt of requisitions signed by the competent authority.
- Coordinate, control, and supervise the duties of staff.

Career insights in the chapter provide job description of employees.

Tips to remember allow the reader to recapitulate the important concepts discussed in the chapter.

TIPS TO REMEMBER 4.1

Here are a few tips to reduce food waste and control food inventory:

Make a team Organize a team of people who will be responsible for the inventory process from receiving to storing.

Provide training The team members should have clear knowledge regarding categories, purchase units, issue units, and food inventory list.

Prepare a time table Prioritize the frequency for inventory count—weekly, monthly, yearly, or if possible, everyday. The more often you take inventory, the easier it is to identify and correct problems.

Simplify the process Organize inventory sheets so that if manually taking, it can be aligned with the location of products on shelves so that the inventory taker feels hassle-free for running back and forth.

Establish inventory par levels Order only what is required to bring inventory up to par level. Cyclic menus make it easier to establish accurate par levels.

Observe the menu If an ingredient is being wasted, spoiled, or unutilized as it is not widely used, try to mix it with other dishes. While changing the menu, refer to the inventory data for minimizing waste.

Inventory management software Install a food service inventory management software that can manage every aspect of the inventory, which includes ordering, recipe, invoice systems, monitor cost of goods sold (COGS), inventory valuation, and inventory trends.

MINI CASES

I. Price Fluctuation

Cinnamon Restaurant was facing a price fluctuation issue. The menu which was proposed had to be changed occasionally or altered as rates used to change for all the raw materials as they were regularly purchased from the market. As the items were purchased every day, perishables could not be stored and this led to increase in costs and subsequent increase in food cost.

Since the selling price in the menu card could not be altered regularly it led to reduction in profit margin. Sometimes due to increase in prices of raw materials, the hotel had to vary the selling price from the one mentioned in the menu card, which annoyed guests who stopped their revisits to the restaurant.

Discussion Questions

1. If you were a part of the management of the restaurant, what would you have done and why?
2. To standardize purchases, what are the steps that must be followed?
3. For a small 50-60 pax restaurant, what is the best process for purchasing?

II. Purchase Procedure

A multi-cuisine restaurant, Food around the World, began its operations with a single outlet in the city. As the popularity of the outlet rose, the management decided to add more outlets. Soon, the city had six outlets spread across the city. The management wished to opt for centralized purchasing of perishables and non-perishables. A centralized store was installed for storing non-perishables while perishables were directly sent by vendors to the respective outlets. The centralized store concepts reduced the cost of raw materials as bulk purchasing was being done.

The perishables are centrally ordered but distributed to various outlets as there was no proper refrigeration facilities at the central store. The management wanted to serve fresh and best quality food to customers. All outlets have similar menus but a few dishes were added or deleted as per the tastes and requirements of the outlets. The additional raw materials were required in less quantity and were ordered accordingly and distributed to various outlets. Some outlets preferred to buy their own goods as the delivery of raw materials was occasionally delayed. The vendors supplying perishables were also not very satisfied as they had to supply to all individual outlets.

Case studies at the end of the chapters help the students analyse and discuss real-time problems with peer groups and mentors.

Preface

The food and beverage sector is a vast, significant, and growing segment of the hospitality industry across the world. In this emerging market segment, all food establishments are seen to be currently emphasizing on quality improvement, service optimization, and meeting value-of-money requirements of the guests. With an emerging and demanding trend, this has become a popular career option for the youngsters. Today, a professional chef should know not just the nuances of preparing and plating a dish, but also ways of increasing revenue of an establishment, maintaining consistency in the quality, and applying measures of control for greater economy and efficiency. Similarly, a manager or supervisor also requires skills of serving beverages consistently in order to increase profits.

The book will be equally useful for aspiring chefs and managers, as well as professionals in this field. It covers syllabus requirements for various degree/diploma courses in hotel and catering management by the Institutes of Hotel Managements (IHMs) and various central, state, and private universities and colleges across the country. The book further gives insights into the use of technology in managing food and beverages and activities that managers in all food service operations employ to control their operations.

About the Book

The book has been planned for practising chefs, catering supervisors, food and beverage managers, and controllers who may wish to formalize and update their knowledge, in order to improve the profitability and productivity of their operations and to enhance customer satisfaction.

The book builds upon the basic knowledge of food and beverage production and services control and the need for it. It discusses the various stages in food and beverage control with the help of a control cycle which comprises purchasing, receiving, storing, issuing products, preserving, serving, and accounting. In the era of computerization, emphasis has been laid on automated systems, while considering the basic formats and process.

The book discusses cost/volume profit analysis to provide a better understanding of managing an establishment, menu management to assist in planning and costing a menu, and new trends in the industry such as revenue management, strategic management, total quality management, and marketing. Frauds, a major cause for loss of revenue in catering establishments, are also discussed along with prevention tactics.

Pedagogical Features

- Each chapter begins with the section capturing the essence to brief the reader about the topic that will be discussed.
- The concepts and text in the chapters are supported with flow diagrams, tables, and screenshots to enable learning.
- Concept-review and critical thinking questions, multiple choice questions, and project work are added to aid in the preparation of different examinations and in cognitive learning.
- Activities are added in the chapters to provide the students real-time application-based learning.
- Technological insights help to understand how the food and beverage industry is advancing as per times.
- Career insights in the chapters give the job description of employees.
- Tips to remember allow the reader to recapitulate important concepts discussed in the chapter.
- Case studies at the end of the chapters help the students analyse and discuss real-time problems with peer groups and mentors.

Online Resources

To aid the faculty and students using this book, additional resources are available at www.india.oup.com/orcs/9780199469833.

For Faculty

- Instructor's Manual
- PowerPoint Slides

For Students

- Flashcard Glossary

Coverage and Structure

Chapter 1 gives a brief description of the food and beverage industry, objectives and need for food and beverage control, objectives and factors affecting food and beverage management, and food and beverage management in restaurants, hotels, institutional catering, and in hospitals.

Chapter 2 deals with purchasing which includes standard purchase specification, different methods of purchasing, and the various common procedures followed in purchasing food and beverage.

Chapter 3 covers the receiving function which includes bills and invoices, credit note, various kinds of equipment used in receiving, and the records and reports generated in this section.

Chapter 4 describes how storing procedure should be followed, its control, issuing, and control procedure, and the types of inventories. A catering establishment may use various inventory management techniques as per the need, which is also discussed in this chapter.

Chapter 5 is on production control in food and beverage management which includes their costing, preparing standard recipes, standard portion size and cost, yield testing of food, and daily and monthly food costing.

Chapter 6 provides details about sales control which includes calculating the selling price, points to be considered while fixing the selling price, billing of sales which could be both cash and credit sales, and the reports generated.

Chapter 7 outlines labour control which incorporates forecasting and scheduling personnel. It also discusses labour cost control, training, and payroll analysis.

Chapter 8 provides an overview of various types of budget, steps in preparing budgets, and the importance of budgeting in food and beverage.

Chapter 9 describes the types and elements of cost, and sales concepts. It also discusses cost/volume/profit analysis, P/V ratio, break-even analysis, and variance analysis.

Chapter 10 covers various new trends in management of food and beverage. It includes various processes to increase revenue like yield management tactics, quality management, and strategic management. To increase the sales of food and beverage, marketing along with advertisement and sales promotion are necessary, which is also discussed.

Chapter 11 on menu management includes the types of menu, a brief about menu planning, and menu pricing and costing. It also incorporates menu engineering and menu merchandising which are tools to enhance and check each dish in the menu and increase their sales.

Chapter 12 provides an overview of various frauds in purchasing, storing, issuing, and billing. The various ways to prevent these frauds are also mentioned.

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Any suggestions, comments, and criticism for the improvement of the book are welcome.

Partho Pratim Seal

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CHAPTER AIM

After studying this chapter, the reader will be able to understand the following:

- Control techniques
- Calculating selling price
- Points to be considered while fixing price of food and drink
- Kitchen order ticket and bar order ticket
- Billing cash and credit sales
- Cashier summary sheet
- Role of point of sale and electronic cash register, ECR

Sales Control

Capturing the Essence



Fig. 6.1 Group of people ordering food

Source: Chris King/OUP Picture Bank

Sharma's is an Indian family-owned restaurant (60 pax) that has been in the business for the last 50 years. The restaurant is owned by Praveen Sharma.

The restaurant operates on the old school principle where the head chef notes the order in a chit pad (Fig. 6.1) and the cashier generates the bill after verbally verifying the order with the head chef. This led to a lot of chaos, as often, the items entered in the order prepared were either wrong, or incorrect quantity was entered. This did not leave very good taste in the guest's mouth, and most of them avoided revisits. Such miscommunication also led to loss for the restaurant as it increased the food cost.

Akshay, Praveen's son, came in to help his father and suggested computerizing the system. He was confident that it

would increase the staff's efficiency and help in better control of the restaurant. Computerization was done for order taking and billing. The order was first rung in the cashier point of sale (POS) after taking order from the guest, and the kitchen order ticket (KOT) was generated from the cashier's desk. Thereafter, the server took the KOT to the kitchen for preparation. For repeat orders, similar process was followed. In case of cancellation, it was signed by the chef as 'not prepared' and cancelled by the cashier. The bills for the guest were also generated at the cashier's POS.

The control measures were very strong as pilferage was difficult and by the end of the day, reports helped to find out the total sale of food and the sales for each dish. The sale summary report prepared at the end of the day helped produce the total cash and credit sales made on that day. It helped compare sales of each day with that of the same day in the previous week.

INTRODUCTION TO CONTROL

Control is a process by which managers try to direct, regulate, and restrain the action of employees and other resources to achieve the desired goals of the establishment, which include financial gains and working condition of the organization.

In the food and beverage (F&B) industry, control means controlling people as well as things or items. Pilferage by staff, wastage by humans, and/or rodents etc. involve staff members. Such problems usually occur due to human action or lack of it.

People include not just F&B staff but also the customers who visit to dine in the restaurant. Proper security arrangements should be made, such as locking the doors and storage space so that intruders do not enter and steal items after the outlet is closed.

The items which are sold should result in appropriate income for the organization. To ensure proper sales control, it is advisable that the total production record is tallied with the total sales records so that accountability is maintained for which guest bills are usually numbered to avoid misplacing the bills.

CONTROL TECHNIQUES

The following are the various control techniques:

Establishing Standards

Standards are defined as rules or measures established for making comparisons and judgements. For example, *quality standards* are used to define the degree of excellence of raw materials, finished products, and the quality of work. All raw materials, especially food items, are graded as per their use. The quality standards of some beverages are usually calculated by the age, especially whisky which is said to be of a higher quality if it is more than eight years old. Other than quality, even *quantity standards* have to be considered, which include weight, volume, or count. It includes standard portions for food and drinks. The portion for a food should either have a fixed weight, volume, or number of pieces as desired or standardized. For drinks to be served, the measure has to be fixed. The *standard cost* of F&B is prepared, approved, and accepted by the management.

Establishing Procedures

The standard procedures are those methods, routines, and techniques of day-to-day operation, which include ordering, purchasing, and issuing. These were explained in earlier chapters.

Training Employees

Other than establishing standards, it is also necessary that the employees are made aware of them. It is the procedure wherein the managers or chefs teach employees how the work is done considering the standards and the standard procedure established (Fig. 6.2).

Records and Reports

A manager of an organization cannot be in all places at all times to observe how all the staff members are performing. The observation is usually made by the records and reports, which are scrutinized on a daily, weekly, or monthly basis to understand the goals set by the organization and the fulfilment of the same.



Fig. 6.2 Apprenticeship bakery class

Source: Goodluz/OUP Picture Bank

Preparing and Following Budgets

The best technique for controlling business operation is to follow the budget for the year. A budget is actually a financial plan and is described as a realistic expression of management goals and objectives in financial terms. Budgeting is discussed in detail in Chapter 8.

The following factors should be considered while fixing the selling price:

- It should cover all costs.
- It should be reasonable to guests in terms of value for money.
- It should generate a reasonable amount of profit.

Methods of Calculating Selling Price of Food

The various methods used to determine the selling price of food are broadly classified into two—cost approach and market approach.

Cost Approach

The following methods are used under the cost approach:

Cost plus In this process, first the food cost (FC) is determined and multiplied with either two and half times or 250% of the food cost, or

$$\text{Selling price} = \text{food cost} \times 2.5 \text{ or}$$

$$\text{Selling price} = \text{food cost} \times 250\%$$

For example, the food cost of vegetable biryani is ₹35. Hence, the selling price of biryani would be

$$= 35 \times 2.5$$

$$\text{Selling price} = ₹87.5 \text{ or rounded to ₹90}$$

Gross profit method Selling price = Fixed cost + Gross profit

$$(\text{Gross profit} = \text{Labour cost} + \text{Overhead cost} + \text{Net profit})$$

First, the food cost is calculated, followed by gross profit. The average food cost of a dish should be between 30% and 40% and the gross profit would be between 60% and 70%.

For example, the food cost of a portion of *laal maas* is ₹85 which is 30% of the cost. Considering the gross profit to be about ₹198, the selling price of the dish will be as follows:

$$\begin{aligned}\text{Selling price} &= 85 + 198 \\ &= ₹283 \text{ which could be rounded to } ₹285\end{aligned}$$

Return on investment The total investment is calculated and the mark-up is decided upon. For example, 20% of the investment amount and the mark-up the pricing is done in a way that the amount can be brought back/recovered in a specific time period.

For example, there is an investment of ₹5,00,000 and 20% mark-up. This means ₹1,00,000 and the total amount on which the return on investment would be calculated will be ₹6,00,000.



ACTIVITY 6.1

Calculate the selling price of tandoori chicken if the food cost is ₹150 by cost plus approach.



ACTIVITY 6.2

Calculate the price of kadai paneer if the food cost is ₹65 and is 35% of the cost.

Refer to Fig. 6.3 image for the bill served to the guests.

Market Approach

The following methods are used in this approach:

Copying competitors' price In this process, the competitors' rates are checked and similar rates are quoted which are in the same grade as that of the competitors.

Going rate/customary rate It is the process of pricing by the commodity as it is priced in the market and the same changes when the market rate changes.

Various Pricing Policies

The following are the various pricing policies generally used by the companies:

Psychological Pricing

This method involves pricing the commodity at the price at which the guest feels he or she has paid less than the actual price. Some of the prices of dishes are ₹445 or ₹595, which makes the guest feel that it is less than the round number.



Fig. 6.3 Restaurant bill

Source: Feng Yu/Shutterstock/OUP Picture Bank

Loss Leader

There are items or dishes that are sold at the cost price or below the cost price to attract customers towards them and additional items or dishes other than the planned one that are bought are added up.

**ACTIVITY 6.3**

You wish to open a fast food outlet serving burgers, pizza, puffs, and pastries. The food cost of burger is ₹20, pizza is ₹25, puff is ₹8, and pastry is ₹10. Calculate the selling price of each item.

Calculating the Sale Price of a Drink

The various points to be considered while calculating the price of a single drink are as follows:

- Size and price of the bottle
- Individual drink size

To cost a bottle (litre) of Teachers' whisky, if a litre of bottle priced at ₹1,850 is used and the drink size is 60 ml which would be the measure size to be served to the guests, the total number of drinks is

$$\frac{\text{Bottle size}}{\text{Drink size}} = \text{Number of drinks}$$

$$\text{Thus, } \frac{1,000}{60} \times 16.67$$

Therefore, the number of drinks would be around 16 if we round the fraction to the nearest lower whole number as it is simply not possible to divide the drink or add extra to it.

To determine the cost of 16 drinks, the formula is as follows:

$$\frac{\text{Cost of the bottle}}{\text{Number of drinks}} = \text{Cost per drink}$$

$$\frac{₹1,850}{16} = ₹115.62 \text{ or } ₹116 \text{ (rounded to the nearest amount)}$$

The following two methods are used for determining the projected beverage cost:

Divisional Method

To find out the potential selling price, divide the actual beverage cost by the projected beverage cost percentage:

$$\frac{\text{Actual beverage cost}}{\text{Projected cost percentage}} = \text{Potential selling price}$$

For example, a single drink of Teachers' whisky costs ₹116 and if we consider the projected price to be 30%, then the selling price can be calculated as follows:

$$\frac{₹116}{30\%} = ₹386.67 \text{ or } ₹387$$

Price Multiplier Method

If the same example is used to determine a minimum selling price per drink, divide 30 by 100 which will give a multiplier of 3.33. Therefore, if we take the cost of a drink and multiply it

with 3.33 to determine a minimum selling price and cost being ₹116, the selling price would be as follows:

$$₹116 \times 3.33 = ₹386.2 \text{ or rounded to the nearest number which is } ₹387$$

We can establish the price of each drink by making adjustments considering the clientele and the demand. The pricing could be changed depending on the percentage profit is targeted though in an average, 30% to approximately 40% is considered.

Cocktail Pricing

Pricing of individual drinks was mentioned earlier. A method to price cocktail is to take the prime ingredients, especially the spirit and use it as a base and then add ingredients so that total cost is obtained.



ACTIVITY 6.4

Visit a nearby restaurant and find out the parameter based on which the menu is priced.

Matching Cost with Sales

Reconciliation of food cost is a summary of food cost to sales made after monthly closing. The same is sent to the management as reports. The format of reconciliation statement is given in Fig. 6.4. This helps an establishment know or compare the sales made in a restaurant to the cost incurred in buying raw materials on a monthly basis.

| | | Date | | | |
|--|------|------|------|----|---|
| | | ₹ | P | ₹ | P |
| Gross food revenue | xxxx | xx | | | |
| Less rebate | | aaa | aa | | |
| Net food revenue | | | yyyy | yy | |
| Add: Opening inventories | | | | | |
| Add: Storeroom | bbb | bb | | | |
| Add: Production | ccc | cc | | | |
| Add: Purchase | ddd | dd | | | |
| Total available | eee | ee | | | |
| Less: Closing inventories | | | | | |
| Less: Store room | fff | ff | | | |
| Less: Production | ggg | gg | | | |
| Gross cost of food consumed | | | | | |
| Less credit | hhh | hh | | | |
| Net cost of food sold | iii | ii | | | |
| Food cost % = (jjjj.jj/yyyy.yy) × 100 | | | jjjj | jj | |

Fig. 6.4 Format of a reconciliation statement

Controlling Revenue

The revenue control is achieved by standardized operation. It is done by the following methods:

Documentation of Sales

The sales in F&B is documented by writing it down by the head chef. Though PMS is used and all orders are typed, the guests can also directly order with help of a tablet as given in Figs 6.5 and 6.6. Figure 6.6 shows a brief description of the dish in the menu. The order is then sent to the kitchen this is known as KOT. The beverage order or bar order is known as the bar order ticket (BOT).

Pricing Sales Correctly

When dishes are priced in an outlet, it should consider the cost of dish, additional costs such as labour, establishment cost, and the desired profit.

Verifying Sales which are Recorded

Whenever there is a sale of a particular dish or beverage from an outlet, the same should tally with the number of dishes or beverages served from the kitchen or bar. The KOT or BOT of a dish should tally with the dish sold for a period or a day.

Kitchen Order Ticket or Bar Order Ticket

A KOT or BOT is a written document of a guest or guest's orders, which helps the kitchen or bar prepare the food and beverage, respectively, and also assist the cashier or server to prepare the bill.

Presently, e-menu card is also available for the guests in tablets or in I-pads where they can have a look at all the dishes and get a brief knowledge about the dish which includes presentation, ingredients used, as well as cooking methods. A sample e-menu card is given in Figs 6.5 and 6.6.



Fig. 6.5 E-menu card

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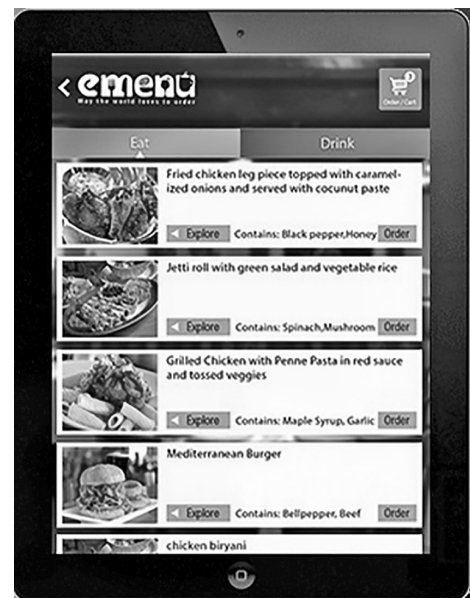


Fig. 6.6 E-menu card with dish details

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Purpose of a KOT or BOT

The purpose of a KOT or BOT is as follows:

- Helps servers remember any special specifications of the guests (e.g., less spicy and extra sauce)
- Provides a written or printed food order which helps in reminding the chef about the order
- Helps avoid chaos or confusion at the food pick-up counter
- Establishes accountability
- Facilitates proper control system
- Helps raise a bill for settlement
- A post analysis will give an exact idea about the high-selling and non-selling dishes on a menu card

For the control system to be effective, it should be logical and adequate enough and may vary from one outlet to another, depending on their requirements. Various KOT systems are followed in hotels and are mentioned here.

Triplicate Checking System

As the name implies, it consists of three copies suitable for all types of menu such as à la carte and table d' hôte menus as shown in Fig. 6.7.

An ideal KOT or BOT should have the following information:

- Name of the establishment
- Name of the outlet
- Serial number
- Date
- Time
- Number of covers
- Signature of the head chef

In a good class establishment, especially in large establishments, such a system is followed for better coordination and control. The orders from the guests are taken on a KOT pad in triplicate. The distribution is as follows:

Top copy or original copy goes to the kitchen, middle copy or first copy to the cashier, and the last/second copy is retained by the steward.

After the order is taken by the captain, the top two copies are torn and given to the steward. The steward retains the second copy or the book copy for reference.

Nowadays, KOTs are computer-generated. The server punches the dish either with the name or with the dish code as mentioned in Fig. 6.8. The system automatically puts the rate as fed in the software and as the quantity is entered, the amount is also displayed... A copy is generated in the kitchen with all details except the price and the information, which is stored or sent to the cashier for billing. If any cancellation is required, the same has to be informed to the kitchen as well as to the cashier. Usually, any cancellations could be done only by the manager with the password to avoid pilferage.

Apart from KOT, there could be other KOTs too, as discussed here.

Suivant KOT or en suit KOT

KOT is made on the same KOT slip/pad but the word *Suivant* or *en suit* KOT has to be mentioned on top of the KOT. This states that a KOT has already been issued for the same table number and the

The form is enclosed in a rectangular border. At the top, it contains the following text fields: "Name of the organization", "Name of the outlet", and "KOT or BOT no.". To the left of these fields is a circle labeled "Logo". Below these are three rows of text: "Table no. Date Time.....", "Waiter no. Covers.....", and a table with three columns: "S. no.", "Particulars", and "Quantity". The table has 10 rows, with the first row being the header and the remaining 9 rows being empty for data entry.

Fig. 6.7 Format of KOT

same guests. This KOT is prepared when the order is too long to be accommodated in one KOT slip. Therefore, another KOT has to be prepared in continuation with the previous KOT. In addition, if desserts or coffee is ordered on completion of main course, a second KOT has to be raised for the same table as shown in Fig. 6.9.

| Rest. | Code | Item Name | Unit | Qty | Rate | Cancel |
|-------|------|---------------------------------|--------|-----|-------|--------|
| 1 PAH | 905 | Baked vegetable | PLATE | 1.0 | 70.00 | |
| 2 PAH | 610 | Butter nan | PCS | 2.0 | 15.00 | |
| 3 PAH | 1005 | Cold coffee | M.L. | 2.0 | 25.00 | |
| 4 PAH | 103 | Omlette plain | PLATE | 2.0 | 25.00 | |
| 5 PAH | 503 | Veg pulao | PLATE | 2.0 | 40.00 | |
| 6 PAH | 806 | Veg chowmein | PLATE | 1.0 | 40.00 | |
| 7 PAH | 303 | Shahi paneer | PLATE | 1.0 | 55.00 | |
| 8 PAH | 606 | Butter chapati | PCS | 5.0 | 6.00 | |
| 9 PAH | 1101 | Soft drink incl. service charge | BOTTLE | 4.0 | 15.00 | |

Fig. 6.8 Computerized KOT

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| | | |
|------------------------------------|---------------|---------------|
| (Name of the establishment) | | |
| Table no.: | Covers: | Waiter: |
| Date: | | Time: |
| Suivant | | |
| 2 Peche flambé | | |
| | | Signature |

Fig. 6.9 Suivant KOT

This KOT was more prevalent before computerization; nowadays, these KOTs are used only where manual system of KOT is followed.

Supplement KOT

Sometimes, when the accompaniment served with the main course or a side dish or sauce is not enough and additional portion has to be ordered by the guest for which the guest may not be charged, a supplement KOT is prepared. The KOT is prepared on the same KOT slip/pad but the words ‘supplement KOT’ are mentioned on top of the KOT. The supplementary copy has to be countersigned by the manager in-charge and the reference KOT (previous KOT) number has to be mentioned.

Retour (return) or En place KOT

If for some reason a wrong dish is ordered and it has to be returned to the kitchen from the table for replacement, such a KOT is raised. This KOT is also prepared if a dish is returned by the guest

when it is spoilt or it is not up to the mark and the guest has ordered for a new dish or had opted for rectification of the same. The KOT is made on the same KOT slip/pad; however, the names of two dishes and the word 'Retour' (return) or en place KOT is mentioned. First, the name of the new dish is mentioned and the name of the returning dish is mentioned later. If the dishes are served from an à la carte menu, the prices have to be mentioned. Usually, the dish which is priced less is charged. The KOT has to be countersigned by the manager in-charge and the reference KOT (previous KOT) number must be mentioned.

Non-chargeable KOT

A non-chargeable KOT (NCKOT) is raised when a portion of a dish has to be served to a disappointed guest to maintain the goodwill for business. The KOT is made on the same KOT slip/pad or in a separate pad reserved for non-chargeable dishes. If the same KOT pad is used, it has to be mentioned above the KOT as non-chargeable. This KOT facility is intended for top executives of the hotel or managers who are authorized or provided allowance to either dine in the restaurant or order from the restaurant. For any reason if a dish has to be given complimentary to the guest, the same has to be countersigned by the manager in-charge at that time and the reason must be mentioned.

Accident KOT

In some situations when a dish may be spoilt or partially damaged accidentally, a KOT is raised for the same dish (freshly prepared) from the kitchen. The KOT can also be made on the same KOT slip/pad but the words 'Accident KOT' must be mentioned on it. It has to be countersigned by the manager in-charge and the reason for preparing the KOT has to be mentioned. Sometimes, the KOT is analysed for accident and if the reasons prove to be intentional, the concerned person may also be penalized.

Duplicate KOT

If all the copies of the KOT get misplaced for some reason, a duplicate KOT is prepared with the same information or order. This KOT is made on the same KOT slip/pad but the word 'Duplicate' is mentioned on it. It has to be countersigned by the manager in-charge and the reference KOT number has to be written on it.

TECHNOLOGICAL INSIGHT 6.1

Mobile Ordering

New technology is changing how restaurant operators execute business, and mobile ordering is the new trend gaining popularity.

With interactive design that looks and feels like an app, customers can enjoy accessing the menu directly from their smartphones. They can find nearby stores, place orders, and manage their accounts, all within their palms. In other words, ordering on a mobile device need not be limited.

Today, large brands use mobile ordering as an attempt to appeal to the younger generation as most of them use smartphones. Some fast food joints have reported mobile ordering between 15% and 20% of their sales. Even the average per customer sales has been higher in mobile ordering as compared to conventional outlet ordering by about 20%. ChowNow.com is an example of a website that helps restaurants in placing mobile orders.

Billing or Documentation of Sale

Each menu item ordered should be recorded. In the conventional method followed prior to computerization, the server used to record the menu selection by the guest in paper forms, which were known as guest checks or sales checks.

The guest check is the backbone of manual billing system as it helps the server give an itemized bill with quantity to the guest, it helps to verify the cost of dishes for the guest, and also provides records for tax purposes.

The guest checks which are purchased from either printers or stationers are usually numbered sequentially. The bills generated are also sequentially numbered so that accountability is maintained.

Earlier, billing was manual, which is now replaced by computers although all details of the bills remain constant. Earlier, bills generated were simple in operation as they were very cheap, and could also be used for charging dishes which were not present in the menu. Though there are a few benefits of manual billing, there are lots of disadvantages as there are high chances of error and fraudulence, and it is a time-consuming and laborious process. Manual billing is also not suitable when there is high volume of sales and transactions have to be done fast. Bills generated in manual and automated processes have a similar format with the following details:

- KOT number against which bill is made
- Table number
- Room number for resident guest
- Waiter or server number
- Date
- VAT number of the organization
- Columns for quantity, name, rate, and amount for the dish
- A line for total amount of items or dishes and then another horizontal line including service charge and taxes.
- Signature of the cashier



ACTIVITY 6.5

After having a meal in a restaurant, check all the details which are mentioned in a bill.

For effective control in the bar, it must ensure the following:

- Correct drinks are served at the right table.
- The service rendered is charged to the correct bill.
- A record is maintained for all the drinks which have been dispensed from the bar.

Computerization of Establishment

In the present era, the manual KOT and BOT have almost been replaced by computerized ones. There were totalling errors while preparing bill by the cashier and many times, the additional orders by the guest were not charged in the bill. Sometimes, even additional amount was charged to the guest which was not billed in the KOT and the serving staff pocketed the difference. Considering these errors, computerization with dedicated software was the best alternative where all data was stored as soon as the KOT was generated and the same would reflect in the bill.

Electronic Cash Register/Point of Sale

An electronic cash register (ECR) is an independent, stand-alone computer system. An ECR has all necessary components of a computer system—an input or output device, a CPU, and storage (memory) capacity as shown in Fig. 6.10.

A point-of-sale (POS) system can be a single or a number of terminals, which is interfaced with a remote central processing unit (CPU). A POS terminal can have its own input or output component and can even possess a small storage (memory) capacity but may also contain a CPU. The POS terminals should be interfaced with a CPU for transaction to be processed located outside the terminal board.

In latest POS designs, there is a microprocessor at each terminal's location. The microprocessors are connected to each other to form a complete POS system, which may function without a large, remote CPU.

If the main processor of a POS system is interfaced with the property management system (PMS), data can be directly transferred from the POS to various front office and back office PMS modules for further processing. The time required to post the sales to a guest folio is reduced, and the number of times that the sets of data have to be managed is minimized.

At the end of the day, shift, or a meal period, a sales report could be generated. This report helps us know the different items, quantity, and the total value of all the items sold for a period which can be tallied with the KOT to check the quantity of each dish sold in the outlet as shown in Fig. 6.11.



Fig. 6.10 Point of sale
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| Item Wise Sale Report | | | | |
|---|--------------------|------------------|----------|----------|
| Parameters Preview WinPrint DosPrint Exit | | | | |
| From : 01/Apr2004 To : 01/Apr2005 | | | | |
| For Outlet : PAHUN RESTAURANT | | | | |
| ItemGroup : BREAK FAST,BREAK FAST | | | | |
| CODE | ITEM NAME | Outlet Name | QUANTITY | VALUE |
| 104 | OHLETTE STUFFED | PAHUN RESTAURANT | 55 | 1650.00 |
| 105 | TOAST BUTTER / JAH | PAHUN RESTAURANT | 172 | 4300.00 |
| 106 | VEG SANDWITCH | PAHUN RESTAURANT | 56 | 1680.00 |
| 107 | CHEESE SANDWICH | PAHUN RESTAURANT | 14 | 630.00 |
| 108 | CHICKEN SANDWICH | PAHUN RESTAURANT | 7 | 350.00 |
| 109 | EGG SANDWICH | PAHUN RESTAURANT | 2 | 70.00 |
| 110 | CLUB SANDWICH | PAHUN RESTAURANT | 2 | 130.00 |
| 111 | FRENCH FRIES | PAHUN RESTAURANT | 32 | 960.00 |
| 112 | VEG CUTLET | PAHUN RESTAURANT | 40 | 1200.00 |
| 113 | FRIED EGGS | PAHUN RESTAURANT | 1 | 20.00 |
| 114 | EGG POACHED | PAHUN RESTAURANT | 4 | 80.00 |
| 115 | VEG PAKORA | PAHUN RESTAURANT | 24 | 720.00 |
| 116 | PANEER PAKORA | PAHUN RESTAURANT | 14 | 630.00 |
| 120 | POORI BHAJI | PAHUN RESTAURANT | 81 | 2835.00 |
| 121 | PLAIN SLICE PLATE | PAHUN RESTAURANT | 6 | 60.00 |
| 117 | EGG PAKORA | PAHUN RESTAURANT | 1 | 45.00 |
| 122 | CHICKEN PAKORA | PAHUN RESTAURANT | 4 | 280.00 |
| 129 | BUTTER SLICE | PAHUN RESTAURANT | 9 | 180.00 |
| GROUP TOTAL : | | | | 24257.00 |

Fig. 6.11 Item-wise sales report
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TIPS TO REMEMBER 6.1 INCREASING SALES

Upselling Consider an increase in the sales of each guest by raising the bill by 5%–10% through upselling. An additional soup, appetizer, or a dessert can make a difference. A carbonated drink or fries in a fast food outlet may also do the trick.

Opt for online ordering Various outlets are presently offering takeout or delivery and the average amounts range between 10% and 30% with online orders. As the guests have become technology-savvy, online ordering helps to order takeout and delivery more often and can increase guest loyalty.

Target your guest The current generation of youngsters use their smartphones frequently and if they have to be targeted, the message has to be conveyed either through apps or social networking sites.

Effective communication with employees Regular meetings help employees know the organization’s plans. Discuss and share the best performance of employees as every performance leads to the success of the organization.

Try to get guests back It is difficult to retain guests and more difficult to get a new guest. A repeat guest may increase the sales and profit by 25% to 40%. Emphasis should be given to first-time guests so that they get the best service and their order is perfect. If you have particularly identified a first-time guest, give them a discount coupon for their next order as this may lead to the guest coming back a second time.

Increase prices The process should slowly increase the prices on a regular basis to keep up with rising costs. Another way is to raise prices on parts of the menu, rather than the whole menu. If a strategy is followed for raising the prices, a few guests lost will be more than offset by the gain from the guest who spends more.

Role of a Cashier Summary Sheet

A cashier summary sheet is prepared by the cashier at the end of the day or close of the shift where all the items from all the bills are entered. It also shows the cash and credit transactions that have taken place during a single session on a particular date. The cashier should tally the vertical total with horizontal total and the same should tally with the physical amount before the person leaves for the day.

A sample cashier summary sheet is given in Fig. 6.12.

| Luncheon service | | | | | Date 20 June 2016 | | | | | | | | | | |
|------------------|------------|-----------|---------------|----------|-------------------|--------------|--------------|--------------|---------------------|-------------|----------------|----------------|------------|--------------|--------------|
| Bill no. | Waiter no. | Table no. | No. of covers | Room no. | Amount paid | | | Food | Still room beverage | Soft drinks | Beer and wines | Liqueur/Spirit | Tobacco | Taxes | Total |
| | | | | | Cash | Credit card | Signed | | | | | | | | |
| 010 | 2 | 5 | 6 | | 1,020 | | | 700 | | | 220 | | | 100 | 1,020 |
| 011 | 1 | 2 | 3 | 204 | | | 450 | 250 | | | | 100 | 50 | 50 | 450 |
| 012 | 3 | 7 | 4 | | 4,000 | | | 2,500 | | | 200 | 800 | | 500 | 4,000 |
| 013 | 7 | 11 | 5 | 308 | | | 1,150 | 650 | | | | 350 | | 150 | 1,050 |
| 014 | 9 | 8 | 3 | | 3,000 | | | 1,200 | 120 | 200 | 400 | 400 | 200 | 480 | 3,000 |
| Total | | | | | 1,020 | 7,000 | 1,600 | 5,300 | 120 | | 820 | 1,650 | 250 | 1,280 | 9,620 |
| | | | | | 9,620 | | | 9,620 | | | | | | | 9,620 |

Fig. 6.12 Sample cashier summary sheet

| Sales Register | | | | | | | | | |
|---|----------|------------|-----------|-------|-------------|---------|---------|-----|--------|
| Parameters Preview WinPrint DosPrint Exit | | | | | | | | | |
| From : 09/May/2005 To : 09/May/2005 | | | | | | | | | |
| For Outlet : RESTAURANT | | | | | | | | | |
| Item Detail : No | | | | | | | | | |
| Date | Bill No. | Room/Table | Goods Amt | DISC. | Non Taxable | Taxable | Tax Amt | SRV | Charge |
| 09/05/05 | 05897 | TB-101 | 987.00 | | 156.00 | 831.00 | 66.48 | | 83.10 |
| 09/05/05 | 05898 | TB-103 | 16.00 | | | 16.00 | 1.28 | | 1.60 |
| 09/05/05 | 05899 | TB-106 | 32.00 | | | 32.00 | 2.56 | | 3.20 |
| 09/05/05 | 05900 | TB-101 | 762.71 | | | 762.71 | 61.02 | | 76.27 |
| 09/05/05 | 05901 | TB-305 | 1444.00 | | | 1444.00 | 115.52 | | 144.40 |
| 09/05/05 | 05902 | TB-305 | 140.00 | | | 140.00 | 11.20 | | 14.00 |
| 09/05/05 | 05903 | TB-308 | 309.00 | | 32.00 | 277.00 | 22.16 | | 27.70 |
| 09/05/05 | 05905 | TB-102 | 505.00 | | | 505.00 | 40.40 | | 50.50 |
| 09/05/05 | 05906 | TB-202 | 538.00 | | | 538.00 | 43.04 | | 53.80 |
| Outlet Tot--> | | | 4733.71 | | 188.00 | 4545.71 | 363.66 | | 454.57 |
| Total--> | | | 4733.71 | | 188.00 | 4545.71 | 363.66 | | 454.57 |

Fig. 6.13 Sales register

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A cashier summary sheet helps us to analyse the various methods by which the payment may have been done by cash, credit card, letter of credit, vouchers, and signatures for in-house guests.

A computerized sales register helps us know the sales made in a day or a period. It gives the breakup of each table's sales with the bill number and the details of the total amount, and taxes and service charges applicable to the outlet as shown in Fig. 6.13.

While accepting cash, the server must ensure that the currency is acceptable in the organization. Along with the bill, cash is given to the cashier, who on receipt of the amount, puts a paid stamp on the bill and returns it to the guest. While accepting credit card or debit card, it is checked that the card is acceptable and is within the validity time span. The letter of credit is a facility rendered by the organization to certain persons, especially to corporate guests who can obtain services on credit based on an agreement between persons or a corporate house with the organization. A letter is issued by the organization to such individuals who can avail services with their names and signatures for availing facilities for a group or organizations.

Vouchers are sales promotion tools given as gifts. Travel agents' vouchers are issued to guests for hassle-free travel to their destination so that they need not carry cash or currency. The amount for the voucher is predetermined before it is issued to the customer. The resident or in-house guest can avail credit facility by giving signature on the bill. The server must also determine that the guest is actually entitled to sign the bills and ensure the guest has not crossed the credit limit set by the hotel for the guest and the room number is clearly mentioned in the bill.

Controlling the Cost

Since no controls can be made without some cost, sometimes, the cost becomes comparatively insignificant. Some preventive measures include locks in front and back entrances, stores, and refrigerators when the outlet is closed, positioning of cashier's desk so that the guests do not leave without paying. Recruitment of an F&B controller and trained staff also involves cost. Computerizing of the ordering and billing system also involves cost.

The main purpose of cost and sales control measure is to safeguard against any excessive cost and ensure that sales result in appropriate income. Before any new procedure of control is devised, the management should consider whether the savings made are more than the cost involved in the new systems, procedure, or people.

CAREER INSIGHT 6.1 Job Duties of a Restaurant Cashier

The duties of a restaurant cashier are as follows:

- Receive payment by cash, debit card, credit cards, and vouchers.
- Issue receipts, refunds, credits, or change due to guests.
- Establish or identify prices of goods, services or admission, and tabulate bills using calculators, cash registers, or optical price scanners.
- Calculate the total payment received during a time period, and reconcile the amount with total sales.
- Compute and record transactions.
- Maintain periodic balance sheets of amounts and number of transactions.
- Post charges against guest accounts.
- Offer carry-out service to customers on completion of transactions.

SUMMARY

The chapter discusses various control techniques such as establishing standards, procedures, training methods, and evaluation. Sales control begins with various ways by which the selling price is calculated. After the selling price is fixed, the price is verified with the cost price and the reconciliation statement generated. The

sales control is done with KOT and BOT for kitchen and bar, respectively, and tallied with the sales. The chapter also discusses sales summary sheet which was earlier prepared by cashier and is now computer-generated. The role of the ECR/POS in sales control is also discussed.



KEY TERMS

Cashier summary sheet A cashier summary sheet is used to analyse the various methods by which the payment may have been done by cash, credit card, letter of credit, vouchers, and signatures for in-house guests.

Cost control It is a process used by managers to regulate and guard against excessive costs.

ECR An electronic cash register (ECR) is an independent, standalone computer system.

KOT Kitchen order ticket (KOT) is used by service staff to order food from the kitchen.

Loss leader pricing It refers to pricing of items/dishes which are sold at the cost price or below the cost price to attract customers towards them and then add up buying additional products.

POS A point-of-sale (POS) system can be a single or a number of terminals, which are interfaced with a remote central processing unit (CPU).

Psychological pricing Pricing the commodity at the price at which the guest feels he/she had paid less than the actual price is known as psychological pricing.

Reconciliation It is a process of ensuring that the two set of records both the amount spent and received tally after an accounting period on a daily, monthly, or annual basis.

Sales summary sheet A sheet which gives a break-up of sales by table number, server number, food, drinks (alcoholic and non-alcoholic), and tobacco.

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EXERCISES

CONCEPT-REVIEW QUESTIONS

1. What are the various methods of calculating the selling price of food?
2. How is beverage cost calculated?
3. Mention the various types of KOT followed in a catering establishment.
4. What are the various pricing policies?
5. What is the role of ECR/ POS in sales control?
6. What is the role of reconciliation statement?
7. What are the points considered while preparing bills of sale?

CRITICAL THINKING QUESTIONS

1. What method will you follow for price fixation in a food establishment? Justify.
2. Is POS suitable for a small restaurant with less than 50 covers?

MULTIPLE-CHOICE QUESTIONS

1. The various methods for calculating the selling price of the food are

| | |
|------------------|--------------------------|
| (a) cost plus | (c) return on investment |
| (b) gross profit | (d) all of these |

2. A *Suivant* KOT is a

| | |
|-----------------------|---------------------------|
| (a) duplicate KOT | (c) continuation of a KOT |
| (b) supplementary KOT | (d) none of these |
3. Which of the following techniques are used for sales control?

| |
|-------------------------------------|
| (a) Establishing standards |
| (b) Establishing procedure |
| (c) Preparing and following budgets |
| (d) All of these |
4. Revenue control can be done by

| |
|-----------------------------|
| (a) documenting all sales |
| (b) pricing sales correctly |
| (c) both (a) and (b) |
| (d) none of these |
5. The cashiers' summary sheet has details regarding sales either for a shift or end of the day and includes

| | |
|-------------------|--------------------|
| (a) guest's name | (c) contact number |
| (b) covers served | (d) none of these |

PROJECT WORK

1. Visit a nearby restaurant and check the different types of KOT used by them.
2. While doing industrial training, observe how a cashier summary report is prepared.

MINI CASES

I. Computerization, a Necessity

Green Chilli Restaurant is a stand-alone restaurant in a multiplex. As the restaurant is located in a prime locality, the restaurant covers are limited and manual system of KOT and billing is done. Saurav Jana, the owner of the restaurant, found that after recruitment of a few F&B and kitchen staff, the cost of raw materials had increased but the sales had decreased.

Jana found a difference in sales and actual consumption after two months. He asked Shankar Chatterjee, the person in charge of the stores, if all is well in stores. Chatterjee tallied the purchase order with the goods received note, bills generated, and paid. The suppliers of Green Chilli were quite old and after tallying and consulting with them, Shankar was confident that pilferage was avoided in both purchasing and receiving.

Next, the owner called upon Laxman Singh, the cashier, to enquire about daily sales. He also wished to know if guest turnover and average cover per person have decreased as compared to earlier months. Laxman said that the sales had decreased as a new restaurant chain had opened its outlet in the vicinity of the multiplex.

Not convinced with Laxman's answer, Jana waited for a month to ensure that all was well in the restaurant. When there was no difference in sales, he sent his friend, Vikram, to his restaurant to have food and observe as a guest. Vikram placed his order and was asked by the server if he would be paying by cash or credit card. When Vikram said that he would be paying by cash, the server was overwhelmed. The food was served on time but the bill did not arrive after repeated requests though the guest was in hurry. Finally, a bill was given on a piece of paper with the dishes and the total amount mentioned on it. When Laxman was asked about a proper bill, he told that they have run short of bill receipts and had mentioned the total amount on a piece of paper and had given it to the guest.

Vikram observed the situation, took the manual bill, paid the amount, and hesitantly left the restaurant. Later, he informed Jana about the visit to the restaurant and shared his experience. Jana was now confident that the new F&B staff, with the help of the cashier, were making money without any knowledge such as KOT or bill as no documentation was made which could be verified later.

Jana decided to go for computerization though it was expensive as it would stop pilferage among the staff members. He opted for a PMS which was integrated with the F&B management system so that accountability could be maintained.

Discussion Questions

1. What went wrong in the case?
2. If you were the owner of the restaurant, what action would you have taken and why?
3. How does PMS help in improving service and controlling pilferage?

II. Need for Non-chargeable Kitchen Order Ticket

Cinnamon, a 240-cover restaurant serving from 11 a.m. to 11 p.m. had about 100 staff in kitchen, inclusive of service staff. There were three managers on duty and a restaurant general manager (RGM). The managers and the RGM were allowed to dine in the restaurant and were served dishes from the menu card up to a particular amount as specified by the management. Often, managers used to dine and would not opt for a NCKOT for the food consumed. The kitchen staff also did not pester for a NCKOT as they did not want to be in the bad books of managers. On a particular week, the bacon-wrapped shrimp inventory had been low. The selling price of the dish was ₹900 exclusive of taxes as it was served along with rice and vegetables.

The RGM called upon all the station holders who were responsible for dispensing the bacon wrapped shrimp and said that the missing amount would be debited to them. When the amount for debit was declared, a station holder confessed to the RGM that two managers on duty had consumed the dish twice in the previous week and said that they would soon give a NCKOT which was not rung in the POS.

On further investigation, it was found that the managers on duty had a limit of ₹800 only for a meal and since the amount for bacon-wrapped shrimp was more than ₹800, they could not raise a NCKOT as this was also checked by the RGM along with the sales of the day. The RGM was adamant that since it was the fault of the kitchen staff, the same would be charged to all station holders as they had hidden the truth.

Discussion Questions

1. What went wrong in the case?
2. If you were the RGM, what would you have done?
3. What points will you consider so that the same is not repeated in the restaurant?