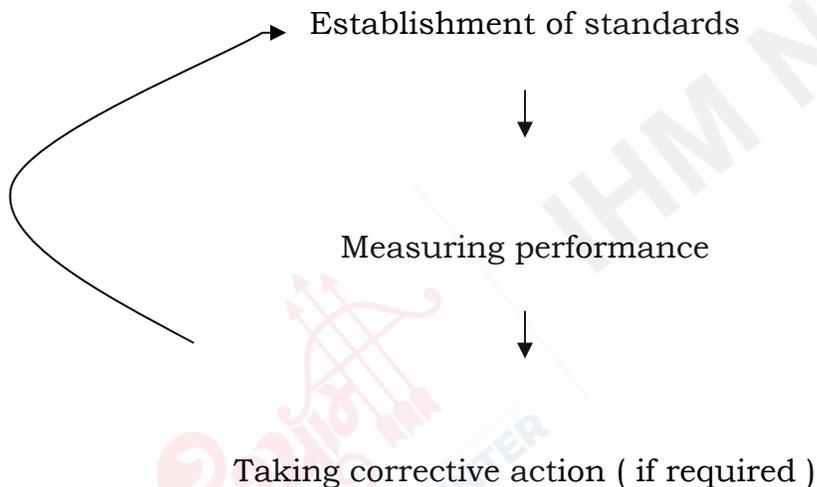


## Cost Control

Control may be defined as a process by means of which managers attempt to direct, regulate and restrain the actions of people in order to achieve the desired goals of the establishment: financial success, preservation of sound environment, etc.

### Steps in cost control –



- ✓ Establishment of standards include establishment of procedures, standard purchase specification, standard recipe, standard yield, etc. which are set as bench mark for performance.
- ✓ Measuring performance is done against the set standards; variance is checked to find how closely standards are being followed.

- ✓ Ideal = Actual +/- Variance, Variance should be within set parameters/ tolerable limits. Corrective actions are taken when the variance is beyond tolerable limits, which may include re-establishment of standards, if required.

### Objectives and Advantages

- To ascertain the profitability of each revenue producing department.
- To reveal the possible sources of economy.
- To facilitate the optimum and better utilization of resources.
- To obtain information for the adaptation of a sound pricing policy.
- To give an opportunity for comparison.
- To increase the efficiency of the employees.
- To reduce the wastage and pilferage.
- To allow flexibility in the selling price in case of the banquet functions this in turn results in higher revenue.
- To prevent fraud by staff.
- To set example for the subordinates by the managers or leaders (i.e. the supervisors).

### **Methods of controlling food cost**

- I. Ordering perishable food in quantities for immediate use in preparations and service.

- II. Ordering non perishables food in quantities which can be turned over fast to prevent spoilage.
- III. Offering incentives to the staff for achieving sales target.
- IV. Using standard recipes from which portions can be easily identified.
- V. Close supervision and regular checks at strategic points to pin point area of variance and correct them in food control cycle.
- VI. Using modular equipments for storage, preparation and service.
- VII. Portioning of dishes in the kitchen, by handing it over to the service staff.