

INTRODUCTION

I.I. PURPOSE STATEMENT

The purpose of this study is to know the importance of food cost control in a restaurant, especially in Rasa Senang restaurant in Oisterwijk, how can food cost control be done in the restaurant, and at the end of this study is going to recommend Rasa Senang restaurant that food cost control is one of the important tools in the food and beverage operation to increase gross profit.

1.2. SIGNIFICANCE OF THE STUDY

Doing cost control is very important in a business, at least at hotel, restaurant, and catering industry they do food and beverage control. In this study the main focus will be on food production control by calculating the food cost percentage of main course in the menu of Rasa Senang restaurant. This study is going to focus on the main course, which is meat as the ingredient to know the standard food cost percentage.

First, since Rasa Senang does not do cost control it is very interesting to find the answer what is the importance of doing cost control in the restaurant. Second, calculating the food cost as a part of cost control can be used to compare with the food cost before doing cost control to know if it is possible to increase the gross profit Third, by doing cost control in Rasa Senang restaurant *it* will be known what are the benefits that they can obtain.

1.3. PROBLEM STATEMENT

The importance of food cost control in Rasa Senang restaurant, with the emphasis on cost control in the food production system in the restaurant, and in order to increase gross profit and give benefits.

1.4. RESEARCH QUESTIONS

1. What is cost control?
2. How to do cost control?
3. What is the importance of standard recipe to calculate the food cost?
4. Are there any possibility for "Rasa Senang" restaurant to increase gross profit and gain more benefits by doing cost control in the food production system?

1.5. THEORUICAL PERSPECTIVE

The starting point of this study is the reason that businesses needed to make profits, and to avoid running out of cash funds, if they wanted to continue operating at all in the long term. Such desirable objectives simply cannot be undertaken if the hotel, restaurant, or catering organization does not know what its cost are, or what they should be. Obviously, costs cannot be used for control purposes if accurate cost information has not been recorded. In real life the amount of control exercised may vary from very little to full cost control. In general most catering firms have as a minimum, cost control related to food and beverage operations.

The first part of this study will calculate the food cost percentage before doing cost control as a part of the introduction to "Rasa Senang" restaurant. This calculation is needed to compare with the percentage of the food cost after doing the cost control. The percentage of the food cost can be obtained from the previous income statement of "Rasa Senang" restaurant.

Food Cost Percentage

$$\frac{\text{Cost Of Food Sold}}{\text{Food Sales}} = \text{Food Cost Percentage}$$

The second part of this study is going to examine the process of cost control and it is started with the menu. Menu is the most important and basic part of the cost control because it establishes which food and beverage items will be served.

The menu has to be established in order to activate the five standard cost tools, which are:

1. Standard purchase specifications
2. Standard recipes
3. Standard yields
4. Standard portion sizes
5. Standard portion costs

The first part of controlling process is purchasing and delivering. This process is important because the ingredients must be the best quality if the restaurant wants to produce the best food. Standard purchase specification is a guideline in purchasing the products. This can be used also for maintaining products quality that is used by the restaurant. It can also reduce the purchase cost.

The second process is receiving and storing. All items, which are purchased, must be checked against the invoices for quantity and price, finally examined to verify quality. After receiving all items, the next process is storing. This process is as important as purchasing because when the purchased products are good but if the storing process is not in proper condition, the product will be damaged.

The third part of controlling process is food production control. The most important thing for food production control is standard recipe. Standard recipe is used to produce the same product. This is important to satisfy the guests. Standard yield is the weight of a food item after it has been processed and ready to be sold to the guests.

Standard portion size is the fourth standard cost control in the production process. Restaurants who want to satisfy the guest should give the best food, which has the same quality, taste, and portion. It is important also to make a control in standard portion size.

The third part of this study is going to calculate the food cost by using standard recipe. To calculate the food cost, the last controlling process is needed, that is the calculation of standard food cost per portion.

Standard Portion Cost

$$\frac{\text{Total Cost}}{\text{Number of Portions}} = \text{Standard Portion Cost}$$

To calculate the food cost percentage of the main course in the menu of Rasa Senang restaurant it is necessary to have the information from the actual sales records of each menu item (in this study only for the main course "vleesgerecht") from one or more prior periods. If a sales history has been kept, the total number of each item sold can easily be transferred to the worksheet.

By recording this information on a worksheet, total sales and total food costs for the trial period can be easily tracked. With this information an overall food cost percentage can be figured. Because each food item is likely to have different food cost percentage, calculating overall food cost involves determining a weighted average food cost. Item with a high food cost raise the average food cost percentage, items with a low cost reduce it. It is mis weighted average food cost that will be used as the standard against which to measure actual food costs.

Standard Food Cost Percentage

$$\frac{\text{Total Food Cost}}{\text{Total Food Sales}} \times 100\% = \text{Standard Food Cost Percentage}$$

1.6. THE DELIMITATIONS AND LIMITATIONS

1.6.1 DELIMITATIONS

This study will confine the importance of cost control in a restaurant. Especially in the case study, the focus will be mainly on the calculation of food cost percentage of the main course from meat and its relation to the food production control. The calculation for the food cost percentage before and after doing cost control is only for the ingredients of food without calculating the other cost such as gas, water, electricity, and labour. The case study of the thesis will be focused on one restaurant of an Indonesian restaurant, namely Rasa Senang restaurant in Oisterwijk, Netherlands.

1.6.2. LIMITATIONS

This thesis is an element of a bachelor study, which causes some time constraints. Working in the restaurant as a part of traineeship in Christelijke

Hogeschool Nederland, Rasa Senang restaurant as my host company was found willing to co-operate in this study. Therefore the findings of the case study give only an indication about the restaurant as a whole. The case study will give general information about food cost control start from the purchasing of food, inventory of food, and detail information about the calculation of food cost by using standard recipe and sales history for the month April 2001 of the main course. The detail information such as the real purchasing price list the data of income statement for the year 2000 can not be stated in this study because of the importance of that data and to the wish of the restaurant.

1.7. METHOD AND JUSTIFICATION OF THE METHOD

In order to know the importance of food cost control system in Rasa Senang restaurant and the need of food cost control to increase profit, qualitative research will be conducted. In this study is going to find the importance of food cost control in Rasa Senang restaurant to increase gross profit.

The first sources are interview in order to collect the data communication with the owner, the manager, and the chef of "Rasa Senang" restaurant as the first technique and observation in its kitchen as the second technique.

The secondary sources, which are needed:

1. The menu of "Rasa Senang" restaurant.
2. The income statement of "Rasa Senang" restaurant for the year 2000 in order to know the food sales and cost. This data is needed to calculate the food cost before doing cost control.
3. The newest price list from the purchasing of the ingredients. This data is needed to calculate the food cost.
4. Sales history of the main course (vleesgerechten) in "Rasa Senang" restaurant from February until April only in the weekend to calculate the standard food cost percentage after doing cost control.

In this study the emphasis is using the standard recipe to calculate the food cost percentage and to know the possibilities to increase the gross profit of the restaurant and the benefits that they can get.

CHAPTER I

THE INFORMATION OF RASA SENANG RESTAURANT

II.1. RASA SENANG RESTAURANT

II.1.1. INTRODUCTION TO RASA SENANG RESTAURANT

Rasa Senang is an Indonesian restaurant, which is established on 1989. It is located in Gemullehoekenweg 127, 5062 CC Oisterwijk, Netherlands. Rasa Senang in Oisterwijk is the first restaurant, which is owned by Mr. Afai Wong & Mrs. Martha Wong. The second restaurant is Rasa Senang II, which is located in 5171 RA Kaatsheuvel, Netherlands. It was opened a few months ago on 9th January and it has just operated for a few (2) months.

The owner of the restaurant is Mr. Afai Wong and Mrs. Martha Wong. The manager in Rasa Senang I, Oisterwijk is Anna Marie Van Setters and Bas Jonkers is the manager of Rasa Senang II in Kaatsheuvle. This study is going to examine only in Rasa Senang I in Oisterwijk.

Rasa Senang offers varieties of Indonesian and Chinese food from appetiser, soup, and main course. The restaurant opens everyday from Monday until Sunday. It opens from 16.00 until 22.00 in the evening everyday, except on Sunday it opens from 14.00 in the afternoon until 22.00 in the evening. Only in the wintertime, which is started from November until April, it opens from Tuesday until Sunday in the same time.

The restaurant is separated into 3 parts. The first part is the dining room, which has 21 tables. There are 8 tables for 2 person, 10 tables for 4 person, and 3 tables for 6 people. The amount of the person in each table can be changed when it is busy. The second part of the restaurant is banquet room (zaal). The zaal is used for any kinds of party, meeting, and seminar. It can be used for maximal 100 people. There are 2 kinds of service in the banquet room, which are buffet service or plate service. People can choose which kind of service that they like. The third part is take away service, which allows people who wants to eat their food at home. The food can be ordered by telephone or people can directly come to the

take away service. The food that is offered in take away service is quite different from the restaurant. There are more kinds of packages for 1 until 6 people, which are called "rijsttafel"(rice table in English). The restaurant menu is going to be placed at the end of this thesis in appendix.

If people want to have a party in their house, the restaurant provides catering service. With this service people can have Indonesian buffet complete with plates, cutlery, glasses, tablecloths, and also the personnel who will serve the food.

II.1.2. THE HISTORY OF RASA SENANG RESTAURANT

Thirty years ago the father of Mr. Afai Wong opened a Chinese restaurant in Tilburg. The first time they begun their restaurant was crowded but after 19 years operation the business became worst because most people thought that Chinese food was a junk food. So, they made a decision to change their family business into an Indonesian restaurant on 1989 based on two reasons, which are:

1. There were only a few Indonesian restaurants in the South of Netherlands.
2. Mrs. Martha Wong loves Indonesian food very much so she advised her husband to open Indonesian restaurant, which has a name "Rasa Senang".

Why did Mr & Mrs. Martha Wong choose Rasa Senang as the name of their restaurant? They chose "Rasa Senang" because they found it was very difficult to find other names for their restaurant. They thought a lot of names but they did not like them, so they decided to give a name from the restaurant of Mr. Wong's brother that was exist few years ago "Rasa Senang" restaurant which means feeling happy. The restaurant used to be a hotel and it was bought with 750,000 guilders.

II.2. THE MENU OF RASA SENANG RESTAURANT

Rasa Senang restaurant offers large varieties of Indonesian and Chinese food from appetiser, soup, and main course. Instead of a la carte menu the restaurant provides 3 kinds of rice tables and surprise dinner from 3 until 7 kinds

of foods, which can be eaten for 2 person or more. The menu of Rasa Senang restaurant is divided into 8 parts, which are:

1. Voorgerechten (Appetisers)
2. Soupen (Soups)
3. Tussengerechten (Food between appetiser and main course)
4. Rijsttafel (Rice Tables)
5. Verrassingdiner (Surprise Dinner)
6. Combinatieschotels (Combination of Food)
7. Vleesgerechten (Main Course from Beef, Chicken, and Lamb)
8. Visgerechten (Main Course from Fish)

The case study of this thesis will be focused only on the main course in the menu of "Rasa Senang" restaurant. It is not going to examine the appetiser, soup, and rice tables. The broad area of the research will only examine the main course from beef, chicken, and lamb (vleesgerechten). The menu list for "vleesgerechten" as the main course is showed below:

VLEESGERECHTEN

(You can choose white rice, yellow rice, fried rice, or fried noodle)

Ayam / Babi Pedis	
<i>Chicken or pork with spicy chilly sauce</i>	37,50
Ayam / Babi Nanas	
<i>Chicken or pork with sweet sour sauce with pineapple</i>	37,50
Ayam / Babi Hoisin	
<i>Chicken or pork with hot-sin sauce, spring onion, and almond</i>	37,50
Daging Taoco	
<i>Tenderloin with spicy soybean sauce, garlic, and red chilli</i>	47,50
Daging Gember	
<i>Tenderloin with spicy ginger sauce</i>	47,50
Kecap Kambing	
<i>Fillet of lamb with sweet soy sauce</i>	47,50

II.3. THE PERCENTAGE OF THE FOOD COST IN RASA SENANG RESTAURANT FOR THE YEAR 2000

II.3.1. DEFINITION OF COST & SALES

As in this study is going to focus in cost control in the food and beverage business, cost is defined as the expense to a hotel or restaurant for goods or services when the goods are consumed or the services provided.

In general, the term "sales" is defined as revenue resulting from the exchange of products and services for value. In the hospitality industry, food and beverage sales are exchanges of the products and services of a restaurant, bar, or related enterprise for value.

II.3.2. CALCULATION OF THE FOOD COST PERCENTAGE FOR THE YEAR 2000

There are several ways to measure food cost. One way expresses cost in terms of gross dollars spent on food per day, week, or year. The more common method of measuring food cost in commercial food and beverage operations is the food cost percentage. Food cost percentage is the ratio that shows food cost as a percentage of food sold and is calculated by dividing the cost of food sold by food sales.

Food service managers calculate costs in dollars and compare those costs to sales in dollars. This enables managers to discuss the relationship between costs and sales, sometimes described as the cost per dollar of sale, the ratio of costs to sales, or simply as the cost-to-sales ratio. The basic formula for calculating cost-to-sales ratio:

$\text{Cost / Sales} = \text{Cost per dollar of sale}$
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The formula normally results in a decimal answer, and any decimal can be converted to percentage if one multiplies it by 100 and adds a percent sign (%). This is the same as simply moving the decimal point two places to the right and

adding a percent sign. Because it is usually used to calculate cost percents, the formula is commonly written as:

$$\text{Cost / Sales} = \text{Cost \%}$$

This formula can then be extended to show the following relationship:

$$\text{Food Cost Percentage} = \frac{\text{Food Cost}}{\text{Food Sales}} \times 100$$

The data to calculate the food cost percentage are:

Total Food Sales: fl. 1.522.717,2

Total Food Cost: fl. 301.353,55

Based on the income statement of Rasa Senang I Oisterwijk for the year 2000, the food cost percentage can be calculated as:

$$\text{Food Cost Percentage} = \frac{\text{Food Cost}}{\text{Food Sales}} \times 100$$

$$\text{Food Cost Percentage} = \frac{301.353,55}{1.522.717,2} \times 100$$

$$\text{Food Cost Percentage} = 0,1979 \times 100$$

$$\text{Food Cost Percentage} = 19,79 \%$$

The food cost percentage or the food cost-to-sales ratio in Rasa Senang Oisterwijk over the year 2000 has been 19,79 percent. This tells that 19,79 percent of the income from food sales over the year has gone to cover the cost of the food. The gross profit can be calculated by reducing food sales with food cost and the

gross profit percentage can be obtained by reducing 100% with food cost percentage.

$$\text{Gross Profit} = \text{Food Sales} - \text{Food Cost}$$

$$\text{Gross Profit Percentage} = 100\% - \text{Food Cost Percentage}$$

$$\begin{aligned}\text{Gross Profit} &= \text{fl. } 1.522.717,2 - \text{fl. } 301.353,55 \\ &= \text{fl. } 1.221.363,65\end{aligned}$$

$$\begin{aligned}\text{Gross Profit Percentage} &= \frac{1.221.363,65}{1.522.717,2} \times 100 \\ &= 0,8021 \times 100 \\ &= 80,21\%\end{aligned}$$

$$\begin{aligned}\text{Gross Profit Percentage} &= 100\% - \text{Food Cost Percentage} \\ &= 100\% - 19,79\% \\ &= 80,21\%\end{aligned}$$

It means that the gross profit percentage for the year 2000 is 80,21%.

