



Western Technical College

10109131 Hospitality Cost Control

Course Outcome Summary

Course Information

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| Description | Students will examine systems and controls required to efficiently operate a hospitality facility including product handling and inventory and labor control. Students will analyze operating costs and their relationship to different types of services. |
| Career Cluster | Hospitality and Tourism |
| Instructional Level | Associate Degree Courses |
| Total Credits | 3 |
| Total Hours | 54 |

Textbooks

Food, Labor & Beverage Cost Controls: A Concise Guide. Copyright 2016. Sanders, Edward E. Publisher: Waveland Press, Inc. **ISBN-13:** 978-1-4786-2799-9. Required.

Success Abilities

1. Live Responsibly: Develop Resilience
2. Live Responsibly: Embrace Sustainability
3. Refine Professionalism: Act Ethically
4. Refine Professionalism: Improve Critical Thinking
5. Refine Professionalism: Practice Effective Communication

Course Competencies

1. Analyze hospitality financial accounting.

Assessment Strategies

- 1.1. Written Product

Criteria

You will know you are successful when

- 1.1. you define and describe accounting principles related to hospitality.
- 1.2. you describe financial statements relevant to hospitality.
- 1.3. you describe the interrelationship between relevant financial statements.
- 1.4. you explain the different aspects of turnover in hospitality.

Learning Objectives

- 1.a. Know the purpose of hospitality financial accounting.
- 1.b. Identify how financial statements are used to make management decisions (ex: to create budgets).
- 1.c. Examine the difference between direct & indirect costs.
- 1.d. Examine the differences in variable vs. fixed costs.
- 1.e. Examine industry cost averages (i.e cost per occupied room, food cost, beverage cost, portion control, etc.).
- 1.f. Explore the components of a profit and loss statement (income, expenses, cost of goods sold, net operating income, etc.).
- 1.g. Explore the components of a budget (real income and expenses vs industry averages).
- 1.h. Explore the effect of turnover in a business.

2. Analyze the role of budgeting plays in the HM Industry.

Assessment Strategies

- 2.1. Written Product

Criteria

You will know you are successful when

- 2.1. you define budget.
- 2.2. you discuss different types of budgets.
- 2.3. you describe how cost accounting is used to help develop a budget.
- 2.4. you describe what an "operational budget" is and how its used by management.

Learning Objectives

- 2.a. define a budget
- 2.b. describe how to use budgeting or budgets for decision making
- 2.c. examine the importance of using cost accounting methods for developing a budget
- 2.d. examine various examples of operational budgets
- 2.e. create sample budgets based on provided data

3. Determine the different kinds of costs that occur in the HM Industry.

Assessment Strategies

- 3.1. Written Product

Criteria

You will know you are successful when

- 3.1. you describe fixed costs in the different hospitality sectors.
- 3.2. you describe variable costs in the different hospitality sectors.
- 3.3. you describe semi-variable costs in the different hospitality sectors.
- 3.4. you describe unit costs in the different hospitality sectors.
- 3.5. you describe total costs in the different hospitality sectors.
- 3.6. you describe prime costs in the different hospitality sectors.
- 3.7. you define and describe the relationship between historical costs and planned costs.

Learning Objectives

- 3.a. identify fixed costs for your business budget
- 3.b. identify variable costs for your business budget
- 3.c. identify semi-variable costs for your business budget
- 3.d. identify the unit costs for your business budget (i.e. cost of goods sold, inventory, portion control, etc.)
- 3.e. identify total costs for your business budget
- 3.f. identify prime costs of your business budget
- 3.g. understand what historical costs are
- 3.h. calculate planned costs based on historical data by a given percent increase or decrease

4. Investigate the concept of Cost and Sales in the HM Industry.

Assessment Strategies

4.1. Written Product

Criteria

You will know you are successful when

- 4.1. you define and describe the general meaning of sales in the 5 basic segments in HM.
- 4.2. you define and describe the difference between monetary sales and nonmonetary sales.
- 4.3. you describe the relationship between expense-to-sales and its importance in the HM Industry.
- 4.4. you describe general industry variations in Cost Percentages.
- 4.5. you analyze how to prepare an operating budget.
- 4.6. you discuss the concept of Cost-Benefit Analysis.
- 4.7. you discuss the concept of Break-Even.

Learning Objectives

- 4.a. provide several examples illustrating both monetary and nonmonetary sales
- 4.b. provide an example of costs for each segment: Food and Beverage, Lodging, Travel, Assembly and Event Management, Recreation
- 4.c. describe how cost percentages are used by management
- 4.d. use the expense-to-sales ratio to calculate the Cost Percent
- 4.e. calculate cost percentages
- 4.f. find an example of a low profit margin/high volume type of establishment
- 4.g. find an example of a high profit margin/low volume type of establishment
- 4.h. investigate industry averages for labor costs by HM segment
- 4.i. prepare an operating budget
- 4.j. calculate the benefit of instituting a change
- 4.k. calculate break-even

5. Investigate the concept of the Control in the HM Industry.

Assessment Strategies

5.1. Written Product

Criteria

You will know you are successful when

- 5.1. you define cost control and its significance in the industry.
- 5.2. you describe the control process.
- 5.3. you explain the of concepts of return-on-investment (ROI) and break-even analysis.

Learning Objectives

- 5.a. Explore break-even analysis.
- 5.b. Explore the concept of return-on-investment (ROI).
- 5.c. Examine forecasting sales.
- 5.d. Investigate ways to reduce waste where you work.
- 5.e. Investigate ways to reduce inefficiencies where you work.

6. Analyze the concept of inventory control in the HM Industry.

Assessment Strategies

6.1. Written Product

Criteria

You will know you are successful when

- 6.1. you summarize the concept of purchasing and receiving controls.
- 6.2. you describe the concept of quantity controls.
- 6.3. you summarize the concept of sales and revenue control.

Learning Objectives

- 6.a. describe the role and responsibilities of the purchasing agent
- 6.b. describe the role and responsibilities of the receiving clerk
- 6.c. describe various methods for managing or controlling food inventories
- 6.d. examine periodic order method versus perpetual inventory method

- 6.e. examine manual and electronic inventory control
- 6.f. explain how a popularity index is used by segment
- 6.g. examine ways to document controls : production sheets, void sheets, logs, etc.
- 6.h. reconcile monthly inventory with sales (i.e using a reconciliation sheet)

7. Analyze total labor costs and controls.

Assessment Strategies

- 7.1. Written Product

Criteria

You will know you are successful when

- 7.1. you define the primary purpose of labor cost control.
- 7.2. you define employee compensation.
- 7.3. you compare direct, indirect and deferred compensation.
- 7.4. you discuss the various factors affecting total labor costs.
- 7.5. you compare variable and fixed personnel costs.
- 7.6. you describe how forecasting is used to monitor and control labor costs.

Learning Objectives

- 7.a. Describe labor cost controls to maximize labor efficiencies.
- 7.b. Achieve financial goals through labor controls.
- 7.c. Establish quality and service standards.
- 7.d. Describe how to compensate employees.
- 7.e. Define direct, indirect, and deferred compensation.
- 7.f. List total labor costs that include wages, taxes, unemployment insurance contribution, employee benefits, additional contributions, etc.
- 7.g. Define variable and fixed personnel costs.
- 7.h. Understand how forecasting is used to monitor and control costs.
- 7.i. Discuss tools used to help plan labor scheduling needs (occupancy levels, covers, daily tallies, hourly tallies, Gantt chart).
- 7.j. Analyze the effectiveness and efficiency of labor cost control decisions.