



Western Technical College

## 10109131 Hospitality Cost Control

### Course Outcome Summary

#### Course Information

<b>Description</b>	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.
<b>Career Cluster</b>	Hospitality and Tourism
<b>Instructional Level</b>	Associate Degree Courses
<b>Total Credits</b>	3
<b>Total Hours</b>	54

#### Pre/Corequisites

Prerequisite 10196128 Professional Development Strategies

#### Textbooks

*Food, Labor & Beverage Cost Controls: A Concise Guide*. 2nd Edition. Copyright 2021. Claude, Jean F., Karen Goodlod, and Robert Walljasper. Publisher: Waveland Press, Inc. **ISBN-13:** 978-1-4786-3976-3. Required.

#### Success Abilities

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

6. Refine Professionalism: Practice Effective Communication

## Program Outcomes

1. Plan the operations within a hospitality organization
2. Organize hospitality resources to achieve the goals of the organization
3. Control hospitality processes/procedures

## 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.