



**School of Business and Creative Design**

**HOSPITALITY AND TOURISM MANAGEMENT PROGRAM**

**Course Outline – Term Fall 2013**

**Course Code:** HAT 3084

**Course Title:** Cost Control and Analysis

*Prepared By:* Audrey Markham-Sloat

*Date:* Spring 2012

*Revised By:* N/A

*Date:* June 2013

*Approved By:* Yvonne Clarke, Associate Dean

*Prerequisite:* HAT 2084

*Corequisite:* HAT 4084

*Prerequisite for:* None

## 1. Course Description

This course is designed to assist students in understanding the complexities of controlling resources within the hospitality operation. Emphasis is placed on methods of food, beverage and labour forecasting, budgeting and costing. Other topics include cost-volume-profit analysis, inventory control and valuation, revenue and cash control, and the use of computer applications in the management and analysis of cost data. Professional certification opportunities exist.

## 2. General Education and Essential Employability Skills

**This course provides the following provincial Essential Employability Skills:**

- #2: Numeracy
- #3: Critical Thinking and Problem Solving
- #4: Information Management
- #6: Personal

**Is this course approved as a General Education course?**

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**No**

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**Yes**

Students should refer to their program's restricted General Education courses for final determination.

## 3. Learning Outcomes

1. Define key terms associated with food, beverage and labour controls.
2. Evaluate standard cost tools.
3. Calculate budgeted and actual prime costs
4. Using various methods determine selling prices for food and beverage items
5. Perform analysis as part of the decision making process to achieve objectives.
6. Identify methods of controlling prime costs and suggest techniques for resolving variances
7. Discuss methods of securing revenue and product

## 4. Learning Objectives

		Learning Outcome Reference Number
<b>Unit 1</b>		
1.1	Define and provide examples of revenue and support centres	[1]
1.2	Define "operating control cycle" and identify its importance in the management system.	[1]
1.3	Identify resources managers use to attain objectives	[1,2]
1.4	Explain the purposes and applications of standard costs and the uses of standard cost tools.	[1,2]
1.5	Calculate standard yields, cost for servable weights, purchase and preparation quantities	[1,2,3]

1.6	Determine both standard portion costs and menu costs for food and beverage items	[2,3]
1.7	Describe the role of budget standards in planning and control and understand the concept of profit as a cost.	[1,3]
1.8	Identify and explain three methods for estimating allowable food and beverage costs based on forecasted sales levels.	[1,2,3]
1.9	Perform cost-volume-profit analysis based on basic assumptions and limitations	[5]
1.10	Explain an electronic spreadsheet's usefulness to the budgeting process.	[2]
1.11	Describe the importance and function of an operating budget as a planning and control tool	[1,2]
<b>Unit 2</b>		
2.1	Recognize the menu's importance as both a control tool and marketing tool.	[2,5]
2.2	Calculate selling prices using various commonly accepted methods	[4,5]
2.3	Perform menu-engineering analysis and make menu revisions that reflect the desired results	[2,5,6]
2.4	Contrast subjective and objective methods of menu pricing and incorporate profit requirements in menu prices.	[4,5,6]
2.5	Assess a menu engineering spreadsheet and discuss how management decisions are made based on the information calculated.	[4,5,6]
2.6	Describe the principles and procedures important in controlling the purchasing and receiving processes	[2,5,6]
2.7	Calculate purchase costs and identify preferred suppliers	[5]
2.8	Assess quality requirements in purchasing and receiving activities.	[5,6]
2.9	Identify the goals of effective storage and issuing controls, describe physical and perpetual inventory systems, and explain why records of items in storage must be kept.	[5,6]
2.10	Calculate inventory turnover rates and inventory values	[5,6]
<b>Unit 3</b>		
3.1	Forecast production needs based on sales history records and time series analysis.	[5,6]
3.2	Calculate item requirements based on production forecasts	[5,6]

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|-----|--|-------------|
| 3.3 | Describe the importance of standard recipes (including computerized standard recipes) as production tools, and justify production-planning time. | [1,2,4,5,6] |
| 3.4 | Explain the basic formula for calculating actual cost of sales and identify sources of information for each component the formula.               | [3,5,6]     |
| 3.5 | Calculate actual food and beverage costs and cost percentages, with and without adjustments  | [3]         |
| 3.6 | Analyze factors that affect a manager's decision to take corrective action   | [5,6]       |

#### **Unit 4**

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|------|--|-----------|
| 4. 1 | Describe the revenue control procedures typical of food and beverage operations.   | [7]       |
| 4. 2 | Describe cash control procedures appropriate for food and beverage operations  | [7]       |
| 4. 3 | Determine potential revenue based on item sales  | [3,5,7]   |
| 4. 4 | Calculate and compare standard to actual revenues  | [5,7]     |
| 4. 5 | Calculate beverage revenues per ounce  | [3,5,6,7] |
| 4. 6 | Discuss methods of controlling theft in food and beverage operations   | [7]       |
| 4. 7 | Identify factors that affect work performance and examine the labour control process from the employee's perspective.                        | [2,3,5,6] |
| 4. 8 | Calculate standard and actual labour cost and cost percentages   | [3]       |
| 4. 9 | Describe how analyses, corrective action, and evaluation are used in the labor control process to reconcile staffing and budgeting concerns. | [5,6]     |

### **5. Resource Supplies**

#### **a. Required:**

Ditmer, Keepe, Hoyer, Foster. Principles of Food, Beverage, and Labour Cost Controls. Canadian edition. Wiley, 2009.

#### **b. Supplemental:**

Ninemeier, Jack D. Planning and control for food and beverage operations. 7th Edition. Educational Institute AH & LA, 2009

### **6. Methodology**

Teaching methods will include lecture, group discussions, assignments, and quizzes. Students will be required to complete work independently as assigned by the instructor. Case studies, problems

and exercises offer students an opportunity to be involved in analyzing actual problems or situations faced by food & beverage managers.

## 7. Student Evaluations

The following elements will determine the student's final grade:

Tests (4@20%)	80%
In class Assignments	20%

### ***Missed Test Policy***

All tests must be written and all assignments must be submitted to the instructor's satisfaction in order to receive a passing grade. If the student is not present for a quiz, the result will be recorded as a zero. The instructor may make an exception and allow the test to be written at a time other than the scheduled time provided that:

- A medical certificate is presented as proof of the student's inability to be present at the scheduled time
- The instructor has agreed in ADVANCE that there is justification for the student not being present at the scheduled time

### ***Due Dates and Late Submissions***

The student is expected to complete all assignments on time. All assignments are to be submitted during scheduled class time on the due date or as per faculty instruction. Late submissions will be penalized at 10% per day.

### ***Final Grades***

The round off mathematical principle will be used. Percentages are converted to letter grades and grade points as follows:

Mark (%)	Grade	Grade Point	Mark	Grade	Grade Point
94-100	A+	4.0	67-69	C+	2.3
87-93	A	3.7	63-66	C	2.0
80-86	A-	3.5	60-62	C-	1.7
77-79	B+	3.2	50-59	D	1.0
73-76	B	3.0	0-49	F	0.0
70-72	B-	2.7			

The passing grade in this course is a D. The Hospitality and Tourism Management Program requires a grade of D in order to graduate from the program. For further clarification, the student may consult with the Program Coordinator or the Dean.

## 8. Related Items

### **Students with Disabilities**

If you are a student with a disability please identify your needs to the professor and/or the Accessibility Centre so that support services can be arranged for you. You can do this by making an appointment at the Accessibility Centre, Room L103 ext.3427 or by arranging a personal interview with the professor to discuss your needs.

### **Student Rights and Responsibility Policy**

Acceptable behaviour in class is established by the instructor and the Code of Conduct. These policies are expected to be followed by all students. Any form of misbehaviour, harassment or violence will not be tolerated. Action will be taken as outlined in Lambton College policy.

Cheating and plagiarism are serious academic offences subject to disciplinary action. It is the student's responsibility to be aware of the cheating policy as described in the Lambton College Student Rights and Responsibilities policy. For further information on all of these policies, links may be found on the Lambton College website.

### **Prior Learning Assessment Statement**

This course is eligible for Prior Learning Assessment

YES

If yes has been selected, contact the Counselling Department for advice on Prior Learning Assessment.

### **Date of Withdrawal without Academic Penalty**

Please consult the Academic Regulations and Registrar's published dates.

### **Waiver of Responsibility**

Every attempt has been made to ensure the accuracy of this information as of the date of publication. The content may be modified, without notice, as deemed appropriate by the College.

**Note:** It is the student's responsibility to retain course outlines for possible future use to support applications for transfer of credit to other educational institutions.