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7

Restaurant Operations

Learning Outcomes

After reading and studying this chapter, you should be able to:

- Identify key aspects of a restaurant manager's job.
- Describe restaurant operations for the front of the house.
- Outline back-of-the-house operations.
- Calculate basic food, beverage, and labor cost percentages.

The job of restaurant general manager or managing partner, if they own a stake in the business, is very challenging and demanding, and requires strong leadership and organizational skills. First, let us analyze the job by examining the key areas of the job.

Restaurant Manager Job Analysis

Learning Outcome 1: Identify key aspects of a restaurant manager's job.

The National Restaurant Association (NRA), the largest industry association, which represents over 500,000 restaurant businesses, has formulated an analysis of the foodservice manager's job by functional areas and tasks. This analysis follows a natural sequence of functional areas from human resources to sanitation and safety.

Human Resource Management Recruiting/Training

1. Recruit new employees by seeking referrals.
2. Recruit new employees by advertising.
3. Recruit new employees by seeking help from district manager/supervisor.
4. Interview applicants for employment.

Orientation/Training

1. Conduct on-site orientation for new employees.
2. Explain employee benefits and compensation programs.
3. Plan training programs for employees.
4. Conduct on-site training for employees.



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The job of restaurant general manager requires strong leadership and organizational skills.

5. Evaluate progress of employees during training.
6. Supervise on-site training of employees that is conducted by another manager, employee leader, trainer, and so on.
7. Conduct payroll signup.
8. Complete reports or other written documentation on successful completion of training by employees.

Scheduling for Shifts

1. Review employee work schedule for shift.
2. Determine staffing needs for each shift.
3. Make work assignments for dining room, kitchen staff, and maintenance person(s).
4. Make changes to employee work schedule.
5. Assign employees to work stations to optimize employee effectiveness.
6. Call in, reassign, or send home employees in reaction to sales and other needs.
7. Approve requests for schedule changes, vacation, days off, and so on.

Supervision and Employee Development

1. Observe employees and give immediate feedback on unsatisfactory employee performance.
2. Observe employees and give immediate feedback on satisfactory employee performance.
3. Discuss unsatisfactory performance with an employee.
4. Develop and deliver incentive for above-satisfactory performance of employees.
5. Observe employee behavior for compliance with safety and security.
6. Counsel employees on work-related problems.
7. Counsel employees on nonwork-related problems.
8. Talk with employees who have frequent absences.
9. Observe employees to ensure compliance with fair labor standards and equal opportunity guidelines.
10. Discipline employees by issuing oral and/or written warnings for poor performance.
11. Conduct employee and staff meetings.
12. Identify and develop candidates for management programs.
13. Put results of observation of employee performance in writing.
14. Develop action plans for employees to help them in their performance.
15. Authorize promotion and/or wage increases for staff.
16. Terminate employment of an employee for unsatisfactory performance.

Financial Management

Accounting

1. Authorize payment on vendor invoices.
2. Verify payroll.
3. Count cash drawers.
4. Prepare bank deposits.
5. Assist in establishment of audits by management or outside auditors.
6. Balance cash at end of shift.
7. Analyze profit and loss reports for establishment.

Cost Control

1. Discuss factors that impact profitability with district manager/supervisor.
2. Check establishment figures for sales, labor costs, waste, inventory, and so on.

Administrative Management

Scheduling/Coordinating

1. Establish objectives for shift based on needs of establishment.
2. Coordinate work performed by different shifts, for example, cleanup, routine maintenance, and so on.
3. Complete special projects assigned by district manager/supervisor.
4. Complete shift readiness checklist.

Planning

1. Develop and implement action plans to meet financial goals.
2. Attend off-site workshops and training sessions.

Communication

1. Communicate with management team by reading and making entries in daily communication log.
2. Prepare written reports on cleanliness, food quality, personnel, inventory, sales, food waste, labor costs, and so on.
3. Review reports prepared by other establishment managers.
4. Review memos, reports, and letters from company headquarters/main office.
5. Inform district manager/supervisor of problems or developments that affect operation and performance of the establishment.
6. Initiate and answer correspondence with company, vendors, and so on.
7. File correspondence, reports, personnel records, and so on.

Marketing Management

1. Create and execute local establishment marketing activities.
2. Develop opportunities for the establishment to provide community services.
3. Carry out special product promotions.

Operations Management

Facility Maintenance

1. Conduct routine maintenance checks on facility and equipment.
2. Direct routine maintenance checks on facility and equipment.
3. Repair or supervise the repair of equipment.
4. Review establishment evaluations with district manager/supervisor.
5. Authorize the repair of equipment by outside contractor.
6. Recommend upgrades in facility and equipment.

Food and Beverage Operations Management

1. Direct activities for opening establishment.
2. Direct activities for closing establishment.
3. Talk with other managers at beginning and end of shift to relay information about ongoing problems and activities.
4. Count, verify, and report inventory.
5. Receive, inspect, and verify vendor deliveries.
6. Check stock levels and submit orders as necessary.
7. Talk with vendors concerning quality of product delivered.
8. Interview vendors who wish to sell products to establishment.
9. Check finished product quality and act to correct problems.
10. Work as expediter to get meals served effectively.
11. Inspect dining area, kitchen, rest rooms, food lockers, storage, and parking lot.

“Ray Kroc, of McDonald’s, once spent a couple of hours in a good suit with one of his restaurant managers cleaning up the parking lot of one of his restaurants. Word soon got around to the other stores that management begins in the parking lot and ends in the bathrooms.”

12. Check daily reports for indications of internal theft.
13. Instruct employees regarding the control of waste, portion sizes, and so on.
14. Prepare forecast for daily or shift food preparation.

Service

1. Receive and record table reservations.
2. Greet familiar customers by name.
3. Seat customers.
4. Talk with customers while they are dining.
5. Monitor service times and procedures in the dining area.
6. Observe customers being served in order to correct problems.
7. Ask customers about quality of service.
8. Ask customers about quality of the food product.
9. Listen to and resolve customer complaints.
10. Authorize complementary meals or beverages.
11. Write letters in response to customer complaints.
12. Telephone customers in response to customer complaints.
13. Secure and return items left by customers.

Sanitation and Safety

1. Accompany local officials on health inspections on premises.
2. Administer first aid to employees and customers.
3. Submit accident, incident, and OSHA reports.
4. Report incidents to police.
5. Observe employee behavior and establishment conditions for compliance with safety and security procedures.

This comprehensive analysis of a restaurant manager's job details all the major areas that a restaurant manager will deal with. Depending on the type of restaurant, more emphasis may be placed on one area over another – and that may change from day to day. Next, we review the job of an assistant restaurant manager. Most restaurants go with an opening and closing manager. In either case, they perform much

the same basic duties plus any special opening or closing requirements.

An assistant restaurant manager does some of the duties of a restaurant manager, and generally there is both an opening manager and a closing manager.

Restaurants are traditionally organized by front and back of the house. The front of the house comprises the servers, bussers, wine stewards, bartenders, and cocktail servers, while the back of the house includes the chef and kitchen cooks, dishwashers, stewards, dishwashers, receivers, and storekeepers.

Check Your Knowledge

1. Name ways that new employees are recruited.
2. Explain key tasks of administrative management.
3. Explain key tasks of operations management.

Front of the House

Learning Outcome 2: Describe restaurant operations for the front of the house.

Restaurant operations are generally divided between what is commonly called **front of the house** and back of the house. The front of the house includes anyone with guest contact, from the hostess to the bus person. The sample organization chart in Figure 7–1 shows the differences between the front and back of the house areas.

The general manager or restaurant manager runs the restaurant. Depending on the size and sales volume of the restaurant, there may be more managers with special responsibilities, such as kitchen manager, bar manager, and dining room manager. These managers are usually cross-trained in order to relieve each other.

In the front of the house, restaurant operation begins with creating and maintaining what is called *curbside appeal*, or keeping the restaurant looking attractive and welcoming. Ray Kroc, of McDonald's, once spent a couple of hours in a good suit with one of his restaurant managers cleaning up the parking lot of one of his restaurants. Word soon got around to the other stores that management begins in the parking lot and ends in

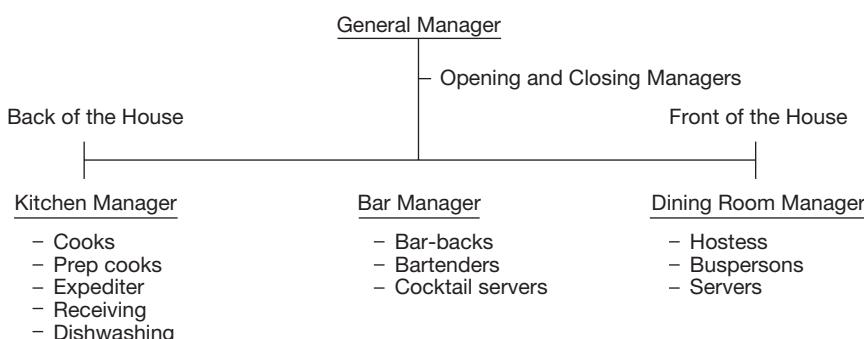


FIGURE 7–1 Restaurant Organization Chart.



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The front of the house includes anyone with guest contact, from the hostess to the bus person.

“Working together is the key to success in the restaurant business.”

Bruce Folkins, Marina Jacks,
Sarasota, FL

the bathrooms. Most restaurant chains have checklists that each manager uses. In the front of the house, the parking lot, including the flower gardens, needs to be maintained in good order. As guests approach the restaurant, greeters may hold the door open and welcome them to the restaurant. At the 15th Street Fisheries Restaurant in Ft. Lauderdale, greeters welcome the guests by assuring them that “we’re glad you’re here!”

Once inside, the greeter, or as some restaurants call them, a **“smiling people greeter” (SPG)**, greets guests appropriately and, if seating is available, escorts them to a table. If there is a wait, the hostess will take the guests’ names and ask for their table preference.

Aside from greeting the guests, one critical function of the hostess is to rotate arriving guests among the sections or stations. This ensures an even and timely distribution of guests—otherwise one section may get overloaded. Guests are sometimes asked to wait a few minutes even if tables are available. This is done to help manage the kitchen’s workload—because most kitchens have limited space and cannot cope with too much volume at one time.

The greeters maintain a book, or chart, showing the sections and tables so they know which tables are occupied. Greeters escort guests to the tables, present menus, and may explain special sales promotions. Some may also remove excess place settings from the table.

In some restaurants, servers are allocated a certain number of tables, which may vary depending on the size of the tables and the volume of the restaurant. Normally, five is the maximum. In other restaurants, servers rotate within their section to cover three or four tables.

Servers introduce themselves and offer a variety of beverages and/or specials, or invite guests to select from the menu.

This is known as **suggestive selling**. The server then takes the entree orders. Often, when taking orders, the server begins at a designated point and takes the orders clockwise from that point. In this way, the server will automatically know which person is having a particular dish. When the entrees are ready, the server brings them to the table. He or she checks a few minutes later to see if everything is to the guests’ liking and perhaps asks if they would like another beverage. Good servers are also encouraged, when possible, to pre-bus tables.

“Management involvement is vital to the success of a restaurant.”

Bussers and servers may clear the entree plates, while servers suggestively sell desserts by describing, recommending, or showing the desserts. Coffee and after-dinner cocktails are also offered. Suggestions for steps to take in table service include the following:

- Greet the guests.
- Introduce and suggestively sell beverages.
- Suggest appetizers.
- Take orders.
- Check to see that everything is to the guests’ liking within two bites of the entrees.
- Ask if the guests would like another drink.
- Bring out dessert tray and suggest after-dinner drinks and coffee.

In addition to the seven steps of the table service, servers are expected to be **NCO—(neat, clean, and organized)**—and to help ensure that hot food is served hot, and cold food is served cold.

For example, during the lunch hour, servers may be scheduled to start at 11:00 A.M. The opening group of two or three people is joined by the closing group of the same number at around 11:45 P.M. If the restaurant is quiet, servers may be phased out early. When the closing group comes in, there is a quick shift meeting, line up, or “alley rally.” This provides an opportunity to review recent sales figures, discuss any promotions, and acknowledge any items that are **“86’ed”**—the restaurant term for a menu item that is not available. Recognition is also given to the servers during the meetings, serving as morale boosters.

Restaurant Forecasting

Most businesses, including restaurants, operate by formulating a budget that projects sales and costs for a year on a weekly and monthly basis. Financial viability is predicted on sales, and sales budgets are forecasts of expected business.

Forecasting restaurant sales has two components: **guest counts or covers** and the **average guest check**. Guest counts or covers are the number of guests patronizing the restaurant over a given time period—a week, month, or year. To forecast the number of guests for a year, the year is divided into



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Forecasting restaurant sales has two components: guest counts or covers and the average guest check.

twelve 28- and one 29-day accounting periods. The accounting periods then are broken down into four 7-day weeks. Restaurant forecasting is done by taking into consideration meal period, day of week, special holidays, and previous forecast materializations.

In terms of number of guests, Mondays usually are quiet; business gradually builds to Friday, which is often the busiest day. Friday, Saturday, and Sunday frequently provide up to 50 percent of revenue. This, however, can vary according to type of restaurant and its location.

The *average guest check* is calculated by dividing total sales by the number of guests. Most restaurants keep such figures for each meal. The number of guests forecast for each day is multiplied by the amount of the average food and beverage check for each meal to calculate the total forecast sales. Each day, actual totals are compared with the forecasts. Four weekly forecasts are combined to form one accounting period; the 13 accounting periods, when totaled, become the annual total.

Restaurant forecasting is used not only to calculate sales projections but also to predict staffing levels and labor cost percentages. Much depends on the accuracy of forecasting. Once sales figures are determined, all expenditures, fixed and variable, must be deducted to calculate profit or loss.¹

Point of Sale and Software Systems

There are several Point of Sale Systems (POS) available for restaurants. Some are for large restaurants and chains like franchises, while others are better suited for smaller independent restaurants and cafés. For example, Shopkeep is a cloud-based

POS system for iPads that can tailor menus, monitor inventory, manage employees, market to guests, and analyze data, whereas Square is good for quick-service restaurants or cafés. It can come with a square stand that transforms an iPad into a simple cash register. NCR, a long-standing provider of POS, has a cloud-based POS system, as do several other companies.

Open Table (OT) manages walk-ins, waitlists, and reservations. This allows operators to communicate with guests before and after their visit (you may receive a questionnaire) or birthday wishes. Open Table is mostly used by upscale full-service restaurants and it costs them \$2.50 per cover (or guest). One advantage of Open Table is that guests can make reservations, even when the restaurant is closed, at just \$0.25 per cover. OT stores useful guest information, such as seating preferences, VIP's, dietary restrictions, and special events. OT also enables smarter table management with floor plans to pre-assign tables, monitor table status, and assign server sections.

Next Table is a cloud-based reservation and table management system for an iPad. It can manage not only table reservations, but also restaurant operations. Oracle is also a cloud-based reservation system that enables guests to see time and availability and request reservations from a restaurant's Web site. Guests can see current availability and next table reservation times. No Wait is an on-demand mobile app that helps bring guests into a restaurant and aids in their seating. Then there is the free Table Agent restaurant reservation system app in Cloud that offers restaurants alternatives to paid systems. Other systems include Dine Time, Cake, and Quora, which even texts guests when their table is ready, so they can relax at the bar or wherever. Going one step further, some fast-casual restaurants, among them Starbucks, Panera Bread, Subway, and Domino's Pizza, have turned to order-ahead apps to extract higher sales and give guests a convenience.

Service

A discussion about restaurant service in America necessarily includes the topic of a \$15 per hour minimum wage. This topic naturally has people on both sides of the issue. Restaurateurs like Danny Meyer have begun paying employees \$15 per hour and increased menu prices to compensate. Moo Cluck Moo



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Great service adds tremendous value to the dining experience.



Paul Cowan/Shutterstock

American service is a method in which the food is prepared and decoratively placed onto plates in the kitchen, carried into the dining room, and served to guests.

is a quick service burger joint that is paying \$15 per hour and making a profit. They do it with employees who multitask – one person is not just flipping burgers; they also bake buns, make sauces, and prepare made-to-order grass-fed burgers and free-range chicken sandwiches.² One advantage is that employees are more engaged in their work and that people don't leave, which means that training is not a constant issue. Several restaurants, McDonald's among them, have introduced touch-screen self-service kiosks. Many other chains, both quick and full service, have engaged tablets as a solution for rising labor costs that won't adversely impact the guest service experience.

More than ever, what American diners really want to order when eating out is good service. All too often, this is not on the menu. With increased competition, however, bad service will not be tolerated in American restaurants. Great service adds tremendous value to the dining experience; something most guests are willing to pay for.

American service is a method in which the food is prepared and decoratively placed onto plates in the kitchen, carried into the dining room, and served to guests. American service is a less formal—yet professional—approach preferred by today's restaurant guests. The restaurants' commitment to service is evidenced by the fact that most have increased training for new employees. Servers are not merely order takers; they are the salespeople of the restaurant. A server who is undereducated about the menu can seriously hurt business. Restaurants in the United States and Canada, and in many other parts of the world, all use American service.

Other types of service used less often in the United States include the following:

French Service: This service is used in very formal restaurants where the food is attractively arranged on platters in the kitchen and brought to the table by servers and presented to guests, after which the preparation of the food is completed on a gueridon table beside the guest's

seat. A **gueridon** is a trolley-like table with a gas burner for tableside cooking. This is the most impressive and expensive form of service. Due to the higher cost of training and employing servers who can do **French service**, and given that sometimes the food is cold by the time the guest gets to eat, this form of service is rarely used today except in very formal service situations.

Russian Service: The food is cooked in the kitchen, cut, placed onto a serving dish, and beautifully garnished. The dish is then presented to the guests and served individually by lifting the food onto the guest's plate with a serving spoon and fork. **Russian service** can be used at a formal restaurant where the servers use white gloves. Russian and French service share the same challenges: to get the food to the guests quickly so it is still hot, and to keep it priced reasonably. Russian service also is used only at very formal restaurants; it also costs much more than American service.

At Posterio, in Las Vegas, servers are invited to attend a one-and-a-half-hour wine class in the restaurant; about three-quarters of the 40-member staff routinely benefit from this additional training. The best employees are also rewarded with monthly, semi-annual, and/or annual prizes, which could be \$100 cash, a limousine ride, dinner at Posterio, a night's lodging at the Prescott Hotel, or a week in Hawaii. Servers at some San Francisco restaurants role-play the various elements of service such as greeting and seating guests, suggestive selling, correct methods of service, and guest relations to ensure a positive dining experience. A good food server in a top restaurant in many cities can earn about \$50,000 a year.

Good servers quickly learn to gauge guests' satisfaction levels and needs; they check to ensure guests have everything they need as their entree is placed before them. Even better, they anticipate guests' needs. For example, if the guest has used the entree knife to eat the appetizer, then a clean one should automatically be placed to the guest's right side. In other words, the guest should not receive the entree and then realize that he or she needs another knife.

Another example of good service is when the server does not have to ask everyone at the table who is eating what. The server should either remember or make a seating plan so that the correct dishes are automatically placed in front of guests.

Danny Meyer, owner of New York City's celebrated Union Square Café and recipient of 25 James Beard awards and 4 Michelin Stars, plus 16 years on the Zagat most popular restaurants list and Outstanding Service Awards from the James Beard Foundation, gives each of the restaurant's 95 employees—from bus person to chef—a \$600 annual allowance (\$50 each a month) to eat in the restaurant and critique the experience.³ This is a very smart move because any comments or observations come from peers and not from Danny. His "enlightened hospitality" is based upon the belief that putting your own employees first is key to running a meaningful and sustainable business. Danny's 14 restaurants range from the celebrated Union Square Café, to Gramercy Tavern, The Modern, Blue Smoke, North End Grill, Marta, and

Shake Shack. Danny also makes time to give back to the community by being a national figure in the fight against hunger.

At the critically acclaimed Inn at Little Washington in Washington, Virginia, servers are required to gauge the mood of every table and jot a number (1 to 10) and sometimes a description ("elated, grumpy, or edgy") on each ticket. Anything below a seven requires a diagnosis. Servers and kitchen staff work together to try to elevate the number to at least a nine by the time dessert is ordered. Given the likelihood of increased labor and health costs, more restaurants will probably opt for a service style similar to Chipotle or Pie Wei.

Suggestive Selling

Suggestive selling can be a potent weapon in the effort to increase food and beverage sales. Many restaurateurs cannot think of a better, more effective, and easier way to boost profit margins. Most guests are not offended or uncomfortable with suggestive selling techniques, provided servers are properly trained not to overdo it! In fact, guests may feel special that the server is in tune with their needs and desires. It may be that the server suggests something to the guest that he or she has never considered before. The object here is to turn servers into sellers. Guests will almost certainly be receptive to suggestions from competent servers.

On a hot day, for example, servers can suggest frozen margaritas or daiquiris before going on to describe the drink specials. Likewise, servers who suggest a bottle of fumé blanc to complement a fish dish, or a pinot noir or cabernet sauvignon to go with red meat, are likely to increase their restaurant's beverage sales. Upselling takes place when a guest orders a vodka and tonic, asking for a lower-priced "well" vodka, and the server tries to "sell" the guest on a higher-priced vodka like Stoli, Ketel One, or Grey Goose in their vodka and tonic.

Check Your Knowledge

1. Define curbside appeal.
2. Explain the suggestion for steps to take in table service.
3. Explain the purpose of forecasting.

For a restaurant to be successful, there must be clear lines of communication between the front and back of the house.



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Alex Staroseltsev/Shutterstock

Planning, organizing, and producing food are critical tasks for the kitchen manager.

Back of the House

Learning Outcome 3: Outline back-of-the-house operations.

The **back of the house** is generally run by the kitchen manager and the term refers to all the areas with which guests do not normally come in contact. This includes purchasing, receiving, storing/issuing, food production, stewarding, budgeting, accounting, and control.

One of the most important aspects to running a successful restaurant is having a strong back-of-the-house operation, particularly in the kitchen. The kitchen is the backbone of every full-service restaurant, so it must be well managed and organized. Some of the main considerations in efficiently operating the back of the house include staffing, scheduling, training, food cost analysis (internal controls), production, management involvement, management follow-up, and employee recognition.

Food Production

Planning, organizing, and producing food of a consistently high quality is no easy task. The kitchen manager, cook, or chef begins the production process by determining the expected volume of business for the next few days. Sales during the same period in the previous year give a good indication of the expected volume and the breakdown of the number of sales of each menu item. As described earlier, ordering and receiving will have already been done for the day's production schedule.

The kitchen manager checks the head line-cook's order, which will bring the prep (preparation) area up to the par stock of prepared items. Most of the prep work is done in the early part of the morning and afternoon. Taking advantage of slower times allows the line cooks to do the final preparation just prior to and during the actual meal service. The kitchen layout is set up according to the business projected as well as the menu design. Most full-service restaurants have similar layouts and designs for their kitchens. The layout consists of the receiving area, walk-ins, the freezer, dry storage, prep line, salad bar, cooking line, expeditor, dessert station, and service bar area.

The cooking line is the most important part of the kitchen layout. It might consist of a broiler station, pickup area, fry station, salad station, sauté station, and pizza station—just a

few of the intricate parts that go into the setup of the back of the house. The size of the kitchen and its equipment are all designed according to the sales forecast for the restaurant and by the menu. The menu dictates the equipment needed as well as the experience level of the cooks.

The kitchen will also be set up according to what the customers prefer and order most frequently. For example, if guests eat more broiled or sautéed items, the size of the broiler and sauté must be larger to cope with the demand.

Teamwork, a prerequisite for success in all areas of the hospitality and tourism industry, is especially important in the kitchen. Due to the hectic pace, pressure builds, and unless each member of the team excels, the result will be food that is delayed, not up to standard, or both.

While organization and performance standards are necessary, it is helping each other with the prepping and the cooking that creates teamwork. “It’s just like a relay race; we can’t afford to drop the baton,” says Amy Lu, kitchen manager of China Coast restaurant in Los Angeles. Teamwork in the back of the house is like an orchestra playing in tune, each player adding to the harmony.

Another example of organization and teamwork is having five rules of control for running a kitchen:

1. Order it well.
2. Receive it well.
3. Store it well.
4. Make it to the recipe.
5. Don’t let it die in the window.

It is amazing to see a kitchen line being overloaded, yet everyone is gratified when the team succeeds in preparing and serving quality food on time.

Kitchen/Food Production

Staffing and Scheduling

Practicing proper staffing is absolutely crucial for the successful running of a kitchen. It is important to have enough employees on the schedule to enable the restaurant, as a whole, to handle the volume on any given shift. Often it is better to overstaff the kitchen, rather than understaff it, for two reasons. First, it is much easier to send an employee home than it is to call someone in. Second, having extra employees on hand allows for cross-training and development, which is becoming a widely used method.

Problems can also be eliminated if a staffing plan is created to set needed levels. These levels should be adjusted according to sales trends on a monthly basis. Also, crucial to the smooth running of the kitchen is having a competent staff. This means putting the best cooks in the appropriate stations on the line, which will assist in the speed of service, the food quality, and the quality of the operations.

Training and Development

Due to a high turnover rate, implementing a comprehensive training program is vital in the kitchen. Trainers should, of course,

be qualified and experienced in the kitchen. Often, the most competent chefs are used to train new hires. Such trainings are usually done on the job and may include study material. Some restaurants may even require new hires to complete a written test, evaluating the skills acquired through the training process.

Ensuring adequate training is necessary because the success of the business lies in the hands of the trainer and the trainee. If employees are properly trained when they begin their employment, little time and money will need to be spent on correcting errors. Thorough training also helps in retaining employees for longer periods of time.

Training, however, does not stop after passing a test. Developing the skills of all the employees is critical to the growth and success of the kitchen and, ultimately, the restaurant. A development program may consist of delegating duties or projects to the staff, allowing them to expand their horizons within the kitchen and the restaurant business. Such duties include projections of sales, inventory, ordering, schedule writing, and training. This will help management get feedback on the running of the kitchen and on how well the development program works in their particular operation. Also, this allows for internal growth and promotion. Having “trainers” and people who train the trainers is important to the restaurant’s goal of offering exceptional quality and service.

Production Procedures

Production in the kitchen is key to the success of a restaurant since it relates directly to the recipes on the menu and how much product is on hand to produce the menu. Thus, controlling the production process is crucial. To undertake such a task, **production control sheets** are created for each station, for example, broiler, sauté, fry, pantry, window, prep, dish, and dessert. With the control sheets, levels are set up for each day according to sales.

The first step in creating the production sheets is to count the products on hand for each station. Once the production levels are determined, the amount of product required to reach the level for each recipe is decided. Once these calculations are completed, the sheets are handed to the cooks. It is important to make these calculations before the cooks arrive, considering the amount of prep time that is needed before the restaurant opens. For instance, if a restaurant is open only for lunch and dinner, enough product should be on hand by 11:00 A.M. to ensure that the cooks are prepared to handle the lunch crowd.

When determining production, par levels should be changed weekly according to sales trends. This will help control and minimize waste levels. Waste is a large contributor to increasing food cost; therefore, the kitchen should determine the product levels necessary to make it through only one day. Products have a particular shelf life, and if the kitchen overproduces and does not sell the product within its shelf life, it must be thrown away. More importantly, this practice allows for the freshest product to reach the customers on a daily basis.

After the lunch rush, the kitchen checks to see how much product was sold and how much is left for the night shift. (Running

Introducing Jose Hernandez, Kitchen Manager

7:00 A.M.—Arrive. Check the work of cleaning crew (such as clogs in burners, stoves/ovens, etc.) for overall cleanliness.

7:15–7:40—Set production levels for all stations (broiler/hot sauce/expediter, cold sauce, vegetable preparation, baker preparation, line preparation: sauté/noodles, pantry, fry/seafood portioning).

8:00—The first cooks begin arriving; greet them and allocate production sheets with priority items circled.

9:00—On a good day, the produce arrives at 9:00 A.M. Check for quality, quantity, accuracy (making sure the prices match the quotation sheet), and that the produce is stored properly.

9:30–11:00—Follow up on production.

The sauté cook, who is last to come in, arrives. He or she is the closing person for the morning shift.

- Follow up on cleanliness, recipe adherence (using standardized recipes), and production accuracy.
- Check the stations to ensure the storage of prepped items (e.g., plastic draining inserts under poultry and seafood), the shelf life of products, general cleanliness, and that what is in the station is prepared correctly (e.g., turkey diced to the right size and portioned and dated correctly).

10:45—Final check of the line and production to ensure readiness. Did everyone prepare enough?

11:00–2:30—All hands on deck. Jump on the first ticket. Pre-toast buns for burgers and hold in heated drawers. Precook some chicken breasts for salads. Monitor lunch until 2:30 P.M.

- Be responsible for cleanliness.
- Determine who needs to get off the clock.
- Decide what production is left for the remainder of the day.
- Focus on changing over the line, change the food pan inserts (BBQ sauce, etc.).

2:30–3:15—Complete changeover of the line and check the stocking for the P.M. crew.

- Final prep portioning.
- Check the dishwasher area and prep line for cleanliness.
- Check that the product is replaced in the store walk-in or refrigerator.
- Reorganize the produce walk-in. Check the storage of food, labels, and day dots, lids on.
- Thank the A.M. crew and send them home.

4:00–4:15—Welcome the P.M. crew.

- Place produce order (as a double-check, ask the P.M. crew what they might need).

5:00—Hand over to the P.M. manager.

out of a product is unacceptable and should not happen. If proper production procedures are followed, a restaurant will not have to “86” anything on the menu.) After all production is completed on all stations, the cooks may be checked out. It is essential to check out the cooks and hold them accountable for production levels. If they are not checked out, they might slide on their production, negatively impacting the restaurant and the customer.

The use of production sheets is also critical in controlling how the cooks use the products, since production plays a key role in food cost. Every recipe has a particular “spec” (specification) to follow. When one deviates from the recipe, quality goes down, consistency is lost, and food cost goes up. That is why it is important to follow the recipe at all times. Standardized recipes are developed for each menu item to maintain consistency and minimize waste. It is very important to use them; otherwise, a dish will taste one way today but be quite different tomorrow. And fluctuation in standards leads to guest complaints.

Management Involvement and Follow-Up

As in any business, management involvement is vital to the success of a restaurant. Management should know first-hand what is going on in the back of the house. It is also important that they be “on the line,” assisting the staff in the preparation of the menu and in the other operations of the kitchen, just as they should be helping when things are rushed. When management is visible to the staff, they are prone to do what they need to be doing at all times, and food quality is more apparent and consistent. Managers should constantly be walking and talking food cost, cleanliness, sanitation, and quality. This shows the staff how serious and committed they are to the successful running of the back of the house. Figure 7–2 is a job description for a typical assistant restaurant manager.

As management spends more time in the kitchen, more knowledge is gained, more confidence is acquired, and more

POSITION TITLE: Assistant Manager
REPORTS TO: Manager

POSITION OVERVIEW

Under the general supervision of the manager, subject to the Service Policy and Procedure Manual, assures constantly and consistently the creation of maximal guest satisfaction and dining pleasure.

RESPONSIBILITIES AND DUTIES

A. Planning and organizing

1. Studies past sales experience records, confers with manager, keeps alert to holidays and special events, and so on; forecasts loads and prepares work schedules for service employees in advance to meet requirements.
2. Observes guest reactions and confers frequently with servers to determine guest satisfactions, dissatisfactions, relative popularity of menu items, and so on and reports such information with recommendations to the manager.
3. Observes daily the condition of all physical facilities and equipment in the dining room, making recommendations to the manager for correction and improvements needed.
4. Anticipates all material needs and supplies and assures availability of same.
5. Inspects, plans, and assures that all personnel, facilities, and materials are in complete readiness to provide excellent service before each meal period.
6. Anticipates employment needs, recommending to the manager plans for recruitment and selection to meet needs as they arise.
7. Discusses menu changes with servers in advance to assure full understanding of new items.
8. Conducts meetings of service employees at appropriate times.
9. Defines and explains clearly for servers and bus persons their responsibilities for relationships
 - ✓ with each other
 - ✓ with guests
 - ✓ with the hostess/host
 - ✓ with the manager
 - ✓ with the cashier
 - ✓ with the kitchen personnel

B. Coordinating

1. Ensures that servers are fully informed as to all menu items—how they are prepared, what they contain, number of ounces per portion.
2. Periodically discusses and reviews with employees company objectives, and guest and personnel policies.

3. Keeps manager informed at all times about service activities, progress, and major problems.
- C. Supervising
1. Actively participates in employment of new servers and buspersons, suggests recruitment sources, studies applications, checks references, and conducts interviews.
 2. Following an orientation outline, introduces new employees to the restaurant, restaurant policies, and fellow employees.
 3. Using a training plan, trains new employees and current employees in need of additional training.
 4. Promptly corrects any deviations from established service standards.
 5. Counsels employees on job issues and personal problems.
 6. Follows established policy in making station assignments for servers.
 7. Establishes, with approval of manager, standards of conduct, grooming, personal hygiene, and dress.
 8. Prepares, in consultation and with approval of the manager, applied standards of performance for servers and buspersons.
 9. Recommends deserving employees for promotion, and outstanding performers for special recognition and award.
 10. Strives at all times through the practice of good human relations and leadership to establish esprit de corps—teamwork, unity of effort, and individual and group pride.
 11. Remains constantly alert to the entire dining room situation—is sensitive to any deviation or problem and assists quickly and quietly in its correction, alleviating guests' complaints.
 12. Greets and seats guests cordially and courteously, to assure a sincere welcome and to express a genuine interest in their dining pleasure.
- D. Controlling
1. Controls performance, conduct, dress, hygiene, sanitation, and personal appearance of employees according to established policies, standards, and procedures.
 2. Studies all evidence of waste of time and materials, and makes recommendations for preventing further waste.
- E. Other
1. In emergency situations, may serve guests, act as cashier, or perform specifically assigned duties of the manager.
 2. Personifies graciousness and offers hospitality to guests and employees by showing "we're glad you're here" and "we're proud to serve you."

FIGURE 7–2 Job Description for an Assistant Restaurant Manager.

respect is earned. Employee-management interaction produces a sense of stability and a strong work ethic among employees, resulting in higher morale and promoting a positive working environment. To ensure that policies and standards are being upheld, management follow-up should happen on a continual basis. This is especially important when cooks are held accountable to specifications and production and when other staff

members are given duties to perform. Without follow-up, the restaurant may fold.

It happens all too often: Supervisors only notice when a mistake is made or something is going wrong. It is important for management to recognize the good things and give praise when it is deserved. Employees appreciate positive reinforcement and recognition.

Purchasing

Purchasing for restaurants involves procuring the products and services that the restaurant needs in order to serve its guests. Restaurant operators set up purchasing systems that determine the following:

- Standards for each item (product specification)
 - Systems that minimize effort and maximize control of loss from within the restaurant (theft, pilferage, or spoilage) and losses from other sources
 - The amount of each item that should be on hand (par stock and reorder point)
 - Who will do the buying and keep the purchasing system in motion
 - Who will do the receiving, storage, and issuing of items⁴

It is desirable for restaurants to establish standards for each product, which is called **product specification**. When ordering meat, for example, the cut, weight, size, percentage of fat content, and number of days aged are all factors that are specified by the purchaser.

Establishing systems that minimize effort and maximize control of loss may be done manually or by computer or a combination. However, merely computerizing a system does not make it theft-proof. Instead, employing honest workers is a top priority because temptation is everywhere in the restaurant industry. One story about stealing happened at a restaurant at which the author worked. It was a nice old place with wrought iron gates as a door to the bar. The thieves got a fishing pole and inserted it between the iron posts of the gate and took several bottles out. They removed some of the alcohol, then added water or colored liquid. Eventually, external auditors checked the proof content of the spirits and found them diluted. It was later discovered that several servers at the restaurant had incurred gambling debts at the new casino and were paying them off with the restaurant's liquor. This was discovered when the police "interviewed" some of the suspects. Would you believe that some of the bottles at the casino had the stamp of the restaurant on them?

An efficient and effective system establishes a stock level that must be on hand at all times. This is called a **par stock**. If the stock on hand falls below a specified reorder point, the computer system automatically reorders a predetermined quantity of the item.

In identifying who will do the buying, it is most important to separate task and responsibility between the person placing the order and the person receiving the goods. This avoids possible

theft. The best way to avoid losses is to have the chef prepare the order, the manager or the manager's designee place the order, and a third person responsible for the stores receive the goods together with the chef (or the chef's designee).

Commercial (for-profit) restaurant and foodservice operators who are part of a chain may have the menu items and order specifications determined at the corporate office. This saves the unit manager from having to order individually; specialists at the corporate office not only develop the menu but also write the specifications for the ingredients to ensure consistency. Both chain and independent restaurants and foodservice operators use similar prepurchase functions.

- Plan menus.
 - Determine quality and quantity needed to produce menus.
 - Write specifications and develop market orders for purchases.
 - Determine inventory stock levels.
 - Identify items to purchase by subtracting stock levels from the quantity required to produce menus.

Professor Emeritus Stefanelli at the University of Nevada, Las Vegas, suggests a formal and an informal method of purchasing, which includes the following steps.⁵

Formal	Informal
Develop purchase order	Develop purchase order
Establish bid schedule	Quote price
Issue invitation to bid	Select vendor and place order
Tabulate and evaluate bids	
Award contract and issue delivery order	
Inspect/receive deliveries, inventory stores, and record transactions in inventory	Receive and inspect deliveries, store, and record transaction
Evaluate and follow up	Evaluate and follow up
Issue food supplies for food production and service	Issue food supplies for food production and service

The formal method is generally used by chain restaurant operators and the informal one by independent restaurant operators (see Figure 7-3).

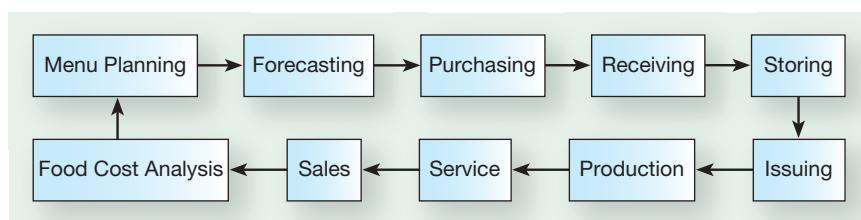


FIGURE 7–3 Food Cost Control Process.

A **purchase order** comes as a result of the product specification. As it sounds, a purchase order is an order to purchase a certain quantity of an item at a specific price. Many restaurants develop purchase orders for items they need on a regular basis. These are then sent to suppliers for quotations, and samples are sent in for product evaluations. For example, canned items have varying amounts of liquid. Normally, it is the drained weight of the product that matters to the restaurant operator. After comparing samples from several vendors, the operator can choose the supplier that best suits the restaurant's needs.

Receiving

When placing an order, the restaurant operator specifies the day and time for the delivery to be made (e.g., Friday, 10:00 A.M. to 12:00 noon). This prevents deliveries from being made at inconvenient times.

Receiving is a point of control in the restaurant operation. The purpose of receiving is to ensure that the quantity, quality, and price are exactly as ordered. The quantity and quality relate to the **order specification** and the **standardized recipe**. Depending on the restaurant and the type of food and beverage control system, some perishable items are issued directly to the kitchen, and most of the non-perishable items go into storage.

Storing/Issuing

Control of the stores is often a problem. Records must be kept of all items going into or out of the stores. If more than one person has access to the stores, it is difficult to know where to attach responsibility in case of losses.

Items should only be issued from the stores on an authorized requisition signed by the appropriate person. One restaurateur who has been in business for many years issues stores to the kitchen on a daily basis. No inventory is kept in the production area and there is no access to the stores. To some, this may be overdoing control, but it is hard to fault the results: a good food cost percentage. All items that enter the stores should have a date stamp and be rotated using the **first in-first out (FIFO)** system.

FIFO is a simple but effective system of ensuring stock rotation. This is achieved by placing the most recent purchases, in rotation, behind previous purchases. Failure to do this can result in spoilage.

Obviously, restaurants should maintain strict controls. Better-known controls include taking inventory regularly and calculating food, beverage, and labor cost percentages. For a restaurant to be successful, management must "manage" by controlling food, beverage, and labor costs and keeping them in line with company expectations based on budget.

A tight control is maintained on food costs by having the receiving done by a person other than the person who orders the food—this lessens the chance of over-ordering. At one restaurant where I worked as a food and beverage manager, it was discovered that the chef was doing the ordering and receiving; however, some of the receiving was done at "another" restaurant owned by the chef's brother! Needless to say, the chef was let go. Other strict controls include using a "par stock" reordering system; using one entrance/exit for employees and not permitting

employees to bring bags into the restaurant with them; employing a good accountant; and, yes, checking the garbage! You'll be amazed what you will find in the garbage—some dishonest people use the garbage as a constant way to remove valuable items from the restaurant and collect them later from the garbage area.

In the movie *Five Easy Pieces*, star Jack Nicholson goes to a restaurant and orders a side order of whole-wheat toast. The waitress makes it clear that they do not serve whole-wheat toast. Nicholson notes on the menu that the chicken salad sandwich comes on whole-wheat bread. The annoyed waitress points to a sign in the restaurant that reads "No substitutions" and "We reserve the right to refuse service to anyone." Jack Nicholson orders a chicken salad sandwich on whole-wheat toast, but tells the waitress to hold the mayo, hold the lettuce, hold the chicken salad, and just bring him the whole-wheat toast. Unwisely, she asks where she should hold the chicken salad. Nicholson sarcastically responds, "Between your knees!" On that note he leaves, a very dissatisfied guest.

Check Your Knowledge

1. List the five rules of cost control and explain why they are important.
2. Why do restaurant operators set up purchasing systems?
3. Why is thorough training important in back of house operations?

Cost Control

Learning Outcome 4: Calculate basic food, beverage, and labor cost percentages.



Jim Barber/Shutterstock

Introducing The Restaurant General Manager

Chris Robinson Chain Restaurant General Manager

Chris works a combination of open (typically 7 A.M.–6 P.M.), swing (11 A.M.–10 P.M.), and close (5 P.M.–3 A.M.) shifts, depending on the needs of the business and her goals for the week. Regardless of when Chris works, she is ultimately responsible for food safety and quality, employee staffing and training, guest satisfaction, and restaurant profitability. Chris's responsibilities are accomplished throughout the day by conducting food line checks, employee shift meetings, and guest table visits. As the general manager, Chris is expected to be a role model for all the employees and managers and is responsible for upholding the company credo.

Expectations of the General Manager

The expectations of the general manager are different in each restaurant; however, there are certain commonalities as well. Some of these include:

- General managers answer directly to the owner or to regional directors in major corporations.
- General managers are expected to run good numbers for the periods. The numbers analyzed are food cost, labor cost, and beverage cost. These areas are controlled in order to produce sufficient profit for the restaurant.
- General managers promote good morale and teamwork in the restaurant. Having a positive environment in the restaurant is of utmost importance. This will not only keep the employees happy, but it will also contribute to providing better service to the guests.

Duties and Responsibilities

The general manager of a restaurant is directly responsible for all the operations in the restaurant. General managers are also in charge of the floor managers, the kitchen manager, and the other employees of the restaurant.

The general manager should always check on the floor managers to ensure that all policies and regulations are being met. This will keep operations running smoothly.

Another important duty is to organize and control the staffing of the restaurant. The floor managers usually write the employee schedule; however, the general manager is still directly responsible for proper staffing for the period. This will help keep labor costs to about 20 percent of sales. The general manager also conducts employee reviews and training.

Qualifications for a General Manager

A general manager has the following qualifications:

- He or she should be very knowledgeable about the restaurant business.
- He or she should have worked all the stations in a restaurant and be very familiar with them.
- The general manager should be able to get along with all people, be fair with all employees, and not discriminate.



John Lund/Marc Romanelli/Getty Images

Budgeted Costs in a Restaurant

Running a good pace in the restaurant is of absolute importance. Every restaurant has different numbers to make. The following results came from a chain restaurant. These results reflect their goals versus actual numbers run for a given week.

As can be seen, this restaurant did well with the beverage cost; however, the food cost and the labor cost are two areas to focus on for the upcoming week. Making good percentages for the restaurant is the top priority because this is where the restaurant makes or does not make a profit. When the general manager runs good numbers, he or she receives a large bonus check for contributing to the profit of the restaurant. This is why it is so important to focus on these three key areas.

Scheduling the Restaurant

Appropriate scheduling plays a key role in the success of the restaurant. For one thing, overscheduling and underscheduling have a direct effect on the labor cost. If there are too many employees working on a shift for the business that is done, then the labor cost will be high. In contrast, if there are not enough employees working, then the service will suffer and overtime will increase the labor cost.

	Goal	Actual	Variance
Food Cost	27.0	27.2	+0.2
Labor Cost	19.9	20.8	+0.9
Beverage Cost	19.0	18.2	-0.8

Food and Beverage Cost Percentages

Managing restaurants is a complex operation. There are many variables that need to be in line if the operation is to be successful. One way that managers keep tabs on the operation's performance is by checking the food, beverage, and labor costs. These costs, more than any other, need to be carefully monitored on a daily, sometimes hourly, basis. Calculating a food, beverage, or labor cost is like taking the temperature of the operation. We can find out how we are doing on a regular basis. The **food cost percentage** is calculated as the cost of food sold divided by food sales for a specific period, such as a week, 14 days, a month, or a year to date. The result is compared to the budgeted percentage for the period. An example is of a casual restaurant:

Total Food Sales	\$95,400
Total Beverage Sales	\$46,000
Cost of Food Sold	\$22,896
Cost of Beverage Sold	\$ 8,892
Labor Costs	\$35,350

The food cost percentage is (remember the simple formula, cost over sales times 100):

$$\frac{\text{Cost of food sold}}{\text{Total food sales}} = \frac{\$22,896}{\$95,400} = 0.24 \text{ or } 24\% \text{ food cost}$$

A food cost of 24 percent shows us that \$0.24 of each \$1.00 of food sales is spent on the cost of food prepared. Most chain restaurants calculate the cost of ingredients and use standardized recipes so that they expect a menu item to have a \$0.24 food cost percentage. As you progress in your career, you will realize that some menu items have a higher or lower food cost percentage and that the restaurant company must decide what results it expects. For example, 24 percent is too low for some restaurants and means that guests may find the prices too high. Restaurants generally average about 28 percent food cost; however, high-end steak houses run a 34 percent food cost—they make up for that with a lower labor cost in the kitchen.

The **beverage cost percentage** is calculated in the same way as the food cost: cost of beverages sold divided by the total beverage sales for a period. Like the food cost percentage, it is best utilized as a tool for cost control when compared to the budgeted percentage for the same period. Any significant variances from the budgeted amount should be investigated. The beverage cost in the casual restaurant above is:

$$\frac{\text{Cost of beverage sold}}{\text{Total beverage sales}} = \frac{\$8,892}{\$46,000} = 19.33\%$$

So, for every beverage dollar earned, the cost was 19 percent. Restaurants vary in their beverage cost percentage

from a low of 18 on up to 30 percent, with an average around 22 to 26 percent beverage cost. Of course, there are different percentages for beer, wine, spirits, and cocktails—just to make the job more interesting!

Labor Cost Control

Like other service industries, labor is the highest cost in operating a restaurant. Labor costs range from about 24 to 30 percent of total sales. One of the challenges of restaurant operations is scheduling the right amount of staff for each shift. As the number of guests and sales increases, more staff are needed but, when sales drop, so should the number of staff.

In the above example, the food and beverages sales are \$95,400 and \$46,000, making the total sales \$141,400. Given a labor cost of \$35,350, by using the formula of labor costs over sales we have:

$$\frac{\$35,350}{\$141,400} = 0.25 \text{ or } 25\%$$

A labor cost of 25 percent means that for every dollar of sales, 25 percent goes to cover labor costs. Other operating costs include non-food or labor costs such as office supplies, china, glassware, knives, forks, spoons, table napkins, heat, light and power, cleaning, rent, lease or mortgage, music, menus, accounting and legal fees, licenses, uniforms, and so on. Total other operating costs range from 14 to 20 percent of sales.

Given that total sales are 100 percent, and each cost has to be deducted from it, an example of restaurant costs would look like this:

Total Sales		\$141,400	% Cost of Total
Category	Cost	Calculation	
Food	\$22,896	\$22,896 ÷ 141,400 × 100	16.19%
Beverage	\$ 8,892	\$8,892 ÷ 141,400 × 100	6.28%
Labor	\$35,350	\$35,350 ÷ 141,400 × 100	25%
Other	\$28,280	\$28,280 ÷ 141,400 × 100	20%
			Total = 67.47%

leaving 32.53 percent for any other costs, taxes, and profit.

Another important part of restaurant control is stopping employee theft. As one experienced operator put it, "In each of the restaurants that I worked at, someone was stealing."⁶ Here are a few of the many ways employees can steal from restaurants. Some restaurant employees under-ring sales and tear up the order ticket. For example, if an order for a round of drinks comes to \$16.95, the employee rings up \$6.95 and puts a swizzle stick in the till as a reminder that the draw is over by \$10. If there are eight swizzle sticks in the draw at the end of

the shift, the employee pockets \$80. Or, when the guest pays the check, the server tears up the order and pockets the cash instead of putting the money and a completed order ticket in the register. In order to avoid this, restaurants use **spotters** (people who sit in a bar or restaurant and watch everything that goes on). Restaurants also require sequentially numbered checks and insist that the servers return all checks at the end of the shift.

We have discussed the move for a \$15 per hour wage for all restaurant employees in a previous section, and it will be interesting to see if, when, and how this happens.



Sustainable Restaurant Operations⁷

Sustainability is not just a philosophy about food—it's about people, attitudes, communities, and lifestyles. In the spirit of the theme of this year's International Chefs Congress—"The Responsibility of a Chef"—the ideas below come from chefs across the country. There's an idea to inspire you each day of the next month; even picking one to look into, or act on, per week is a good way to start. Almost everywhere one goes, we hear the same message: small changes and efforts can make a big difference!

- 1. Go local.** It's not possible for everyone all the time. But when it is possible, support your local farmers.
- 2. Take your team to visit a farmer.** This is good practice for remembering that each piece of food has a story and a person behind it. (And you can bring back extra produce for a special family meal.)
- 3. Know your seafood.** The criteria for evaluating the sustainability of seafood differ from those for agriculture. Inform yourself using resources like California's Monterey Bay Aquarium's *Seafood Watch Guide*, and demand that your purveyors are informed too. If they can't tell you where a fish is from, and how and when it was caught, you probably don't want to be serving it.
- 4. Not all bottled water is created equal.** Some companies are working to reduce and offset their carbon footprint through a number of innovative measures. And some of the biggest names in the restaurant world (like *The French Laundry*) are moving away from water bottled out of house. In-house filtration systems offer a number of options—including in-house sparkling water!
- 5. Ditch the Styrofoam.** Replace cooks' drinking cups with reusable plastic ones, and replace Styrofoam take-out containers with containers made of recycled paper. BioPac packaging is one option.
- 6. Support organic, biodynamic viniculture.** There are incredible, top-rated biodynamic or organic wines from around the world.



Check Your Knowledge

- 1. If the cost of food sold is \$34,789 and the total food sales is \$105,006, calculate the food cost percentage.**
- 2. If the cost of beverages sold is \$9,723 and the total beverage sales is \$51,231, what is the beverage cost percentage?**
- 3. Given the food and beverage percentages from the previous questions, how would you evaluate the health of the restaurant?**

- paperwork to tax credits. With the money saved on a water heater, the system will have paid for itself in two to three years.
- 16. Green your cleaning routine.** Trade astringent, nonbiodegradable, potentially carcinogenic chemical kitchen cleaners for biodegradable, eco-safe products.
 - 17. Use nontoxic pest control.** The options are increasing, and even some of the major companies have green options.
 - 18. Consider purchasing locally built furniture.** See if there are any artisans in your state working with reclaimed wood (from trees that have fallen naturally because of storms or age).
 - 19. Recycle your fryer oil.** Biofuel companies across the country will pick it up and convert it.
 - 20. Grow your own.** Consider a roof-top garden or interior/exterior window boxes for small plants and herbs. EarthBoxes are one low-maintenance solution.
 - 21. Cut down on shipping materials.** Request that purveyors send goods with the least amount of packing materials possible. Request that Styrofoam packaging not be used.
 - 22. Trade in white toilet paper, c-folds, and restroom paper towels.** Instead, use products made of chlorine-free unbleached, recycled paper.
 - 23. Need new toilets?** There are a number of water-saving options that save anywhere from half a gallon to more than a gallon per flush. The old-fashioned brick technique is a good start too: place a brick in the tank of your toilet—the space that it takes up is water saved each time the toilet is flushed.
 - 24. Compost garbage.** Even high-volume establishments can make this happen. Keep separate cans for all food-based waste, and dump it in a compost bin out back. A common misconception about compost is that it smells bad—this is not true!
 - 25. Recycle!** Be strict about kitchen and bar staff recycling glass and plastic receptacles. Recycle cardboard and wood boxes used for produce, and any newspapers or magazines sent to the restaurant.
 - 26. Cut down on linens.** Tablecloths and napkins require a large amount of chemical cleaners, bleaches, and starches. Stay away from white, if possible. If it's not imperative, consider eliminating tablecloths all together. Go for soft cloth napkins instead of starched.
 - 27. Ice = water + energy.** Don't waste it! Don't automatically refill ice bins—wait until they truly get low, and only add as much as you need to get through the crush. Ice is expensive to produce, both in terms of money and resources.
 - 28. If you're a small restaurant or café, without huge needs or storage space, look into joining (or forming) a local co-op for purchasing green items.** Cleaning supplies, paper products, and so on are all cheaper in bulk.
 - 29. Educate yourself!** From agricultural philosophy to the specifics of restaurant operations, the number of resources for green issues and practices is ever-growing. Pick up *The Omnivore's Dilemma* by Michael Pollan, the Green Restaurant Association's *Dining Green: A Guide to Creating Environmentally Sustainable Restaurants and Kitchens*, and Seafood Handbook: The Comprehensive Guide to Sourcing, Buying and Preparation by the Editors of Seafood Business.
 - 30. Last but not least, educate your staff!** They need to know *why* you're doing what you are doing, so that they can spread the word—to the diners, and beyond!
- Finally, let us look at how one operating partner manages his restaurant. Matt Andrus manages a great seafood restaurant, The Anna Maria Oyster Bar in Bradenton, Florida. Matt utilizes the elements of management to make his restaurant successful. Planning for Matt includes financial planning where he monitors the financial goals daily. Monday is his planning day; he decides what to delegate to each of his opening, middle, and closing managers. Sales and guest counts are projected based on last and previous year's sales figures and are generally accurate to within two to three percent.
- Matt organizes his restaurant by having his various managers use check lists to cover all important aspects of running the restaurant. For example, in the kitchen, one manager is responsible for cleanliness, another for ordering, and a third for hiring and training. In the front of the house, one manager focuses on the bar and beverages, one on servers and bussers, and another on paperwork, including I-9's. He holds a biweekly meeting of all managers to review past performance from top line to the bottom line and to discuss future business. At this meeting, any under-performers are discussed (these are people who are not "ringing up" all their sales nor suggestively selling items, or some other thing not done in accordance with policies and procedures). Matt uses a "par" system to ensure availability of items.
- Decision making and communicating are done all day and every day. Matt gives his managers the tools and lets them decide and take care of the key result areas. Results of food, beverage, and labor costs are monitored daily and compared to sales and action is taken to rectify the situation, when necessary. Matt has inventory taken monthly, unless there is a suspected problem; in which case, inventory is taken as needed.
- Control is an on-going item. Labor costs are watched by the hour as they are one of the highest costs. Food and beverage costs are also closely monitored daily. For example, Matt expects the liquor-pouring costs to be 18% of liquor sales; bottled beer to be 25 % of bottled beer sales; draft beer 15% of draft beer sales; and wine 35% of wine sales. Maintenance is checked each day and its costs are also controlled.

Shortage in Stock

It's 9:30 on a Friday morning at The Pub. Product is scheduled to be delivered at 10:00. Sally specifically ordered an exceptional amount of food for the upcoming holiday weekend because she is projecting it to be busy. Sally receives a phone call at 10:30 from J&G groceries, stating that it cannot deliver the product until 10:00 A.M. on Saturday morning. She explains to the driver that it is crucial that she receives the product as soon as possible. He apologizes; however, it is impossible to have delivery made until Saturday morning.

By 1:00 P.M., The Pub is beginning to run out of product, including absolute necessities such as steaks, chicken, fish, and produce. The guests are getting frustrated because the staff are beginning to "86" a great deal of product. In addition, if they do not begin production for the P.M. shift soon, the restaurant will be in deep trouble. On Friday nights,

The Pub does in excess of \$12,000 in sales. However, if the problem is not immediately alleviated, it will lose many guests and a great amount of profits.

DISCUSSION QUESTIONS

1. What immediate measures would you take to resolve the problem?
2. How would you produce the appropriate product as soon as possible?
3. Who should you call first, if anyone, to alleviate the problem?
4. What can you do to always have enough product on hand?
5. Is it important to have a backup plan for a situation like this? If so, what would it be?



Career Information

Restaurant Operations

Choosing a management career in restaurant operations means that you have just selected the area of hospitality that offers college graduates enormous opportunity, the highest starting salaries in the hospitality industry, and the best opportunities for advancement. Opportunities range from fast-food to five-star dining. Salaries range from \$32,000 to over \$40,000 for assistant management positions (this may be slightly lower or higher depending on the location in the United States). Where you will be on that continuum depends on the skills you acquired while in the restaurant industry during college and your ability to sell yourself. The type of operation, sales volume, and location of the establishment also affect salaries.

Higher salaries mean a more competitive environment for jobs. In the last few years, salaries have started to increase, reflecting the restaurant industry's willingness to hire experienced young talent. Recruiters refer to these graduates sometimes as grade A candidates or thorough-

bred. Recruiters want graduates who are confident in their skills and have a work record that shows a genuine interest in restaurant management (see Figure 7-4).

Possessing confidence and skill is necessary to complete the management training programs and to get through your first year as a manager. Typically, restaurant managers work 50 to 60 hours a week, including weekends and holidays. It is a physically demanding job that requires being constantly on your feet and working under pressure in a fast-paced environment.

However, this kind of challenge has tremendous rewards. As a manager, you will work in an atmosphere that offers endless opportunities to delight guests and motivate employees. Few things are more gratifying than a genuinely satisfied guest or sharing in the pleasure of a restaurant crew's successfully completed shift. Restaurant operations typically pay people based strictly on performance. It is not uncommon for restaurant general managers to make six-figure incomes from restaurants that generate \$5 million plus in sales.

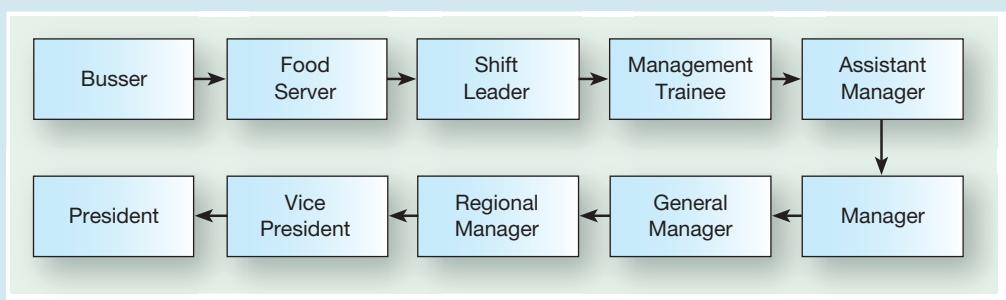


FIGURE 7-4 Career Pattern in the Restaurant Industry.



Trends in Restaurant Operations

- More flavorful food.
- Increased take-out meals, especially at lunch, and more home meal replacement (for dinner).
- Increased food safety and sanitation.
- Increasingly sophisticated guests need more exciting offerings.
- More food court restaurants in malls, movie theater complexes, airports, gas stations, and colleges and universities where guests line up (similar to a cafeteria), select their food (which a server places on a tray), and pay a cashier.
- Loyalty programs, group discounts, gift cards, and coupons. People are dining out now as much as ever, and the typical customer is all about a good dining experience at a discounted price.

• Social media for restaurants offer both the restaurant and customers the ability to seek out and provide feedback on the dining experience. Social media offer an array of tools for increased marketing and awareness, operations management, and customer selection of the dining experience.

- Twin and multi-restaurant locations.
- Quick-service restaurants (QSRs) in convenience stores.
- Food trucks and pop-ups are appearing in most major cities, as well as many cultural towns and suburban centers. The options of menu items and cuisine styles are rapidly increasing, thereby providing customers with a multitude of offerings.
- Increase in casual dining, especially fast casual.

Summary

1. The National Restaurant Association has identified the following functional areas of a foodservice manager's job: human resource management, financial management, administrative management, and operations management.
2. The front of the house includes anyone with guest contact, from those in charge of maintaining curbside appeal to the bus person. The general manager or restaurant manager runs the restaurant. There may be more managers with special managers who are cross-trained in order to relieve each other. The host greets guests and rotates arriving guests among the sections. Servers take and present orders, offer high-quality service, and use suggestive selling to increase food and beverage sales. Bussers clear tables.
3. The back of the house is generally run by the kitchen manager and refers to all the areas with which guests do not normally come in contact (purchasing, receiving, storing/issuing, food production, stewarding, budgeting, accounting, and control). Some of the main considerations in efficiently operating the back of the house include staffing, scheduling, training, food cost analysis (internal controls), production, management involvement, management follow-up, and employee recognition.
4. One way that managers keep tabs on the operation's performance is by checking the food, beverage, and labor costs. These costs, more than any other, need to be carefully monitored on a daily, sometimes hourly, basis. The food cost percentage is calculated as the cost of food sold divided by food sales for a specific period. The result is compared to the budgeted percentage of the period. Beverage cost percentage is calculated the same way.

Labor is the highest cost in operating a restaurant.
Cost is calculated by dividing the total labor cost by the total sum of food and beverage sales.

Key Words and Concepts

- American service
- Average guest check
- Back of the house
- Beverage cost percentage
- 86'ed
- First in-first out (FIFO)
- Food cost percentage
- French service

Front of the house
Gueridon
Guest counts or covers
NCO (neat, clean and organized)
Order specification
Par stock
Product specification
Production control sheets
Purchase order
Receiving
Restaurant forecasting
Russian service
Smiling people greeter (SPG)
Spotters
Standardized recipe
Suggestive selling

Review Questions

1. List key aspects of a restaurant manager's job.
2. What is considered the front of the house?
3. Who runs the back of the house and what areas does back of the house refer to?
4. If the total food and beverage sales for a restaurant are \$164,009 and the labor costs are \$42,125, find the labor cost percentage.

Imagine the restaurant in #4 is a fine dining restaurant. Does this labor cost percentage seem reasonable? Why or why not?

Internet Exercises

1. Organization: National Restaurant Association (NRA)
Summary: The NRA is the business association of the food industry. It consists of 400,000 members and over 170,000 restaurants. Member restaurants represent table service and quick-service operators, chains, and franchises. The NRA helps international restaurants receive the benefits of the association and gives guidance for success to nonprofit members.
 - a. List the food-borne diseases presented on the NRA site. Read about each disease and what the NRA says about how to prevent it.
 - b. What kinds of careers are available in the restaurant and hospitality industry?
 - c. Check the top stories at the NRA'S Website; www.restaurant.org
2. Organization: Chili's Grill and Bar
Summary: Chili's is a fun and exciting place to have burgers, fajitas, margaritas, and chili. Established in 1975

in Dallas, the chain now has more than 637 restaurants in the United States and 20 other countries.

- a. What requirements must you meet to open a Chili's franchise? From what you have learned about the issues involved in starting your own business, how is setting up your own business different from having a franchise?
- b. What is the "Chilihead culture"?

Apply Your Knowledge

1. In a casual Italian restaurant, sales for the week of September 15 are as follows:
Food sales: \$10,000
Beverage sales: \$ 2,500
Total: \$12,500
 - a. If the food cost is 30 percent, how much did the food actually cost?
 - b. If the beverage cost is 25 percent of beverage sales, how much did the beverages cost?
 - c. If the labor cost is 28 percent, how much money does that represent and how much is left over for other costs and profit?
2. If a 33 percent food cost is required and a menu item sells for \$16.95, what is its cost supposed to be?
3. Sales at your restaurant for the month of October are \$685,324. If a 25 percent labor cost is expected, what would that be in dollars?

Suggested Activities

1. In groups, interview a restaurant manager and check how his or her duties and responsibilities compare with those in the text.
2. In groups, look at the example of results in the chapter and decide what you would do to improve the labor cost percentage for the next week.

Endnotes

1. This section draws on John R. Walker, *The Restaurant from Concept to Operation*, 5th ed. (New York: John Wiley and Sons, 2009), pp. 86–87.
2. Please see the Moo Cluck Moo Website for more information.
3. Personal conversation with Danny Meyer, January 14, 2006.
4. This section draws on John R. Walker, *The Restaurant from Concept to Operation*, p. 275.
5. Ibid.
6. Personal conversation with Joe Riley, July 12, 2006.
7. Please see the Star Chefs Website for more information.