

# proper measuring

Taking the time to accurately cost your recipes can help improve profitability and increase efficiencies

Just as accounting for the proper yields is important, it's just as important to account for the proper weights and measures to determine recipe costs



All too often in catering and restaurant operations, recipe costs aren't given enough attention. Yet whether the product being produced is a plate or a pan of food, it is essential that costs are proactively determined. Recipe costs are the foundation of much more strategic functions, such as the menu engineering process and theoretical benchmarking.

Too frequently, recipes are not written to determine accurate costs. They are generally written in cookbook terms and not manufacturing terms. Thinking about a restaurant or a caterer

as a manufacturer can bring such benefits as improved profits and greater efficiencies.

There are two primary concepts to understand when determining accurate recipe costs. The first is to treat recipes like a manufactured product. The basic rule states that anytime a product or production item changes form, no matter how simple the change may seem, the costs should be accounted for.

#### Account for Losses

As an example, let's take fresh basil. It comes packaged, usually by the pound. The basil is still on its stems when it is purchased. In order to make the basil

usable, all the leaves need to be picked off. Although in terms of complexity, this is a very simple task, we need to account for the loss or the finished weight. If we paid \$7.50 a pound and did not account for the loss properly, we would have used the incorrect cost of \$0.469 an ounce in our recipes. The reality is that not everything is useable. In the example we used, only 11 ounces were useable, resulting in a new cost of \$0.682 per ounce. This is the accurate cost to utilize. Recipes can be very complex, and this simple example only reinforces the need to account for known losses and the associated costs.

In addition to accounting for proper yields, the second piece of recipe costing is taking a recipe written by a culinary professional and converting it to proper weights and measures. As an example, many recipes will call out for a spoodle, tablespoon or teaspoon of an ingredient. Utilizing these utensils ensures portion control and proper execution. However, for recipe costing, we need to account for the associated weights. For example, a one-ounce spoodle of feta cheese is not going to be an ounce for costing. When the spoodle of cheese is placed on a digital scale, the true weight is not close to an ounce (it's 0.3 ounce). Just as accounting for the proper yields is important, it's just as important to account for the proper weights and measures to determine recipe costs.

Two additional cost factors must be considered: labor and overhead. Many industries cost out their products to include prime and total cost (prime cost takes into account materials and labor). Why don't the restaurant and catering industries follow this practice? Adding that information gives businesses the ability to determine make-buy decisions with accuracy and to engineer pricing to drive profitability.

A time-motion study is required to determine proper labor and overhead costs. With time-motion studies, it's possible to determine a proper labor standard and the time needed to produce the recipe. Multiple tests should be conducted with the personnel who are actually responsible for executing the recipes. Once the time standard has been established, it can then be multiplied against both an hourly labor rate and overhead rate to come up with total costs.

Labor rates should include more than just the base salary rate, but also all the other benefits and fringes that are paid to employ and retain that employee. Examples include unemployment insurance, payroll taxes, health insurance and 401(k) contributions. Overhead rates are

pre-determined through the budgeting process, in which all the other expenses, other than direct ingredients, direct labor and fringes, are then taken into account against the total number of prep production hours to develop an hourly rate. Now proper costs can be assigned to labor and overhead, which are typically the missing components for most operators.

Accurate recipe costs become the basis for many other things, such as menu engineering, obtaining theoretical costs and commodity price impacts. Without determining accurate costs, your operation cannot plan properly for success. With the high level of competition in the industry, it would be detrimental not to make the most informed decisions. New menu items are exciting, yet it's important to balance the emotion attached to a recipe against its true cost. Only then can you make the best decision of whether or not to add that item to your menu. Although pursuing a higher level of accuracy may take some initial work and investment of time, it is energy and money well spent. It will assist in improving the profitability of your business. ●

ROI

THEORETICAL COSTS

JUST-IN-TIME PRACTICES

MENU ENGINEERING

RECIPE COSTING

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