



DO YOU KNOW YOUR FOOD COSTS?

Food Costing for Health Care Facilities

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Time spent costing pays. Do you know what your food costs are? When we have asked facilities about food costing, the answers can be "Its too time consuming" or "yeah we're doing great".

In most Cases, if facilities are projecting costs, cost calculations were computed several years ago and were never revised despite changes in menu items, ingredient costs, etc. You must also consider the method of which you are using to do your calculations. Is it a standard form/method or does more than one person do it using different methods? This month's in-service package is designed to help your food service operation get a better handle on your food costs and evidently your food budget. Use it to train your staff/supervisors to develop an in-house standard costing program.

Proper recipe costing is a somewhat tedious and time-consuming task; however, when compared with the potential dollars lost through undetected high food cost, it is time and money well-spent.

### **COMPLETE COSTING:**

Before attempting to cost out recipes, it is important to note that not only is the net cost of product of interest, but so is the time necessary to do the preparation and the yield of the products. This is especially true if the executive chef or the sous chef or some other highly trained, highly paid individual is doing the cooking. That person's time, while not part of the food cost calculation, is part of the labor cost, and one must ask if that is the best use of time and talent. Buying pre-portioned and portion-controlled products provide consistency of yield and net cost of the plated product while maximizing utilization of labor hours.

Costs must also be included for tabletop gratis items such as bread, butter, relish trays or any other complimentary items included with a given meal period function. Random checking of plated items must be done to determine if the production staff is adhering to established portion guidelines.

### **ESSENTIAL ELEMENTS**

We have provided a couple samples of a recipe-costing worksheet for you. Typical worksheet asks for the following key information:

- Date recipe was costed
- Meal period
- Recipe name
- Last update
- Yield
- Portion size
- Cost per portion
- Profit per portion (if applicable)
- Suggested selling price (if applicable)
- Food cost percentage at suggested selling price
- Ingredient description
- Purchase price
- Per unit
- Recipe unit of measure
- Cost per unit of measure
- Extended ingredient cost
- Total recipe cost
- Cost per serving

You also may want to include such items as:

- Suggested selling price to achieve specific food cost goals, i.e., 25 percent, 30 percent, 35 percent
- Plating instructions
- Garnishes

There are various software programs on the market to help you cost your recipes and calculate your profits. The examples, however, provided in this package are simple recipes costed manually to see "how it works!" We have provided: a household recipe, metric conversion charts, bulk costs of ingredients and recipe costing worksheets for review with your staff. (labor costs not included).

### **NEXT STEP, SALES**

Any time the cost of recipe ingredients changes, recipes are added or deleted from the menu, special pricing is offered to clients or there is any other factor that could change the relationship among recipe costs and revenue, you should calculate a new cost. You must remember that this "ideal" cost assumes there is no waste, over-

portioning, employee consumption of food, etc. This is a utopian wish that does not exist in day-to-day operations; however, well-run operations frequently can maintain costs within one or two percentage points of potential through diligent cost-control systems.

### **STOP GUESSING**

Without the knowledge gained through recipe costing the food service operation is running blindfolded at the mercy of the kitchen staff, previous years' operating standards or someone's idea of what food costs should be. It would be nice to say that recipe costing would solve all the operators' problems; however, it is only one piece of the puzzle that constitutes the total picture of any well-run food service operation. Proper portioning and well-trained staff are a necessary part of the total food costing program.

So before you add your next new recipe to your menu try our food costing templates to determine what your **TRUE** food costs will be and watch your total budgets decrease!!! Knowing what you are paying per entrée will help you know either what to charge or even what to put on your client menus. For more information on food costing or available food costing programs, please call Angela Dominie at 1-800-662-6331 to help you get a better grip on your dollar!

Original Recipe					Expanded Recipe			
Servings:					Servings:			
Ingredient	Amount Needed	Cost per Order (\$)	Order Quantity	Unit Cost (\$)	<i>Multiple</i>	Amount Needed	Cost	
				<b>Total Recipe</b>				<b>Total</b>
				<b>\$</b>				<b>Recipe</b>
				<b>Per Serving</b>				<b>\$</b>
				<b>\$</b>				<b>Per Serving</b>
								<b>\$</b>

## Sample Calculations for Carrot Oatmeal Cookie Recipe:

### Using Margarine Ingredient:

- Need 1/2c
- $\frac{1}{2} \text{ C} = 125\text{ml}$
- Margarine (181295) comes in 13kg pail (Order quantity)
- Cost per order is \$22.57 for the 13kg pail
- So....
- Assume 1ml = approximately 1 g
- Therefore: 13kg = 13000g = 13000ml
- We know that: 13000ml of margarine costs \$22.57 so:
- $\$22.57/13000\text{ml} = 'x' \text{ dollars}/125\text{ml}$
- Use basic math cross multiplication:
- $13000\text{ml} \times 'x' = \$22.57 \times 125\text{ml}$
- $13000\text{ml} \times 'x' = 2821.25$
- so:  $'x' = 2821.25 / 13000$
- The cost for 125ml = \$0.21 (or unit cost)