

DIPLOMA IN HOTEL MANAGEMENT PROGRAMME (DHM)
DHM1107: FOOD & BEVERAGE COST CONTROL
ALTERNATIVE ASSESSMENT: JANUARY 2020 SESSION

Answer **ALL** questions below.

QUESTION 1 (40 marks)

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 reject a great deal of product orders. 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 RM12,000 in sales. However, if the problem is not immediately alleviated, it will lose many guests and a great amount of profits.

- (a) What immediate measures would you take to resolve the problem? (8 marks)
- (b) How would you produce the appropriate product as soon as possible? (8 marks)
- (c) Who should you call first, if anyone, to alleviate the problem? (8 marks)
- (d) What can you do to always have enough product on hand? (8 marks)
- (e) Is it important to have a backup plan for a situation like this? If so, what would it be? (8 marks)

(Total : 40 marks)

QUESTION 2 (20 marks)

The Duck and Drake is a successful, privately owned 'free house' pub with an annual turnover of RM400,000; 60% of the turnover is wet sales (beverage), 30% is food (using rather ad hoc menus) and the remaining 10% is from gaming (pool and dart machines). As owner-operators they view the turnover at the end of their second year as successful and have lived well off the business including most of their own food and beverage requirements. They are unaware of exactly how the sales revenue is made up by each component and what margins they make. They have also not seen the need to introduce any systems for controlling stock or purchases, relying instead on their own experience, an

annual chat with their accountant where they look at the purchases against revenues and a family environment of honesty. A brief look at the accounts identifies the following:

- Beverage sales RM240,000 cost of sales RM115,000
- Food sales RM120,000 cost of sales (including for own use) RM54,000
- Gaming income RM40,000
- 50–50 share scheme

Although successful in the eyes of the owners this business is not performing as well as it could. A new member of the restaurant staff has given the following feedback to the owners for the past couple of weeks gained from talking to the customers whilst serving them.

1. We don't come here as often as we would like because it is hard to know what's still going to be available on the menu, when we arrive, and it's embarrassing when one has to guess!
2. I like to have a steak when I am out but I don't have them here anymore, they are so unreliable.
3. I hope the wine I have ordered is not that supermarket wine I had last time, it had their brand on the label and was four times the price!
4. Well I haven't been here since Christmas; I wasn't very well after that turkey dinner.

Advise the owners on what procedures they should adopt in terms of purchasing and storage that would mitigate these customer comments and generally improve the performance of the business. (30 marks)

(Total: 30 marks)

QUESTION 3 (30 marks)

“A 60-minute wait! You've got to be kidding! Said the guest.
“I'm sorry sir, “replied Romy. “We'll seat your party as quickly as possible.”

Romy was the dining room host at the Al-Amir restaurant. The Al-Amir featured Middle Eastern and North African cuisine. Guests loved the Al-Amar's baba ganouj, tabbouleh, and kibbeh. As a result, the restaurant often was very busy. When that happened, the waiting lists for tables got long and customers sometimes got upset.

“Listen” replied the guest, “I understand when places are busy. It can take a while to serve everyone. But look, nearly half your dining room is empty. The tables just need to be cleared and reset.

“Yes sir,” replied Romy. “But the workers we do have are clearing tables as fast as they can.”

“Then you need more dining room help. We'll just come back another time,” said the guest, as he left the restaurant along with his female dining companion, two small children in hand.

“I'm really very sorry sir”,” said Romy to the guest's back as he watched him leave. Romy thought to himself, “This happens way too often!”

Assume the Al-Amir does not have an effective sales forecast system in place.

- (a) What will be the likely long-term impact on the revenue-generating ability of the restaurant of understaff its dining room? (10 marks)
- (b) What would be the long-term impact on Al-Amir's staff? (10 marks)
- (c) Sometimes even the best sales forecasts are inaccurate. What steps can managers take to ease the difficulties encountered when their sales forecasts prove to be incorrect? (10 marks)

(Total: 30 marks)

Notes

- A maximum of **4 hours** duration is allowed to complete this coursework.
- Students are required to write a minimum of **500 words** in answering each of the question.
- Where appropriate, your reasoning must be supported through adequate and rigorous referencing (do not use the course textbooks as your only sources). Your report must follow the Harvard style of referencing with minimum of 10 references in total.
- The report is to be written *individually*.
- Please ensure while writing the report you clearly state all your assumptions and the reasoning behind them. Some of the required parts of the report do not have a correct answer and the mark awarded will depend on the application of the knowledge and understanding that you display in your arguments.

STYLE

Your answer should be written in Microsoft Word in report format. Please use 1.5 or double line spacing and font size no less than 12. State your name and ID number on the front page of the report and attach the Assessment Criteria on the 2nd page.

Please note:

- Direct quotations must be very brief.
- Wikipedia and open access sites are *not* an acceptable academic source.
- Do *not* cut and paste chunks of text.
- Turnitin may be used to verify the originality of your report (Similarity Index must be less 25%; extract from each individual primary source should be less than 5%).

-The End -