



CATERING

Chapter 3

Pricing For Profit

Learning Objectives

By the end of this chapter you should be able to:

- Effectively calculate prices for specific catering menu items
- Use a pricing formula to set menu prices
- Understand the two main components of business overhead
- Calculate food and beverage costs and their percentage as it relates to sales
- Understand the relationship between supply and demand of food and beverage products and how they affect costs



Maximizing Profitability

- Profits on services offered/types of services
- Liquor license and profit

Calculating Price

Pricing Formula:

OVERHEAD + MATERIALS+ LABOR+ PROFIT = PRICE

Calculating Price

- Overhead
- Materials
- Labor
- Profit

Calculating Food Cost

Definition of food cost and importance

- Consistency of food cost
- Factors affecting food cost (theft, arbitrary pricing)
- Food cost percentage



Calculating Food Cost

- Recipe costing form
- Inventorying assessment
- Markups on food and liquor
- Portion control

Pricing for Profit

Greenfield's Catering Apple Pie	
Ingredient	Unit Cost
Flour, 8 ounces	\$0.10
Butter, 8 ounces	\$2.15
Apples, 8 Granny Smith	\$2.20
Sugar, 4 ounces	\$0.50
Ground cinnamon, 1 tsp.	\$0.05
Unit cost for pie	\$5.00
<p>When you have a food cost for an entire recipe, then you can arrive at the cost per serving. If the apple pie serves 8, your cost per serving is:</p> $\text{Cost per serving} = \frac{\text{Recipe cost is } \$5.00}{\text{Number of servings is } 8}$ <p>Greenfield's Catering Apple Pie costs \$0.625 per serving.</p>	

Computation of Monthly Food Cost

Opening Inventory + Purchases – Closing Inventory = Cost of Food Sold

	Opening Inventory	\$
+	Purchases	\$
–	Closing Inventory	\$
=	Cost of Food Sold	\$
Cost of Food Sold ÷ Total Sales = Food Cost Percentage		
	Cost of Food Sold	\$
÷	Total Sales	\$
=	Food Cost Percentage	%

Availability of Product

- Cost and availability
- Seasonality of ingredients and factors affecting availability
- Types of purveyors
- Specialty items

Key Terms

- Pricing formula
- Overhead costs
- Fixed expenses
- Variable expenses
- Materials
- Labor costs
- Profit
- Food cost
- Food cost percentage

HOW MUCH?

A Food Costing Tutorial

Chicken Piccata (serves 10)

10 whole	8 oz. Chicken Breasts (pounded)
4 oz.	Capers (in brine)
2oz.	All Purpose Flour
6 oz.	Dry White Wine
2 oz.	Canola Oil
0.25 oz.	Black Pepper
0.25 lb.	Shallots (minced)

FOOD Co. Restaurant Suppliers

All Purpose Flour	\$0.99/lb.
Capers (8oz. jar)	\$3.99
Donovan Parke Chardonnay (750ml bottle).....	\$10.99
Canola Oil (1 gallon).....	\$15.00
Shallots	\$1.48/lb.
Black Pepper (1 lb. bag).....	\$8.00
Chicken Breast	\$5.50/lb.

How much will it cost to prepare the recipe?

How much will it cost per person?

How much should he charge?

Food Cost Form

Menu item: _____

Number of servings: _____

INGREDIENT	QUANTITY	COST PER UNIT	TOTAL COST

TOTAL RECIPE
COST: _____

Cost per Serving: \$ _____

Menu Price: \$ _____

Step 1: Identify your ingredients

Do: Use the table page to fill in the ingredient list, and the quantity needed.

Step 2: Break down your cost-per-unit.

$$(4 \text{ tablespoons}) \times \frac{1 \text{ fluid oz}}{2 \text{ tablespoons}} = 2 \text{ fluid oz}$$

Convert your costs into usable measurements.

$$\frac{\$15}{1 \text{ gallon}} \times \frac{1 \text{ gallon}}{128 \text{ fluid oz}} = \$0.12/\text{oz}$$

Do: Fill out the cost-per-unit section in the food cost form. This should be the price PER UNIT of the ingredient.

Step 3: Calculate the final total cost of your ingredients.




Do: Now just multiply the two together to get your total cost of each ingredient. Add them all up and you have the total cost of the recipe.

Step 4: Calculate the per-person cost.

Do: Find the per-person cost and fill it in the table.

Step 5: Name your price!

Do: Calculate the per-person cost and fill it in the table.

	fluid ounces			milli liter
1	8	16	48	240
3/4	6	12	36	180
2/3	5	11	32	160
1/2	4	8	24	120
1/3	3	5	16	80
1/4	2	4	12	60
1/8	1	2	6	30
1/16	0.5	1	3	15

This table converts
from US fluid ounces
to metric milliliters.
1 fl oz US = 29.6 ml
1 fl oz UK = 28.4 ml

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