

ACTIVITY EXAMPLE



KEY WORDS

Numeracy | algebra | problem solving | decimals | ratios | number
| calculations | costing | percentages |

ALSO USEFUL FOR

Business studies | Economics | Food Technology | Hospitality | Accounting

PROGRAMME OUTLINE

3 POINTS OF CONTACT

- Orca staff come into classroom (x2)
- Workplace visit (x1)

EXAMPLE

1. Orca staff come into classroom, introduce themselves, background to the hospitality industry, their careers and how maths is used in the industry. Introduction to expenses and profits.
2. Workplace visit includes 'behind the scenes' tour of the restaurant, meeting staff and understanding the costs of operation. **Student Activity:** Costing out and pricing a burger. Ending with fish & chips!
3. Return to the classroom. **Student Activity:** Quiz to sum up and test learning.



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ORCA

EATERY & BAR

SH *Raglan* 23

Week One

We found out our cost per serving for the RAS Orca Burger:

- **8 ounces of ground beef** = \$1.90
- **1 sesame seed bun** = \$0.25
- **1 tbsp. of sauce** = \$0.10
- **2 slices of cheese** = \$0.90
- **2 slices of tomatoes** = \$0.50
- **2 potatoes** = \$0.75

Cost per serving = \$1.90 + \$0.25 + \$0.10 + \$0.90 + \$0.50 + \$0.75 = \$4.40

The ingredients used to make the RAS Orca Burger cost **\$4.40**.

Now I need to know what to charge for the
RAS Orca Burger!!

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STEP ONE:

Work out my ideal cost percentage

This is the value of food costs to revenue expressed as a percentage. The figure helps restaurants set menu prices.

To run a profitable restaurant, most owners and operators keep food costs between 28 and 35% of revenue.

It varies depending on the type of food they serve and the **restaurant's overhead and operating expenses.**

Each restaurant should calculate their food cost percentage and not rely on averages.

I have worked my food cost out at 37.5% based on my costs and overheads -

Is this the right figure to use to price my menu items?

To know for sure, I need to calculate my ideal food cost percentage and compare it to my actual food cost percentage.

How to calculate IDEAL food cost percentage for the business

To find your ideal food cost percentage, you first need to know two values:

- o Total food costs
- o Total food sales

Ideal food cost percentage formula

$$\frac{\text{Total food costs}}{\text{Total food sales}}$$

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Question ONE:

Work Out my IDEAL food cost percentage:

Let's say my total food costs were \$2,500 and my total food sales are \$8,000.

To calculate ideal food cost percentage, divide total food costs into total food sales.

Ideal food cost sum =

Ideal food cost = %

STEP TWO: Calculate food cost percentage for the BURGER:

To find your ideal food cost for an item, you first need to know two values:

- o food costs
- o food cost percentage

menu item price formula

Cost per serving

| food cost percentage

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Question TWO:

Setting the burger price at 37.5% food cost: If it costs \$4.40 to make a burger and my food cost percentage is 37.5%

What does that make the menu price of my burger?

QUESTION THREE:

How much should I charge for my burger if I want my food cost percentage down to 31%?

If it costs \$4.40 to make a burger and I want my food cost percentage at 31%
What price will that make my burger?

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QUESTION FOUR:

What is the difference to the menu price of the burger between food percentage costs of 37.5% and 31%?

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QUESTION FIVE:

If I sell 75 burgers a day, and sell them at 31% food cost instead of 37.5% food cost how much more money could I be earning each year?

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QUESTION SIX:

What can I do to lower my food cost percentage in the business?

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