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FOOD COST CONTROL ANALYSIS BY COST CONTROLLER ON FAIRMONT SANUR BEACH BALI

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ABSTRACT

This study is a case study, aimed at studying the method and process in use in determining food cost in the hotel industry. In addition, it also aimed at identifying the cause of percentage difference between the actual food cost and the raw materials food cost (standard food cost). The case study was done in Fairmont Sanur Beach Bali. The study employed two methods of data analysis: 1) Quantitatively method by calculating the percentage of standard food cost and actual food cost, and subsequently, compare the two costs. 2) Qualitative descriptive methods by providing reviews or interpretation of the data and information obtained with regards to the existing theories on inventory management: purchase procedure, receipt, storage, and raw material expenditure (Wiyasha, 2011; Dittmer and Keefe, 2009). The data is collected through observation. The results of this study show, firstly, food cost control at the Fairmont Sanur Beach Bali has not been done optimally. This is pointed out by the presences of difference between the actual and standard food cost. Based on the data, this situation results from the high levels of purchases and gross food consumption; and the absence of the implementation of third party's food processing and presentation standard which also results in higher food cost. The second result of this study is the presence of inconsistent food standard. According to the data, this condition is caused by the selection of food suppliers which are exclusively based on the lowest price. Standards are Standard Purchase Specification, Standard Yield, Standard Recipe, and Standard Portion Size.

Keywords: cost, cost control, basic food cost, actual food cost.

I. INTRODUCTION

Each type of business undertaken, including hotels and restaurants, is definitely aimed at making a profit on an ongoing basis. The main advantage gained by the hotel is from the sale of rooms. In addition to room sales, food and beverage sales are also factors that affect the number of profits earned by the hotel.

Fairmont Sanur Beach Bali is one of the hospitality accommodation services business and is a five-star hotel located in Sanur area. The facilities provided by Fairmont Sanur Beach Bali for guests include; room facilities, restaurant, spa, fitness centre/ photography and kids club. The food and beverage department is one of the departments

in the hotel that has functions, executing the sale of food and beverage. In its operational activities, the procurement of food and beverages is very influential in hotel operations, because the procurement of food and beverage is a process that is done to get the necessary food and beverage with low prices, while also match to to hotel standards.

With the standard cost of food, of course, the hotel wants the cost of food issued or that happens is expected according to standards set by management. It aims to gain the maximum profit. However, in the year 2017 more than exceeded the tolerance limit of 1% between the standard food cost issued by the hotel with its actual food cost. This is different from the actual beverage cost that is still within the tolerance limit of its cost standard.

The following percentage comparison between Actual and Standard Food Cost and Actual and Standard Beverage Cost at Fairmont Sanur Beach Bali for the period January - December 2017 can be seen in Table 1 below. Based on table 1, it can be seen that the average actual food cost exceeds the established standard by 1.1% difference. The average food cost standard is 35% while the actual food cost in 2017 is 36.1%. The difference exceeds the tolerance level set by the management of 1%. Differences above the tolerance value need to know the cause which then will be performed remedial action above the tolerance value to know the cause which then will be performed remedial action. The aim of this research is to know the food cost control at Fairmont Sanur Beach Bali Resort and to know the cause of the difference of food cost at Fairmont Sanur Beach Bali Resort, as well as to find solution information, evaluation and consideration for the company in preparing the plan in the future which will come, especially planning in food cost control.

Table 1. Comparison between Actual and Standard Food Co

Month	FOOD COST		
	Standard	Actual	Variance
	%	%	%
January	35,0	35,2	0,2
February	35,0	45,0	10
March	35,0	31,0	-4
April	35,0	36,0	1
May	35,0	38,6	3,6
June	35,0	35,0	0
July	35,0	34,0	-1
Agust	35,0	33,0	-2
September	35,0	33,0	-2
October	35,0	38,0	3
November	35,0	36,0	1
December	35,0	38,0	3
Average	35,0	36,1	1,1

Source: Finance Department FSBB – Bali (data procesessed), 2018

Cost of Food Stuff

According to Kasavana and Smith quoted in Suarsana (2007: 4) "The cost of food is the cost that occurs during processing until the presentation or so the food is ready to be served to guests". Meanwhile, according to Douglas cited in Sudarsana (2007: 4), "The cost of food staple is all costs incurred to prepare or process a portion of food so ready to be served to customers (guests)".

Standard Food Cost

The standard food cost (raw food staple prices) is obtained from the standard recipe which were mentioned that the recipes are listed selling prices and the percentage of the cost of food. According to Wiyasha (2006: 11) a working paper is required to determine

the standard food cost during the evaluation period. Based on the working papers, a formula is obtained to get the percentage of standard food cost with the following formula.

$$\text{Food Cost Percentage} = \frac{\text{Cost of Food Sold}}{\text{Food Sales}} \times 100\% \quad (1)$$

Actual Food Cost

Actual food cost according to Wiyasha (2006: 91) is the basic price that actually occurred in one accounting period, for example, a year. Wiyasha (2006: 94) also argues that the calculation of the cost of daily food is the cost of the estimate. To determine the actual food cost, the formula below can be applied,

$$\text{CGS} = \text{Value of Initial Supply} + \text{Purchase} - \text{Value of End} \\ - \text{Adjustment Inventory} \quad (2)$$

where *CGS* is Cost of Goods Sold

After setting the formula above then determine the percentage of actual food cost by determining the formula below,

$$\text{Actual Food Cost Percentage} = \frac{\text{Cost of Goods Sold}}{\text{Net Sales}} \times 100\% \quad (3)$$

Cost Controller

Cost Control or cost control is an effort to maintain the provisions that have been set so as not to occur irregularities in the operation. The main task of cost controller is to arrange and implement inventory process every month, applying all cost control policies and procedures to all inventory calculations along with evidence or supporting documents.

II. METHODOLOGY

The study was conducted within the period of January-December 2017 at Fairmont Sanur Beach Bali Resort. The data used are food cost reconciliation report and standard

operational procedure (SOP) relating to the procurement of food at Fairmont Sanur Beach Bali Resort. This research uses quantitative analysis technique and descriptive qualitative analysis techniques to analyze research data. In the quantitative analysis, as for the technique of analysis and the formula used as a tool in solving problems in this research is paper work to determine the standard food cost during the evaluation period then based on the working paper obtained a formula to get a food cost (basic food price) percentage standard using Equation (1). To determine the actual food cost, the Equation (2) can be applied. After establishing the above formula the percentage of actual food cost can be obtained by determining the Equation (3). The difference between the percentage of food costs that actually occurs with the standard cost is called the cost percentage variance. The difference can be searched by Equation (4).

$$FCPV = \text{Standard food cost percentage} - \text{Actual food cost percentage} \quad (4)$$

where *FCPV* is food cost percentage variance.

After calculating and comparing the percentage of food cost, conducted a comparison between the theory of food cost control with the reality of implementation control of food costs implemented by GTBV Hotel & Convention - Bali where found some deviations which results are presented in Table 2.

Table 2. Comparing Between Theory and Reality with regards to the Implementation Activity Control Related Functions Food Cost

Information	Theory should be according to Dittmer and Keefe	Reality	Impact
Procedure purchase	Booking and purchase of materials foods should be done part purchasing based market list / purchase requisition.	Booking procedure and purchases to supplier only through parts purchasing.	Good coordination between kitchen section with purchasing result the price of groceries has in accordance with the offers to the system food cost control become more optimal.
Selection supplier	supplier selection based on lowest price, good delivery process and good quality of goods as per specification	supplier selection is only based on the lowest price supplied by the supplier	Food stuffs often arrive late and result in inhibition of the smooth operation of the kitchen, causing the cost of food staple to be high.
Use of standard purchase specification	standard purchase specification should be used properly and ordering goods where the criteria and quality of the food in accordance with the purpose of use and purchased at a reasonable price.	standard purchase specification have been used properly and ordering goods where the criteria and quality of the food in accordance with the purpose of use and purchased at a reasonable price.	Food cost control system becomes less optimal because the supplier only uses the general criteria and depending on the inventory, so the quality of the food that comes may not be good / not in accordance with the needs.

III. CONCLUSION AND SUGGESTION

The purpose of this research is to know the food cost control at Fairmont Sanur Beach Bali Resort, to know the cause of the difference of food cost at Fairmont Sanur Beach Bali Resort, and to find the right solution to solve the problem. Based on the formulation of the problem and result of analysis, it can be concluded that Food cost control has not been implemented optimally. This is indicated by the occurrence of the disproportionate difference between actual food cost and standard food cost as a result of its high level of purchase and gross food consumption. The cause of food cost are in the selection of suppliers, the purchasing department only emphasizes the cheapest prices offered by suppliers and doe not consider other aspects, less optimal purchasing parties apply standard purchase specification, the standard yield has not been run

optimally by the kitchen, cook sometimes ignores recipe standards, the presentation of food is not entirely based on standard portion size that has been set.

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