

Food Cost

For Burrito Express, food costs, representing the cost of goods sold (COGS), **typically range from 27% to 30% of total sales**. This includes all expenses related to preparing and selling food, including ingredients, and other direct costs. Understanding and managing food costs is crucial for profitability, as it impacts menu pricing and overall operational efficiency.

Here's a more detailed look:

1. Defining Food Costs:

- **Cost of Goods Sold (COGS):** This encompasses all direct costs associated with producing and selling food.
- **Raw Materials:** Includes the cost of ingredients used in recipes, such as meat, produce, Pepsi, dairy, and spices.
 - The 2 main vendors are Tapia and La Mexicana
- **Packaging and Containers:** The cost of disposable packaging and serving containers.

2. Calculating Food Cost Percentage:

- **Formula:** $(\text{Total Food Cost} / \text{Total Revenue}) \times 100$.
- **Total Food Cost:** Sum of all expenses directly related to food preparation.
- **Total Revenue:** Total income generated from food sales.

3. Factors Influencing Food Cost Percentage: Restaurants with more expensive ingredients (e.g., premium meats, eggs, dairy, and tortillas) will generally have a higher food cost percentage.

- **Theft:** Theft, a pervasive issue that can manifest in various forms, both deliberate and inadvertent, poses a significant challenge for Burrito Express, as it directly contributes to escalating food costs. Employees may engage in theft by taking raw ingredients such as eggs, cheese, bacon, and beef, or by stealing prepared food items like burritos, tacos, beans, and rice. This pilferage, regardless of the specific items stolen, results in a depletion of inventory, necessitating additional purchases and thereby driving up food costs for the establishment.
- Another form of theft that can occur within Burrito Express involves cashiers. They might give away free food and drinks to their friends, or they might intentionally fail to ring up all the items a customer orders. While these actions may seem inconsequential to the perpetrator, they are, in essence, a form of theft that has the same detrimental impact on the business as any other form of stealing. By giving away free items or undercharging customers, cashiers are effectively depriving the business of revenue that it is rightfully entitled to. This loss of revenue can lead to a decrease in profitability, which can, in turn, necessitate cost-cutting measures, such as reducing staff hours or raising prices, that can negatively affect both employees and customers.
- Moreover, theft can create a culture of dishonesty within the workplace. When employees see their colleagues stealing without facing consequences, they may be tempted to engage in similar behavior. This can lead to a downward spiral, where theft becomes

increasingly common and the financial losses for the business become increasingly severe. Additionally, theft can damage employee morale. Honest employees may feel resentful towards their colleagues who are stealing, and they may feel that their hard work is not being valued. This can lead to a decrease in productivity and an increase in employee turnover.

- In conclusion, theft is a serious issue that can have a devastating impact on Burrito Express. It can lead to increased food costs, decreased profitability, and a decline in employee morale. It is essential for the management of Burrito Express to take proactive measures to prevent theft and to create a culture of honesty and integrity within the workplace.
- **Food Waste:** Food costs can be significantly impacted by inadequate inventory control and spoilage.
- Implementing robust inventory management practices, such as the First-In, First-Out (FIFO) method, ensures that older ingredients are used before newer ones, reducing the risk of spoilage. Additionally, regular inventory checks and data analysis can help identify trends and adjust ordering patterns accordingly.
- Controlling your daily prep to avoid excess product will help prevent spoilage. Forecasting daily and weekly demand based on historical sales data and considering factors like seasonality and promotions can optimize prep levels. Implementing visual cues or reminders for chefs to prioritize using ingredients nearing their expiration dates can also minimize waste.
- Other factors contributing to waste include order preparation mistakes, such as incorrect burritos, burritos called in to the wrong store, or misread tickets. Implementing a double-check system for order assembly, where a second employee verifies the order against the ticket, can reduce errors. Utilizing technology like order confirmation screens or audible cues can also improve accuracy. Additionally, clear communication and training for staff on order procedures and ticket interpretation are essential.
- Additionally, overcooked bacon can crumble and become unusable over time, leading to food waste. Providing proper training and guidelines for cooking bacon to the optimal level of crispiness can prevent overcooking. Implementing standardized cooking times and temperatures, along with visual aids or timers, can ensure consistency. Exploring alternative uses for slightly overcooked bacon, such as incorporating it into soups or stews, can also minimize waste.
- Furthermore, maintaining proper storage conditions for all ingredients, including temperature control and proper packaging, is crucial for preventing spoilage and extending shelf life. Regular cleaning and maintenance of storage areas and equipment can also prevent contamination and food waste.
- **Portion Control:** Effective management of food costs in a restaurant setting necessitates meticulous attention to portion control. This is especially crucial for ingredients that are expensive or prone to waste. Over-portioning, even by seemingly insignificant amounts, can have a substantial cumulative impact on overall expenses.
- For instance, in a restaurant specializing in burritos, ingredients like steak, ham, chorizo, bacon, and cheese can significantly drive up costs if not portioned correctly. Even a slight overage of one ounce of steak per burrito, when multiplied by the number of burritos sold daily, weekly, and monthly, can result in a considerable increase in food costs and a

decrease in profit margins. Similarly, over-portioning cheese, which is often used generously in burritos, can lead to unnecessary expenses.

- Therefore, it is essential to establish standardized portion sizes for all ingredients and ensure that all staff members adhere to these standards. This can be achieved through the use of portion control tools, such as scales, measuring cups, and portion scoops, as well as regular training and supervision. Additionally, it is important to monitor food costs regularly and identify any areas where over-portioning may be occurring. By implementing strict portion control measures, restaurants can effectively manage food costs, optimize profitability, and maintain consistent quality.

4. Optimizing Food Costs:

- **Inventory Management:** Regular weekly and monthly inventory counts, efficient storage, and proper food handling practices can minimize spoilage and waste.
- **Recipe Standardization:** Standardized Tapia and La Mexicana recipes help ensure consistency and reduce variability in ingredient usage.
- **Vendor Negotiation:** Working with reliable suppliers and negotiating prices can help reduce ingredient costs.
- **Portion Control:** Accurate portioning ensures that dishes are prepared with the correct amount of ingredients, minimizing waste.
- **Menu Engineering:** Analyzing menu item popularity and profitability can help identify areas where food costs can be optimized.

5. Monitoring and Tracking:

- **Regular Food Cost Analysis:** Track and analyze food costs regularly to identify trends and areas for improvement.
- **Use of POS Systems:** Point-of-sale systems can provide valuable data on food sales and inventory levels.
- **Regular Inventory Audits:** Compare actual inventory levels with recorded inventory to identify any discrepancies.

By carefully monitoring and managing food costs, quick-service restaurants can ensure profitability and maintain a competitive edge in the market.