

## Cutting/Costing Assignment

### Known data

AP weight	12.86# or 12# 13.75oz
AP cost	\$8.00/#
Labor rate	\$22.50/hour
Associated Labor	18 minutes
Steak Yield	10 each, 12oz each
Edible Trim	2# 5oz
Inedible Yield	2# 11oz or 2.69#
Portioned Steak Cost	\$13.85/#, 12oz portions

### Supporting information:

- Edible Portion (EP) = Total available product for sale or usable product.
- Cost per ounce (oz) = cost per pound divided by ounces in a pound
- Yield percentage = Edible Portion Yield divided by AP weight
- Factoring in your labor to determine total edible cost provides an equal comparison when looking to make the cut or buy decision. To determine Edible cost per pound with labor (EP/L) = AP cost plus Labor cost divided by total EP

### Answer the questions below:

1. What is the unit cost per precut steak portion?
2. What is the yield percent for this exercise?
3. What is the AP cost of the strip loin?
4. What is the total Edible Yield?
5. What is the unit cost per inhouse steak portion without labor?
6. What is the labor cost to fabricate the edible yield?
7. What is the Edible cost per pound with labor?
8. What is the value of the edible trim with labor?
9. What is the value of the inedible trim?
10. Is there a different labor cost to apply to the edible trim?  
No, the labor is the same whether cutting steaks, trimming or edible trim.
11. What is the cost for each 12oz steak, with labor, but without consideration for the edible trim?

**For Discussion:**

How would a Chef determine the better method to make up the costs associated with the fabrication the steaks? Make up all the cost by selling the steaks or use all the edible trim as a profit center? Defend your response.

ANSWERS:

1. What is the unit cost per precut steak portion?  
\$10.39 each (Price/# divided by 16, multiplied by the portion size (12 oz))
2. What is the yield percent for this exercise?  
79.2%
3. What is the AP cost of the strip loin?  
\$102.88 (AP weight multiplied by the AP cost)
4. What is the total Edible Yield?  
157 ounces or 9.81# (combined weight of the steaks and edible trim)
5. What is the unit cost per inhouse steak portion without labor?  
\$10.29 (AP cost divided by steak yield)
6. What is the labor cost to fabricate the edible yield?  
\$6.75 (Hourly rate divided by 60 minutes multiplied by the number of minutes to fabricate)
7. What is the Edible cost per pound with labor?  
\$11.18
8. What is the value of the edible trim with labor?  
\$30.07 (EP/L multiplied by the Edible trim weight)
9. What is the value of the inedible trim?  
\$21.52 (AP price/# multiplied by the inedible trim weight. We don't factor labor into inedible cost. The cost is made up in the \$EP/L)
10. Is there a different labor cost to apply to the edible trim?  
No, the labor is the same whether cutting steaks, trimming or edible trim.
11. What is the cost for each 12oz steak, with labor, but without consideration for the edible trim?  
\$10.96 (AP cost plus labor divided by the steak yield) (We already know the \$EP/L per pound. If we were to consider the sirloin tips as a revenue source then we would assign the steaks a cost of \$8.39 each. This would be the \$EP/L per pound divided by 16 multiplied by the portion size of the steak.