Step-by-Step Guide for a Kitchen Manager to Figure Food Costs by Creating Detailed Item Spec Sheets

# Gather and Organize Information

* List All Ingredients: Start by listing all the ingredients you use in your recipes. Be as detailed as possible, including every item from spices to main proteins.
* Vendor Information: Note down the suppliers and vendors for each ingredient, along with the purchasing format (e.g., by weight, volume, or count).
* Cost Per Unit: Obtain the latest cost per unit for each ingredient. This can be by pound, ounce, gallon, or any other relevant measurement.
* Yields: Determine the yield percentage for each ingredient. This is the usable portion after cleaning, trimming, or cooking.

# Create the Item Specification Sheet

* Template Structure: Create a template that you can use for each ingredient. The sheet should include the following sections:
* - Ingredient Name
* - Vendor/Supplier
* - Purchase Unit (PU): The form in which you purchase the item (e.g., a 50 lb bag of flour).
* - Cost per Purchase Unit: The cost of the entire unit as purchased.
* - Recipe Unit (RU): The unit used in the recipe (e.g., cups, ounces).
* - Yield Percentage (%): The percentage of the product that is usable.
* - Cost per Recipe Unit: The cost of the ingredient as used in the recipe after adjusting for yield.
* Example:
* ```
* Ingredient: Chicken Breast
* Vendor: ABC Poultry Supply
* Purchase Unit (PU): 10 lb case
* Cost per Purchase Unit: $45.00
* Recipe Unit (RU): Ounce
* Yield Percentage (%): 75%
* Cost per Recipe Unit: $0.60/oz
* ```

# Calculate Yield Percentages

* Determine Usable Portion: Measure the usable portion of the ingredient after cleaning, trimming, and cooking. For instance, if you purchase 10 lbs of chicken breast, but only 7.5 lbs are usable after trimming, the yield percentage is 75%.
* Yield Percentage Calculation:
* - Formula: Yield Percentage = (Usable Weight / Purchase Weight) x 100
* - Example:
* ```
* Purchase Weight: 10 lbs
* Usable Weight: 7.5 lbs
* Yield Percentage: (7.5 lbs / 10 lbs) x 100 = 75%
* ```

# Calculate Cost per Recipe Unit

* Adjust for Yield: The cost per recipe unit takes the yield percentage into account. To calculate this:
* - Formula: Cost per Recipe Unit = (Cost per Purchase Unit / Purchase Unit Weight) / Yield Percentage
* - Example:
* ```
* Cost per Purchase Unit: $45.00
* Purchase Unit Weight: 160 oz (10 lbs)
* Yield Percentage: 75% (or 0.75)
* Cost per Recipe Unit = ($45.00 / 160 oz) / 0.75 = $0.375 / 0.75 = $0.50/oz
* ```

# Apply Costs to Recipes

* Portion Sizes: Determine the portion size for each recipe. For example, if a dish uses 6 oz of chicken breast, use the cost per recipe unit to calculate the cost for that ingredient in the dish.
* Recipe Cost Calculation:
* - Formula: Ingredient Cost in Recipe = Recipe Unit Cost x Quantity Used
* - Example:
* ```
* Cost per Recipe Unit (Chicken Breast): $0.50/oz
* Portion Size: 6 oz
* Ingredient Cost in Recipe: $0.50 x 6 oz = $3.00
* ```

# Total Recipe Cost

* Sum Ingredient Costs: Add up the costs of all ingredients used in the recipe to determine the total food cost for that dish.
* Example:
* ```
* Chicken Breast: $3.00
* Olive Oil: $0.20
* Spices: $0.15
* Vegetables: $0.50
* Total Recipe Cost: $3.85
* ```

# Calculate Food Cost Percentage

* Set Selling Price: Establish the selling price of the dish.
* Calculate Food Cost Percentage: This percentage shows how much of the selling price is consumed by the food cost.
* - Formula: Food Cost Percentage = (Total Recipe Cost / Selling Price) x 100
* - Example:
* ```
* Total Recipe Cost: $3.85
* Selling Price: $15.00
* Food Cost Percentage = ($3.85 / $15.00) x 100 = 25.67%
* ```

# Analyze and Adjust

* Review Costs Regularly: Ingredient prices can fluctuate, so regularly update your item spec sheets to ensure accuracy.
* Adjust Recipes if Necessary: If food costs are too high, consider adjusting portion sizes, substituting ingredients, or increasing the menu price to maintain your desired food cost percentage.
* Compare to Industry Benchmarks: Keep your food cost percentage in line with industry standards, typically ranging from 25% to 35% depending on the type of restaurant.

# Maintain and Update Item Specification Sheets

* Keep Detailed Records: Store all item specification sheets in an accessible format (e.g., spreadsheet or digital database).
* Train Staff: Ensure that your kitchen team understands how to use and update the spec sheets, making them part of your regular workflow.
* Regular Audits: Perform regular audits to compare actual food costs against your calculated estimates, adjusting as needed.

# Use Technology to Streamline

* Digital Tools: Consider using restaurant management software that can automate the creation of item spec sheets, track inventory, and update costs in real-time. Tools like Toast, Upserve, or MarketMan can save time and improve accuracy.