

Paper Code and Title: H05MF Management of Food Service

Module Code and Name: H05MF12 – Planning

Name of the Content Writer: Dr. V. Premala Priyadharsini

PLANNING

Introduction

The food service industry is currently experiencing a great challenge in satisfying its customers demand. Globalization, economic reforms, westernization and advent of information technology has resulted in greater expectation from the customers in terms of quality, verity, safety and a whole sum food. The organisational success of any food service industry solely relies on meticulous planning.

Planning is the process of mapping the course of action to be done in advance. Planning is essential at all levels of administration in a food service operation. Depending on the nature of task to be accomplished planning can be either short term or long term. It is a well-accepted fact that planning is a mental exercise and involves vision for futuristic growth.

Objectives

The current module will enable the learner to

- gain knowledge on the processes of planning in food service operations and
- Understand their importance in the success of an organization.

Definition

Planning can be defined as a mapping of course of action in advance to carry out a job or a task. Planning is a continuous process that is carried out at all level. It simply refers to knowing what to do, why to do, how to do, when to do, where to do and by whom. Though planning literally implies futuristic activities, it is always done based on the past experience or performance of an institution. For example planning a menu for a hotel is purely done based on the popularity of the menu, demand and its revenue generation in the past.

Though planning is crucial for all jobs it is needed at all levels irrespective of the nature of job for the success of any food service operation.

Major steps in planning

As all of us know planning is a futuristic activity, depending on the nature of food service environments the scope and nature of planning varies. Greater the market risk and fluctuation

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in a food service more will be planning needs. Recently food service institutions have started using computer soft wares and mathematical modules for effective planning. However there is no standard templates for planning process due to the variation in size ,nature of business and customised working environment and work culture. Therefore every food service institution should meticulously develop their own planning process.

Be it any food service institutions ,the process of planning is carried out in nine steps they are

1. Identification of the opportunity or problem
2. Information search or knowledge hunt.
3. Goal setting or target fixing
4. Analysis of planning opportunities or limitations
5. Examining alternative courses of action
6. Weighing alternative courses of action
7. Selecting a course
8. Determining secondary plans
9. Providing for future evaluation

Broadly speaking, the planning process will comprise the following major steps.

Identification of the opportunity or problem

The process of planning is determined by number of factors. The smooth functioning of a food service industry or a hotel is always challenged by a number of limitations and opportunities .though limitations puts a constrain in achieving organizational goals ,at the same time it also creates new platform to explore and adopt new technology and strategy for organizational growth.

Food service industries as such has a number of barrier mainly in the form of financial rules and regulation , cultural disparities, variation in food habits, fluctuation in the market price (food) technological advancement and customer perception and preferences. The very first reason to identify the challenges and problems is to make the food service industry understand its environment. Planning must help the organization to adapt to its

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environment. Hence it demands a good skill from the food service managers to understand and analyse every opportunities and translate them into prospective business idea.

Information search or knowledge hunt.

A food service manager can plan up his activities effectively only with appropriate and valid information. In the process to seek relevant information, a food service manager normally looks for two sources of information namely external and internal sources. As the name suggest external sources includes information's obtained from sources other than the food service organization like print media (newspaper, magazines, journals), professional bodies, academic institutions and customers. Information obtained within the organization like annual reports, informal monitoring, review meeting and suggestions from superior and subordinates are the internal source of information.

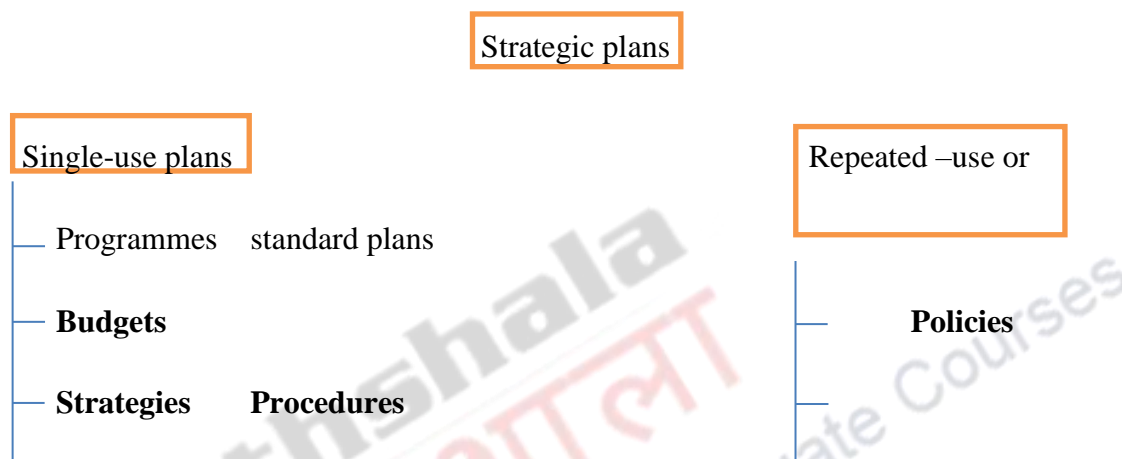
Once the source of information is identified the food service manager initially collects the information by mere observation or through informal monitoring. Secondly he seeks information from authentic sources such as journals ,books annual reports and hotelier meets and thirdly the hotel setups an information centre information bureau to collect and store all relevant detail of the hotel pertaining to the smooth functioning of the hotel . The collected information's are then analysed for the cause and effect relationship between customers demand and sales volume in a hotel, food cost and quality and labour cost and profit margin using correlation and regression analysis.

Goal setting or target fixing

A good knowledge hunt will make a food service industry to clearly set its goals or targets. Goals are the results that a hotel or a food service institution desire to achieve on a long run within its limitations. Besides having a common goal of providing food and accommodation to satisfy a customer. Each department in the hotel will have their own specific goals eg the goal of the front office department is to sell the rooms whereas the goal of the housekeeping department is to take care of the room and the guest. In general hotels aim for a consistent growth with high profit margin and sustainable market. For a successful operation of a hotel or a food service institution mere goal setting may not be sufficient. It has to be substantiated with relevant strategic plans and policies to achieve the organizational goals to the fullest.

Eg. If a hotel wishes to improve its occupancy rate then it should accordingly set a cost friendly pricing policy. Similarly if it wants to attract more customers it should develop novel healthy recipes , recruit and train qualified chefs.

Goal



Therefore the food service institution should break its objectives into specific short term and long term objectives. . It is very important for the food service personnel to fix target clearly. Since it is the basis for any achievement, target fixing is of three types namely short term targets, medium term target and long term targets.

Short term targets: Targets that are fixed for a shorter duration of time from six months to a year is called short term targets or goals. (e.g) sales of food and beverage. Since food is highly perishable and its cost keeping fluctuating, it is always advisable to set short term targets. Similarly targets that are set for a longer period of duration of five to ten years are known as long term targets.

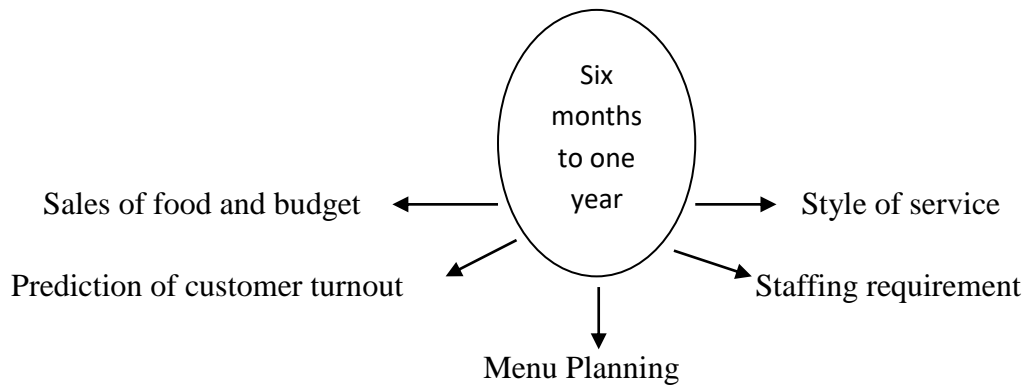
Planning on infrastructural facilities and purchase of equipment demands a very high investment and hence it requires a long term target setting. Similarly target fixed for duration of one to five years are called medium term targets. (eg) prediction of gross sales and profit margin, maintenance of financial statement etc. The readers should always keep in mind that a food service institution will have to do all the three types of target fixing for its successful growth. Fig- 3 gives an insight to different types of targets.

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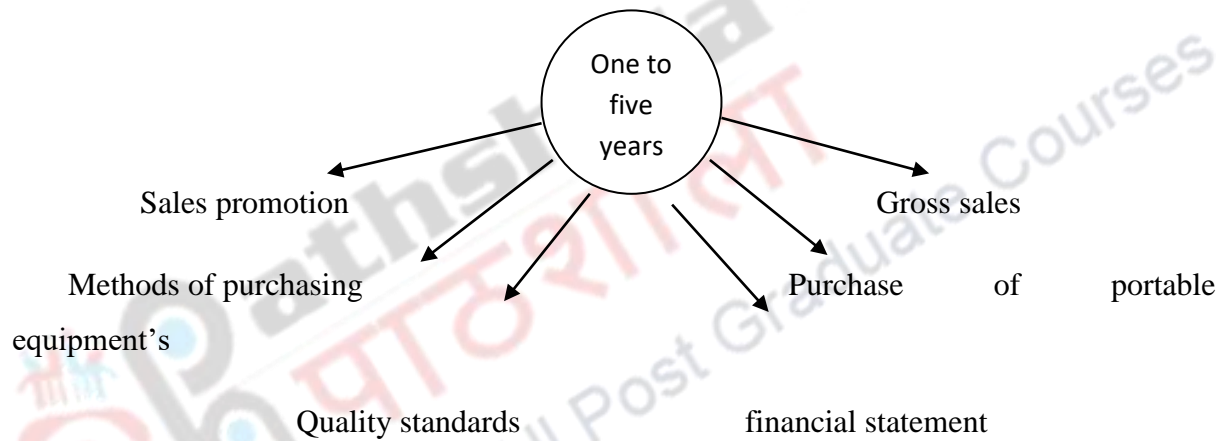
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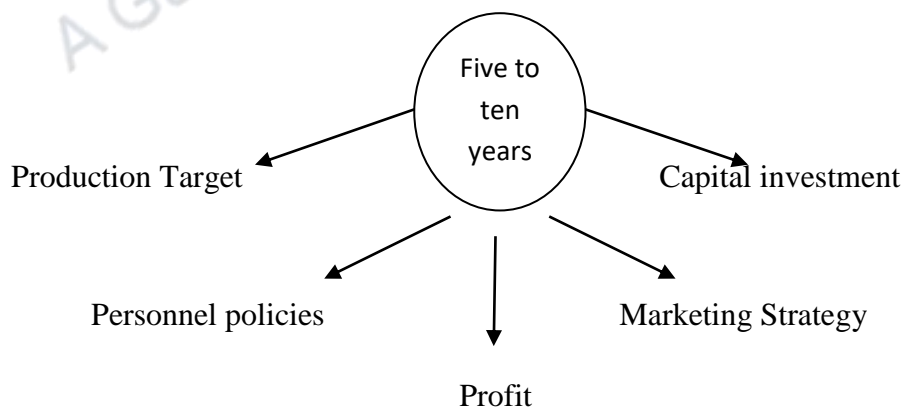
Short Term



Medium Term



Long Term



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On the whole fixing of target for a food service institution should be specific, measurable, attainable, rewarding and timed.

Determination of planning premises or limitations

For a successful achievement of goals the food service should consider the various uncertainties in the business environment be it internal or external in nature. Internal uncertainties include the knowledge and competency of employees to handle new equipment and technology, the organizational set up of the hotel, the line of authority and delegation of power, work culture and ethics of employees and their decision making abilities. Though internal uncertainties can be well tackled according to the external environment needs since they are within the food service organization. It is always very difficult to manage the uncertainties in the external environment such as the financial policies of the government, economic fluctuations, changing customer trends, potential market competitors and availability of competent work force. A food service manager cannot make accurate forecast of external environment. Therefore planning has to be done based on certain perceptions on

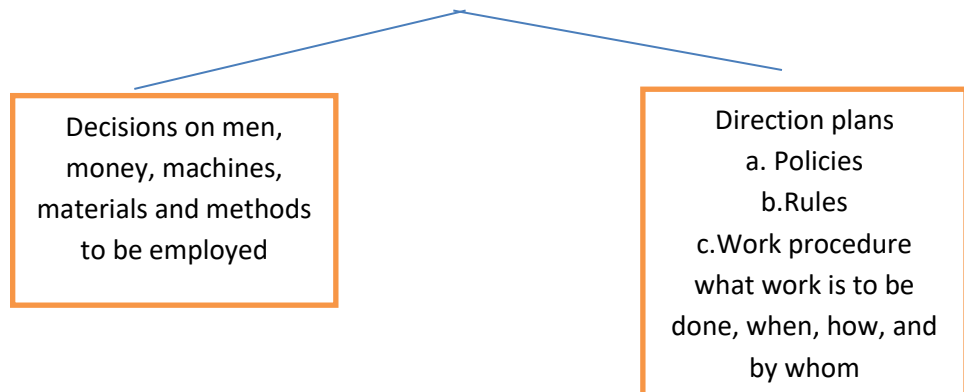
- # Market behaviour with special reference to demand and product supply.
- # food cost, labour and overhead charges and its corresponding selling price
- # Anticipated sales volume
- # marketing and sales promotion strategies of competitors
- # up-gradation of technology
- # Financial policies of the government
- # Population explosion

One should always keep in mind that it is not mandatory to make prediction on all above said factors. Factors which hamper the functioning of food service very badly like (financial policies and customer preferences) should be identified and scrutinised critically. Optimistic and realistic perception always results in healthy management approach. Once the food service manager is clear with the environmental uncertainties, he should move on with possible action plans to achieve the set target or goal

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Short listing of action plans

For every task to be completed in a hotel there may be many alternative courses of action to do a work. But all of them may not be equally suitable or practicable each alternative plan has its strong and weak points. A proper evaluation of the alternative action-plans is necessary to determine which of them which of them would be the optimum.

Evaluation of each alternative action-plan will have to be from different points of view, namely, (a) its effectiveness in contributing to the accomplishment of organisational objectives; (b) its ability to withstand the effects of environmental changes; and (c) its integration with on going action plans.

The objective of profit maximisation can, for example, be achieved variously. The organisation may go in for diversification of its product-line. It may increase plant capacity if the existing capacity is inadequate to take care of the present demand. It may try to improve labour productivity to save on costs, and so on. The evaluation of the diversification plan will have to take into account factors such as (a) suitability of the organisation to introduce any new product; (b) sales potential of the new product; (c) how is the new product to be different from the products already in the market; (d) types of likely buyers and their sensitivity to prices; and so on. The action-plan for increasing the existing plant capacity will have to be evaluated in terms of the likely costs and benefits.

Accordingly, each alternative should be subjected to a close examination to determine its suitability. In conditions where objectives are short-term and availability of capital and labour is not a problem, and behaviour of the other relevant factors is also easy to determine, evaluation of different alternatives does not pose any problem. But as planning goes deeper

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into the future evaluation of alternatives becomes more and more difficult. Various statistical and mathematical methods may prove useful in such a case, though a degree of uncertainty will still remain.

Selecting a course

Whether the evaluation of various alternatives is directed by individual preferences and prejudices, or it is based on mathematical and statistical techniques, a decision has to be taken in favour of one or the other courses of action. Needless to say, the plan of action ultimately chosen should be one that is the optimum, or the best under the circumstances.

1. Determining secondary plans

Secondary plans flow from the basic plans. There are meant to support and expedite the achievement of the basic plans. For examples, once the basic production plan is decided upon, a number of secondary plans dealing with purchase of raw materials, consumable stores, acquisition of necessary plant and equipment, hiring and training of workers, etc., would have to be prepared to facilitate execution of the basic plan.

2. Providing for future evaluation

Planning is with a view to achieving certain predetermined objectives. To ascertain if plans selected for the purposes are proceeding along right lines, it is necessary to devise a system for continuous evaluation and appraisal of the plan. This will help in identifying any shortcomings so as to initiate suitable corrective action in time.

Summary

Thus a good planning helps the institution in

- Effective time management
- Identify futuristic challenges and scopes for improvement.
- Enhance better work efficiencies since the objective and organization goals are clearly specified and communicated
- Eliminates confusion or ambiguity
- Serves as a guidelines for cost control measures