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RESTAURANTS AND FOOD VENDORS TRAINING GUIDE

ILO - ASEAN Small Business Competitiveness

A product of

Small Business Competitiveness

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About C-BED

Community-Based Enterprise Development (C-BED) is a low cost, innovative training programme designed by the International Labour Organization (ILO) to support skills development and empowerment in local communities for improvements in livelihoods, productivity and working conditions.

As an approach to training, C-BED is unique in that the programme is built around peer-to-peer, activity based learning methods with no role for teachers, experts, or external consultants specialised in the skill area. Instead, C-BED participants work together through a series of activities and discussions guided only by simple step-by-step instructions in the training manual. New knowledge, skills and competencies are developed through the interactions between participants and sharing of existing local knowledge and experience. In this way the programme is a low cost, sustainable option for any organization or community.

The C-BED programme is structured around two core training packages designed to develop competencies for business start-up and operation through a focus on marketing, financial management, and action planning. These are the C-BED for Aspiring Entrepreneurs and C-BED for Small Business Operators. Additionally, a growing suite of tools to strengthen business competencies and enhance skills for specific sectors is in continual development. These packages can be implemented as either stand-alone trainings or integrated in modular format into existing programmes.

About the Restaurant Package:

The training package:
The restaurant package should be used to help aspiring and current restaurant owners start and improve their businesses. It focuses on key business principles to build on from what participants already know from managing their restaurants and helps them to learn more. It can also build on from the learning in other C-BED tools namely SBO or AE. Participants bring experience to share and leave with a priority action plan (at least 3 actions to introduce improvements to their business). At the end of the training participants will have:

- Enhanced and advanced existing knowledge on restaurant development
- Strengthened critical competences to analyse job prospects or current conditions of work
- Affirmed the potential of enterprise development
- Identified steps and actions to improve a business or launch a business idea
- Decided on actions for the future
- Started planning effective collaborations and associations

The Good Practice Guide:

During the training day participants will be introduced to and become familiar with the Good Practice Guide (GPG), which they will then be able to use to further their learning and to support them in setting up or improving their businesses. The GPG contains best practices, tools and extra activities that supplement those covered in the training to further support the participants in setting up or improving their businesses. The exercises may depend on the GPG but if the participants do not have this guide this should not prevent them from moving forward, if necessary skip that activity. Look out for this icon:

Here you should refer to the Good Practice Guide for more information.

Message to the Group

At the end of this C-BED training you will have a clear plan for the practical steps you can take to start or improve your business. Your understanding of the basic principles of doing business will be much stronger and you will have begun relationships with others in your community that can potentially support or cooperate with you to achieve mutual success in the future.

The style of this training is different to traditional education approaches. There will be no teacher, trainer or expert to assist you. Instead, you will work together as a team to follow the simple step-by-step instructions for discussions and activities in your training guide. Because there is no group leader, all group members should take a turn reading the information and instructions out loud to the group, and all group members share responsibility for monitoring time. In this new style of training, we will learn from each other by sharing ideas and opinions, skills, knowledge and experience. For this to work, all group members must participate in discussions.

Before and after the training you will be asked to complete a survey to understand the impact of the training. This information will be kept confidential and is used to improve the training materials and organization of future programs. Some trainees may also be contacted in the future after 3, 6 or 12 months for another survey to learn about your business plans.

The instructions in the training guide are easy to follow and suggested timing for each step is provided. Look out for these signs:

When you see this sign, read aloud

When you see this sign, you are reading instructions and doing activities

When you see this sign, share with the group
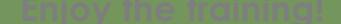
This sign gives you the estimated time for the session

Use the flipchart as outlined in Appendix 1, if you don't have a flipchart use extra paper or the Training Guide

Before you begin the training, follow the simple steps below to get organized.
- Fill out the pre-training survey. Ask the organizers if you don't have a copy or have not already filled it in.
- Organize into small groups of 5-7. The organizers will guide you in how best to do this.
- Identify one group member to volunteer to start the training as 'Group 'Reader'. The 'Group Reader's' role is to read the information and activity instructions out loud to the group. Any group member with basic literacy can be the 'Group Reader' and you should aim to share this role among group members throughout the training.

All group members are responsible for monitoring time but one group member should be nominated for each session to remind the group when the suggested time for a step has been reached. You do not strictly need to follow the suggested timing but you will need to manage your time for the total training. If one activity lasts longer than the suggested timing, try to save time in other activities to keep the balance.

All group members will receive the same training guide. Individual work can be completed in these guides as well as group work. Groups may also like to complete activities together on flipchart paper if available.

Enjoy the training!

Session 1:
Introductions

Session 1: Introductions

20 Mins

Session Overview

In this session you will get to know one another and the style of learning in this training. We learn without teachers. You help each other by sharing your different experiences and ask questions if you don't understand an activity. You will complete a single activity. The objectives of this session are to:

- List the names of some of the trainees
- Understand the style of learning for this course, including activities and group work
- Understand the importance of contributing ideas and suggestions

Activity 1A: Getting to Know Each Other

In Activity 1A, you will do some brief introductions so you can get to know one another.

20 Mins

1. Each person introduces themselves by providing:
   - Full name and any nickname you prefer to use during the session
   - Restaurant address
   - How long your restaurant has existed (if applicable)
   - Your purpose for attending this session and how you expect it to help your business
2. Each person shares a photo, business card or drawing of their restaurant for others to see. Place this on the wall or in the middle of the table, or allow others to see it on your mobile phone.
3. Fill in this sheet below (if not now, then during tea breaks and lunch time)

In this activity you have gotten to know who your peers are and a little about their businesses.

Table 1A: Participant Information

Participant Name	Restaurant Address	Phone number / Email address

Session 2: Pricing and Budgeting

Session 2: Pricing and Budgeting

45 Mins   2   1

Session Overview

This session will introduce you to basic techniques of accounting, budgeting and stocktaking for products and services offered by your restaurant. You will complete 5 activities. The objectives of the session are as follows:

- Understand basic definitions of financial management for a small restaurant
- Create an operating budget
- Manage salaries and wages of staff
- Use basic technique for stock control
- Utilize a systematic approach towards setting the price of meals and identify the best technique of pricing.

Section 1 of the GPG deals with legalities and licensing. We won't cover this today but you are encouraged to review this in your own time.

Activity 2A: Budgeting

In Activity 2A you will take a look at a number of definitions and also complete a simple bookkeeping entry based on a scenario. This will

Together we will read through the following definitions:

- **Balance sheet**: A final output from the accounting cycle that reports the assets, liabilities, and net worth of the restaurant at a single point in time (generally the month-end). This is also known as the statement of financial position.

- **Fixed assets:** Resources of the restaurant that are tangible, material in amount, used in the operation to generate revenue, and will benefit the restaurant for more than one year into the future.
- **Liquidity:** A measure of the restaurant's ability to convert assets to cash.
- **Asset**: Something of value that is owned by the restaurant (e.g. cash, product inventories, equipment, land, and buildings).
- **Liabilities**: Money owed to outside entities (e.g. amount owed to suppliers, mortgages) and to employees (i.e. payroll that has been earned by but not paid to the restaurant's staff).
- **Owner's equity**: The claims of owners (individual or partnership) to assets of the restaurant.
- **Operating budget**: A detailed plan developed by restaurant managers that indicates estimated revenues and expenses for each department within the restaurant.
- **Direct operating costs**: involves items that is directly used in the production and serving of the food, i.e. salary of cook or waitresses, food materials, spices, etc.
- **Utility costs or indirect costs:** includes electricity, water, gas bills, etc.

30 Mins

1. We will work in our groups to complete Table 2A by creating a mock operating budget. Read through the situation analysis:

   Jiraporn meets with his financial advisor (FA) to discuss his restaurant in Chumphon. Here is their dialogue:

   FA: So we made your cash budget for January when we met at the beginning of the month. Let's put together your operational budget now that it's the end of the month. How big was your actual food revenue?
   J: For the month, and thus the year so far, we made $160,100. We estimated only $153,950 before, but we're anticipating making $1,947,240 this year.
   FA: Great! What were the budget percentages?
   J: Food costs should be 35%, salaries 24%, direct operating expenses and utility costs should be both 5%. Repairs we allocated just 1%, insurance 2%, and rent is 7%.
   FA: Were the monthly percentage calculations the same?
   J: Almost. Food costs were actually 36%, salaries were 23%, general and administrative fees came to 3%. Everything else was the same.

2. In a group of two, complete Table 2A using the following steps and the information above:
   - **Step 1**: Insert value under food revenue (Column 2)
   - **Step 2**: Insert percentage value under food costs (Column 1)
   - **Step 3**: Insert percentage value under each item of operating expenses (Column 1)
   - **Step 4**: Calculate budget for month and year by following the formula in the table e.g. food revenue multiplied by percentage food costs = budget for month (A X B = M)
   - **Step 5**: Insert percentage figure in column 1 under operating expenses and follow step 4.
3. Once you have completed the table share Table 2A with your group and explain how you identified each item.
4. After you have discussed as a group look at GPG section 2 to compare your calculations. Please take note of any differences and discuss what you should have done.

Table 2A: Operating Budget

Month		January				
	Budget %	Budget		Actual		Monthly percentage calculation
		Month	Year	Month	Year	%
	1	2	3	4	5	6
Food revenue	100	A	A1	a	a1	100
Cost of goods sold:						
Food costs	B	A*B=M	A1*B=N	a*b=m	a1*b=n	b
Operating expenses:						
Salaries and wages	C	A*C	A1*C	a*c	a1*c	c
Direct operating expenses	D	A*D	A1*D	a*d	a1*d	d
Utility costs	E	A*E	A1*E	a*e	a1*e	e
Repairs and maintenance	F	A*F	A1*F	a*f	a1*f	f
General and administrative	G	A*G	A1*G	a*g	a1*g	g
Insurance	H	A*H	A1*H	a*h	a1*h	h
Rent	J	A*J	A1*J	a*j	a1*j	j
Total operating expenses	C+D+E +F+G+ H+J=I	A*I=X	A1*I=W	a*i=x	a1*i=w	c+d+e+f+g+ h+j=ll
Total expenses	Z/A or U/A1	X+M= Z	W+N=U	x+m=z	w+n=u	z/a or u/a1
Profit (before tax)	T/A or S/A	A-Z=T	A1-U=S	a-z=t	a1-u=s	t/a or s/a

Table 2A: Operating Budget

Month		January				
	Budget %	Budget		Actual		Monthly percentage calculation
		Month	Year	Month	Year	%
	1	2	3	4	5	6
Food revenue						
Cost of goods sold: Food costs						
Operating expenses:						
Salaries and wages						
Direct operating expenses						
Utility costs						
Repairs and maintenance						
General and administrative						
Insurance						
Rent						
Total operating expenses						
Total expenses						
Profit (before tax)						

In this activity you looked at various definitions for budgeting and completed an operating budget. You will be able to use this to keep track of the money in your business.

Activity 2B: Salaries and Wages

In Activity 2B, you will look at some basic concepts and go through some definitions. These definitions focus on salaries and wages as most restaurants need to employ people. This exercise will help you to use a simple and systematic approach towards managing your finances.

Together we will read through the following definitions:

- **Payroll:** The term generally used to refer to salaries and wages paid to restaurant employees
- **Fixed payroll:** The amount the restaurant pays in salaries. This normally remains unchanged from one pay period to the next
- **Variable Payroll:** The compensation paid to hourly employees. The amount varies with change in volume
- **Regular Hourly Rate:** The wage rate per hour used to compute regular pay
- **Overtime Hourly Rate:** The wage rate per hour used to compute overtime pay

30 Mins

1. Read through the situation analysis:
    Jiraporn continues to discuss his new restaurant in Chumphon with his financial advisor. They have this additional dialogue:

    FA: Let's go into some detail about your payroll. How much do you pay your staff?
    J: Well, that depends on the position. I pay the wait staff $6.80 per hour, and the cleaner gets $6 per hour. In the kitchen, the chef earns $15 per hour, his assistant earns $10 per hour, and the kitchen assistant earns $13.50 per hour.
    FA: Is that their regular wage?
    J: Yes. If they work overtime, they earn 1.5 times the regular wage for each hour they work.
    FA: How long did your staff work this month?
    J: Depends. The kitchen staff worked 140 hours, but the waiter worked 120 hours and the cleaner worked 64 hours.
    FA: Were those regular hours or overtime?

J: Regular. The waiter and kitchen assistant worked 10 hours overtime, the chef worked 15 hours overtime, the chef's assistant only worked 5 hours overtime, and the cleaner had no overtime this month.

FA: Great. Let's figure out all of their salaries, plus tips and service charges, to see how much you owe them this month.

2. In a group of two, complete Table 2B using the following steps:
   - **Step 1**: Insert regular wage rate per hour under Column 4
   - **Step 2**: Set overtime value, which is more than regular wage rate. Insert overtime value in Column 5
   - **Step 3**: Insert value of regular hours worked by employees over the month in Column 6 (4 weeks)
   - **Step 4**: Insert value of overtime hours worked by employees over the month in Column 7 (4 weeks)
   - **Step 5**: Calculate salaries and wage based on the formula in Column 8
   - **Step 6**: Calculate tips and service charges based on the formula in Column 9
   - **Step 7**: Calculate total amount paid by employer based on the formula in Column 10
3. Once you have completed Table 2B, share the document with your group and explain how you have identified each item.