

Good example of the below are the most appropriate methods to boost profitability...

[Business](#), [Management](#)



## **Introduction.**

There has been exponential rise in the number of eateries in most of the towns worldwide. This is partly brought about by the ballooning urban population, as well as the emergence of working middle class population who find themselves tied up by work in the cities they reside.

Restaurants provide homogeneous products, though service delivery may differ from one place to another depending on the caliber of regular customers registered over a period of time as well as the target market. This means in most cases, service delivery will remain the main factor behind success of any enterprise in the hospitality industry.

a) Ensuring efficiency in operations.

A fast food restaurant will have to have a good pricing strategy in order to ensure that competition does not push the firm out of business. This will ensure the restaurant remains competitive. For effective management of cash inflows, the management will require to create an environment whereby each item has been priced conspicuously and reflecting the cost of bringing the same to the table as well as the profit margins targeted by the restaurant (Mark 1998).

The first step towards ensuring proper inflow management will be ensuring that all products sold are paid for at the respective point. Most of restaurants adopt different ways as far as the above is concerned:

- Some restaurants insist that a customer has to pay whatever she/he is interested in taking, then proceed with the receipt to the ordering section to get served according to the contents of the receipt (Dickson, 2008).

- Other restaurants insist on adopting the service first approach: A customer will be allowed to enjoy the meal he prefers, after which he/she presents cash to the cashier on duty. The customer will still have an option of letting the person who served him/her to pay on his/her behalf. At a strategic position in the restaurant, the customer will present his/her receipt before being allowed to leave (George, 2004).

There has to be some routine measures that will ensure an efficient work flow the, operations manager has to make a decision on how many cashiers should work within a certain duration of time. Say, depending on the nature in which the restaurant operates (whether 24 hours or 12 hours a day) there will be say one cashier and enough attendants depending on the pattern of business in the eight hours. This means for a 24 hour restaurant, attendants and cashiers will work in shifts of eight hours. However, for a 12 hour restaurant, a decision can be reached as to whether to work with one team for normal working time (eight hours) then extend their services for four hours accounted as over time (Dickson, 2008)

Ensuring that all suppliers are paid using cheques, so as to reduce chances of cash embezzlement by the cashiers and their supervisors (George, 2004).

## **A predetermined operational pattern will ensure consistency in operations**

b) Routine measures to ensure efficiency in collections.

1. Maintaining cash register

This is effected at the point of sale where the cash that has been paid in consideration if the services rendered is paid. For straight forward cash

dealings, there has to be cash handling procedures in place to reduce instances of mismanagement (Dickson, 2004).

### **The cash register will have the following guidelines:**

Managers in charge of operations should ensure that only one person at a time has been assigned the responsibility of accessing cash drawers. This will ensure any loss of money stored in that drawer will be attributed to the only person authorized to access the drawer (Beryl, 2012).

An amount in the drawer, known to be the beginning amount should not be more than the amount that has been set by management as float. Due to rotational effects of employees, the cashier for each day should count the money at the drawer to ensure there are no differences.

2). Banking should be done daily, and in shifts when the money that has been collected is sufficient for that purpose. During low season times, collections should be banked before the end of the day (Mark, 1998).

Balancing the drawer at the end of the shift to ensure that the daily float set for operations is available for the next day. This will avoid unnecessary interruptions caused by shortages of cash (Mark, 1998).

3). Ensuring that bank reconciliations are done only monthly basis so as to find out whether all cash collections have been banked (Osborne, 2005).

c) Risk management register.

This is a detailed analysis of the company's exposure to efficiency related risks that will affect cash flow stream. A detailed example has been presented for some of the areas the restaurant operates (Osborne, 2005).

**RISK NO 1: Delays in preparing bank reconciliations.**

RISK NO 2: Lack of cash in transit and fidelity guarantee insurance covers

RISK NO 3: Long outstanding items in the clearing account

RISK NO 4: Extension of credit to clients and intermediaries contrary to the company policies.

**References**

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