



Managing Risks of Restaurant Business.

A concept paper by Rameez Muhammad Ali.
Team Member -TAG Consulting (Pvt.) Ltd.

Challenges for Restaurant Business

Running a Restaurant is a risk prone business. Proper assessment of risks and applying safeguarding measures gives this business a valuable growth. Some of the key risks faced by the restaurant business and the related safeguard measures are enumerated in the table below;

S. No	Risks	Controls to mitigate risks/Safeguarding measures
1	Food Procurement Incorrect decisions with regards to rate and quantity purchased	Periodic market research Establish an Intelligent Order Quantity program avoiding a risk of stock out and food expiry.
2	Food Issuance Uncontrolled issuance of Food inventory can increase possibility of pilferage and other leakages.	The following should be reconciled Edible items issued from store Food prepared Food sold and Food discard
3	Food Inventory Loss due to pilferage, expiry, or damage.	Periodic inventory inspections and counts. Reports on Inventory Status (Purchase dates, expiries).
4	Revenue & Billing Food sold may not be recorded or billed at Incorrect rates.	POS system , CCTV cameras, system generated invoices, Surprise inspections of restaurants to reconcile order booked with the table occupied. Ensuring the accuracy of system prices.
5	Cash Misappropriation Customer Payments are always susceptibility to embezzlement.	Place CCTV cameras at the cash counter. Reconcile bills with the payments received at the day end.

Other risks relate to loss due to breakages, validity of the food recipe, pricing issues, food quality and repute.

An effective Risk Management strategy is critical for business sustenance. Similarly the success of Restaurant business is dependent on how well its operational risks are identified and the effectiveness of the strategies to mitigate or reduce the impact of such risks.

TAG Consulting (Pvt.) Ltd and Hospitality Industry

TAG Consulting (Pvt.) Ltd. (A TAG Group Company) is providing Risk Advisory and Internal Audit services to one of the leading five star hotels in Karachi. The hotel has been operating in Pakistan for the past 28 years providing luxurious accommodation and recreational facilities to 400 plus guests as well as Banquet services for meeting & parties and five distinct Restaurants (buffet/ a la carte) offering a variety of diverse cuisine.

TAG Consulting (Pvt.) Ltd works in close collaboration with the hotel management in reviewing its operations with regards to their efficiency and effectiveness. Our rich experience in risk advisory assist us in identifying key operational risks and providing consultation toward implementation/ improvement of the mitigating Internal controls.

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