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## Overview

This standard is about the skills and knowledge needed to assess production and operational costs in a food and drink business.

New products, changes to existing products, new technology and the availability of ingredients, materials and resources can all have an impact on the operational costs in a food and drink business. Calculating these costs is essential in ensuring profit margins are maintained and the food and drink business achieves financial success.

You will need the skills and knowledge to determine the optimum method of achieving the operational objective and total costs for the product or service. This standard also covers assessing the direct and indirect requirements for resources and materials and calculating the total costs to the food and drink business.

This standard is for you if you work in food and drink manufacture and/or supply operations and are involved in assessing production and operational costs in a food and drink business.

## Performance criteria

*You must be able to:*

### **Determine operational requirements**

1. confirm the objective and specification of the operational requirements
2. determine a method for achieving the required operational objective
3. identify innovative alternatives to achieving the objective when problems arise
4. liaise with colleagues to confirm the preferred method of achieving the operational objective
5. check the availability of direct and indirect resources and their capacity to achieve the required objective to the required specification

### **Assess operational requirements**

6. determine the specific requirements for materials and resources
7. consult information sources to establish and confirm current and future availability of materials and resources to check continuity
8. adhere to organisational procedures for the sourcing of materials and resources if new materials or resources need to be procured
9. adhere to organisational procedures for the sourcing of quotations for the procurement of materials and resources
10. liaise with colleagues to determine the most suitable material or resource accounting for cost, quality, availability and other factors important to your food business

### **Establish costs**

11. calculate the direct cost of carrying out the operational objective to the required specification
12. determine and calculate any indirect costs relating to the material or production process
13. report costs to relevant people in the food business
14. provide support and feedback to those responsible for evaluation and management of costs

## Knowledge and understanding

*You need to know and understand:*

1. why it is important to confirm the objective and specification for the production requirements and how to do this
2. how to develop the best operational method of achieving the required objective and specification
3. the importance of adhering to specification requirements and how to do this
4. why it is important to build in some contingency planning when you are determining operational requirements and calculating costs
5. the methods of communication and information technology available in your organisation and how to make best use of them
6. how to determine the specific direct and indirect costs applicable to an operational objective
7. how to determine the specific requirements for materials and resources
8. the sources of information available on availability and specification of materials and resources
9. the organisational procedures for the sourcing and procuring of materials and resources, how to adhere to them and why it is important to do so
10. the factors to be considered when determining the suitability of a material or resource
11. how to calculate the total cost of carrying out an operational objective to a specification
12. the areas of the food business operational costs should be supplied to and how to do this

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