

Unit 202: Understand business success

Worksheet 10: Understand the importance of profitability to hospitality (Tutor)

Identify factors that affect profitability:

Any of the following examples:

- increasing revenue return
- knowing break-even point
- increasing operational efficiency and performance
- reducing costs

What is meant by 'break-even point'?

A key figure in operating a business, referring to the amount of revenue necessary to cover the total fixed and variable expenses incurred within a specified time period.

Identify three fixed costs within a hospitality business:

Any of the following examples:

- staff or labour costs
- rent
- equipment costs
- utilities (gas/electricity)
- internet
- marketing costs.

Identify three variable costs within a hospitality business:

Any of the following examples:

- food and beverage stock costs
- staff costs
- utilities, including electricity, gas, water, waste management
- maintenance costs
- cleaning supplies
- sundries
- credit card processing fees.