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.