



# The make or buy debate

*I come across a lot of chefs who find it difficult to be objective when deciding whether to stop preparing or making an item in-house or buy it in already done.*

The arguments often go:

- **'We've got to do it ourselves because hand made in-house tastes better.'** The reality is that there are many pre-made, pre-cut or portion-controlled products on the market that are of equal or higher standard than you can produce consistently in-house.
- **'My apprentices won't learn anything if I get my meats in portion controlled.'** It is frustrating to many chefs that the skills of butchering, baking etc seem to be a dying art within commercial kitchens. Commercial reality has meant that the erosion of profit margins and the lack of staff — skilled or otherwise — has presented business opportunities for companies that can produce product lines that are competitively priced for the food service market.
- **'The customers expect that we do everything ourselves.'** Generally, customers are more interested in the consistency of your service and product. If they cannot tell the difference between in-house production and bought in, it should come down to what is the best business decision.
- And lastly, the number one response: **'I'm selling out if I buy it in. My integrity is being compromised if I buy it in.'** If you're happy to work for free, go right ahead!

I understand these arguments but in this type of analysis, all costs of each alternative must be calculated and other factors should be considered before the decision is made.

## Let's take a moment to look at this yield test.

The Friendly Onion sells 300g porterhouse steaks on its menu. Archie, the chef, wants to know if he should portion the porterhouse in-house or purchase portion-controlled steaks from his supplier?

Consider the following: *Tip Top Butchers Supplies:*



**Porterhouse whole**  
\$ 12.50 per kg



**Porterhouse Steaks 300g**  
\$ 7.55 each

Total weight	Time to trim and cut	Wastage weight	Cost of Chef / hour
6.276 kg	14 minutes	1.780 kg	\$ 22.17

- 1. What is the weight of the trimmed whole porterhouse?**  
6.276 kg (purchase weight) – 1.780 kg (wastage) = 4.496 kg
- 2. How many 300g portions can Archie cut from the whole porterhouse?**  
$$\frac{4.496 \text{ kg (trimmed meat)}}{.350 \text{ kg (portion weight)}} = 12.85 = 12 \text{ portions}$$
- 3. What is the cost of preparation?**  
$$\frac{\$ 22.17 \text{ (cost of chef / hour)}}{60 \text{ (minutes)}} \times 14 \text{ (pre time)} = \$ 5.17$$
- 4. What is the price per kilo of trimmed meat not including labour?**  
$$\frac{\$ 78.45 \text{ (purchase price)}}{4.496 \text{ kg (trimmed weight)}} = \$ 17.45$$
- 5. What is the cost per 300g portion of steak that Archie prepared?**  
$$\frac{\$ 78.45 \text{ (price of trimmed meat)} + \$ 5.17 \text{ (cost of preparation)}}{12 \text{ (number of portions)}} = \$ 6.97$$

### 6. How should Archie purchase the porterhouse and why?

From the above you can see that if you purchase the porterhouse portion-controlled it will cost you \$7.55, or you can make it for \$6.97, saving you 58 cents per portion – which is better in the business rather than the supply.

But we also have to mention that things can go wrong. These can include incorrect portioning, longer preparation time, more wastage ... not to mention if we don't sell one the shelflife will come into it.

*What we are trying to do in this type of yield test is remove the emotion from the decision of whether to make or buy. A financially-responsible chef would do this yield testing for all products they wish to make, and then make a financially-responsible decision. As we all know, it's not just cooking, it's all about money.*

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