



Essential Activity 1: Topic 1-2	
Student Name & Nr:	28

Read the scenario below and answer the questions that follow.

The only people who can steal from you are the ones you trust

There's a lot of truth in the above statement - especially in a small business where the people who are in a position to do the most damage are often a fellow partner, manager, bookkeeper, employee or a trusted supplier. All too often we hear horror stories of how one of these "trusted" parties took full advantage of the relationship and found a way to illegally convert hundreds of thousands of dollars into their own pocket. The quote "only do business with people you can trust and then don't trust them" seems to ring true.

Food & Beverage operators need to realize that a system of checks, balances and controls must be in place so that you don't have to rely completely on the "trust" factor. For example, a bookkeeper should never be allowed to handle cash, no matter how much confidence you have in them. It's easy for anyone with access to your books to take money out of a deposit, for example, and cover it up. A manager should never be allowed to hand out payroll checks to employees. It's not uncommon for a dishonest manager to add a phantom employee and then cash the checks personally.

Operators should occasionally compare their prices to market even if they've used the same trusted supplier for years. It's also advisable to compare actual to invoice weights on products sold and invoiced by weight. The temptation may be too great if they know you never check and unintentional mistakes can happen. If you have a partner in your business, there should be a provision in your corporate or partnership documents that spells out exactly what each partner can and can't do in the business with and without the others approval. These few examples barely scratch the surface of the ways trusted people or parties can violate that trust.

If you're relying on the trust factor alone in any of the above situations be forewarned. Many well-intentioned and overly trusting food & beverage operators have been badly burned by such relationships.

There is no substitute for control – having control measures in place is the only way to keep your trusted people trustworthy.



1. Control is regarded as a management function. (3x2)
Identify the other management functions and provide an explanation on the role each of these functions fulfils.

2. The article notes that "there is no substitute for good control". (5)

In your own words, discuss the importance of control in a food & beverage establishment by referring to five(5) roles that it fulfills .

3. Provide a definition for control. (5)

4. Identify four (4) control issues from the article. (4)

5. What control measures would you establish in order to ensure that each issue identified in 4. is addressed and controlled in your establishment? (8)
Name and explain.

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