Budgeting Strategies

for your Foodservice Department

by | *Wayne Toczek*

Achieving your department goals while staying within budget depends on setting realistic goals and understanding how funds are allocated. It also requires flexibility.

Understanding how the budget was built is key to making it work. Most budgets are reasonable or have some type of historical basis. Knowing how it was built takes on even more importance if you need to prove that the budget you have is not consistent with the resources required to meet established goals.

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Not understanding the numbers often results in a staff response of, "It's not in our budget," to requests made by residents, family members, and other departments. This type of response spreads throughout the community and can have a lasting impact on how customers' families and future residents feel about the ability of your operation to provide quality services. Developing a zero-based budget gives you the information you need to manage the dollars allocated to your department. This is best done at the beginning of the budgeting process. If you inherited a budget that seemingly has no rhyme or reason, choose not to be a victim of your budget. Instead, do a zero-based budget for your department so you will know the dollars required to achieve department goals. You can then have informed discussions with your supervisor about additional resources needed or actions that might have to be postponed. The following information is required for developing or analyzing your budget:

- Customer count/census by care level (acuity)
- Menu
- Production specifications
- Current prime vendor price list or purchasing group vendors
- Supplement use
- Retail or revenue services
- Staff skill assessment
- Equipment available
- Types of service offered
- Assistance provided by other departments during meal service
- Clean-up process
- Any additional components specific to your facility

With this information you can cost, based on your menu, other expenses in retail and extend it to a total annual food budget. Similarly, determine the labor—number of cooks, etc.—needed to produce, serve, and clean-up. Now that you know your base costs, ask yourself some questions about each of the categories:

Menu—Is there enough variety? How do customers select their meals? Is there another way that would offer better service without increasing production costs? Do you have recipes for every menu item? Do you have production sheets and use them correctly?

Product specifications—Are you using brand and generic products appropriately? Could you use brand name products when the customer will see the label, and use comparable quality house brand products when the label is not seen (name brand soda vs. Grade A Fancy green beans)? Do a self check—if you have several brands of the same product on your shelves it's a good indicator that you are "cherry picking" based on price, not using specs based on quality needed to produce the end product desired. Do you participate in a buying group? If yes, do you maximize its potential by full participation? If not, are there opportunities available? (Request a review or a 6 month velocity report from your purchasing group.) Are you taking advantage of drop incentives? Payment incentives? Are the "deal" items being purchased from your purchase group?

Skill assessment—Does your staff have the skills needed to scratch produce the items on your menu? If convenience preparation is needed to compensate for inadequate staff skills, is the cook's salary that required for a cook—or for a person who finishes an already prepared product? Were staffing requirements adjusted when the change to convenience was made? (i.e. You still have a baker, but all desserts have been purchased ready-made for years.) Is staff well trained? Food cost is as much the result of what happens to it after it comes through the door as what it costs to purchase it.

Equipment availability—Are critical pieces of equipment in poor repair resulting in hours of overtime and/or menu substitutions, poor yield, or use of higher cost convenience items?

Staffing—Do you have enough employees to cover your staffing plan? Do other departments provide the agreedupon assistance? Does your staff incur mindless overtime, i.e. early clock-in or late clock-out?

Measurement—Do you have a system in place to measure performance to budget by category each month? Does your staff understand the budget as appropriate to their role? Does everyone practice portion control? Do you have the equipment for correct portion control (scales, scoops, and measuring supplies)?

Revenue—Do you measure sales? If so, how? By check average or by total sales? Are the prices realistic or are you providing subsidizing for meals? As for catering opportunities, are they being reviewed and explained in variances?

Now that you understand the budget, use your understanding as a framework to discuss the needs of your department with your supervisor—"If I had more money in the budget, we would be able to…" Include requirements for implementing processes, services, or systems that are not currently in place—a new oven, new meal delivery system, or justification for purchasing group fees based on the overall benefit to the organization. Throwing more money at a broken system will not fix it. Have a plan associated with results for every dollar you request. Can you increase

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revenue with café sales, catering, or other events that can justify adjustments if needed or increased supplies?

Use plate waste, recording and discussing leftovers, meal rounds, weight loss reports, and customer comments as opportunities for self examination in which you seek clues to providing increasingly better food and service to your customers. It becomes a matter of perception. Instead of complaining about what you *don't* have, focus on the best possible use of the resources that you *do* have to provide the best possible experience for your customers, their families, and your community. ■

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