



Financial Management

Food Service Management

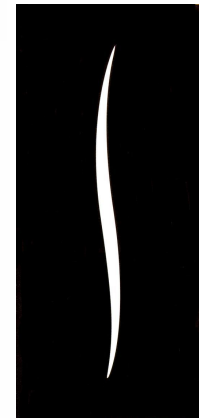
A Practical Guide

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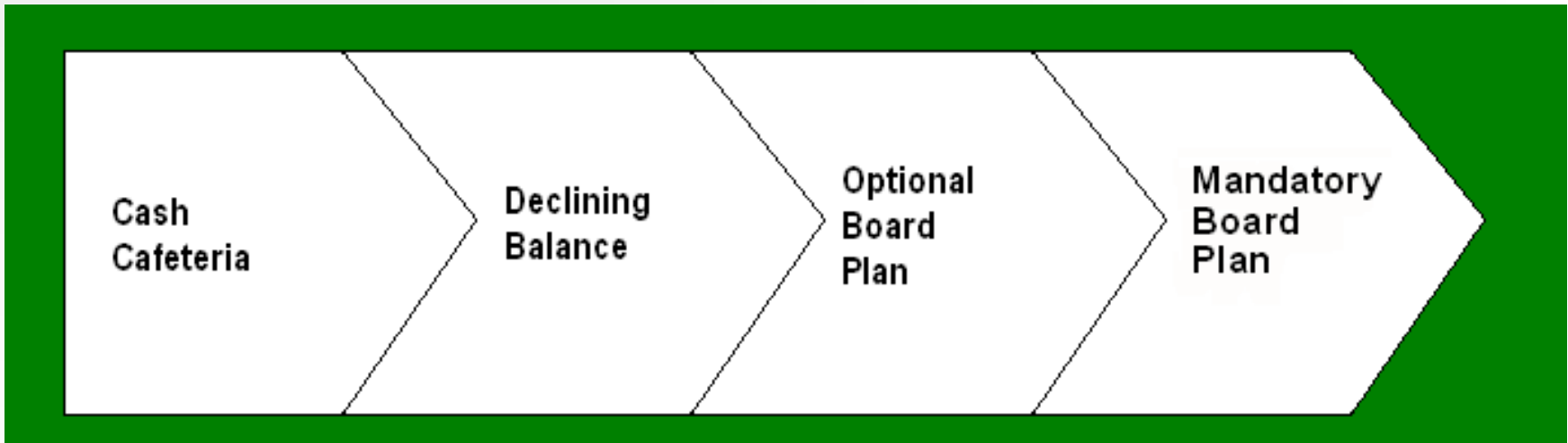


Food Service Management

- **Defining “Food Service”**
- The Economics
- Costs Involved

The Range of Dining Alternatives

Schools have four main choices of dining programs



Each choice has implications for nutrition, food quality and economics.

Food Service Providers

- “Self Op”/ In-house
- Food Service Management Company
- “Caterer”

Contract Types

- “P & L”

- ▶ Contractor assumes all risks
- ▶ Contractor controls food quality and selection
- ▶ May pay “commission” to school
- ▶ Schools often “in the dark” on financials

- Management Fee

- ▶ Contractor receives fixed fee for service
- ▶ School controls food quality and selection
- ▶ School’s financial return may vary
- ▶ Full financial disclosure

Clarifying Questions?

A Voice From the Field

Howard Richmond, Business Manager,
Krieger Schechter Day School, Baltimore, MD

Questions for Howard?

Food Service Management

- Defining “Food Service”
- **The Economics**
- Costs Involved

Food Service Economics

Drivers of Profitability

- Size of Your Population
- Facility
- Dining Program Selected
- ▶ Cash vs. Board, Mandatory vs Optional
- ▶ Product requirements
 - Kosher
 - Organics
 - Sustainability
 - Local Sourcing
- Catering

Food Service Economics

Minimum Cost

- Food Service Director Salary \$40,000
- ▶ 500 Students: \$80/student
- ▶ 200 Students: \$200/student



- ▶
- ▶
- ▶
- ▶

High Fixed Costs
Profitability depends on scale

Food Service Management

- Defining “Food Service”
- The Economics
- **Costs Involved**

SAGE Dining Services, Inc.

Month: MAY

05/04/2007

12:54 PM

Sample School

Week:

1

	STATEMENT OF OPERATIONS	Week Budget	Week Actual	Pct.	MTD Budget	MTD Actual	Pct.	YTD Budget	YTD Actual	Variance	Percent Budget	Percent Actual
SALES	Board	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Cafeteria	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Functions	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Summer	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Vending	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Total Sales	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
FOOD COST	Meat	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Grocery	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Frozen	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Beverages	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Dairy	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Bakery	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Produce	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Total Food Cost	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
LABOR COST	Management	0	0		0	0		0	0	0	0.0%	0.0%
	Hourly	0	0		0	0		0	0	0	0.0%	0.0%
	Taxes	0	0		0	0		0	0	0	0.0%	0.0%
	Fringes	0	0		0	0		0	0	0	0.0%	0.0%
	Student	0	0		0	0		0	0	0	0.0%	0.0%
	Casual	0	0		0	0		0	0	0	0.0%	0.0%
	Client Paid	0	0		0	0		0	0	0	0.0%	0.0%
	Total Labor	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
EXPENSES	Paper	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Cleaning	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Expendables	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Laundry & Uniforms	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Commissions	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Fees & Charges	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Hiring & Recruiting	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Postage & Telephone	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Office Supplies	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Equip. Rental	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Travel & Meetings	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Merchandising	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Maint & Repairs	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Tech Support	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Computer Equip.	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Dietitian Support	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	Gen. Insurance	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
Depreciation & Interest	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%	
	Total Expenses	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	ADMIN. COST	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	MGT. FEE	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	PROFIT(SUBSIDY)	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	TOTAL COST	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%
	SAGE COST	0	0	0.0%	0	0	0.0%	0	0	0	0.0%	0.0%

Additional Costs

- Flue and Duct Cleaning
- Additional Dumpster Fees
- Extermination Fees
- Cleaning of Dining Areas
- Smallwares
- Equipment maintenance and replacement

Non-Economic Issues

- Parent reaction to Mandatory Plan
- Allergies
- Value of Community
- Food as Education

Summary

- Broad range of food service options and providers
- High fixed cost business: people, facility
- Profit depends on scale
- You need to track costs to understand the financial impact on the school

Questions?
