

SafeBites from FoodHandler presents

\$ MONEY MATTERS: CONTROLLING COSTS WHILE KEEPING FOOD SAFE

presented by **Dr. Julie Boettger,
PHD, RD, FAND**

The purpose of this presentation is to introduce ways to spend and control money that is most beneficial to the organization in terms of meeting food safety and quality objectives.

PURPOSE

- Identify controllable and non-controllable costs in a foodservice organization.
- Discuss how to balance quality and costs to meet organizational objectives.
- Identify strategies to control food and labor costs, with emphasis on its relationship with food safety.

OBJECTIVES

- What are the most important objectives for the organization?
- What can you control?
- What are the gaps between expected outcomes and actual outcomes?
- Should we allocate money to resolve the gap?
- What are the costs, effects, and development times of each solution?
- How will we know when the gap is closed?

DECISION-MAKING PROCESS

A cost that either increases or decreases based on a business decision. The management team and their authority to make decisions have the power to control costs in the short-term.

WHAT IS A CONTOLLABLE COST?

- Food
- Supplies
- Equipment
- Spoilage
- Waste
- Labor costs
- Training
- Small equipment
- Most variable costs

CONTOLLABLE COSTS


A cost that cannot be increased/decreased based on a business decision made by the management team in the normal course of business.



WHAT IS AN UNCONTROLLABLE COST?

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- Food and labor cost increases due to shortages
- Impact of government regulations on prime costs
- Utility rates
- Base labor costs
- Most fixed costs



UNCONTROLLABLE COSTS

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Poll

What is your organization's most important objective?

- A. Food safety
- B. Nutrition and health
- C. Financial soundness
- D. Food quality
- E. Environmental sustainability
- F. Customer service
- G. Other

- Food safety
- Nutrition
- Financial control
- Sustainability
- Customer service
- Food quality

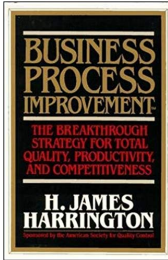


BALANCING ORGANIZATIONAL OBJECTIVES

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Measurement is the first step that leads to control, and eventually to improvement.

- If you cannot measure something, you cannot understand it.
- If you cannot understand it, you cannot control it.
- If you cannot control it, you cannot improve it.



H. James Harrington, Ernst & Young
Author: *Business Process Improvement*

QUOTE


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Poll

- What is your organization's food cost goal?

- A. 33 - 39%
- B. 40 - 44%
- C. 45 - 49%
- D. None of the above
- E. I don't know

- Food cost 40-45% of revenue
- Labor cost 40-45% of revenue
- Productivity or output/input
 - Meals per labor hour (MPLH)
 - Customers per labor hour
 - Dollars in sales per labor hour



COST GOALS

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- Cost of instilling a food-safety culture such as those associated with hiring, training, and equipping staff
- Labor-saving food safety tools and equipment
- Improve food safety processes (SOPs) for efficiency as well as protecting food
- Monitor, document, and take corrective actions based on keeping costs in line as well as food safe



**FOOD SAFETY + COST CONTROL =
FOOD SAFETY MANAGEMENT SYSTEM**

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- Establish a culture that values efficiency AND food safety
- Hire the right people
- Provide orientation
- Provide training
- Develop work schedules
- Develop job aides
- Provide tools and equipment



**PERSONNEL & TRAINING:
REDUCE LABOR COSTS**

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Inside every fat course is a thin job aid crying to get out.




Joe Harless, Harless Performance Guild

QUOTE

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- A tool written in clear, quick, and easy-to-use language designed to guide job performance in real time
- Effective for jobs not performed daily
- Provides support for less experienced employees
- Does not replace training - supports training



JOB AID

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- Standardized recipes
- Posters
- Diagrams
- Checklists
- Labels
- Charts
 - temperatures
 - weights
 - pictures of students with allergies
- Pictures of finished products




EXAMPLES OF JOB AIDES

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- Specifications for chemicals (e.g., bulk, meter, pre-pack)
- Specification for food (e.g., prepared, scratch)
- Suppliers
 - Request for proposal (RFP) versus Invitation for Bid (IFB)
 - Identify safe sources (e.g., SQF, GMP, GAP, ISO 22000)
 - Encourage open competition
 - Use as few vendors as possible
 - Traceability procedures



**PROCUREMENT:
REDUCE FOOD/SUPPLY COST**



- GS1 US
- Global Trade Identification Numbers (GTINs)
- Global Location Number (GLN)
- Global Data Synchronization Network (GDSN) database



**TRACKING:
REDUCE FOOD COST**




- Coordinate menu with forecasting, ordering, and receiving processes
- Calculate PAR stock levels
- Just in time (JIT) ordering




**FORECASTING & ORDERING:
REDUCE WASTE**



- Utilize receiving “specialists”
- Check temperatures using appropriate thermometers
- Utilize receiving scales
- Conduct periodic counts of case contents



**RECEIVING:
REDUCE WASTE**



Poll

Does your organization require that all storage areas remain locked throughout the work-day?

A. Yes
B. Yes, for high value products only
C. No
D. I am not sure


- Control access to storage areas
- Conduct physical inventories
- Rotate stock
- Assign par stock values
- Use requisitions
- Assign an employee to issue stock



**INVENTORY & ISSUING:
REDUCE SHRINK/SPOILAGE**




- Design jobs so that they are both efficient AND food-safe
- Use standardized recipes with food safety control measures and cost information
- Keep ingredients out of temperature danger zone before and after preparation
- Batch cook/prepare to the line



**PREPERATION & COOKING:
REDUCE WASTE**

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- Freeze leftovers to use on next menu cycle
- Use quality control metrics to determine if food should be reused or wasted
- Label foods with “use by date” instead of date of production
- Store food by “use by date”
- Track waste using logs



**COOLING & REHEATING:
REDUCE WASTE**

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- Portion control
- Use counter layouts
- Salad bars and self-service
- Food rescue programs
- Vending



**HOLDING & SERVING:
REDUCE FOOD COST**


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Poll

To what extent has your organization invested in technology (e.g., digital thermometers)to improve efficiency related to food safety?

- A. Very little use of technology
- B. Some technology investments
- C. Strong use of technology


- Internet of Things (IoT)
- Digital thermometers
- “Smart” adaptive refrigeration controls
- “Smart” ovens



TOOLS & EQUIPMENT


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- Identify projects that are worth investing time and money to improve
- Standardize operations to enable consistent results
- Utilize job aides to supplement training
- Measure improvements
- Seek out technology solutions to facilitate monitoring, corrective actions, and documentation



SUMMARY

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Questions?

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THANK YOU!





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WEBINAR RESOURCE



Downloads

- Daily Temperature Logs
- Temperature Chart For Safe Food
- Refrigerator Storage Chart
- Food Safety Doesn't Happen By Accident

Videos

- Handwashing
- Why To Glove
- When To Glove
- How To Glove



FOODHANDLER RESOURCES




Past Blogs


- Coaching & Training Staff Productivity
- Food Storage & Food Contact
- Glove Use
- Risk Based Inspections

Upcoming Blogs

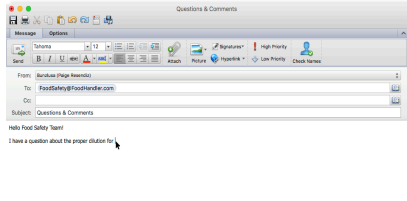
- Checklist approach to Food Safety
- Communications
- Cost Control & Food Safety
- Emergency Preparedness



FOODHANDLER RESOURCES



Please send us your questions or comments at:
FoodSafety@foodhandler.com



HOW DID WE DO?

