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.

**OBJECTIVES**

- 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.
- 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?

**WHAT IS A CONTROLLABLE COST?**

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.

**CONTROLLABLE COSTS**

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

**DECISION-MAKING PROCESS**

- What are the costs, effects, and development times of each solution?
- How will we know when the gap is closed?
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?**

**UNCONTROLLABLE COSTS**

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

**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

**BALANCING ORGANIZATIONAL OBJECTIVES**

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

**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

**Quote**

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
• 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

• 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

• 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

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

JOE HARLESS, HARLESS PERFORMANCE GUILD

• 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

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

EXAMPLES OF JOB AIDES
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
• 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

• 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

PREPARATION & COOKING: REDUCE WASTE

COOKING & REHEATING: REDUCE WASTE

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

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

HOLDING & SERVING: REDUCE FOOD COST

TOOLS & EQUIPMENT

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

• 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
Questions?

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2019 WEBINARS

NOV 13 Preparing For An Emergency/Disaster

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NOV 13 Preparing For An Emergency/Disaster

Each are preapproved for 1 hour of Continuing Education Credit by the School Nutrition Association (SNA) and the Certifying Board for Dietary Managers (CBDM)

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- Refrigerator Storage Chart
- Food Safety Doesn’t Happen By Accident

Videos
- Handwashing
- Why To Glove
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- How To Glove

Past Blogs
- Coaching & Training Staff Productivity
- Food Storage & Food Contact
- Glove Use
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Upcoming Blogs
- Checklist approach to Food Safety
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THANK YOU!

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FOODHANDLER RESOURCES
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HOW DID WE DO?