



Managing Food Costs

by | *Wayne Toczek*

From the Vendor, to the Kitchen, and From Your Desk

Food cost is a never-ending topic of discussion in this business. Many factors impact the cost of food, and if all points are looked at closely, successfully managing costs can be easier than you think.

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Join a Purchasing Group

Joining a purchasing group can be the best single investment in managing your food costs. The key is to compare apples to apples and understand the terms of the agreement. Use a market basket to compare purchasing groups. This market basket should be your top 100 order items in the quantity needed for a month.

Order From the Vendor Specified by Your Purchasing Group

The goal when ordering food is to buy with confidence—that's the reason for joining a purchasing group. One of the best ways to realize savings before food comes in the door is to purchase “deal” items; these are the items that have special pricing negotiated for you. You can easily determine what your “deal” items are because they are generally listed by your purchasing group. Here are some other ways to manage your costs before food comes in the door:

- Limit the number of orders per week. This allows you to take advantage of volume incentives.
- Order based on a Visual/Physical inventory.
- Be aware of portion sizes of items.
- Look for yields.
- Look at buying bulk snacks versus pre-wrapped individual items.
- Use an order guide based on the menu.
- Plan ahead for the salad bar. Use in-season items as much as possible.

Manage Foods Costs in the Kitchen

Once food arrives in your kitchen, these tips will help keep costs in line:

- Always check in the order—miss-picked items are common with even the best companies. Check labels and look for damaged products. Make sure damaged items get returned. Designate an area and have your rep do the work of making sure credits come back for damaged goods.



- Follow storage guidelines outlined in the FDA Food Code.
- Use recipes to determine the amount of food you are going to produce. For example, if roast beef is on the menu and the portion size is 4 oz, then for 100 servings you need about 35 pounds. Consider using the drippings for making gravy. Roast correctly to realize the best yield.
- Calibrate your ovens. Use an oven thermometer to ensure the temperature is correct.
- Use a scale to make sure that, when sliced, meat portions are the appropriate size. Adjust your slicer blade correctly based on the size. Keep the blade sharp and clean.
- Follow the extension sheets for portion size. Recipes are scaled based on portion size, so if the utensil or cut is wrong, you may run out or have too much left over.
- Use production sheets to help guide the cooks to produce the correct amount of food. Record left-over food to help determine how much to make next time the cycle repeats. Always make sure the starting amount is correct when recording the over- or under-produced amount.
- Follow a salad bar rotation guide. This allows you to offer variety

while managing the amount of salad offered. Develop a rotation to follow versus just filling up containers.

- Consider setting up a puree molding program and utilizing some foods that might typically have been thrown away for this program. This can be incorporated into your production sheet.

Manage Food Costs from Your Desk

- Track your weekly purchases.
- Know your census and customer counts.
- Use a spend-down sheet based on your census.
- Use your ticket program to print a diet tally. Share this with the cooks.
- Use dislike reports to determine what substitutes to offer.
- Review your purchasing descending dollar report from your vendor/order system (request this from your vendor if you don't have electronic access to it).
- Strive to keep only 5-7 days of inventory (at most) on hand. Any more than that is just money sitting on a shelf.
- Beware of case splitting: decide if you will use up product within a couple of weeks or it will sit on the shelf for months.
 - Did you know that when case splitting produce, it may be an item coming from the same box week after week from the produce house ...so you might save by buying the whole case. Find out how fast produce moves in and out of your supplier's inventory.
- Calculate how much you should spend each week:
 - First determine your weekly costs for dairy or milk orders.
 - Then determine your bread order. Dairy and bread orders are typically consistent from week to week.



Kitchen

- If you use a local produce company, determine and incorporate that cost, too.
- Multiply your total daily census by your budgeted food cost per day. Then multiply it by 7 = your total expenditure allowance per week.
- Subtract the dairy, bread, and produce (if appropriate) amounts. This will equal the total amount allowed for food purchases per week from your prime vendor.
- Also consider the budget for the following items. These should be separated when calculating food costs.
 - Supplements
 - Paper products
 - Other supplies
 - Staff meals
 - Catering
 - Other

What Else Can You Do?

- Look at usage and waste every day. Using the production system tools can help. Consider doing a waste study for a week. This will help raise waste awareness among staff.
- Look at floor supplies; use bulk. Consider a snack cart; get creative.
- Track what leaves the department for special events and catering (keep records).
- Look at snacks in long term care. You are only required to offer an HS snack (7 pm snack).
- Do not pre-pour beverages in dining rooms. Do it table side.
- Look at your service. Is it outdated (using trays)? Are you changing with the trends – such as room service or open dining?
- Scale down production, especially when census is lower than normal. Consider posting the current census in the kitchen.
- Use a spend-down sheet much like a check book.
 - As invoices arrive, enter in on spend-down sheet under

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categories—food, supplements, chemicals, disposables, and other supplies.

What to Include in Each Area:

Food: Food is food. All food goes in this area, breaking it out beyond this may just be more work.

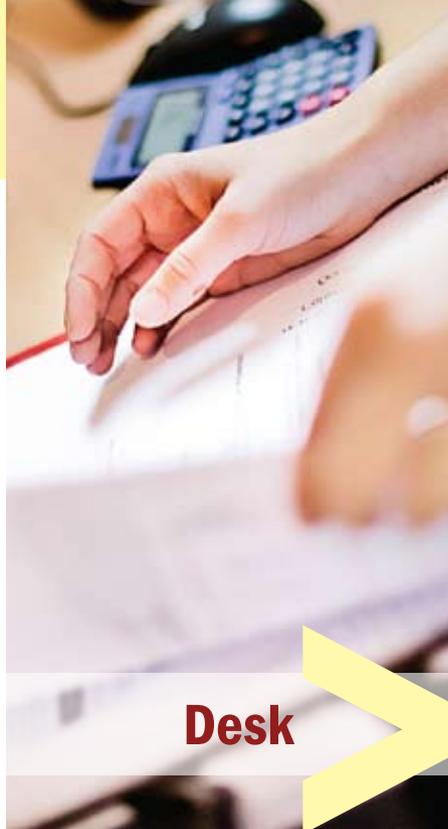
Supplements: Shakes and powders. Work with your RD to standardize your supplement policy.

Chemicals: Cleaning supplies

Disposables: Paper and plastic one-time use products

Other:

- **Employee Meals:** How many are served? Attach a dollar value to them. This can help in explaining costs.



- **Special Events:** These could be catering, activities, or other meal/food events that are not normally part of the day. These events should be documented and costed out. A helpful tip is to have the food separately invoiced for large events.

Summing it Up

Taking steps to control food costs—from ordering to production—will help managers make the most of their foodservice budgets in these trying economic times. [DM](#)

Wayne Toczek is CEO of Innovations Services, Norwalk, OH. Contact him at (419) 663-9300 or visit www.innovaservices.info

Rules of Thumb for Purchasing

Need to know how much to order? Remember:

Typical Yields

- Cake mixes often specify portions on the box based on cuts—know how you will cut your finished product.
- Typically 10# of any vegetable will yield 40 - 4 oz. portions.
- #10 can yields 22-24 portions.

Case study: The case pack for your menu item is already portioned and counted for you...

Census: 94 Customers Menu Item: Pork Chops

- 76 Regular diets
- 10 Mechanical soft diets
- 8 Puree diets

One case of chops is 40 portions. Do you order:

- 3 cases of pork chops?
- or 2 cases plus 10# of ground pork for Ground and Puree diets?

You can use the second option and save money and time, but remember: When using leftover pork or ground pork to produce your mechanically altered diets, the flavor profile of the item served should be the same as that served for regular diets.

AP vs. EP Yield

- AP = As Purchased amount of the ingredient
- EP = Edible Portion of the ingredient

A cooked product such as a 12# ham will yield 48 portions, but a 12# pork loin raw will yield less: 36-40 portions. Why? During the cooking process you lose 12-30 percent, depending upon the amount of fat you trim and the marbling of the meat being cooked.

Other Tips

- Log in leftovers and incorporate use into the production sheet.
- Use a slicer for uniform cut and yield.
- Use a scale to weigh your reference portion, then cut all the same as the reference portion.
- Consider the case/pack size when ordering.
- Use your computer program to tell you the number of dislikes and diet mix. This is great information to share with production.
- Get creative with staff meals—think of your leftovers as an ingredient for preparing staff meals rather than giving away leftovers as is just because you have them.
- Having dessert carts for your customers is fun and a great way to use up miscellaneous desserts while saving money.
- Snacks: use previous day's leftovers, as appropriate, in planning next day snacks.
- Review historical usage. For example, if fish is on the menu, use historical data to determine how much you need to produce after accounting for allergies and food preferences.
- Take inventory. Look at what is on the shelf. Order to your par level for staples and usage needs for perishables.
- Use your recipe program and enter in the amount to scale your recipe. If you don't have an electronic recipe program, purchase one. It will be a quick ROI (return on investment).