

Resolving Financial Problems

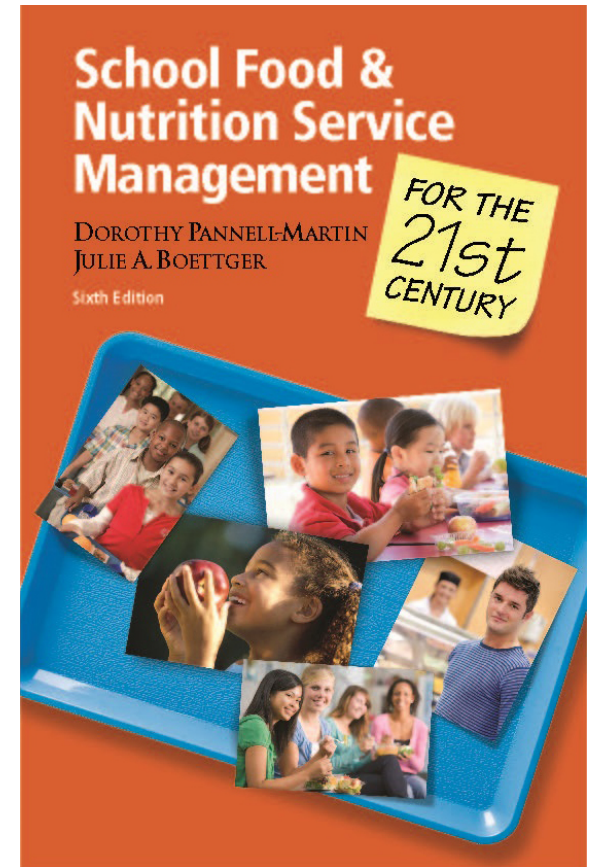
Chapter 11

1. Determine what is causing the financial problem
2. Take action to reduce cost
3. Increase revenue to offset the increased expenses

Consider:

- Politics of the school community
- Economy of the area
- Customer and parent acceptance of change

Pannell-Martin, D. & Boettger, J. (2014). Pages 345-346.



Pannell-Martin, D. & Boettger, J. (2014). School food & nutrition service management for the 21st century (6th ed.). Aiken, South Carolina: Author.

Resolving Financial Problems

High Labor Costs - Causes

- Pay scales are too high
- Benefits are too high
- Productivity is low
- Schools are overstaffed
- Overtime and substitute use are out of control
- Revenues are not high enough

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High Labor Costs – Solutions

- Reducing total labor costs
- Reducing the cost of a labor hour
- Reducing total labor cost
- Increasing productivity
- Training to improve job efficiency
 - Motion Economy:
 - Hand and body motions
 - Work process or sequence
 - Design of tools, equipment, and workplace

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High Labor Costs – Productivity

Steps to Resolving Low Productivity:

1. Select the job to be improved and define the situation
2. Break down the job into parts by using a flow chart
3. Question each step and each process to determine:
 - a. Is there a better way?
 - b. Can steps be eliminated?
 - c. Can steps be simplified?
4. Arrive at a new method
5. Put new method into action
6. Follow up and evaluate

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High Food Costs – Solutions

- Planning less expensive menus
- Obtaining more competitive food prices
- Reducing waste – in preparation, on students' plates, and from overcooking
- Utilizing leftovers, following Hazard Analysis & Critical Control Points rules
- Purchasing a less-expensive product
- Reducing portion sizes
- Carrying out "offer versus serve"
- Utilizing USDA Foods better
- Ordering only what is needed
- Checking in orders and storing properly
- Eliminating theft by employees, distributors, and students/customers

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Increasing Revenue – Finding other Sources

- Capitalize on grant opportunities (e.g., equipment, fresh fruit and vegetables, nutrition education)
- Provide food and/or services to other groups, such as:
 - Charter schools, private schools, day cares
 - Head Start programs
 - Senior citizen programs, meals on wheels, adult day care centers
 - Detention centers
 - Administrative buildings in school district or city/county buildings
 - Sack lunches for field trips
 - After-school care programs
 - Concession stands at the local stadiums
 - Parks and other recreational areas
- Offer classroom catering
- Provide Summer Food Service Program – as a sponsor or vendor, or both
- Offer vending in schools, office buildings, and county administrative buildings
- Include interest and dividends earned on fund balance
- Participate in Community Eligibility Provision (CEP), if cost effective
- Include rebates from company on processed foods

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Increasing Revenue – Raising Prices

- Costs of producing and serving the food
- Equity pricing requirements
- Economic situation in the community at the time
- What other school districts in area are charging
- When the price was last increased
- Whether the price increase can be justified publicly (e.g., in the media)
- What the customer considers a fair value
- Facts provided to superintendent and school board preceding the request for price increases (e.g. how using more nutritious foods increase cost)
- Community awareness of how the foodservice program is like a business (e.g., have a well-planned, factual article in local newspaper on how the program has increased productivity)
- Making the hard decisions (e.g., discontinue services that are losing money and let the public know why)

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Increasing Revenue – Increasing Participation

- Plan menus students like improve food quality and service, and offer choices
- Market, promote, and advertise programs to students, parents, teachers, and administrators
- Change presentation (e.g., offer bag lunches, breakfast on the bus)
- Provide special meals for classroom parties
- Coordinate menus with countries classes are studying
- Consider the Community Eligibility Provision
- Survey students, teachers, and parents to find out why the participation is not higher, and take corrective action