

Memorial Hospital Food and Nutrition Department Operating Budget

For January 1, 2015- December 31, 2014

Prepared December 8, 2014

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I. Planning

- A. Build confidence and satisfaction in our employees by providing friendly and quick customer service while serving high quality, nutritious meals to each individual.
- B. Goals
 - 1. Make patient wait time less than 30 minutes from time of order.
 - 2. Ensure food meets quality standards in accordance to ServSafe regulations.
 - 3. Create incentive program for employees to increase job satisfaction and productivity.
- C. Long-Term Objectives
 - 1. Conduct monthly production time evaluations for kitchen staff to encourage efficiency.
 - 2. Check each employee for up-to-date Food Handlers Permit annually.
 - 3. Develop and implement a system of documentation (evaluations, attendance, etc.) to reward those who meet eligibility requirements.
- D. Short-Term Objectives
 - 1. For two months hold weekly staff training meetings about customer service.
 - 2. Perform an in-service to review proper thermometer calibration and use.
 - 3. Establish requirements for employee incentive program eligibility.

II. Income Budget

Income Budget			
2013	Meal Equivalent	# of Meal Sold	Income
Cafeteria Meals	\$ 5.90	225,000	\$ 1,327,500.00
Patient Meals	\$ 3.55	200,000	\$ 710,000.00
	Total:	425,000	\$ 2,037,500.00
2014	Meal Equivalent	# of Meal Sold	Income
Projected Cafeteria Meals	\$ 5.90	171,430	\$ 1,011,437.00
Projected Patient Meals	\$ 3.55	200,000	\$ 710,000.00
	Total:	371,430	\$ 1,721,437.00
2015	Meal Equivalent	# of Meal Sold	Income
Projected Cateria Meals	\$ 6.02	225,000	\$ 1,354,500.00
Projected Patient Meals	\$ 3.62	200,000	\$ 724,000.00
	Total:	425,000	\$ 2,078,500.00

III. Operating Budget

A. Labor Cost

Labor Cost- Staffing Budget												
Position	# of Employees	Seniority	Hourly Wage	Hours/Period	Pay Period Paycheck	Annual Pay Before Benefits	Retirement Plan	FICA by Employer	FICA by Employee	Payed Time Off	Annual Health Insurance Cost	Annual Employee Cost
Management												
Dietitian, Admin	1	6	\$ 30.50	80	\$ 2,440.00	\$ 63,440.00	\$ 4,758.000	\$ 4,758.000	\$ 4,758.000	\$ 7,485.92	\$ 3,000.00	\$ 88,199.92
Dietitian, Relief	1	1	\$ 20.80	40	\$ 832.00	\$ 21,632.00	\$ 1,622.400	\$ 1,622.400	\$ 1,622.400	0	\$ 3,000.00	\$ 29,499.20
Supervisor I	1	15	\$ 17.35	80	\$ 1,388.00	\$ 36,088.00	\$ 2,706.600	\$ 2,706.600	\$ 2,706.600	\$ 5,124.50	\$ 3,000.00	\$ 52,332.30
Supervisor II	1	4	\$ 15.75	80	\$ 1,260.00	\$ 32,760.00	\$ 2,457.000	\$ 2,457.000	\$ 2,457.000	\$ 3,505.32	\$ 3,000.00	\$ 46,636.32
Supervisor III	1	2	\$ 15.25	32	\$ 488.00	\$ 12,688.00	\$ 951.600	\$ 951.600	\$ 951.600	0	0	\$ 15,542.80
Cooks												
AM Cook	1	4	\$ 14.95	80	\$ 1,196.00	\$ 31,096.00	\$ 2,332.200	\$ 2,332.200	\$ 2,332.200	\$ 3,327.27	\$ 3,000.00	\$ 44,419.87
PM Cook	1	17	\$ 16.95	80	\$ 1,356.00	\$ 35,256.00	\$ 2,644.200	\$ 2,644.200	\$ 2,644.200	\$ 5,006.35	\$ 3,000.00	\$ 51,194.95
Relief Cook	1	2	\$ 13.50	80	\$ 1,080.00	\$ 28,080.00	\$ 2,106.000	\$ 2,106.000	\$ 2,106.000	\$ 3,004.56	\$ 3,000.00	\$ 40,402.56
Food Service Workers B												
	8	5	\$ 10.75	80	\$ 860.00	\$ 22,360.00	\$ 1,677.000	\$ 1,677.000	\$ 1,677.000	\$ 19,140.16	\$ 24,000.00	\$ 70,531.16
	5	1	\$ 9.35	80	\$ 748.00	\$ 19,448.00	\$ 1,458.600	\$ 1,458.600	\$ 1,458.600	\$ 10,404.68	\$ 15,000.00	\$ 49,228.48
	2	8	\$ 12.45	80	\$ 996.00	\$ 25,896.00	\$ 1,942.200	\$ 1,942.200	\$ 1,942.200	\$ 6,111.46	\$ 6,000.00	\$ 43,834.06
Food Service Workers A												
	7	3	\$ 8.95	80	\$ 716.00	\$ 18,616.00	\$ 1,396.200	\$ 1,396.200	\$ 1,396.200	\$ 13,943.38	\$ 21,000.00	\$ 57,747.98
	4	1	\$ 8.75	40	\$ 350.00	\$ 9,100.00	\$ 682.500	\$ 682.500	\$ 682.500	0	\$ 12,000.00	\$ 23,147.50
	12	2	\$ 8.50	20	\$ 170.00	\$ 4,420.00	\$ 331.500	\$ 331.500	\$ 331.500	0	0	\$ 5,414.50
Totals:					\$ 13,880.00	\$ 360,880.00	\$ 27,066.000	\$ 27,066.000	\$ 27,066.000	\$ 77,053.60	\$ 99,000.00	\$ 618,131.60

B. Other Expenses

Other Expenses			
Food Expenses			
	2013	2014	2015
Beginning Inventory	\$ 55,780.00	\$ 34,056.00	\$ 34,737.12
Purchasing	\$ 1,240,000.00	\$ 1,264,800.00	\$ 1,290,096.00
Ending Inventory	\$ 34,056.00	\$ 34,737.12	\$ 35,431.86
Cost of Goods Sold	\$ 1,261,724.00	\$ 1,264,118.88	\$ 1,289,401.26
Supplies			
	\$ 16,255.00	\$ 16,580.10	\$ 16,911.70
Minor Equipment			
	\$ 12,325.00	\$ 12,571.50	\$ 12,822.93
Continuing Education			
			\$ 700.00

C. Income and Expense Statement

Budget			
2015			
Income			
	Meal Equivalent	# Meals Sold	Income
Cafeteria Meals ¹	\$ 6.02	225,000	\$ 1,327,500.00
Patient Meals ²	\$ 3.62	200,000	\$ 710,000.00
	Total:	425,000	\$ 2,037,500.00
Expenses			
Operating Budget			
Employee Cost	\$ 360,880.00		
Incentives Program ³	\$ 8,000.00		
Paid Time Off (PTO)	\$ 77,053.60		
Health Care Insurance	\$ 99,000.00		
Retirement Benefits	\$ 27,066.00		
FICA	\$ 54,132.00		
Total Employee Costs	\$ 626,131.60		
Other Expenses			
Food Expenses ⁴	\$ 1,289,401.26		
Supplies ⁴	\$ 16,911.70		
Minor Equipment	\$ 12,822.93		
Continuing Education ⁵	\$ 700.00		
Capitol Expenses ⁶	\$ 5,200.00		
Total Other Expenses:	\$ 1,325,035.89		
Total Expenses:	\$ 1,951,167.49		
Final Budget:	\$ 86,332.51		

Capital Budget

Rational Oven

\$7,560.00

This will be purchased in December 2017. This machine would be very effective, accurate, and help with quick cooking. The rational oven would ensure quality products by monitoring food temperatures.



Food Holding Cabinet

\$9,599.00

This will be purchased in December 2019. This holder would allow food to be kept in the correct temperatures and could be wheeled directly to patients. Individuals will be able to receive their food quickly and safely.



IV. Operating Statistics

Operating Statistics			
2013			
Food Cost Per Meal	Food Cost/# of Meals	\$1,261,724/425,000	\$2.97
Labor Cost Per Meal	Labor Cost/# of Meals	\$618,131.60/425000	\$1.45
Total Cost Per Meal	Labor Cost/Meal+ Food Cost/Meal	\$2.97+\$1.45	\$4.42
Meals Per Labor Hour	# of Meal (in Equivalents)/ # of Labor Hours	425,000/70,512	6.03
Labor Minutes Per Meal	(60 Minutes/hour)/(Meals/Labour Hour)	60/6.03	9.95
Meals Per FTE	# Meals (in Equivalents)/FTEs	425,000/33.9	12,536.90
Food Cost Percentage	(Cost of Food/ Sales) *100	\$1,261,724/\$2,037,50	61.93%

V. Analysis

The problems we saw were low employee morale, little growth and improvement, poor department performance, and few goals and objectives resulting in lack of guidance. We remedied these issues by creating a mission statement, goals and objectives, an incentive plan, and revamping the budget.

1. Low employee morale: We plan to improve employee morale by creating a mission statement, and training employees to adhere to the principles stated. We also implemented an incentives program for employees that show high work performance and dedication to the mission statement. We will improve employee's job satisfaction through increasing work efficiency. This will be done through additional training on ServSafe guidelines and a monthly production evaluation. This additional training will cause our employees to feel valued and qualified, which will decrease wasting time, resources, and overall expenses.
2. Little growth and improvement: We plan to expand and improve the department by acquiring more equipment. We are buying a rational oven, which will ensure a quality product by regulating time-temperature guidelines and increase the efficiency of meal output. We will also purchase a food-holding cabinet, which will allow food to taken to patients faster while maintaining the correct temperature and quality.
3. Poor department performance: Related to low employee morale, we plan to improve department performance through a training program and an incentives program for employees. Acquiring new equipment will also increase department performance, as it will decrease wait time for patients' food. By increasing customer satisfaction, we hope to simultaneously increase our employee satisfaction.
4. Few goals and objectives: We created a mission statement for the department along with short-term and long-term goals that we wish to achieve. We believe that these goals are attainable by all staff members. We plan to share our mission statement and our objectives with all employees through creation of a handbook. Knowledge of a mission statement generates a sense of purpose and direction for good employee performance.

We recognize that we are investing more money in employee training, incentives, and equipment, which will cause more short-term debt. However, we believe that with the improvements made, will increase benefits and department efficiency in the future.

VI. Explanations

1. Cafeteria Meals: We project that our revenue for cafeteria meals will increase through monthly activities. These can range from holiday events and talent shows to theme days and dances. We hope that this will increase patient participation as well as bring in friends and family of the patients to attend and purchase food. We increased our menu prices from \$5.90 to \$6.02 to generate more sales revenue. This increase accounted for an inflation of 2%.
2. Patient Meals: Through decreasing wait time for food and increasing our menu prices, we project that our sales revenue will increase in the future.
3. Incentives Program: Employee costs will increase from previous years because we created an incentives program. However, our employee morale and efficiency will increase due to rewards based on efficiency, increased performance, and attendance.
4. Food Expenses & Supplies: We assume that better training will result in a decrease of wasted food and time. Therefore, the increased training programs that our employees will receive will decrease food expenses and supply costs in the long run.
5. Continuing Education: We allocated funds to travel to FNCE and participate in classes, specifically about food service management to receive 15 continuing education credits.
6. Capital Expenses: We have decided to finance a Rational Oven over the next 3 years and a Food Holding Cabinet over the next 5 years. This will give us a yearly cost of \$5200.00 for the next 3 years.