Money Management for Managers

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ALSDE Child Nutrition Programs
Learning Code

Event Name: New Managers’ Training
Event Date: July 18, 2023 – July 19, 2023
Hours: 1.5
Professional Learning Code: 3300 & 2500
Outline

Financial Management
Customer Service
Purchasing & Receiving
Inventory
Food Cost
Work Scheduling
Meal Charge Policy
Supply Chain Disruptions
KALE

YEAH!!!!
Key Takeaways

At the end of this session, participants will be able to:

- Comprehend the importance of financial management.
- Use culinary math to manage your kitchen more efficiently.
- Understand the importance of purchasing and receiving goods (Including Buy American oversight).
- Create cycle menu work schedules (Time management).
- Discuss the importance of customer service.
- Dealing with Supply Chain Disruptions.
WHY FINANCIAL MANAGEMENT?
What are the benefits to financial management?

1. Right thing to do.
2. Potential for promotion.
3. Reduces kitchen chaos.
4. Problem solving.
5. People gravitate to winners.
INCREASING REVENUE
PROFIT AND LOSS:

Revenue
Sales $10,000.00

Expenses
Cost $7,000.00

= Profit or Loss
Profit $3,000.00
Why should we try and make a PROFIT?

- Purchase higher quality products.
- Purchase more efficient equipment.
- Improvement to the kitchen and cafeteria.
- Increased “WAGES”!!!
- CNP (Federal Reimbursement)
- Customers (Reduced and Paid Students)
- A la carte (Includes staff and adult meals)
- USDA Foods (Commodities)
- State/Local Funds
Capture Your Revenue:

- Focus on marketing your reimbursable meals!!!!
- CNP Reimbursable meals make up over 50% of CNP revenue.
- Reduced and Paid Students make up over 30% of CNP revenue.
- A la carte, Adult Meals, Staff / Faculty make up less than 10% of CNP revenue.
  - Check the prices of the extra sales items. Make sure you are making a profit and not just breaking even.
    - Line items (Pizza, Chicken wings, fries, and etc.) Extra servings over the required serving size.
    - Snacks (Chips, pop tarts, rice Krispie's, and etc.)
    - Drinks (Coffee, tea, soft drinks, juice, bottled water, and etc.)
What Can You Afford: Average Revenue per Meal:

Based on SY 2019-2020 (Per pandemic)

<table>
<thead>
<tr>
<th>Revenue Source (1)</th>
<th>Paid Lunch Elementary (2)</th>
<th>Free Lunch (3)</th>
<th>Reduced-Price Lunch (4)</th>
<th>Adult Lunch (5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Sales</td>
<td>$2.50</td>
<td>$0.00</td>
<td>$0.40</td>
<td>$3.00</td>
</tr>
<tr>
<td>Federal Reimbursement</td>
<td>$0.32</td>
<td>$3.41</td>
<td>$3.01</td>
<td>$0.00</td>
</tr>
<tr>
<td>USDA Commodity Value</td>
<td>$0.2350</td>
<td>$0.2350</td>
<td>$0.2350</td>
<td>$0.0000</td>
</tr>
<tr>
<td>Menu Certification</td>
<td>$0.07</td>
<td>$0.07</td>
<td>$0.07</td>
<td>$0.00</td>
</tr>
<tr>
<td>Local Funds</td>
<td>?</td>
<td>?</td>
<td>?</td>
<td>$0.00</td>
</tr>
<tr>
<td>State Funds (Pass Thru)</td>
<td>?</td>
<td>?</td>
<td>?</td>
<td>$0.00</td>
</tr>
<tr>
<td>Totals</td>
<td>$3.1250</td>
<td>$3.7150</td>
<td>$3.7150</td>
<td>$3.0000</td>
</tr>
</tbody>
</table>
## What Can You Afford: Average Revenue per Meal:

Based on SY 2019-2020 (Per pandemic)

<table>
<thead>
<tr>
<th>Category Served (1)</th>
<th>Average Number Served (2)</th>
<th>Revenue by Category (3)</th>
<th>Total Revenue by Category (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid</td>
<td>4,000</td>
<td>$3.1250</td>
<td>$12,500.00</td>
</tr>
<tr>
<td>Free</td>
<td>1,000</td>
<td>$3.7150</td>
<td>$3,715.00</td>
</tr>
<tr>
<td>Reduced</td>
<td>550</td>
<td>$3.7150</td>
<td>$2,043.25</td>
</tr>
<tr>
<td>Adults</td>
<td>400</td>
<td>$3.0000</td>
<td>$1,200.00</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>5,950</strong></td>
<td><strong>$19,458.25</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Average Revenue for Lunch

Total Revenue: $19,458.25

\[
\text{Average Revenue for One Lunch} = \frac{\text{Total Revenue}}{\text{Average Number Served}} = \frac{19,458.25}{5,950} = \$3.2703
\]
## Profit or Loss:

### Revenue Less Expense:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from one Lunch Meals</td>
<td>$3.27</td>
</tr>
<tr>
<td>Average Food Cost per Lunch</td>
<td>$1.32</td>
</tr>
<tr>
<td>Average Labor Cost per Lunch</td>
<td>$1.55</td>
</tr>
<tr>
<td>Average Overhead/Indirect Cost per Lunch</td>
<td>$0.33</td>
</tr>
<tr>
<td>Profit</td>
<td>$0.07</td>
</tr>
</tbody>
</table>
CUSTOMER SERVICE
Customer Service

Communication
Attire and Body Language
Strive to be Extraordinary
Environment
Convenience Sells!!!

Most kids don’t have long for lunch or don’t want to wait.

- Do lines move efficiently?
- Analyze:
  - Where are the hold-ups?
    - Service line
    - Dish room
    - Cashier
Customer Service

Analyze:

How many students does your cashier process in an hour?
- Reconfigure as needed.
- Consider pre-portioning.
  - Power Hour Lunch (Grab-N-Go):
    - Students and staff have a whole hour to eat lunch.
    - Students and staff may go to cafeteria, kiosks/booths, or CNP food trucks and pick up lunch meals and go to established dining location within the school (cafeteria, gym, courtyard, sport complex, and etc.).
GETTING WHAT YOU ORDERED
Statewide Procurement

**Advantages:**
- The State has already conducted the bidding procedure.
- Don’t have to bid every item.
- One vendor
- Less Supply Chain Disruptions

**Disadvantages:**
- If it is not on the list, don’t order it without talking to the Director first.
- School Food Authorities (SFA) may have sub-bids for items not on the statewide bid.
Advantages:
- 100% American grown
- Low to no cost to the SFA
- Meets the meal pattern
Inventory Management

• Purchasing
• Receiving
• Storing & Inventory Management
• Food Production
• Serving
• Cashiering
Menus are the driving force that begins the purchasing process.

Utilize Cycle Menus “That Sell”

Cultural food preferences

Labor cost (skill level)

Availability

Food cost

Standardized recipes
Forecasting

- The process of determining future needs by evaluating past performance, present conditions, and future indicators.
- Provide critical and valuable information.
- Strengthens the integrity of a purchase and bid.
Forecasting

Velocity Report

- Upon request from Distributor.
- Products purchased during a specific time period.
- Quantity, the date of purchase, and other valuable information.
- A tool for forecasting.
Information that you need:

✓ Menu-Use menu to list all items needed.
✓ Recipes
✓ Inventory-Determine the foods and supplies in your inventory and those ordered but not received.
✓ School calendar: what are your operating days?
✓ $$$ Need to know your budget.
✓ Participation averages.
✓ Order Period-items needed between deliveries (make sure you follow system procedures)
Getting The Right Products

- QUALITY
- CONDITION
- SIZE
- COLOR
- QUANTITY
- PACK
- BUY AMERICAN
Getting What You Ordered

- Read your specifications.
- Compare product code numbers.
- Consider organizing a product label notebook (CN Labels).
- Accept only approved substitutions.
- Verify all agriculture products meet the “Buy American” standards.
  - If an agriculture product is not produced in America, ensure that the CNP director is aware and approves the product before accepting.
- Check temperatures.
Receiving Product

- Turn the box upside down.
- Know the Grade; Check the Grade.
- Look before they leave!
- Ensure the Product is “USA”.

![ORANGES / Valencia
138 cnt 242 avg dia
Choice Size 138
Product of USA
Wonderful Citrus Delano, CA
115091432747](image)
<table>
<thead>
<tr>
<th>Action</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check</td>
<td>Always check your delivery in – Count the cases. Visually inspect all items.</td>
</tr>
<tr>
<td>Check</td>
<td>Always check dates on things that have expiration dates.</td>
</tr>
<tr>
<td>Inspect</td>
<td>Inspect produce for spoilage.</td>
</tr>
<tr>
<td>Inspect</td>
<td>Inspect Frozen Products.</td>
</tr>
<tr>
<td>Check</td>
<td>Check Milk Temperature.</td>
</tr>
<tr>
<td>Spot</td>
<td>Spot check pricing on invoices.</td>
</tr>
<tr>
<td>Train</td>
<td>Train employees on how to check in grocery orders.</td>
</tr>
</tbody>
</table>
Make sure the correct product is being delivered, especially if you receive a substitution.

Reject unacceptable goods or products.

Mark through any item on the invoice that were delivered or were not delivered. Have the driver initial the error.

Once you sign the invoice you are saying that it is correct.

If you have problems…let your Director know.
AS PURCHASED (AP) VS. EDIBLE PORTION (EP)
Definitions

**As Purchased (AP):**
The form of the ingredient as it was purchased or delivered.

**Edible Portion (EP):**
The amount of ingredient that can be used in food preparation after removing trimmings or waste from the as purchased product.
Example:

A good condition tomato weights 8.3 oz as purchase (AP), but weights 7.8 oz after prep for edible portion (EP)

Calculation

\[
7.8 \text{ oz (EP)} \div 8.3 \text{ oz (AP)} = 0.939 \text{ yield}
\]

A poor condition tomato weights 8 oz as purchase (AP), but weights 5.8 oz after prep for edible portion (EP)

Calculation

\[
5.8 \text{ oz (EP)} \div 8 \text{ oz (AP)} = 0.725 \text{ yield}
\]
DETERMINING NUMBER OF DAY’S WORTH OF INVENTORY
Too much food in inventory costs money because of storage costs and the possibility of the food losing quality during storage.
Inventory

7-10 Days’ Worth

Turnover 2-3 Times Per Month
Determining Number of Days of Inventory

Four Calculations:

1. Food Cost for the Month
2. Average Daily Food Costs
3. Number of Days in Inventory
4. Turnover Rate
FOOD COST FOR THE MONTH
Beginning Inventory: $12,573.00

+ Monthly Purchases: $15,668.00

Subtotal $28,241.00

- Ending Inventory: $8,233.00

= Food Cost for the Month: $20,008.00
Food Costs for the Month: $20,008.00
÷ Number of Serving Days in the Month: 19
= Average Daily Food Costs: $1,053.05
Ending Inventory: $8,233.00
÷ Average Daily Food Costs: $1,053.05

= Number of Days in Inventory: 7.8

Days worth of inventory is within the 7-10 days standards
Calculating the Inventory Turnover Rate

Number of serving days in the month: 19
÷ Number of Days of Inventory: 7.8
= Turnover Rate: 2.4

*Turnover Rate is within the 2-3 times per month standards
Benefits of Inventory Turnover Include:

Ordering quantities to ensure items are available for projected menus.

Reducing risk of theft because items missing are easily identified.

Rotating inventory can help to reduce waste and ensure higher quality products.
Managing Kitchen Efficiency
Plan the Work; Work the Plan!

Work Schedules
- Based on menu for the day
- Communicates expectations
- Consideration of kitchen specifics:
  - Participation
  - Equipment
  - Space
  - Product form

Efficient inputs = less tired staff = better morale + improved productivity!
## Work Schedule Per Cycle Menu

<table>
<thead>
<tr>
<th>Position</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cook</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cashier</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Number of Hours</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 (6am - 2pm)</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>6 (7am - 2pm)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 (8am - 1:30pm)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 (10am - 2pm)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 6:30 - 6:45
- Record Storage temps/Roll out Buns from freezer

### 6:45 - 7:00
- Breakfast setup

### 7:00 - 7:15
- Help manager w/breakfast/sanitizer buckets

### 7:15 - 7:30
- Cashier breakfast
- Serve breakfast

### 7:30 - 7:45
- Cashier breakfast
- Serve breakfast

### 7:45 - 8:00
- Put away breakfast/Clean lines
- Assist Mgr. clean lines

### 8:00 - 8:15
- Count money / Prepare cash drawers
- Prepare 6 pans of chicken alfredo
- Prepare Cucumber tomato salad

### 8:15 - 8:30
- Pull breakfast for Tuesday
- Prepare 6 pans of chicken alfredo
- Prepare Cucumber tomato salad
Group Lunch Break:

All CNP staff seat and eat together.

**Advantages:**
- Morale: Lifts the Spirit
- Time Management: Staff Meeting/Staff Discussions

**Disadvantages:**
- Decrease in work performance.
- Decrease in quality of food.
- Increase in overhead/indirect cost.
PLATE COST
Plate Cost for Breakfast

Menu example:
- Milk $ .32
- Apple Juice $ .22
- Peach Cup $ .47
- Cereal $ .32 (after Rebate)
- Yogurt $ .33

Total: $1.66

Total Menu food cost = $1.66
## Food Cost for Menu Item

### Recipe example:

Recipe: Ham & Cheese Sandwich, with mayo and mustard
2 oz. ham, 1 oz. cheese, 1 each PC-Mustard & Mayo

<table>
<thead>
<tr>
<th>Item</th>
<th>Price</th>
<th>Cost per Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ham</td>
<td>4/2.5 lbs</td>
<td>$42.73</td>
</tr>
<tr>
<td>Cheese</td>
<td>4/5 lbs</td>
<td>$65.41</td>
</tr>
<tr>
<td>Bread</td>
<td>10/24oz</td>
<td>$26.05</td>
</tr>
<tr>
<td>Mustard</td>
<td>500/7 g</td>
<td>$17.46</td>
</tr>
<tr>
<td>RF Mayo</td>
<td>200/12 g</td>
<td>$21.49</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$0.53/2 oz Serving</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$0.20/1 oz Serving</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$0.22/2 Slices</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$0.03/pc</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$0.11/pc</td>
<td></td>
</tr>
</tbody>
</table>

Total Recipe food cost = $1.09
Charge Meal Policy and Collection
Know your school's Unpaid Meals Charge Policy.

Know the State and Federal Requirements of Unpaid Meal Charges.

1. School Food Authorities are required to have a written policy.
2. Collection procedures need to be defined or specified.
3. CNP is not allowed to have bad debt.
4. The SFA has to repay the bad debt at either school year end or fiscal year end at the SFA’s discretion.
   - The parents/guardians must pay all unpaid meal charges, or the school district must cover the bad debt with non-public funds.
Suggested Collection Procedures:

- A system needs to be in place to notify the Managers or staff when a meal has been charged.
- The Managers should notify the CNP Director, Principal, and/or any other authorized representative when meal charges occur according to charged meal policy procedures.
- Notify the parents by emails, letters, and/or telephone calls of the students with unpaid meal charges.
- At school year end or fiscal year end, the bad debt should be paid from non-public funds (PTA, fundraisers, donations, principal, superintendent, and etc.) to the CNP account. The school district should set up a bad debt account for unpaid meals in an attempt to collect the funds.
Chain Supply Disruption
Chain Supply Disruptions

**Problems:**

- I can’t get what I ordered.
- Items on bid are not available.
- Staffing problems.
- Backordered.
- Out of production.
Chain Supply Disruptions

Solutions

- Communicate with your CNP Directors,
- Communicate with your Distributors / Vendors
- Communicate with your Delivery Drivers
- Have a backup plan for out of stock and backorders
- If you can’t get it from your supplier, is there a suitable substitute?
- See if it is available somewhere else until, your supplier is able to provide it.
The Supply Train:

It’s not my place to run the train, the whistle I can’t blow. It’s not my place to say how far the train’s allowed to go. It’s not my place to shoot off steam, nor even clang the bell. But let the thing jump the track... AND SEE WHO CATCHES

KALE!!!!!!
KALE Yeah!
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