

Tips for Managing Food Service Costs

As food service managers shift to healthier options, there are many ways to manage costs. The following suggestions were gathered from food service professionals across the country to help make serving healthy foods more affordable. We recognize these tips may not work for everyone, but hope that you will find many of them useful.

Menu Planning and Preparation

- Manage waste
 - Pay attention to serving sizes. Often food service serves more food than most people need. Serving reasonable portions is good for managing cost, supporting health, and reducing food waste.
 - Batch cooking is essential for food quality and cost control. Try not to cook all the food for the day at once. If a certain option does not sell well in the beginning of a meal service, you may not want to prepare as much for later in the day.
 - Keep good production records. This will help you determine how many servings to prepare in the future.
 - Stop using disposable utensils if possible. If you are concerned customers will throw away utensils, place a bucket of soapy water right next to the trash.
 - Analyze the cost of reusable flatware. How many times does a real fork need to be used before it is cheaper than using a disposable one? One school district found it was only 17 times!



- Reduce use of unnecessary paper and plastic products. Stop using paper boats, bags, plastic cups, and wraps around sandwiches. They add unnecessary cost to the meal that could be spent on food.
 - This also may appeal to customers who are interested in environmental issues. Try marketing the changes using posters or materials that remind people that reducing waste is good for the environment.
- Use the same product multiple ways. Using a product in different recipes can cut down on inventory and reduce waste.
 - For example, avoid buying many different types of chicken products. Instead, change them up with new names and sides. For example, roast chicken can be rotisserie style, barbeque, teriyaki, or used on a salad.
 - Change up your sides. Roasted vegetables, for example, are inexpensive and versatile.
- Standardize recipes. This will make ordering and inventory management easier.
- Consider the trade-offs between food costs versus labor costs. Some foods may be less expensive to purchase in their least processed form, but will require additional labor to prepare them.
- Analyze your budget to see where else you can reduce costs. Are there options to streamline a process, reduce overhead costs, or decrease energy usage?
- Analyze item prices to ensure they reflect the true cost of purchasing, preparing, and selling the item, including indirect costs.
- Fruits and vegetables are often considered more expensive items than less healthful alternatives. A [USDA study](#) found that when cost of food was assessed on the basis of average portion size, fruits, vegetables, grains, and dairy foods are less expensive than most protein foods and foods high in added sugars, sodium, and/or saturated fat. Here are a few tips to further reduce the cost of produce:
 - Good inventory management can help to improve utilization of fruits and vegetables and reduce costs due to waste.
 - Choose fruits and vegetables that are in season when possible. Partner with local farms to get affordable fresh produce, when seasonally available.
 - Purchase frozen, canned, and produce that stores well (apples, sweet potatoes, squash, etc.) in the off season.

- Use less expensive healthy items.
 - Mix in less expensive items alongside more expensive ones. Even if 20 percent of customers choose a less expensive option, you save money.
 - Reduce portion sizes of meat. Prepare mixed dishes with meat as an ingredient, rather than as the entrée.
 - Swap beans for more expensive proteins, like chicken, beef, and pork. Buy dried beans instead of canned for even more savings.
 - Market and test less expensive and less processed healthy items.
 - Some food service operators have found that with good recipes or marketing they can swap out higher cost, more processed foods, for less expensive, less processed foods.
- Incorporate more-costly items wisely.
 - When considering a new, slightly more expensive item, think about how many customers will likely take it. Prepare a limited number of portions, to reduce spending extra on waste.
 - Just because an item is popular does not mean it makes money. If the item is popular and expensive, less profit per meal will be generated. (Take the total revenue and deduct the total cost per meal to determine how much profit that meal will generate.)
 - Serve popular but expensive items less often.
- For institutional food service, limit desserts. Make dessert a special occasion food and offer small portions. Offer fruit salad or whole fruits for dessert.
- Research milk options. If plastic bottles are more expensive, consider offering cardboard cartons.



Marketing Approaches to Increase Healthy Food Sales

- Increase healthy meal appeal.
 - Cook vegetables to preserve vibrant colors and textures, and vary the way you cut the fruits, vegetables, and sandwiches to provide more interesting or appealing presentations.
 - Use catchy names, like “Cajun catfish” rather than “broiled fish” or “southwest chipotle chicken” over “grilled chicken.”
 - Instead of describing a dish as low sodium, use phrases like “with a touch of sea salt” or “with garlic and fresh herbs.”
 - Enticing adjectives to describe cooking methods include roasted, seared, rubbed, blackened, grilled, barbeque, and slow cooked.
 - Descriptors like “crisp,” “young,” “baby,” “summer,” “farm fresh,” and “heirloom” can increase the appeal of vegetables.
 - Cutting up fruit can increase appeal and sales.
- Strategically promote healthier choices.
 - Products at eye level (beverages in a cooler or snacks in vending or concession shelves) tend to sell better than ones toward the top or bottom of the display.
 - Position healthy food options at the beginning of the buffet line. People tend to fill up their plates with the items they see first.
 - Place healthy options at the top of columns or in boxes on the menu to promote healthy choices.
 - Place a bowl of fruit by the register.
 - Price less healthful items higher to cover the cost of healthy items.
 - Market your program to employees or program participants to increase participation and healthy selections.
 - Conduct [taste tests](#), have employees vote on meal options, hold recipe contests, email employees marketing materials to market the cafeteria, etc.
 - Use signage to encourage healthy options.

- Offer a salad bar, with both fruits and vegetables.
 - Try placing the salad bar at the beginning of the line.
 - Experiment with a variety of fruits and vegetables cut in different ways.
 - Limit calorie dense items like cheese and potato salad.
 - Salad bars also are a great place to offer legume salads. Do not expect that all customers will love them right away. Engage customers in [taste tests](#) and opportunities for feedback.
- Reduce portions and unhealthy selections
 - If you operate a buffet line or an all-you-can-eat operation, do not provide trays. Trays allow people to take more food than they could otherwise carry and may drive up costs for institutional food service.
 - Serve food in smaller bowls and plates.
 - Put smaller serving utensils in the salad bar and buffet lines.



Purchasing and Inventory

- Perfect purchasing practices: plan your menus in advance, and tailor your orders carefully to those menus.
- Check your delivery schedule.
 - Purchasing an extra cooler may save money in the long run by reducing delivery charges.
- Keep track of inventory.
 - Know what is on hand, and incorporate those ingredients in menu plans.
 - Increase the number of times you do inventory.
 - Make sure your orders are correct before the delivery people leave. Ask them not to deliver at meal time when staff will be distracted.
- Use competitive bidding practices.

- Develop bids that have sound conditions and product specifications that meet your nutritional goals. Use competition between multiple vendors to get the best nutrition for the best price.
- Consider hiring a consultant to help you through the request for proposals and contract writing process.
- Include nutrition standards in contracts when they are up for renewal.
- Consider selecting a prime vendor, such as a group purchasing organization (GPO). This can save staff time by streamlining invoicing and deliveries.
 - Speak with your GPO representative about products you want through your contract. Review your GPO purchasing goals to determine if and at what ratio you are allowed to make outside purchases. Buying healthier items can be challenging if the GPO does not carry healthier products you wish to purchase.
- Create or join a formal or informal buying cooperative. Purchasing as a cooperative can result in greater access to healthier products and reduce product and delivery costs.
 - School districts, due to updated national nutrition standards, are required to meet nutrition standards for meals, snacks, and beverages. Partner with your local school district to gain access to healthier options at a better price or ask them where they purchase healthier options.
 - Reach out to other local institutions that are serving healthier foods, such as hospitals, parks, correctional facilities, senior centers, Veterans Affairs facilities, and Department of Defense installations.
 - If you do not have adequate storage space at your institution, share freezer/cooler space with nearby institutions (hospitals, workplaces, etc.).

Staff

- Professionalize your staff to increase productivity.
 - Give staff the training, tools, and respect they need to do their job well.
 - Find ways to build relationships between your staff and the customers, so your staff feel more connected to the institution and feel more ownership of their jobs.

- Consider having two or three shifts if the kitchen is crowded or staff regularly wait for equipment. For example, some staff could start early in the day for prep and breakfast. Others could come in just before lunch and stay later in the afternoon.
- Seek out a mentor.
 - If you are a new food service director or just think you could learn from another director, seek out other successful directors who have transitioned to healthier options.



Resources

CSPI: Healthy Product Supply Chain Fact Sheet

<https://cspinet.org/resource/fact-sheet-healthy-product-supply-chain>

CSPI: Tips for Successfully Implementing Healthy Food Guidelines

<https://cspinet.org/resource/tips-successfully-implementing-healthy-food-guidelines>

FINE: Toolkit for developing RFP and food service contracts

<http://www.farmtoinstitution.org/food-service-toolkit>

Institute of Child Nutrition: Financial Management Resources

<http://www.nfsmi.org/ResourceOverview.aspx?ID=63>

Institute of Child Nutrition: Meal Pattern Guide

<http://www.nfsmi.org/ResourceOverview.aspx?ID=425>

For additional resources, please visit <http://bit.ly/CSPIprocurement> or contact CSPI at 202-777-8352 or nutritionpolicy@cspinet.org