

Brigham Young University

Budget

After receiving the information for a hospital experiencing financial problems our assignment was to create a plan to improve the budget and employee morale. First we created mission statement, goals, and objective to direct our planning and create a vision for the nutrition and food service department. Then we created an excel spreadsheet to calculate the budget to make it easier to manipulate the numbers later as we looking for solutions to decrease the deficit. After analyzing the budget and making changes we explained our changes and analyzed why our budgetary changes would improve the department.

MEMORIAL HOSPITAL

Department of Food and Nutrition Services

Mission

The mission of the Food and Nutritional Services Department at Memorial Hospital is to deliver quality care that is unforgettable to all patients, and their families.

Goals

The Food and Nutritional Services Department will:

1. Produce and distribute high quality meals to all patients through providing meals that are aesthetic pleasing and comply with all federal, state and local nutritional standards.
2. Provide an enthusiastic work environment, which engenders commitment to excellence and patient-employee relations.
3. Strengthen employees through teaching and maintaining high performance standards and providing employees with educational tools to create a foundation of learning.

Objectives

The Food and Nutritional Services Department values long-term objectives that will give long-term benefits. Our long-term objectives are the following:

1. Decrease employee turnover rate by increasing employee satisfaction.
2. Demonstrate a positive correlation between operating and actual reports to increase future profit growth.
3. Increase productivity through increasing employee benefits and wages.

The Food and Nutritional Services Department will implement the following three short-term objectives in the next three months:

1. Establish a new operating budget to secure a stronger financial foundation and increase profit growth.
2. Minimize employee grievances by implementing adequate training and regulations.
3. Develop a tuition reimbursement program to encourage employees to further their educational goals and increase their skills.

Explanations for budget

- A. When looking at ways to improve the overall net profit of the department, revenue seemed to be the best place to start. Selling so many more meal equivalents and patient meals is based off of improved productivity in the kitchen (thanks to new equipment which facilitates prep, training, and employee incentives; explained below), an improved menu that offers new entrees without causing a jump in food expenses, theme days and advertisements to attract business, and a call-and-order menu offered to the patients. With the improved menu and service, it would seem reasonable to request a slightly increased price per meal for patients, and to raise the meal equivalent price which still has a high food cost percentage.
- B. We did not want to release too much of the staff. Ultimately we decided to let go four of the part-time workers and one full-time worker from the B crew. The amount of labor hours from these changes made for a statistic of 8 meals / labor hour (assuming the forecasted amount of meals are sold), which displays an improvement in productivity over the prior statistic of 3 meals / labor hour.
- C. The education fund was set up with consideration of local university tuition costs. We calculated an average tuition cost of \$469 per unit, and for every unit employees enroll in we will reimburse half the cost of the unit as long as the education somehow pertains to their employ. A yearly maximum of 200 units will be established, which allows many employees to enroll and we assume many employees will want to use this opportunity. A full load is 12 units, so up to 16 employees could be full-time students.
- D. Funeral leave compensation is set at 1% of the total labor costs and will be used on whoever needs it. Funerals for family members are not a common occurrence for most people, so a small percentage seemed reasonable.
- E. A yearly trip to FNCE covers the requirements of a dietitian's continuing education. Therefore, we will budget on ourselves \$300 which is the cost of attending FNCE, \$350 for a round trip flight from LA to Philadelphia (next year's FNCE location), and \$50 for a hotel.
- F. Capital Budget. . Victory Refrigeration, Blast Chiller 70

Price: \$10,000

Justification: The food and nutritional services department has a goal to use a cook-chill system in our kitchen and feel that purchasing a new blast chiller will help us achieve our goal. The new blast chiller will cool cooked foods more rapidly and provide a safe holding in cold storage for extended periods of time. This piece of equipment will help us prepare, package and safely chill hundreds of meals each day. As we project an increase in the number of meals that we will serve, we will be relying on this system to help us make more meals in advance. Lastly, this will reduce the number of batches that need to be prepared during the day and will help decrease labor cost.

2. Blodgett Combi Oven, Full size, Double Deck

Price: \$24,000

Justification: The food and nutritional services department has decreased the amount of production employees and feel that purchasing a combi oven will provide more production capacity. The combi oven can combine the functions of two or more pieces of kitchen equipment and essentially do two or more jobs. We feel that it will be a great investment because we can pre-program all of our recipes and make it easier for our staff to have a greater consistency when they cook food. It will also allow us to comply with the HACCP standards because it records this data. We believe that our food will be prepared in a safe manner by allowing our dietary staff to cook the food to the proper time and temperature.

- G. The cost of goods sold, cost of cleaning supplies, and minor equipment costs have been adjusted in anticipation for a 2% inflation.

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Analysis

By creating solid short term and long term objectives the department will have a definite direction and goal for the future. Frequently referring to the mission statement, goals and objectives for the department will help all managers and staff work together effectively as they work for a common goal. This will eliminate unrelated and unnecessary projects, increase the unity of the department, and help create a larger vision for the employees. Having a better working relationship in all the areas of the department will increase productivity and moral by decreasing misunderstandings and minimizing unnecessary planning and action that is not related to the departmental goals.

Increased productivity will allow for increased morale by allowing for increased employee benefits by way of tuition reimbursement and a funeral leave plan. It will also allow for growth and improvement in the department by way of new equipment, specifically a blast chiller and two combi-ovens. This equipment will allow for the kitchen staff to be more productive and effective. It will allow for more pre-prep which will decrease stress and pressure in meal preparation. The two combi-ovens will allow for more variety in the menu while also keeping the work load of the kitchen staff at a reasonable level. The growth and development in the department is predicted to increase morale by showing employees that they are valued and thought of by higher management.

By increasing the meal price of both meal equivalents and patient meals the department was able to lower food cost percent and increase profit. By slowly and reasonably increasing the meal price over the next five to seven years the food cost percent will decrease from sixty per cent to a profitable forty percent further increasing profits.

In order to decrease unnecessary labor the department cut staff by four part time employees and one full time employee. While this may temporarily be seen as a decrease in moral, long term it will increase moral by making the department more productive and making current employees feel more needed and useful.