

Viewpoint

Cut costs, but don't cut the heart out of your dining service

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As customers cut back on spending and management looks for savings, the dining service manager has only two significant places to look for cost reductions: food and labor, which constitute 70% to 80% of a typical on-site operation's costs.

Paper and disposables costs are another important area, but a distant third, and other cost items are much smaller.

Food cost is the most difficult to control. It's affected by such variables as menu mix, customer choices, vendor pricing, preparation skills (or their lack), over- or under-production, portioning and waste. Labor cost is easier to identify, measure and, to an extent greater than food, control.

But managing labor cost involves human beings who, unlike potatoes or ground beef, have their own self-interests to protect. When their livelihoods are threatened, hourly employees are unlikely to put their employer's interests ahead of their own and their families' welfare.

One poor way to reduce labor cost that managers sometimes choose is to reduce employees' hours by a half-hour or an hour a day. This can reduce wages, at least on paper, but can have unintended consequences. Labor costs may go up instead of down.

People earning \$8 to \$12 an hour really can't afford a cut in pay. They will find ways to get their hours back up to 40 or, if possible, higher. And their morale won't be improved, either.

Productivity and the quality of work are likely to suffer. The result may be higher food and other costs as employees lose interest in working at maximum efficiency.

Employee theft has risen in recent months, according to *The Wall Street Journal*, attributed to employees' uncertainty about their futures. Dining services offer many temptations to the person working for a reduced paycheck.

When low sales or other factors require reducing labor costs, there are better ways. First, look at your overtime pay. Can tasks routinely performed on OT be completed within straight-time hours? Can you consolidate jobs and reduce a position or two? Would putting some employees on a 10-hour, four-day week work?

Whatever you do, remember you need your people's enthusiasm and support to be successful in good times and bad.

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