Case Study

The Case of the Missing Chef

Dining Insights, Winter 2011

One of a series of reports of the results of Clarion projects, illustrating the ways in which dining services are improved and new opportunities to increase value are created. Names and identifying details are omitted to protect our client's anonymity.

A new food service contractor promised to bring a new broom and fresh energy to reinvigorate the company's tired dining service. Clarion had participated with management in the competitive process that resulted in a national contractor being awarded the business.

THE SITUATION: After a promising start, the operation soon relapsed into the usual okay-but-not-great status. The contractor's anticipated surge in sales didn't materialize. As a result, the service was unprofitable and the operator was seeking a subsidy.

The company has an average of about 1,500 out of 2,200 employees on-site daily at its suburban campus. The dining center includes a kiosk offering premium coffee and light snacks in the seating area, open until 4:00 p.m. A second kiosk is open mornings at the employee entryway to an adjoining building. There also is a brisk catering business, equal to 25% of café sales.

We were asked to identify the shortcomings that made it unsatisfactory to the company and unprofitable to the operator and recommend solutions.

WHAT WE FOUND: Business was indeed slow; average daily sales had declined every month from the start of the operation. Nine months after the start, sales were down 12%, with no sign of a turnaround. Why?

- Food was, at best, mediocre.
- The entrees offered demonstrated the operator's attempts to reduce costs: two kinds of pasta with two non-meat sauces.
- A well-appointed "action station," where a chef could prepare meals to order, was used only for serving tacos.
- The grill station, which had been attractively refurbished, was lightly patronized.
- The dining area coffee kiosk served just that – coffee – with a minimal display of light snacks and uninteresting desserts.
- The employee entrance was an "orphan" – staffed and supplied, but otherwise ignored. The attendant preferred to read the newspaper, sitting down out of sight, rather than merchandise her wares, while potential customers walked by with coffee and buns from local coffee shops.
- More important, dining service employees (except for the lively grill cook) went about their work with an air of indifference. No one was discourteous; they just seemed to not care whether a customer came in or not.
- Food safety precautions were lax and sanitation was below standard.

If these conditions were the cause of declining sales, what was the cause of this unfortunate situation – especially the mediocre food and uninspiring menu?

There was no chef. The bright, promising young executive chef had been absent for the last four of the nine months the contractor had been operating here. He had been "loaned" to another account, then took several weeks' paternity leave. In his place, the contractor sent a sous chef from another account who was an adequate cook, but did not manage the kitchen. The general manager seemed unable to pick up the slack and provide leadership to the team.

The client-owned point of sale system generates detailed sales reports, valuable for tracking sales and planning menus and purchasing. But most sales were rung on a miscellaneous key, making the report useless and eliminating any accountability on the part of the cashiers.

Financial statements showed food and other costs were in line and the staffing schedule had been reduced from prior years. The profitability problem wasn't excessive costs; it was low sales.

WHAT WE DID: Fortunately, the absent executive chef was returning to work the week following our evaluation. He came in to meet us during our visit. We had a candid discussion with him and the general manager about our findings and suggested ways they could increase customer counts and sales.

We advised the company that the contractor's costs were reasonable and that, without an increase in revenue, the service wouldn't breakeven. To assist the operator and encourage them to make an effort to improve sales, the company could offer a subsidy equal to 5% of sales, covering their general and administrative costs. The contractor could earn a modest direct profit with this support and would have its vendor rebates and other indirect income for additional profit.

CLARION'S ROLE: We had worked with both the client and contractor in the past on other projects and understood both parties' objectives and needs. We were able to offer solutions that gave the contractor a way to reach profitability at minimal cost to our client. Now it's up to the contractor to do what's necessary to increase sales.