

BUSINESS OPERATIONS

Standard 1: Manage Budget

A CDM, CFPP is responsible for managing the department budget, which includes:

- Developing an annual budget based on facility needs, and operating within budget parameters
- Managing actual costs to budget in calculating costs for menu, equipment, supplies, and labor for the food service department
- Monitoring expenses and productivity, adjusting as needed
- Evaluating capital equipment needs, existing conditions, and future requirements
- Developing justification and preparing specifications for replacement as needed for new capital equipment

PERFORMANCE INDICATORS	KEY ACTIONS
1.0 Operating Budget	
1.1 Effectively assess and document facility needs to ensure alignment with the operating budget.	<ul style="list-style-type: none"> • Ensure the budget supports the mission, goals, and objectives of the organization. • Examine each source of revenue and anticipate changes. • Determine expenses, including food, labor, supply, and other direct costs. • Obtain census estimates and identify time periods for renovations or new units • Divide annual expenses and revenues into monthly amounts for easier monitoring and control.
1.1 RESOURCES <u>Foodservice Management by Design, 4th Edition</u> <i>Sample Hospital Operating Budget for One Year</i> <i>Revenue per Client per Day Converted into Annual Revenue</i> <i>Sample Skilled Nursing Facility Operating Budget for One Year</i> <i>Sample Monthly Spend Down Tracker</i> <i>Sample Operating Statement</i> <i>Food Issuing Log</i> <u>Online Resources</u> ANFP: Top 10 Strategies for Menu Planning: Balancing Cost, Labor, and Compliance Calculating Monthly Cost	

Adjust Budget Figures Up or Down
 Food Cost as a Percentage of Sales
 Monthly Food Cost
 Meal Equivalents
 Adjusting Staffing in Response to Census Change
 Full Time Equivalents

[ANFP Nutrition & Foodservice Edge Magazine](#)

Your Menu: At the Root of Cost Control

A Lean Management Approach to Controlling Cost in Food Service

1.2 Accurately calculate and evaluate the cost of the menu and cost per patient day.

- Use foodservice management software to cost meals and menus, leveraging standardized recipes, portion sizes, and ingredient costs.
- Determine whether specific food products should be made in-house or purchased commercially, considering factors such as quality, nutrition, labor, and cost.
- Calculate Daily Raw Food Cost Per Meal and Per Patient Day (PPD).

1.2 RESOURCES

[Foodservice Management by Design, 4th Edition](#)

Calculating EP from AP Amounts

Costing a Recipe

Menu Pre-Cost Report for One Meal

Menu Cost Report for All Diets, One Day

Calculating Costs PPD

[Online Resources](#)

[CBDM](#)

CBDM Practice Standard - Calculations for Menu Planning; 1.0 Calculating Food Costs

[ANFP](#)

[Calculate Recipe Cost Per Person](#)

[Scaling a Recipe](#)

[Deciding to Make or Buy a Food Item](#)

[Calculate Raw Food Cost Per Meal](#)

[Calculate Raw Food Cost Per Patient Day](#)

Recipe Cost

Price Per Ounce for Canned Foods

Yield Percentage, EP and AP

Total Cost of Menu

1.3 Consistently monitor and analyze expenses to ensure they remain within the operating budget.

- Measure and monitor productivity metrics, such as: Total patient days per month; total patient meals per month, meals per labor hour, labor cost per meal, labor cost PPD, labor minutes per meal, supply cost PPD, total cost per meal, total cost PPD
- Use internal and external benchmarks.

1.3 RESOURCES

Online Resources

ANFP:

[Calculate Meals Per Labor Hour](#)

[Labor Cost Per Meal](#)

Patient/Resident Days Per Month

Patient/Resident Meals Per Month

Total Patient Days Per Month

Labor Minutes Per Meal

Labor Cost Per Patient Day

Supply Cost Per Patient Day

Total Cost Per Meal

Total Meal Cost Per Patient Day Including Labor

[2025 ANFP Skilled Nursing Facility Key Benchmarks](#)

[ANFP Nutrition & Foodservice Edge Magazine:](#)

Great Reasons to Participate in ANFP's Benchmarking Program

I Want It, But Do I Need It? Assessing the Benefits of New Technology for Your Operation

2.0 Capital Budget

2.1 Effectively identify and document capital expenditure requirements.

- Conduct a thorough assessment of facility and operational needs.
- Evaluate options for existing capital equipment to determine their life expectancy.
- Complete a cost-benefit analysis to analyze replacing or repairing equipment.

2.1 RESOURCES

[Foodservice Management by Design, 4th Edition, Supplemental Materials](#)

Six-Month Preventive Maintenance Schedule

Equipment Maintenance and Repair Log

Online Resources

[ANFP Nutrition & Foodservice Edge Magazine](#)

Adopting Proven Technology in Your Kitchen

I Want It, But Do I Need It? Assessing the Benefits of New Technologies for Your Operation

2.2 Develop and present comprehensive budget proposals for new capital.

- Gather supporting materials to develop a budget proposal.
- Compose an equipment specification based on needs.

2.2 RESOURCES

[Foodservice Management by Design, 4th Edition](#)

Sample Justification for Replacing a Dishmachine

Equipment Specifications

[Foodservice Management by Design, 4th Edition, Supplemental Materials](#)

Sample Specification — Convection Oven