

# BUSINESS OPERATIONS

## Standard 3: Generating Revenue and Cost Containment

A CDM, CFPP is responsible for managing revenue-generating services and implementing cost-effective policies and procedures by:

- Managing business operations of the foodservice department, implementing cost-effective procedures, and managing revenue-generating services, including retail/catering
- Implementing cost-saving measures for inventory control, purchasing, and operation of the foodservice department
- Reporting actual costs vs. budget variances and adjusting as needed

PERFORMANCE INDICATORS	KEY ACTIONS
<b>1.0 Manage revenue-generating services</b>	
<b>1.1</b> Research and identify new revenue-generating opportunities.	<ul style="list-style-type: none"> <li>• Conduct market research and financial analysis to identify viable opportunities.</li> <li>• Leverage in-house resources such as physical facilities, culinary talent, and existing client base.</li> <li>• Develop a business plan and use financial ratios like Return on Investment (ROI) to evaluate project feasibility.</li> <li>• Adapt offerings to meet consumer demands and foster satisfaction, loyalty, and repeat business.</li> </ul>
<b>1.1 RESOURCES</b> <a href="#">Foodservice Management by Design, 4th Edition</a> <i>Methods to Assess Client Satisfaction</i> <i>Return on Investment (ROI): Take-Out Deli Trays</i> <i>Calculate Return on Investment</i>  <a href="#">Foodservice Management by Design, 4th Edition, Supplemental Materials</a> <i>Receiving Checklist</i>  <b>Online Resources</b> <a href="#">ANFP</a> <a href="#">Top 10 Ways to Bring Culinary Skills to Long-Term Care</a> Return on Investment	

**1.2** Establish a pricing strategy for retail and catering services.

- Define financial objectives, such as breaking even or achieving profit margins.
- Investigate competitor pricing to establish baseline market rates.
- Calculate production costs, including food, labor, supplies, and overhead expenses.
- Choose a pricing method, such as Food Cost Percentage or Factor Method, to determine sales price.
- Develop fixed pricing for catering menus to simplify coordination and planning.

### **1.2 RESOURCES**

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

*Calculate Monthly Food Cost*

*Calculate Total Cost Per Meal*

*Sample Catering Menu*

#### **Online Resources**

[ANFP](#)

Menu Sales Price Using Food Cost Percentage Method

Menu Sales Price Using Factor

## **2.0 Implement Cost-Effective Policies**

**2.1** Monitor and evaluate purchasing decisions.

- Monitor market trends for expensive items and adjust menus and purchases accordingly.
- Stay updated on vendor weekly product updates
- Utilize a Group Purchasing Organization or competitive bids for products.
- Track and obtain product rebates to reduce costs.
- Evaluate cost-effectiveness of nutritional supplements and tube feeding products.
- Research grade and quality of products, avoiding premium specifications when unnecessary.
- Evaluate make-versus-buy decisions to determine cost-effectiveness of convenience foods.
- Streamline ordering processes for improved efficiency.

## 2.1 RESOURCES

### Foodservice Management by Design, 4th Edition

*Purchasing Options — Benefits*  
*Sample Operating Statement*  
*Product Specification Format*

#### Online Resources

ANFP  
Make or Buy

#### ANFP Nutrition & Foodservice Edge Magazine

Infusing Restaurant Trends in the Non-Commercial Kitchen  
Culinary Trends and Innovations  
Responsible Procurement and Receiving of Local Food  
Elevate Your Snack and Supplement Menu While Saving on the Bottom Line

#### Other Online Resources

Understanding Food Quality Labels | USDA Agricultural Marketing Services

**2.2** Develop measurable performance indicators to assess the effectiveness of cost-saving departmental practices.

- Monitor productivity metrics.
- Monitor adherence to standardized recipes.
- Use cash register sales reports and food issuing logs to track sales revenues and identify discrepancies.
- Regularly verify receiving procedures and inventory practices, including FIFO rotation and shrinkage identification.
- Monitor use of alternative or cost-effective non-food supplies and ingredients to optimize resources.
- Set a permissible variance standard (e.g., 2-3%) for revenue discrepancies and investigate causes as needed.
- Evaluate the impact of self-service options in reducing labor requirements while maintaining service quality.

## 2.2 RESOURCES

### Foodservice Management by Design, 4th Edition

*Plate Waste Information*  
*Calculating Costs PPD*  
*Productivity Measure in Foodservice Operations*

#### Online Resources

#### ANFP Nutrition & Foodservice Edge Magazine

Peak Performance: Empowering Your Team for Maximum Productivity  
Responsible Procurement and Receiving of Local Food  
12 Ways Technology is Solving the Labor Crisis  
Staffing Strategies for Success: Navigating Labor Challenges in Food Service  
Great Reasons to Participate in ANFP's Benchmarking Program

ANFP  
2025 ANFP Skilled Nursing Facility Key Benchmarks  
Turnover Rate

Meal Equivalents per Labor Hour Labor Cost Per Patient Day Trays Assembled Per Minute Tray Accuracy Percentage	
<b>2.2.1</b> Monitor and evaluate departmental cost-saving practices.	<ul style="list-style-type: none"> <li>• Conduct plate waste studies to identify unpopular menu items and adjust offerings accordingly.</li> <li>• Track compliance with portion control guidelines to minimize food waste.</li> <li>• Analyze and adjust purchasing schedules for perishable goods to reduce spoilage and waste.</li> </ul>
<b>2.2.1 RESOURCES</b> <a href="#">Foodservice Management by Design, 4th Edition</a> <i>Plate Waste Information</i>  <b>Online Resources</b> <a href="#">ANFP Nutrition &amp; Foodservice Edge Magazine</a> How to Do More With Less and Reduce Food Waste  Other Online Resources <a href="#">Basics at a Glance</a>   <a href="#">Institute of Child Nutrition</a>	