EPISODE 37 - Managing Budgets with Carolynn Givens

Transcript

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[Music and Intro]

Hey there. In this episode, you're gonna learn about budgets, particularly in the healthcare setting. It's a huge topic and one that I could spend days on but as I always say, the best way to learn is through stories. And experiences. So I invited my friend Carolynn Givens to share her experiences as a Food Services Director. She's one of those people I instantly connected with. I don't know if you have anyone in your life but it's so amazing when you meet someone for the first time and instantly feel seen and heard. She's someone who makes me laugh and has taught me so much, far beyond anything nutrition related. I'm so excited for you to learn from her too.

But before we get started, I have two huge shout outs to give because these amazing new RD's just passed the RD Exam. As you know, passing the RD Exam is huge. And so, the first shout out is to Desiree Hosena. I love connecting with people and was so happy to hear the incredible news that she passed the exam. I didn't know Desiree before the podcast but I do now. She reached out to me to let me know her amazing news and I could tell she has super good energy. To know the podcast helped her pass the exam is seriously why I started it in the first place. So happy for you Desiree. Congratulations on passing the exam. I know it's not an easy road. You made it and I can't wait to see the fabulous things you do in your career. And the second shout out is to Pia Asuncion. Her message letting me know she passed the exam seriously brightened my day. The podcast episodes helped her study the concepts on the exam which is exactly why I create them. Pia is gonna make a big difference in other peoples lives and I'm so happy I could be a part of her journey. Congratulations Pia. And welcome Desiree and Pia into the RD community. It sure feels great having you here. I seriously love this community of incredible nutrition professionals.

Keep up the great work. The world needs you! And if you're listening to this and getting ready to take the RD exam, trust and believe in yourself. You know way more than you think you do. And I can't wait to hear the amazing news that you too passed the RD the exam.

Ok, let’s get started.

Jana: I’m so excited. For this week's episode. I have Carolyn Gibbons, who's here to talk about budgets, in particular healthcare budgets in food and nutrition services. So, Carolyn, why don't we get started by you telling us a little bit about yourself?

Carolynn: Well. Hi, Jana. Thank you for the invite. It's my pleasure. Pleasure to be here. I have worked in health care food service now for about 32 years in 5 states, and I really enjoy working on the food service side of the business. I'm a registered dietitian. I started off my career as a clinical dietitian and transitioned over to management almost, I'd say, five years into my career. I found that was my niche. I really enjoyed my work. I didn't go to school to be a food service director, but when I looked at what I was doing on a day to day basis, I really enjoyed working with the employees to get the result I was looking for. I'm being kind. Back in the day, I honestly was tired of apologizing for the tray. I wanted more. I wanted it to be nicer. So I worked with my employees to change our food service delivery system. So that's how I ended up in food service management.

Jana: That’s so cool. So I mean, being in clinical, I see it all the time when patients complain about their food and so that can be frustrating when you're on that end where they're unhappy with the food choices or they're unhappy with the menu or with the delivery time and not being able to control that. So I can see that need and that desire to be able to do something thing about it instead of just constantly hearing it and apologizing for any service failures that you can actually go and do something about it.

Carolynn: Yes. In all fairness, you got to think we have a lot of tools today that we didn't have some 35 years ago and such as diet, office management systems, inventory systems, we have so much more automation so we can make decision so much faster. So the business has changed for the better and as well as for the better for the patient. We have so many more automated menu services for our patients today that we didn't have back some 30 years ago. A lot of the hospitals are using iPads now, so the patient can order or some sort of TV module where they can order off the TV that's tied into the food service department. So it's a lot of exciting, different modules that are out there now to improve services for our patients.

Jana: Yeah, and a big part of working in food service management is budgets, which is why you're here. So we're going to talk about budgets today.

Carolynn: Yes. And let me position this. We can spend a couple of days talking about budgets and how to drive that. I am going to give a general overview of a day in the life almost with the food service director and how we're managing budget and what you can look to see what drives that in a healthcare organization. Not specifically detailing every little thing, like I said, because we could be here for a couple of days, but I hope I give a general overview so your guests can at least understand. What is the costs center statement. What are the different types of budgets. What drives those budgets and what do I look at?

Jana: Perfect. That's exactly what they need. So maybe we can start with the operating budget.

Carolynn: Okay, let's talk about that. First of all, let's talk about what is a budget. Your budget is your financial plan that projects your income expenditures, your profit over a specific period of time. That's pretty much what your budget is. And again, if you think of it, when I was growing up in my career, I always treated my budget like I would my my house budget. So if you think about all the things that go into your home budget, it's similar when you're managing a department budget. Typically in your budget, and when you're planning your budget. Let's talk on capital. I find capital to be easiest first.

Jana: Okay, so let's do that because let's make it as easy as possible.

Carolynn: Yeah, let's do easy. And the reason why I find capital budgets to be easy is because that's forecasting, that's basically a forecasting of needs. And every organization that you would work for has a different definition of what is capital. But capital typically is a purchase, one line item purchase that's greater than $5,000. Let me give you some examples,

Jana: Okay. Yeah, let's get an example.

Carolynn: If I am ordering from my prime vendor for grocery, I’m going to go down each line item. For example, a case of plates, let's do disposables. And a case of napskins. Of course, they don't cost $5,000, so those would be considered operating coming out of your operating costs on supply line item. However, if I need something that costs more than $5,000, that goes into the capital process.

Jana: So any item that would be below $5,000 and you're talking individual items, so if it's anything that exceeds $5000, then that would have to be accounted for in your capital budget.

Carolynn: You have to account for that. It goes through the capital process. The capital process is always different. It typically comes around once a year in most organizations have to plan for it. You have to submit and typically you have to do a justification for it. So they're not fun, but it's important to stay on top of it. For example, I just submitted for a $8,000 oven. Recently.

Jana: So equipment would go under your capital budget.

Carolynn: That is the largest. That is the largest. I did an $8,000 piece of equipment. And it was for the cafeteria. And of course, I was not going to submit it without an ROI, which is basically a return on investment. Finance, like that kind of thing

Jana: They want to see. So if you're, you're going to spend $8,000, finance wants you to show them that it's worth the money.

Carolynn: That’s correct. That is correct. And particularly, again, I got two books of business. Two strong books of business, which is cafeteria and patient service. In cafeteria, I like to show a return on investment because obviously we're pulling revenue over there and it's good to show finance how this equipment is going to be used. It makes for the approval process I won't use the word easier, but it's certainly more palatable when you consider capital dollars are typically in the food service department is scarce because you're competing with all the other departments in healthcare. Right. So it's good to try and submit a strong case if you are submitting for the patient service side. Obviously, patient service is not tied to revenue, but it's tied to regulatory, it's tied to patient service standards, it's tied to patient satisfaction. Those are the types of things that you would talk about if you were submitting on the patient service side.

Jana: Got it. That makes sense. I think that's pretty clear on capital budget.

Carolynn: Yeah. Now let's move on. Okay. So again, that's once a year I tend to do more emergency capital, to tell you the truth. Because you never know when a piece of equipment is going to fail. And honestly, not unless I know if it's at the end of life. So that's important for you to be in tune to your kitchen to know what's at end of life. So you know how many years typically. Typically food service equipment gives you anywhere between ten and twelve years of life. If you're doing excellent maintenance, like our wonderful facilities department does. If you get maintenance and stay on top of it, you probably can get 15 years on a piece of equipment, depending on what that equipment is.

Jana: Okay, so then you would plan for it, and this might be something that's asked, but you would then be aware of the equipment in your department. And if you know that something potentially could go out on you that year, then you would put that in your capital budget when it comes once a year.

Carolynn: That’s correct. I'm going to give you a story. Many, many years ago, I had a dish machine that would never get temperature ever. And it was an end of life. Capital was scarce. So I had my chemical guy to put a sanitizing agent on a stainless steel dish machine, and that was because the health department was when he visited, it was a steamed dish machine. But I showed him how we were using the dish machine with the sanitizer and the health department guy he chuckled. He said, “oh, you're good”. I said, “no, I'm trying to do what's safe”. So I said, “I would appreciate if you would write that down on my health inspection report. Because it really wasn't a violation. It wasn't a violation. So I asked him to write it. So when I submitted my capital purchase, I attached a health inspection report.

Jana: So then that made it so that it was easier for you to justify.

Carolynn: Absolutely.

Jana: That’s smart.

Carolynn: But again, it was all legitimate. We did need a dish machine, but sometimes when do you want to wait till you if the machine is on his last leg, what I want to do, wait for it to totally break down before I actually get a new one? No, you need the equipment that you need for your business,

Jana: And to be honest, what happens when you don't have a dish machine is never fun.

Carolynn: So no, it's not fun. So the fact that we were able to get that, we were really excited.

Jana: That’s good. That makes sense. And that was smart.

Carolynn: Well, I think we've highlighted what's the capital process. Capital is basically one line item that's greater than a specific dollar, typically is $5000. Some organizations it might be $8000, but most often it's $5,000. And finance controls the purse. So you have to go through financial finance in order to get that approved. And they actually order it so it doesn't come out on your operating budget.

Jana: Okay, so then let's segue into what is your operating budget.

Carolynn: All right. Operating budgets. That's the love of my life. I pull my operating budget every two weeks. But your operating budget, I like to think of it as the daily financial needs within your department. You basically have a labor portion. After all, this is food services. I like to think of the services as labor and the food as…That's the two biggest line items in your operating budget, food and labor. So why don't we start by talking about labor?

Jana: Perfect.

Carolynn: Now, it would take us three or four of these podcasts to really talk about how you build up into labor. But I think it's important to understand how to read a budget, what goes into it, and understand metrics. For example, with labor, the labor part is listed in a budget with FTEs and dollars. And the FTE is full time equivalents. Full time equivalent equals 40 hours. Do not think people, you think hours. So basically, we're managing hours within the budget.

Jana: Got it.

Carolynn: The people part comes later. All I'm looking at is hours in FTEs in the full time equivalent and dollars. Okay. When you're creating a budget, the other thing we tend to look at is overtime, because we want to make sure that we are budgeting our overtime. Typically over time - some hospitals don't budget over time, that's not very realistic, to tell you the truth, particularly in a pandemic environment - but if you can get your overtime below 5%, I think you're doing well. So basically, when I look at what feeds up into labor, you have to understand your kitchen, the service line, and the routines. And if you don't have any experience, you can figure it on meal per labor hour and take the total number of meals that you project typically it's 3 1/2 to 4 meals per labor hour. And that will give you a rough estimate of the number of labor hours that you need. Or what's realistic you walk into and you look at your historical data. I like historical trending because historical trending, when you walk into a situation, you can basically look at the inefficiencies or efficiencies. What improvement can you make on the labor side of your business? So, again, full time equivalent, let's get back to that, because I think you have to understand that concept, because, for example, one full time equivalent is 40 hours. I tend to double mine because I like to look at everything in a pay period, just because I look at pay period reporting. And most organizations, that's every two weeks. Some organizations it's twice a month, but most healthcare organizations, that's every two weeks. So basically, if you can figure out the number of total meals per labor hours or hours that you need, you can divide that for the two week period or a month, whichever you're comfortable with, and you could actually project the number of FTEs that you should use. Let me give you an example of that. Let's say, for

example, it takes in a pay period, 2500 hours, and you figured it up based on meal per labor hour. It takes 2500 hours to run your entire department. Again, you're capturing receiving, you're capturing production, cooking, tray line, patient service, cafeteria, and any catering you really have to plan for. You have to look at all the meals that are coming in your department, as well as some of the other, or what I call side bar activities. Like floor stock. That's a huge one. Floor stock. If you capture all that and turn that into some meal equivalent so it makes sense. And I would do that out of the cafeteria, and I'll talk about that in just a second. If you figure up the number of meals based on labor hour, and you come up with 2500 hours, you can divide that by 80 and project the number of FTEs for a pay period. And you can divide it by two for a week.

Jana: And 80, just to clarify, is because one week, we are looking at 40 hours per week. And so you're talking pay period, and that's why you're using 80.

Carolynn: Correct. Remember, a full time equivalent equals 40 hours.

Jana: Right.

Carolynn: So if I'm looking at a pay period, which is two weeks is 80, and you would divide the number by 80.

Jana: Perfect.

Carolynn: Okay. I think it's important to look at, you know, when you're doing the drill down, you look at the task sheet. The task sheet captures what the employee is actually doing. Then you create your master schedule, that master schedule. So make sure you have all your areas covered from opening to close, including task for sanitation. You project all of that. Then you build your master schedule. That actually gives you the number of people you need. It's the master schedule. So if I'm projecting, I need 2500 hours, I want to have allocation for production, receiving, tray line…and it also depends on the type of patient delivery system that you're running. Right. So, for example, the old fashioned tray line system, labor efficient, but patient satisfaction is not good because obviously, back 30 years ago, some hospitals are still on it. And I'm sure everybody would like to be on room service, but room service, a room service kitchen costs money and labor.

Jana: Yeah.

Carolynn: Because you have to invest in changing that kitchen around. And I think some people think that you can run any type of platform in any kitchen, and that's not the case. You have to have it laid out properly,

Jana: Especially for efficiency.

Carolynn: Exactly Jana. Exactly. So if you look at a basic tray line back, if you run a basic tray line, most take the order the day before or the menu the day before to the patient, and they are served the next day. Most patients don't like that. In today's marketplace, everything is today and now. So what they want is to be able to take their order and get their tray within 40 minutes. And there are different room service models. You can have call center, you can have an Ambassador model where they actually go upstairs. Again, if you have an Ambassador model, you have to factor in that labor. So that's what drives that on the operating budget. Those are the type of questions that you have to have answered. And what does it take to drive that.

Jana: That’s a big expensive part of your budget, is your labor.

Carolynn: Oh, absolutely. Labor is a huge part of it. And then you have to factor in, I think I mentioned earlier, overtime, if you factor in at least 4% for that, and then you want to take a look at benefits. How does benefits impact? Because obviously for non productive time, employees take time off. You have the budget for that.

Jana: And benefits, you mean like paid time off - Vacation days, sick days, holidays, all of that.

Carolynn: And the backfill on your master schedule. So if somebody is out the cook still has to cook, the expedited still has to create the tray. All that still has to be done. So that's what I call looking at labor. Totally looking at everything that drives that labor budget.

Jana: Yeah, it's a big expense.

Carolynn: It’s a huge expense. Typically, I would say benefit factor is about 40-45% of what you got a budget above just to cover the benefits. And that’s pretty standard. You know, when you think about all the benefits that get charged back from leave of absence, all the nonproductive time actually ends up but so it's important to understand what's productive and nonproductive time. Productive time is actually worked time

Jana: When you're at work working on the clock

Carolynn: That’s correct. Non productive is everything else from holidays to leave of absence. Anytime they take vacation. Anytime the employee is not there, that goes into the non productive budget.

Jana: Yeah. That is a lot. That can be a lot.

Carolynn: Yes, it is. But if you're building a good budget and you're trending, you want to be able to capture all that because after all, employees are entitled to take time off. You just have to build for that.

Jana: And you can use the type of year or the time of year, I guess I should say. So when the holidays come around, you know that you're going to have a lot of non productive hours because a lot of vacations.

Carolynn: When I build a budget, I consider holiday time. I look at the number of days in a month. For example, February get fewer dollars versus I call it the 31 months. The 31 days in a month months, january, your March, July, August, et cetera. The 31 day months, I put a few extra dollars in those months so it can carry. February is 28, except for the leap the leap beer, 28 days and the 31 months, it's a little bit less. So and to create, when I'm creating my annual annualized budget in finance, because I want to build a budget that makes sense.

Jana: Yeah, and that makes sense.

Carolynn: All right, let's talk a little bit about what I call the mammoth, which is food cost. What drives the budget and food cost. I think food cost boils down to the menu, right?

Jana: Yep

Carolynn: And you have to look at your bank of business. Let's start with the cafeteria first. I think the cafeteria, in my view, is a little easier because you have revenue to offset costs and you put out there what sells. That’s pretty easy. You know, make sure you're doing correct food costing and costing it out and pricing it out to make sure that you are getting market value. Many times people think hospital cafeteria should be cheaper than restaurants, but I exercise the philosophy. I'm competing with restaurants. So when I serve a poke bowl, for example, my poke bowls is gonna look like the poke bowl you would get in a poke restaurant. I'm going to serve the same high quality food. And so I'm going to do that at a cost effective price, competitive price. So the cafeteria, in my view, kind of takes care of itself because you are charging to get back some of that. So it makes sense, right?

Jana: That makes sense.

Carolynn: The patient side of the business is where you have to be savvy, particularly with today's inflationary times. This is challenging, actually. I've never in my career have seen food costs jump the way it has jumped post pandemic. Typically, food costs will go anywhere from 3-4%. We've seen costs now as high as 10, 15, and lately, on some products, 20%. That's unheard of. So our CPI, which is our consumer price index, we really do use those to kind of do some projecting and forecasting. Those reports are really extremely helpful. I like looking at the agricultural reports. Particularly with global warming, we’ve had some really bad lettuce here in the past couple of years. So you have to get creative on the spring mixes that you use. You still want to deliver a high quality product, so you have to stay on top of what food is available in the supply chain. And on the patient side, you really have to take a look at costs in terms of, for example, right now, strawberries are out of season. Why pay $50 a flat when you can substitute that strawberry bowl out and use a less expensive fruit compote to drive down your cost, but yet patients would be satisfied with that. So you look at food that's in and out of season and make those types of changes. And having an executive chef on team for that is paramount.

Jana: Oh, for sure because I don't know how to adjust a menu like that.

Carolynn: Everybody has a role and that’s their role is to help guide some of that. So we can make budget but yet be creative with the patient menu.

Jana: Exactly

Carolynn: Right, because patients want to be satisfied. We're fortunate in our kitchen. We run a room service model and our room service menu is very healthy and think we do a really good job considering having to work through modified diets. That's the biggest challenge, I think is when you come into health care is that you get that low sodium diet and what that looks like for patients. Patients want to be able to eat like they want, but food is therapy. We have to acknowledge that. So we need to write creative menus and nourishing menus to encourage patients to eat. Now back to food costs. So basically it starts with inventory management. We inventory twice a week and you want to make sure you're practicing first in, first out. It's called FIFO, turning your inventory because that's helping drive costs. You don't want something that's sitting in your inventory and it's not moving

Jana: And then it's going to expire and then you're going to throw it in the trash. It’s wasteful.

Carolynn: Correct. So you want to certainly ensure that that's being managed. The other thing you want to do is take a look at your monthly costs when you run that inventory. By taking a beginning inventory: that would be

your next month’s ending inventory plus your purchases minus your inventory equals your monthly food costs. I tend to look at monthly purchasing as well to see if that marries up and if I am over. We tend to do the deep dive. But right now it's been such a struggle with the supply chain challenges that we've had in purchasing. As well as the price increases. It's just totally out of my control. I write variances and explanations all the time.

Jana: It is. And also patients get used to certain foods, so they're not thinking the cost. So you have to still provide food that's comforting, familiar. So it makes it a little bit more challenging because you still have to be able to provide those foods despite the cost.

Carolynn: Yes, but I take a look at food. If you don’t know anything about what's going on in your kitchen, you can zero base it.

Jana: What does that look like?

Carolynn: A zero based budget is when for me, I like to look at it as a book of business, to look at decision packages. For example, you would zero base your labor. A quick and dirty zero base in labor would be taking the [average salary x the number of FTEs x your benefit factor]. That will give you a budget that you can perform to. Some people would use it on a monthly basis. I used it and annualized it out just to see where my budget writing was at. With food, you would capture, for example, in patient services, the cost of the meals. And thank goodness we've got so many tools today that we didn't have 35 years ago. For example, I don't know when I was in college, my bible was Bowes and Church. I took invoices. I mean, everything was so manual. To do nutritional analysis of your menu, which is required, we use Bowes and Church. In order to do the inventory, we had old d-base. I don't even think Excel was out there and it was challenging. When I look at what we do today versus what we had 35 years ago, it's absolutely amazing. We would actually cost out it manually, so to speak. And then you would take the number of meals and cost that out and do a cost per month based on that. Okay. You can actually do a patient day by taking all three meals and capturing a cost for floor stock because I think floor stock is important. It oftentimes get left out, but that will drive costs. Floor stock.

Jana: And floor stock, just to clarify, is anything you stock in the nursing units like your jellos, your juices, any puddings and milks and crackers or whatever you store up there

Carolynn: That’s correct.

Jana: Has to be accounted for.

Carolynn: That’s correct. And lastly, retail, again, retail is always easier because you can take your revenue and divide it by. Just to do a quick and dirty you can take your revenue but divide it by your transactions. It’s one way of getting average cost of a meal. But what I found though is every organization does that a little bit different and just long as if you are doing any benchmarking against anybody else in your organization, everybody is doing it the same way.

Jana: Yeah, because otherwise you're not comparing apples to apples, then it's going to be off.

Carolynn: Catering is kind of an offshoot because some organizations have no catering. Other organizations have a very robust catering program. And if you have a very robust catering program, for example, typically with a medical education department, and they do like Grand Rounds, etc. So they have a whole division just dedicated to that, then you would actually treat that similarly on the number of meals and the average raw cost. And I do a labor factor because I have to capture my labor for that division. Right. It's just like a business. I run that just like a business.

Jana: And would you separate your labor for catering from your total labor, or do you kind of put it all together, but keep track of your labor needs for catering?

Carolynn: You know, I've done it both ways, and ideally ideally, it will roll up to the same roll up cost center. The Cost Center statement, being with the monthly general ledger, so to speak, the monthly budget. And I've had it both ways. Ideally, I like to look at different reporting for each area from patient services, cafeteria, catering, but most often catering is placed on the retail side, if you're able to split your Cost Center statement. And in some healthcare organizations, it all rolls up. So you have to do it manually on the back side.

Jana: Got it.

Carolynn: To know where your business is located.

Jana: Yeah. Okay, that makes sense.

Carolynn: And I want to talk to the audience about Sarbanes Oxley 2002, because I think that's important. That right there was a game changer in terms of how we run our business. Sarbanes Oxley is a bill that was passed through the CMS by federal government back in 2002, where the same person can't be doing the same thing. For

example, if I don't order in my department because I'm the approver. So you have to have a receiver, an orderer, the person that receives and the person that approves. These are all different people. That's to keep everybody honest, particularly when you're dealing with commodities.

Jana: Ya, which makes sense because you don't want someone to approve what they order, because then, I mean, we hope that people are being honest.

Carolynn: That’s correct. And help control costs. Most hospitals participate in a GPO, which stands for Group Purchasing Organization. So it's like group purchasing contracts. So they would have contracts for everything from the last toothpick to whatever egg you're purchasing. Everything has a contract for it. And ideally you'd like to get those contracts locked. But in today's marketplace, there is some fluctuation due to supply chain and pandemic markers. So it's been a little bit different lately, but we still get decent pricing considering. But I think the major challenge now is allergies and being what are you going to do for substitutions for those allergies?

Jana: Yeah, that is challenging. And you have to make sure you're coding that very carefully for safety.

Carolynn: I think I've talked a little bit about food cost is important in the budget. I've talked about labor. Now let's talk about what else drives that budget. You have what you called a cost center statement. I mentioned that earlier. That is the document, that what the budget looks like. In some organizations, it can start off with the key performance indicator. And in food nutrition services, that would be meals, of course, right. It would have revenue, it would have your payroll, and then start off with your non payroll expenses with food being at the top. And some organizations has one line item for food or they break out the proteins, like the chicken. So you can really track your expenses, the chicken, the fish and foul, because that is one of the largest expenses on the food budget, is your proteins. You would have a line item for enteral products. You would have a line item for dietary supplies, chemicals, uniforms, software. So anything you're purchasing in a department, you're going to charge that to a specific GL code. So you can track it goes all the way down even to permitting and licensing. So there's a line item in the budget to charge that back to.

Jana: That goes all under your non payroll.

Carolynn: That all goes to non payroll.

Jana: So to summarize for payroll, you have labor and then all those items you mentioned are non payroll, oftentimes lined out on individual line items on the financial reports.

Carolynn: That's correct. Some organizations, of course, all will give you actuals and the budget, and some organizations will give you Flex, which I love. For example, if the volume which is meals, goes up, it would make sense proportionally, your line items should be going up, specifically labor and food, right. Because you're serving more meals.

Jana: That's right.

Carolynn: So that's what I love about a Flex budget. And that's why it's important, f you don't have a flex budget in your budget, you know what's going on in your business. So if your meals are going up, your labor is trending up, but also your meals are trending up and it's not on your report, you should be able to speak to that.

Jana: Okay, that makes a lot of sense. Now, question I'm just thinking that this is something that somebody might be thinking. So do you figure out what your cost per meal is? Or is that told to you based on past data? Or if you're in a group of hospitals or a big company, they kind of tell you what it is?

Carolynn: Actually, locally, I'm in a large organization. However, locally, it can be pulled out of our diet office management system. So you can see what that looks like

Jana: And you would take the average.

Carolynn: Yes, and we take the average. That's correct. But you can pull that data out of your diet office management system.

Jana: And then can you modify it? So based on if the menu changes or say you make a huge change in your menu, like you redo your menu, it's a big project that you have that year. And you redo your menu and then maybe in a month or two, can you just modify it? Is that what you do? You would look and see what is now your current average cost per meal.

Carolynn: The best part about when you're doing menu changes and you're working with the diet office management system, think what makes a menu, what drives that menu, the menu item, all that interfaces with your prime vendor. So if you have chicken, it actually does recipe costing for you. You can see what it costs and you can see what it would cost for that center to plate item. And you can actually cost out what that tray would cost. So you can see how you've impacted your budget.

Jana: And then you can determine, based on the cost, if you want to put these items on your menu or not. Based on cost too.

Carolynn: Cost. However, remember, menu mix is a part of that. So let's say this item might cost more, but people love it, right? So maybe you would look for some less expensive alternatives on the menu too, so you can get a shift. Menu mix is really important.

Jana: And also, like we said earlier, because patient satisfaction, happy patients is really important.

Carolynn: Oh, absolutely.

Jana: Especially now. Hospitals are now given star ratings.

Carolynn: That’s correct. Yeah, absolutely. The star rating is the patient satisfaction star rating. And we work really hard it's a challenge. We work really hard to provide a variety of foods. That's one of the beauties of room service. The menu looks like you're going to a restaurant. Most patients are extremely impressed by that. It's important to train your employees to guide the patient through that, because, after all, they still are on special diets. At least 50% of them are, anyway. 50-55%.

Jana: And that is challenging, too, because some items might not be allowed or appropriate. The renal diet is always so hard.

Carolynn: Oh, absolutely. But, you know, not only is it hard, you know, they look at that menu, and then you say. The words I tell my people not to say, “you can't have that”. A better way of saying that is, “the doctor has ordered for your wellness a renal diet. Let me offer you these selections”, and you walk them through it. Say we are trying to get you well. And the most we might have one that's super, super difficult patient and then that's when we send a dietitian in there. Go have a conversation with these people please.

Jana: Make sure that they understand what they're on.

Carolynn: That’s correct. So, obviously, this is a quick look at budgeting. There are many different ways of budgeting. I think it's important to understand when you're looking at a cost center statement, which is the actual budget, you've got different types of budgets that understand. The operating budget is important. That's

your daily budget, which I look at it every pay period specifically for labor. And I look at the monthly to see how I'm trending for my labor and nonpayroll expenses. And I take a look at what we're doing, and I'll make adjustments accordingly so we can hit budget.

Jana: Yeah. And it's also important to not be over budget. But you also don't want to be significantly under budget.

Carolynn: Well, in these times, it won't take much to be under budget. We are definitely running over budget. It's amazing. If you grocery shop, it's indicative of what we're dealing with. Eggs right now are through the roof, and a lot of that has to do with lack of supply due to the avian flu. It's really starting to hit the marketplace now. I think the last time I was in the grocery store for a dozen was $6.99. Yeah. So imagine what a case would cost. But you can't take eggs off the menu.

Jana: That’s one of the staples. People want eggs at breakfast time.

Carolynn: Exactly. So, Jana, this is what I do on a daily basis. I've worked in 5 different states, several different healthcare organizations. I think it's important to bridge with your finance department, understand your department, understand what the service lines offer, understand the labor matrix to go with the service line that you're offering, and to ensure that you are running an efficient department. And what that looks like.

Jana: Yeah, and this is so helpful. I have one question before we go. So a lot of the listeners are going to be new RDS. So if any of them go into a food service management position, and many might take on a director position, especially there's a lot of hospitals, and there's a need, and depending on the size, I know that that can vary. But what advice would you give to a new RD who is interested or would take on this type of a role in dietetics?

Carolynn: Wow, that's a great question, Jana. First of all, I didn't go to school to be a food service director. I did not. I'm a registered dietitian. I went to school to be a clinical dietitian. I practiced clinically. However, I was tired of apologizing, and I started spending more and more time in the kitchen, and I ended up transitioning to the kitchen. I found that I can motivate the employees, and I loved working with those employees and working to improve our service line. I ended up working under a food service director who put - I'm very autonomous in how I work - and he gave me all the responsibility, but yet coached me. And to answer your question, I would think first of all, is if you're interested in working in the kitchen, be open minded, be willing to learn, be hungry, particularly in the beginning. Anytime I take a job, I'm a sun up, sun down person because I want to know what's going on in my kitchen so I can make good decisions. And I think that's really important. So the staff know who

you are. Understand your business and operations. I would say if you can work with an experienced manager or partner or peer, so you bounce ideas. I found that to be extremely helpful. It's extremely helpful. Visit I still do that today to this day. Visit other organizations, partner with your neighbors in the community. But to find RD's to go on the business side is so needed, because we understand what patient needs are. I don't think you need to know everything, but know a little bit about everything.

Jana: And that's such an important point. I'm glad you said that, because the RD exam, and I say this often, is you have to know a little bit about everything. I mean, the exam covers everything, and they're supposed to be entry level. That's the purpose of the exam. But I think sometimes we can get so hung up on, well, I don't know everything, so I can't do this yet. And a lot of times you learn by doing. Well, most of the time you learn by doing. So being hungry, like you said, and open minded, will give the knowledge that you need to continue to grow.

Carolynn: Absolutely. Absolutely. And I would say allow yourself to grow professionally. Because, again, like I said, I didn't go to school to be a food service director. And the majority of my career has been in food service management, and I found it to be a very rewarding career.No two days are alike. And that's another thing about me. If you had to put me in front of a computer all day, every day, oh, I think I would collapse.

Jana: Yeah.

Carolynn: And no two days are alike. And I walk my kitchen each and every day. I just love working in the kitchen. That's probably been the best part of my job, is working with the people in the kitchen and motivating people to do a good job. Because I always tell my employees that we're in the business of taking care of people, and you have to have compassion in order to take care of people. And I always tell them, that could be you upstairs. But I really feel like to just be open minded and to dig in and to ask questions. When I transitioned over to management, again, I would ask questions, and I would just dig in and make it happen. At one point in one hospital I worked in, it was at the time, we had two FTEs just in inventory. You could not go into the store room. You had the requisition product. And I would come in at 4:30 in the morning to meet the truck. Because my goal was to decrease inventory. I thought that inventory was just too much. And I lowered our inventory by close to $30,000 a month.

Jana: Wow.

Carolynn: It was all about just in time. It was all about first in and first out and working with the employees. They will give you what you want if you work with them, show them what you want.

Jana: That’s right. Well, Carolynn, thank you so much. This was so helpful. And I know the listeners will really like it, and it clarifies budgets just by putting it into practical terms, because it can get so overwhelming. So breaking it down and putting it into practical terms is super helpful. So hopefully when those questions pop up, or just if somebody goes into this type of a job, that it'll just be a little bit easier, like, okay, I know what I'm doing, or, I basically understand the point of this, the basics of this. Thank you so much.

Carolynn: My pleasure. And I hope I was able to meet the topic. I even use the word hope. And I think about this manager that I had, this administrator that I had in my career. Hope is not a strategy. Know what you're doing.

Jana: Yes. That is so true.

Carolynn: Well, thank you, Jenna. I appreciate the invite.

Jana: Yeah. Thanks, Carolyn.

Isn’t Carolynn great. It’s so helpful to hear from dietitians who do the work day in and day out. Budgets are a lot but the truth is, if you end up in a director position, one of your big tasks will be managing a budget. And you’ll figure it out. Once you do the work, it starts to make more sense. Carolynn gave great insight by sharing how she learned from others, and visits different places. You don’t have to do it alone. The RD community is there to help and support each other. And you definitely have me here cheering you on.

Thank you so much for tuning in. Stay on top of your study game. There’s no limits to achieving the success you so deeply desire. Until next time.

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