

I. Planning

A. Mission Statement: To provide patients, visitors, and hospital employees with the highest quality food and nutrition services; and to create an enriching work environment to empower employees to perform at their greatest potential.

B. Goals:

1. Provide patients, visitors, and staff with nutritionally adequate meals that have been prepared at the highest standard of safety and quality.
2. Provide proper training, education, and working conditions that are necessary for employees to perform according to the expectations and future growth of the department.
3. To achieve and maintain a financially stable department.

C. Long-term objectives:

1. Managing and using finances more effectively through budgeting and accounting principles so the department can grow and expand as well as maintain financial stability and security in the next five years.
2. Create and maintain a stimulating work environment that increases employee satisfaction and decreases employee turnover by 20% over the next five years.
3. Maintain a professional reputation of nutritious and high quality food and food services in the hospital over the next five years.

D. Short-term objectives:

1. Standardize 30% of the most frequently used recipes to ensure uniform quality and quantity in the foods served to customers in the next 6 months.
2. Hold in-services for employees once a month to train employees based on their job descriptions and standards of safety and sanitation starting in January of 2013.
3. Create operating, capital, and income budgets that realistically forecast the expenses of the department for the year 2013.

V. Analysis

For our budget we decided to fire three employees and decrease the hours of some of the relief workers and lower level supervisors so that we could increase wages for the employees. This will help remedy the problems of low morale due to low wages and little growth and improvement in the department.

We increased price of meals in order to have a profit to grow and improve in our company. We felt that per meal it wasn't a huge increase and wouldn't make people angry, but over the whole year it would significantly increase our profit.

We realize that this operation can't be turned around in one year. We believe that we have built the building blocks that will put us on the right road. This budget will help us plan for the future and know how much money we have to spend. As our sales increase, we will gain more revenue and begin to move towards a stable financial future. Our plan has put us into debt for the first couple of years, but we believe that this will be turned around as employees perform better and become more productive, as more customers purchase meals, and as our new equipment decreases labor costs.

VI. Explanations

^a We assumed that number of meals sold will be less than 2011 but will increase from 2012 to 2013. We assumed it would be somewhere between the number from 2011 to 2012 because we have better equipment, more motivated employees and better foodservice management.

^b We assumed that the number of meals that will be purchased won't change due to the increased sales price.

^c We assumed that the price of patient meals will increase due to inflation from \$1.95 to \$1.99.

^d We assumed that we had more employees than we needed and if employees are more productive we can function with less employees. We let go people who had the least seniority and that weren't as hard to replace.

^e We assumed that employees' motivation would increase with increased wages.

^f We assumed that it would be \$300/credit hour, that only 10% would take advantage of the tuition benefit, and that employees only take one 3 credit hour class per semester.

^g We assumed that only 10% of employees will take 3 days of employee leave per year.

^h We assumed that purchases and cost of food used only increases by 2% in 2012.

ⁱ We assumed that supplies would increase by 2% due to inflation.

^j We assumed that equipment expenses would increase by 2% due to inflation.

^k We assumed that continuing education would be \$12/credit hour.

^l We assumed that a tilting skillet and rational oven would be the most beneficial additional pieces of equipment to our facility.

II. Income Budget

Type of Meals	Estimated Meal Volume	Meal Price	Total Estimated Income	
Patient Meals	215000 ^a		\$5.45 ^b	\$1,171,750
Non-patient Meals	200,000		\$1.99 ^c	\$398,000
Total Income Budget				\$1,569,750

III. Operating Budget

A. Labor Resources^d

Position	Seniority	Hourly Wage ^e	Hours Worked/Pay Period	Annual Salary	Total Labor Expenses:
Dietitian, Admin	6 years	\$28.05	80	\$58,344	\$58,344
Dietitian, Relief	1 year	\$19.64	20	\$10,210	\$10,210
Supervisor I	15 years	\$16.68	80	\$34,688	\$34,688
Supervisor II	4 years	\$15.05	60	\$23,470	\$23,470
Supervisor III	2 years	\$14.54	32	\$12,093	\$12,093
AM Cook	3.5 years	\$15.25	80	\$31,718	\$31,718
PM Cook	17 years	\$16.17	80	\$33,627	\$33,627
Relief Cook	2 years	\$12.75	35	\$11,603	\$11,603
Food Service Worker B					
8 employees	5 years	\$10.97	80	\$22,807	\$182,458
2 employees	1 year	\$9.54	80	\$19,837	\$39,674
2 employees	8 years	\$12.70	80	\$26,414	\$52,828
Food Service Worker A					
7 employees	2.5 years	\$9.08	80	\$18,882	\$132,175.68
4 employees	1 year	\$8.77	40	\$9,123	\$36,491.52
12 part-time employees	2 years	\$8.06	20	\$4,190	\$50,281.92
Total Cost:					\$709,662

1. Personal Time Off (PTO Benefits)

Position	Seniority	Hourly Wage	Hours Worked/Pay Period	Hours Worked/Year	Fractions of Hours	PTO Hours/Year	PTO Total Wages
Dietitian, Admin	6 years	\$28.05	80	2,080.	0.118	245.44	\$6,884.59
Dietitian, Relief	1 year	\$19.64	20	520.	0.107	55.64	\$1,092.77
Supervisor I	15 years	\$16.68	80	2,080.	0.142	295.36	\$4,926.60
Supervisor II	4 years	\$15.05	60	1,560.	0.107	166.92	\$2,512.15

Superviosor III	2 years	\$14.54	32	832.	0.107	89.02	\$1,294.35
AM Cook	3.5 years	\$15.25	80	2,080.	0.107	222.56	\$3,394.04
PM Cook	17 years	\$16.17	80	2,080.	0.142	295.36	\$4,775.97
Relief Cook	2 years	\$12.75	35	910.	0.107	97.37	\$1,241.47
Food Service Worker B							
Employee	5 years	\$10.97	80	2,080.	0.107	222.56	\$2,441.48
Employee	5 years	\$10.97	80	2,080.	0.107	222.56	\$2,441.48
Employee	5 years	\$10.97	80	2,080.	0.107	222.56	\$2,441.48
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Employee	5 years	\$10.97	80	2,080.	0.107	222.56	\$2,441.48
Employee	1 year	\$9.54	80	2,080.	0.107	222.56	\$2,123.22
Employee	1 year	\$9.54	80	2,080.	0.107	222.56	\$2,123.22
Employee	8 years	\$12.70	80	2,080.	0.118	245.44	\$3,117.09
Employee	8 years	\$12.70	80	2,080.	0.118	245.44	\$3,117.09
Food Service Worker A							
Employee	2.5 years	\$9.08	80	2,080.	0.107	222.56	\$2,020.84
Employee	2.5 years	\$9.08	80	2,080.	0.107	222.56	\$2,020.84
Employee	2.5 years	\$9.08	80	2,080.	0.107	222.56	\$2,020.84
Employee	2.5 years	\$9.08	80	2,080.	0.107	222.56	\$2,020.84
Employee	2.5 years	\$9.08	80	2,080.	0.107	222.56	\$2,020.84
Employee	2.5 years	\$9.08	80	2,080.	0.107	222.56	\$2,020.84
Employee	2.5 years	\$9.08	80	2,080.	0.107	222.56	\$2,020.84
Employee	1 year	\$8.77	40	1,040.	0.107	111.28	\$975.93
Employee	1 year	\$8.77	40	1,040.	0.107	111.28	\$975.93
Employee	1 year	\$8.77	40	1,040.	0.107	111.28	\$975.93
Employee	1 year	\$8.77	40	1,040.	0.107	111.28	\$975.93
Employee	2 years	\$8.06	20	520.	0.107	55.64	\$448.46
Employee	2 years	\$8.06	20	520.	0.107	55.64	\$448.46
Employee	2 years	\$8.06	20	520	0.107	55.64	448.46
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Employee	2 years	\$8.06	20	520	0.107	55.64	448.46
Employee	2 years	\$8.06	20	520	0.107	55.64	448.46
Employee	2 years	\$8.06	20	520	0.107	55.64	448.46
Total						6854.87	\$79,565.52

2. Health Care Insurance

Health care insurance is provided for all employees. The cost of insurance is \$250.00/month per employee who works 40 hours or more per pay period

Position	Hours Worked/Pay Period	Healthcare Insurance
Dietitian, Admin	80	\$3,000.00
Dietitian, Relief	20	\$0.00
Supervisor I	80	\$3,000.00
Supervisor II	60	\$3,000.00
Superviosor III	32	\$0.00
AM Cook	80	\$3,000.00
PM Cook	80	\$3,000.00
Relief Cook	35	\$0.00
Food Service Worker B 12 employees	80	\$36,000.00
Food Service Worker A 7 employees	80	\$21,000.00
4 employees	40	\$12,000.00
12 part-time employees	20	\$0.00
Total		\$84,000.00

3. Retirement Benefit

Position	Annual Salary	Retirement Benefit	FICA Contribution	Total Contribution
Dietitian, Admin	\$58,344	\$4,376	\$4,376	\$8,752
Dietitian, Relief	\$10,210	\$766	\$766	\$1,532
Supervisor I	\$34,688	\$2,602	\$2,602	\$5,203
Supervisor II	\$23,470	\$1,760	\$1,760	\$3,521
Superviosor III	\$12,093	\$907	\$907	\$1,814
			\$0	
AM Cook	\$31,718	\$2,379	\$2,379	\$4,758
PM Cook	\$33,627	\$2,522	\$2,522	\$5,044
Relief Cook	\$11,603	\$870	\$870	\$1,740
			\$0	
Food Service Worker B 8 employees	\$22,807	\$1,711	\$1,711	\$27,369
2 employees	\$19,837	\$1,488	\$1,488	\$5,951
2 employees	\$26,414	\$1,981	\$1,981	\$7,924
			\$0	
Food Service Worker A			\$0	

7 employees	\$18,882	\$1,416	\$1,416	\$19,826
4 employees	\$9,123	\$684	\$684	\$5,474
12 part-time employees	\$4,190	\$314	\$314	\$7,542
Total Cost:				\$106,449

4. Miscellaneous Labor Expenses

Tuition Benefit^f

Price per Credit Hour	Total Cost Per semester	Total Annual Cost
\$300/credit hour	\$3,600	\$10,800

Funeral Leave Expenses^g

Average Salary per Day	Funeral Leave Expense Per	Total Cost
\$64	\$192	\$768

Total Misc. Labor Expenses \$11,568

B. Other Expenses

1. Food Expenses^h

Beginning Inventory, January 1, 2012	Purchases	Ending Inventory, December 31, 2012	Cost of Food Used
\$34,056	\$1,265,306	\$11,889	\$1,287,473

2. Suppliesⁱ

\$15,566

3. Minor Equipment^j

\$12,576

4. Continuing Education^k

Cost per Credit	Total Cost
\$12/credit	\$200

C. Income and Expense Statement

Sales

Patient Meals	\$398,000
Nonpatient meals	\$1,171,750
Total Sales	\$1,569,750
Food Expenses	\$1,287,483
Gross Profit	\$282,267
Operating Expenses	
Salaries and Wages	\$709,662
PTO Benefits	\$79,566.00
Health Insurance	\$84,000
Retirement Benefits	\$106,449
Misc. Labor Expenses	\$11,568
Total Operating Expenses	\$991,245
Other Expenses	
Supplies	\$15,566
Minor Equipment	\$12,576
Continuing Education	\$200
Total Other Expenses	\$28,342
Net Income	(\$737,320)

D. Capital Budget

Equipment	Equipment Cost
Rational Oven	\$18,232
Tilting Skillet	\$10,735
Total Capital Budget	\$28,967

IV. Operating Statistics

Food Cost per Meal:	\$3.10
Labor Cost per Meal	\$1.71
Total Cost per Meal	\$1.71
Meals per Labor Hour	6.69 meals
Meals per Full Time Equivalent	14,068 meals
Labor Minutes per Meal	8.9 minutes
Food Cost Percentage	82%