

EFFECTIVELY MANAGING HOTEL OPERATIONS

CONTROLLING EMPLOYEE MEALS

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Historically, many properties offered duty meals to their employees. Some offered them free, while others subsidized their cost or served them at cost. The recent recession has caused many hotels/motels to reexamine their employee meal policies and procedures.

The following are some of the questions they are asking.

Why should the lodging industry provide employees with meals?

For several reasons:

- (1) They are an easy benefit to provide at a low cost for properties with food and beverage departments. Food that might otherwise be discarded can be served in employee meals.
- (2) Employees recognize it as a perk and have come to expect it.
- (3) The cost of employee meals are a deductible expense. Note, they should be treated as a labor cost.
- (4) Employees are able to adhere to their scheduled break periods. Since, meals are served on the premises, it is no longer necessary for them to spend time commuting during their break period.

Should cafeteria space be assigned for employee meals?

Several factors should be considered in this decision. First, the size of the property. It may not be economically viable for a small property with few employees. Second, the number of employees being fed each meal is of importance. If there are few employees, they may be served in the operation's restaurant or one of its other available public spaces. This may not be practical when a property's staff is large. It may result in valuable seating being lost and some antagonized patrons. Third, the availability of space. Physical barriers may exist in the facility which prevent it from building a cafeteria. Finally, when evaluating the pros and cons of assigning cafeteria space for employee meals recognize that employees appreciate being designated a space of their own. It allows them an opportunity to network and bond with their peers. The end result is increased productivity.

How can management effectively control employee meals?

Once a property decides to offer employee meals it needs to establish their policy, free meals, subsidized meals or meals at cost. Once the policy is adopted, a system of accountability can be implemented.

This process can be facilitated by:

- (1) Assigning one individual such as the cafeteria manager, sous chef or head cook the responsibility for employee meals.

(2) Forecasting the number of meals to be prepared for each shift. Accurate forecasting can be achieved easily. Begin by selecting a two week test period. During this time record the number of meals served. Divide this figure by the number of employees scheduled to obtain the employee attendance rate per meal. Next, to determine the number of meals to prepare for each shift multiply the number of employees scheduled per shift with the attendance rate.

(3) Selecting menu items and planning production schedules on the basis of the forecast.

(4) Comparing the amount of food produced with amount of food consumed, number of employees fed and amount of food remaining at the end of each shift.

(5) Maintaining separate food costs for employee meals.

In the case of free meals, the total cost of food should be allocated to a separate employee meal account. This figure can be obtained from the food requisition and assigned as a labor cost. When free meals are offered, it is essential for management to define specific meal cost guidelines. For example, \$2.00 per employee breakfast and \$3.00 per employee lunch. Accountability is achieved by comparing actual food cost (requisitioned value) with the potential cost of employee meals. The potential cost can be calculated by multiplying the number of meals served with the guideline amount.

Likewise, with subsidized meals, the value of the subsidy added to the amount paid by employees should equal the actual food cost regardless of the type of subsidy.

Finally, when serving meals at cost the actual food cost should equal the amount paid by employees.

Generally, food will be prepared specifically for employee meals. However, on occasion, leftovers from banquets or the restaurants may be used. When this occurs the cost of the leftovers should be charged to employee meals. Unless this procedure is followed accountability will not be established between the property's food cost and employee meal cost.

In closing, employee meals are an essential part of hotel/motel operations. Effectively managing the employee cafeteria will have a positive impact on both the employee morale and the bottom line of the business.