

Satisfying Customers and Lowering Costs in Foodservice: Can Both Be Accomplished Simultaneously?

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TECH-SAVVY AND CONSUMER-focused, successful registered dietitians (RDs) prove every day that customer service and cost-control are not necessarily oil and water. From public school systems marketing their services with Web-based menus, to research hospitals juggling sheer diversity through multicultural kiosks, the winning strategy is one that caters to the customers in a profitable manner to stave off cost increases. Meanwhile, guiding and educating the customer base is a crucial element to meeting its expectations, and celebrating one's accomplishments makes for good advertising. This article provides information on satisfying customers in both school foodservice and hospital foodservice settings while providing ways to lower expenditures.

SCHOOL FOODSERVICE

Know Your Customer Base

Dayle Hayes, MS, RD, immediate past chair of the School Nutrition Services dietetic practice group (DPG), said in the question of cost vs customer service, customer service wins. School nutrition programs that place customer service highest on their priorities are best-situated to weather cost-related storms, she explained.

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*This article was written by **Brian Boyce**, an award-winning freelance writer in Terra Haute, IN.*

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"The key is how to manage this without sacrificing quality," she said.

An RD, author, and consultant herself, Hayes said members of her DPG report that the conundrum of cost vs customer service is ever-present, but focusing on the customer best generates the revenue needed to offset those concerns in the long run.

Meanwhile, schools have, in fact, made tremendous progress by way of customer satisfaction all the while offering nutritionally balanced meals for well under \$3.

"We have to toot our own horns," she said, pointing out that celebrity chefs did not invent the "school lunch revolution." Hardworking RDs have been in the trenches for years on this topic, and that needs to be addressed on as many fronts as often as possible. "And the media attention isn't all that great," she added, noting that this is just one more field in which RDs need to engage promotion.

One has to consider the proprietary endorsements offered to these celebrity chefs. Public schools work within strict US Department of Agriculture (USDA) guidelines and their per-meal budget typically hovers around \$2.72. Given \$5 a meal, schools could also generate a considerably different product, she pointed out. Finding a commercial restaurant with nutritious \$5 lunches is tough, and schools often face more strenuous regulatory guidelines, she added. Nonetheless, public schools of the 21st century are generating incredibly advanced meal plans for a population more diverse than ever before. Satisfying the customer on the amount of money allotted has to involve an explanation of this feat, she said.

At the same time, meeting customer expectations first requires identifying the customer.

"In a school situation there are a number of stakeholders," Hayes explained, adding that guidelines from the USDA are

ever-evolving and likewise impact reimbursement. This makes the government a stakeholder too in those regard. In addition to the children coming through a school lunch line, the faculty, administration, staff, and community taxpayers are also involved, not to mention the parents. All of these parties have different ideas of quality and cost. But to be successful in achieving overall satisfaction, Hayes said the primary customer in a school setting is the child in the lunch line.

Successful nutrition directors hone in on children. If the children are happy with the school lunch and feel good about the program, they'll communicate this to their parents at home, she said. Parents of happy children are in turn more likely to feel confident about sending their money in that direction as opposed to an alternative. Conversely, no matter how high the quality of one's product, if the children go home complaining each night, problems are bound to follow. In this regard, like any other business, getting to know one's client base helps. And in many cases, a school's nutritional staff members are on a first-name basis with the children they serve each day, meeting them at the same time and place, hearing their concerns, likes, and dislikes. Being proactive with the customers is a cost-free way to market one's service, she added. Meanwhile, the same is true with faculty, staff, and even school board members. As with the parents, if these individuals hear positive reports from students, and they themselves have a good experience in the school cafeteria, the tendency to be repeat customers is increased. When the customer base has an established pool of goodwill, consider the cost savings one achieves by not having to spend on additional advertising.

Employing "intimate customer service" not only makes the kids feel good individually, but it's cost-free market-

ing. And asking the first tier customers what they like conveys a sense of empowerment, as does visually advertising the week's fare. Imagine a restaurant without a menu. In years past, school cafeterias throughout the country relied on daily newspapers for the publishing of their menus, many of these were done for free as a community service by the publication.

However, in the interest of comparing marketing strategies, consider the fiscal cost of purchasing advertising. These rates vary wildly among different media and markets. Consider the stated price of advertising in a 4,000-circulation weekly newspaper in Colorado. According to its 2011 rate card, a display advertisement in the classified section costs \$7.65 per column inch, and a simple classified advertisement is \$5.25 minimum (1). Meanwhile, according to the most recent online rate card of a 300,000-plus daily circulation newspaper in Indiana, classified advertisements cost \$315 per column inch on weekdays (2) with rates climbing from there. Advertising prices might vary widely, but they all seem higher than working one-on-one with students.

Meanwhile, studies continue to affirm the downward trend in newspaper readership. According to a 2008 study done by the Pew Research Center (3), 39% of adults surveyed reported reading a newspaper daily, down from 43% in 2006. The proportion reporting the reading of a print publication fell from 34% to 25% during the 2-year period (3). In the face of this, online menus incorporated into the school system's Web site can be considered inexpensive advertising to a captive audience.

"The menu is one of the best marketing tools your school lunch program has," Hayes added, naming numerous school systems throughout the country with online versions of their daily offerings. In addition to the weekly schedule of food, successful online menus host detailed nutritional analysis of the contents and sections for input. They also offer an opportunity to celebrate the many victories that too often go unnoticed. Schools routinely win in the arena of food safety, Hayes said. Web sites are a great tool for publicizing the overall quality of the program while explaining the nutritional value. Modern students are very Web savvy and interact well with the sites.

Hayes pointed to the online achievements of the Green Bay Area Public School District's foodservice department, where School Nutrition Services member Sara Schmitz, RD, serves as quality assurance specialist. The Web site, www.gbfoodservice.com, not only offers the individual menus and pricing for elementary, middle, and high schools, but also includes nutritional analysis for ingredients and food items. The site offers information about free and reduced lunch programs, food safety procedures, as well as contact information for staff, including their credentials. Hosting a Web site for one's program is a cheap and easy way to keep stakeholders informed about the program, as well as a venue for contact information. This also aids in building relationships within the community. Generating support from local farmers by purchasing their produce is a plus, she said, noting that this helps spread the word about the program and adds buy-ins to the community at-large. The more active one is within the community, the easier it is to get the attention of local media and advance a positive image.

As an example, located on the Green Bay Area Public School District's foodservice Web site is a "Health and Nutrition" tab that opens up to a page explaining those topics (4). Included on the page is an example explaining the portion size and nutritional analysis of a serving of chili. The page also notes that all staff members have been trained in the National Restaurant Association ServSafe Course, and information regarding children with allergies is also included. Other pages on the site include meal prices for children and adults, as well as payment options and an explanation of the free and reduced lunch program.

In a column published in 2009 (5), Hayes describes successes within the school districts of Montana as they join forces with local growers. Citing projects such as the Western Montana Growers Cooperative in Arlee, the Team Nutrition Program at Montana State University, as well as Farm-to-Table projects in Glendive, she lists several initiatives tying communities back to their own school systems. Among these projects includes the operation of "Montana Farm-to-School Fundraising" projects, defined as "Farm-raisers." These programs bring healthy food to

families and schools while serving as fund-raising projects for student groups and supporting the local agricultural community.

In the Gallatin Valley, two schools and five Montana producers launched a 2008 pilot fund-raising project focused on holiday gift giving, with more than \$18,000 in sales and 40% of the profits going back to the schools (5).

The power of these relationships would seem clear, not only in the sense that they help raise money for the schools, but they serve as effective public relations tools that parents will hear from sources other than the cafeteria staff. The more positive news parents hear about the local school lunch program, clearly the better. And, to the question of cutting costs, the more options a school lunch program has for finding product sources, the more likely they can successfully negotiate pricing.

Also, Hayes recommends student focus groups and surveys about the cafeteria offerings; again, relatively inexpensive ways to empower the customers and make them feel involved in the process. Some of this can be achieved simply by walking around and talking with the students, getting to know their likes and dislikes. Other successful projects have included taking students to food fairs, even hosting fairs at the school where parents and students alike can sample different selections. Giving customers choices leads to happier customers in the long run, she said.

But that choice does come at a cost regarding the diversity of food offered, and 21st century children have different tastes than their parents.

"It really isn't the school lunch of 20 years ago," Hayes said.

Diversifying menus brings an increase in cost, and there are limits on USDA reimbursements, currently between \$2.72 and \$2.74 per meal. The best way to combat that issue is through high-volume participation, just like in any lower-margin business. Bringing more customers through the line, and keeping them coming, is the answer, she said.

Hayes lives out her mantra that school nutrition professionals should "toot their own horns." In addition to books and articles, the Montana-based RD maintains a Facebook page titled "School Meals that Rock." The page lists

as its mission “This is a place to share and celebrate what is RIGHT with school nutrition in America. It is a counter-revolution to the media bashing of school meals and a tribute to every lunch lady (and gentleman) working to do amazing things for kids’ nutrition” (6).

Facebook pages are free and school systems may absorb the cost of a nutritional department’s Web site into the rest of the schools’ budget, she noted. Actively promoting all of the positives one does is a key ingredient in achieving customer service.

Taking a Business-Oriented Approach

School lunches have changed a lot since 1965 when Penny McConnell, MS, RD, first joined Fairfax County Public Schools as an elementary school nutritional manager. When she first took that job in Virginia, students had one lunch choice daily. Forty-six years later, that school system serves more than 176,000 students and is the 11th largest in the United States. Students from more than 100 nations, speaking 80 different languages, all pass through the lines. The wishes of their equally diverse parents are also a concern, McConnell said. Now executive director of the system’s nutrition program, McConnell said the challenges continue to inspire her.

“I love it. I have a passion for it and I find it very rewarding,” she said.

The program McConnell runs is self-supporting and financially independent, drawing no money from the local tax-base. In addition to the needs of the public school students, the department also serves nursing homes and day-care centers, she said, explaining her role in serving a “multicultural, multigenerational customer base” ranging from senior citizens to preschoolers. In this fashion, McConnell describes the organization as a “community nutrition program” with a decidedly business-oriented approach.

The group promotes itself in this manner on its Web site (www.fcps.edu/fs/food), which is hosted in conjunction with that school system.

“Food and Nutrition Services, Fairfax County Public Schools, is a nonprofit \$70.1 million business. Over 1,300 food-services professionals take pride in serving approximately 140,000 customers daily at 238 schools and special centers, 8 day-care centers and private schools, 15 senior citizen programs, 18 Meals-

on-Wheels sites, 133 School-Age Child Care (SACC) programs, and 52 Family and Early Childhood Education Programs (Head Start)” (7).

The foodservice program is operated as an extension of the educational programming of the schools, and is under the federally funded National School Lunch Act and Child Nutrition Act. However, aside from that federal reimbursement, the program operates as its own business, using the money it generates from the consumers who choose it over other alternatives.

“We’re very sensitive to our customers,” she said. “We really market our program.”

One way to battle cost issues is to generate more revenue, she said, explaining the department hosts a \$3 million-per-year healthy vending program that promotes nutrition-appropriate foods and beverages. Through initiatives such as this, which require customers to be satisfied enough to participate, the program is actually able to subsidize its school lunches by about 77 cents each, she said. It also offsets costs at its day-care center and senior citizens programs in a similar fashion. A considerable achievement in an era where the school system’s employees are now in their third year without pay raises, she noted. McConnell sets financial targets, both expense and revenue, for her managers, again keeping a business mentality in play.

That attitude is important because her customer base does have options and they don’t mind voicing concerns.

“The diets of students have changed a lot since the 1960s,” McConnell said, recalling how shepherd’s pie was once a cafeteria mainstay. Today’s students wouldn’t know the term, she said. And the large kettles once used have been replaced with the institutional shift to foods that arrive frozen and are ready to heat then serve. Some parental groups espouse a move back to the made-from-scratch era, she remarked, but that’s impossible given the modern kitchens and lunch prices around \$2.50. The issue represents a classic example of cost management vs customer service, and among McConnell’s many tactics in that discussion is engaging the customer base.

“We try to be very progressive and proactive,” she said, explaining how

she promotes her staff as “child nutrition professionals.”

McConnell’s department has published a “Kids Cookbook” since 1998 and her staff members regularly go into the classroom to teach students about nutrition. While learning about the value of fruits and vegetables, the students are surveyed about their favorite choices, and McConnell’s department incorporates that market research into its production. The department also actively promotes the credentials of its staff, not just to the children, but to the school’s faculty, bolstering credibility for times when tough choices must be made and all parties can’t be satiated. Staff members routinely go into the classroom, to not only educate children about nutrition choices, but as part of a conscious marketing strategy. By explaining their credentials to the students in this setting, and to parents in public meetings, the program achieves both advertisement and education.

Meanwhile, the department holds itself accountable to the students by giving them “report cards” (see the [Figure](#)) with which to grade various meals. Students who bring their lunch from home are frequently polled about what they bring and why.

“It’s amazing what you see kids bringing from home,” McConnell said, explaining that parents, while well-intended, are not always the nutritional experts they imagine themselves to be. Still, parents and students alike are stakeholders, as are the faculty, staff, and school administrators. Keeping the marketing machine going full steam is one way to demonstrate the quality of service being provided.

Like other successful school nutrition departments, McConnell’s actively uses their Web site to not just advertise the weekly menus, but to steer the discussion back to evidence-based nutrition. Similar strategies work with senior citizens and the parents of children in day-care centers, she said.

And sometimes when all else fails in the struggle between cost and customer expectations, McConnell said her department has been able to work out deals with its vendors. Given the sheer size of modern school districts, the vendors who serve them value their business. Backed by a business-oriented philosophy, the school system values its customers to the point it will seek out

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FOOD AND NUTRITION SERVICES
Fairfax County Public Schools



CUSTOMER REPORT CARD

School: _____ Number of Students Interviewed: _____

To get customer feedback, the food service manager will sit down with or circulate among a group of customers in the dining room monthly. Critically examine your customers' responses and take corrective action. Let your customers know you take their comments seriously and thank them. **Return these surveys to central office at the end of each month.**

1. Number of Lunch Buyers _____ Number with Lunch Brought From Home _____

List the Number of Student Responses – Not Checks (✓)

2. Are the food items names on the line and is the menu posted daily? Yes ___ No ___

3. My hot food is hot and cold food is cold.
Always _____ Sometimes _____ Never _____

4. The salads, fresh fruit, and vegetables are crisp and fresh. Yes ___ No ___

5. I have tried the Give Me 5! fruit or vegetable this month. Yes ___ No ___

6. I have enough time to eat after I go through the lunch line. Yes ___ No ___

7. The service area is always decorated. Yes ___ No ___

8. The food service staff is friendly and helpful. Yes ___ No ___

9. What foods do you bring from home that you cannot buy at school?

10. What new foods would you like added to the menu?

11. I eat breakfast at school:
Always _____ Sometimes _____ Never _____

12. I eat breakfast at home:
Always _____ Sometimes _____ Never _____

Corrective action taken by manager: _____

Manager's Signature

Date

Figure. Example of customer report card for school foodservice. Reprinted with permission from the Fairfax County Public Schools, VA.

new contractors if existing ones can't meet the expectations.

A recent example that sprang to her mind involved a parents' group concerned about the volume of high-fructose corn syrup being consumed. At play was chocolate milk, and McConnell sought out alternative sources and products amid debates with dairy producers. Other parental groups lobby for the use of "organic produce," although, as McConnell pointed out, there is limited evidence about the qualitative difference offered by products labeled with that term.

One solution is supporting local farm-to-school programs, and again, working with vendors to supply the kind of food her customer base wants, while educating them toward evidence-based nutrition.

"We operate under the philosophy that we teach, eat, and service nutrition," she said.

Balancing the desires of a diverse customer base against a meal price below \$3 is tough, she said. And the department's customers today aren't as willing to simply go along with what they're told. Five years ago, when McConnell used the term "evidence-based criteria," she drew a lot more immediate support than today. With more a plethora of information available on the Internet, and celebrity chefs touting their own credentials on television, it's a constant battle to remind her customers of the credentials contained within her department. But that credibility goes a long way when steering their expectations, and thus guiding how they view the service they receive, she said.

HOSPITAL FOODSERVICE

With more than 2.3 million meals to serve each year, Mary Gregoire, PhD, RD, FADA, understands the complex rela-

tionship between volume, customer service, and cost controls. As chair of the Rush University Medical Center's department of nutrition, Gregoire pulls triple duty managing the nutritional services afforded patients, staff, and students, while teaching nutrition and supervising students learning to do the same. The customer base her department serves ranges from elderly patients to physicians to young college students. The key to balancing customer service with cost management is to listen to the customers first and then find ways to make the money matters work, she said.

The sheer diversity within her organization makes that a worthwhile challenge. Rush University Medical Center serves about 1,900 students in fields spanning medicine to nutrition. The complex includes a 700-bed hospital and employs about 8,000 people on Chicago's north side. The hospital alone serves 1 million meals a year, she said. The median patient age is about 57 years, contrasted with university students in their 20s. Both groups, and the faculty that serve dual roles through a practitioner/teacher model, contain a blend of ethnic diversity, with Spanish and Polish prominent among patients. Students hail from around the globe. In addition to the medical stipulations regarding patients' food, cultural and religious issues are also taken into consideration.

"We're sort of all the above," she said while explaining the institution's multiple roles and the subsequent impact on nutritional needs.

People want control over their food, she said, particularly in a clinical setting where the meal might be the only thing they understand and recognize. As a general rule, empowering customers

with choice is a successful strategy to increasing satisfaction, she explained. This granting of choice needs to be paired with educational strategies designed to teach, and hopefully lead people to healthy habits. And although thousands of people make up a relatively "captive audience" within the facility, they still have alternatives to her service, ranging from area restaurants to a sack lunch. Keeping them satisfied keeps them coming back for more.

Perception of choice is one of the reasons the deli station maintains popularity in the cafeteria, she said. Other fun strategies include theme days celebrating foreign cuisines from areas such as South America or Asia, she added. Due to what Gregoire believes is an age-based difference in tastes, sushi and vegan meals are more popular in the cafeteria than among patients. Other items that move well in the cafeteria, which caters more to the students, faculty, and hospital staff, are fish items, the hot meat "sizzle salads," and "grab-n-go" meals, she said. Patients, on the other hand, enjoy traditional, recognizable comfort foods ranging from cottage cheese and fruit plates to tomato soup.

"And I think there are more sophisticated pallets than there used to be," she said of the eclectic customer base.

But preferences can, and do, change frequently, she said, explaining sushi was introduced in the cafeteria years ago to little fanfare. Recent years have drawn it back into vogue, but her staff is constantly polling customers about their desires. On the retail side, Gregoire's group conducts focus groups and uses comment cards, as well as conducting campus-wide surveys. The hospital uses Press-Gainey satisfaction surveys, a portion of which is dedicated to foodservice, she added. Plate-waste is perhaps one of most definitive polls available as it demonstrates what, and how much, people do not want.

"Waste is a cost to us," she said, explaining that in addition to customer service's role in increasing volume, ignoring the customers' preferences can generate costly, counterproductive results.

Also, recent "green" initiatives, such as those steering corn toward ethanol production, have impacted food prices including meat and dairy, she said, adding they also hiked the

COST-EFFICIENT WAYS TO IMPROVE CUSTOMER SERVICE IN FOODSERVICE

- Get to know your customer-base personally
- Promote your achievements and staff credentialing in facility publications
- Design your menu with your customer in mind, taking into account customer diversity
- Host an interactive Web site featuring menu, pricing, and nutritional analysis
- Involve community stakeholders through programs, such as Farm-to-Table, and publicize these moves
- Host customer focus groups to sample products and solicit their opinions
- Solicit customer feedback through "report cards" or other surveys
- Educate the consumer and stakeholders to recognize the value you provide

price of the facility's packing materials. In an effort to move toward eco-friendly strategies, the institution replaced its polystyrene packing with biodegradable materials engineered from corn, she explained. Yet again, cost increases weighed against customer desires, she noted, but in the end, the customer is the priority.

"I think it's all a matter of what you pick," she said, describing ways to maintain a diverse array of food while keeping prices in check. By using executive chefs, the institution designs meal plans that work for a multitude of groups. Offering fish and various cereals each day allows for meal plans that cater to both heart and diabetes patients, as well as other health-conscious customers, she said. Meanwhile, price fluctuations, such as those among peppers last winter, are constantly monitored, and a little ingenuity goes a long way when it

comes to switching menus to accommodate a budget, she said.

SATISFIED CUSTOMERS= OPPORTUNITIES TO REDUCE COSTS

Marketing and educating the customer base are key to satisfying it, said McConnell and Hayes. Because in the end, satisfying the customer is the only way to keep an operation financially afloat, but guiding their expectations might well be the best way to keep service from severing a budget. Customer satisfaction leads to higher volume sold, which in turn increases revenues allowing for more expenditures. And, as McConnell pointed out, the increased business generated by her customers gives her strength when negotiating costs with vendors, perhaps the best example of how increased customer satisfaction can in fact cut one's costs directly.

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