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Off the menu

Why aren't we making a profit?

Fact sheet for Parent bodies and canteen staff

School canteens are small food businesses, and as such must implement best practice financial management to be viable.

Many schools who contact WASCA ask “we are running at a loss, what are we doing wrong?” Seldom is one single factor the reason; it is more likely to be a combination of things. We encourage you to consider the following to ensure your canteen operates as per best practice principles.

You are trading five days per week without sufficient student numbers to sustain a five day operation



This statement assumes you are paying staff at the appropriate rate. Small numbers will also affect your buying power and mark-ups applied. If you are a small school, then as a school community you must decide whether it is a priority issue for you to open five days a week. If so, then you will need to look at alternative ways to reduce the costs.

WASCA works on a ‘rule of thumb’ that you need 100 students for each day of operation, i.e. a school of 200 students or less is unlikely to be economically viable if it pays staff and opens more than two days per week.

Incorrect methods of marking up from wholesale price to retail (selling) price. DO NOT USE OTHER SCHOOLS’ SELLING PRICES TO SET YOUR OWN

The overheads (costs incurred to run the business) are likely to vary between schools. You must use your own overheads as a basis for calculation.

When applying mark-ups, it is important that only stock purchased for over the counter sales be included. Any other stock purchased for functions within the school should be excluded as inclusion of these types of transactions will affect the gross turnover figure.



The menu offers too many choices

The more choices on offer, the more money tied up in stock, the more paperwork generated, and the more staff (whether paid or voluntary) required to produce it. Fewer choices that change regularly to offer variety, are easier to manage than extensive menus.

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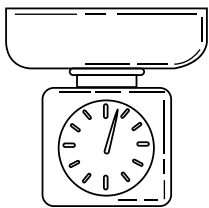
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Lack of standard serves and portion control

Food must be made to the same quality and quantity every time it is prepared, irrespective of who is making it. This ensures customer satisfaction as well as correct costing of raw ingredients, e.g. every time a sandwich is made it contains the same amount of ingredients.

This is important, otherwise you will not make the budgeted margin of profit on that food item. For example, if the raw food cost to make a hamburger does not include cheese and one of the workers adds it then immediately your profit margin will decrease on that item. In fact, you may not even cover the cost if you are working on a small profit margin. *(Note: this is also a food allergy concern)*

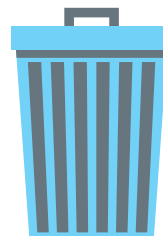


Recipe cards stating the ingredients and amount to be used, aids in the training of new workers and volunteers and ensures standard serves are prepared. It is usually easier to write these up using terms the majority of helpers are comfortable with rather than in weights, i.e. half a cup of shredded lettuce, 3 slices of tomato, 1 tablespoon grated carrot. Taking photographs of the finished food items is also useful.

No documented record of wastage

The term 'wastage' may include:

- spoiled food
- food given away
- food used for free taste tests
- food for volunteers (see below)
- food sold at a reduced price



All of these items can add up to considerable cost over a one year period. Small amounts daily = a substantial overhead that must be factored into your costing. For example:

- Half bowl of lettuce left valued at \$0.50
- A carton of yoghurt that split when dropped cost \$1.00
- Lunches provided to 3 volunteers @ \$3.00 per person per day = \$9.00 per day

Note: Providing morning tea and lunch to your volunteers costs much less than employing a second person. However, it should be clearly stipulated exactly what is provided so that the cost is consistent and within the budget. Food provided to children of volunteers **MUST** be paid for unless you have decided to stipulate a certain amount, e.g. \$1 per child attending the school, to encourage more volunteer help.

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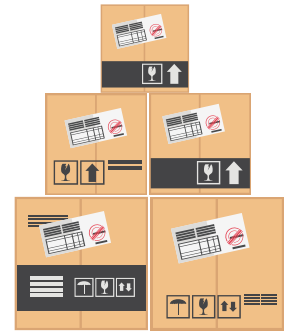
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Stocktaking is not being carried out

Stocktaking is recommended at the end of each term. The value of stock at the end of any given period is equivalent to cash in the bank (provided it will be used and not wasted due to over-buying). You may not appear to have any stock of significance at the end of term, but the paper products, sauce portions, dish washing liquid etc. all have a value and have been paid for by the canteen.

When calculating the value of stock on hand use the cost price (what you paid for it) not the selling price. Stocktaking also provides proof of what stock was on hand in the case of insurance claims



Lack of active marketing of the canteen and promotion of products sold

No food business in today's competitive world can survive without promotion, including school canteens. Use active promotion to generate increased sales.

- Use blackboards or menu boards to advertise specials of the day or to move excess stock
- Tap into events the school is focusing on such as, walk to school day
- Run theme days such as National Pancake Day.



Need more help?

WASCA Financial management training

During the training, you will learn all about:

- Correctly calculating pricing for menu items
- Recipe costing
- Standardisation, portion control and waste minimisation
- Marketing and promotion techniques
- Record keeping and stock control

Each school is provided pre-formatted templates.

To attend a scheduled session see the training page or contact WASCA to arrange a session at your school.

Contact

WA School Canteen Association Inc
wasca@education.wa.edu.au - 08 9264 4999
www.waschoolcanteens.org.au