systems approach
to labor cost control
in food and
lodging industry

equipment
type of service
sales volume
materials
preparation time
location
personnel policies
training
schedules
labor contracts
legislation
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The Systems Approach
To
Food Service Management:
A
Labor Cost Control
System

By
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THE SYSTEMS APPROACH TO FOOD SERVICE MANAGEMENT: A LABOR COST CONTROL SYSTEM

Introduction

The management of a food service operation is becoming an increasingly complex process. New technology in the manufacturing and processing of foods, along with new legislation affecting the operation of a business, are two of the many factors which have contributed to this complexity. Throughout history, managers, educators and scientists have been developing new theories and approaches to management. The purpose of these efforts has been to increase the effectiveness of the manager in a complex environment.

A Brief History of Management Thought

Many theories about the process of management have developed over the years. The Industrial Revolution brought the need for theories of production management. These theories focused attention on increasing productivity through the use of machines and the centralization of production activities. It was soon discovered that the needs of the worker could not be subjugated to the goals of increased productivity. Theories stressing the importance of the needs of the human being to the organization were developed through the contributions of behavioral scientists. Such theories stressed the importance of leadership and communication skills to the success of the management process.

As organization grew, so did the complexity of the decision making processes. New theories which managers found useful in decision making were developed by scientists and scholars in the fields of probability, mathematics, and statistics. Quantitative methods of analysis have helped the modern manager remove some of the uncertainty from the process of decision making. The computer has been a tremendous asset in applying the quantitative theories of management, and is being increasingly used for that purpose.
As the brief review of the history of the development of management thought has just indicated, theories about management have developed to meet needs arising from the growing complications of managing a business in an environment that was becoming highly developed and technical. Most recently, these theories of management have produced the concept of the "systems approach" to management.

Systems management has been mentioned in the literature for some years but received added attention when it was applied to the highly technical and complex processes of putting man in space. The use of the "systems approach" has since found a great deal of application to the management of a business enterprise and more recently to the management of a food service operation.

The Systems Concept

The systems concept has enabled the manager of today to reduce the complexity of the problems he faces and thereby improve the quality of his solutions. It represents a way of thinking which a manager may apply to his everyday problems or his more involved long-range plans.

The basic proposition of this concept is that a business or organization is a system made up of several smaller parts or subsystems which work together to accomplish the goals of the organization. This system must function within a larger environment or macro system. When making decisions which affect the system, the manager must consider not only what that decision will do to each subsystem, but also, what the effects of that decision will do to the macro system in which it functions.

A food service operation is complex. To move highly perishable raw materials through a variable manufacturing process to meet the needs of a more discriminating clientele, where demand is extremely unpredictable, is no easy task. Compounding the situation is a lack of well trained stable employees and an increasing rise in the cost of food and labor. The food service manager must contend with these and many other variables and integrate them properly to meet the goals of the business. The systems approach enables
the analysis of each variable to determine the effect it has on the organization. This analysis aids in managing the integration of the variables into a whole system to successfully meet the objectives of the organization.

Before such an approach can be applied to the management of a food service, the manager needs to become familiar with some terms and definitions.

**A System** is an organized or complex whole, made up of an assemblage of parts or subsystems and functions within a larger system.

**Subsystem**: The smaller units or elements which interrelate with one another and form the integrated whole system.

**Open System**: This system is open and interacting with its environment. It is subject to the controls and constraints placed upon it by its environment.

**Input**: The raw materials and other resources such as men, machines, and money which are usually "put" into the system and are altered by the process of that system.

**Process**: The method used to transform the inputs, from their stage of entry into the system, into the desired output of the system.

**Output**: The desired objectives or goals of the system.

**Constraints**: Limitations placed upon the system usually by the environment in which the system must function.

**Controls**: Criteria, usually established by those responsible for the systems success, which establish parameters in which the system must function.

**Feedback**: Information regarding the performance of the system. This information is usually derived from the use of a management information system designed to gather information useful to management in the decision making process.
Figure 1: The Systems Model
Figure 1 illustrates the relationships of the component parts of the system which were defined above. A manager may apply this model to a food service operation. Let a typical standardized recipe become the example of the application. A good standardized recipe usually contains the following:

1. A list of the ingredients
2. A method describing how the ingredients are to be combined
3. Recommended cooking equipment, temperature, time, portion size, and yield
4. Picture of what the finished product should look like and possibly a description of the quality expected

The parts of the recipe may be identified with the components of the systems model outlined in Figure 1. The inputs in the model are the ingredients of the recipe. The process is the method used to combine the ingredients. The recommended cooking equipment, etc. represent the controls and the picture and description of the finished product represent the desired output. The feedback may be in the form of visual assessment of the product and customer satisfaction? The constraints to this system may be the quality of the ingredients, cooking equipment or competency of the person doing the preparation.

What happens when it is observed that the product is not meeting the objectives desired? The food service manager must make some decisions about the problem and its solution. He can do so by relying upon past experiences, information from the cook or other information given him about the problem. He then makes his decision and hopes that he was correct. This approach works well when dealing with a small problem like the one in the example. When the problems become more complex, this process becomes less effective and this is where the systems approach becomes valuable.
Inputs
- Labor
- Equipment
- Food
- Money
- Location
- Supplies

Process
- Managing a food service

Controls
- Product quality standards
- Criteria for labor cost
- Criteria for food cost
- Criteria for standards of sanitation

Constraints
- Health department wages
- Minimum wage
- Labor supply
- Availability of supplies
- Food prices

Output
- Attractive
- Nutritious meals
- Return of investment
- Profit or break-even
- Growth

Feedback
- Business volume trends
- Customer comment
- Return on investment
- Opportunity costs

Figure 2: A Food Service Systems Model
Instead of relying upon past experience only, or the word of others, the manager can begin a systematic analysis of the problem by viewing the recipe as a system. As an example, the poor quality product may result from the use of ingredients of inferior quality. The manager would analyze each input to see if this theory is correct. If it is, corrective action can be taken to solve the problem. If the problem was not the ingredients, then the manager can assess the method used to combine them. An analysis of the problem may yield more information about the problem and perhaps a solution will become obvious. The problem may have resulted from a lack of control on the system. The recommended temperature may have been too high or the cooking time too long. In this case, the controls need to be reviewed and made more effective.

As the above example illustrates, the systems approach can become a valuable tool to help the food service manager analyze problems in a food service organization. By using this approach, these complex problems can be reduced down to a manageable size. Each component of the system can be examined in order to identify the problem. This analysis will provide more meaningful information and solutions to existing problems and improve managerial effectiveness.

The Food Service System

(Figure 2 graphically illustrates a systems model of a complex food service organization. The examples listed in each of the components do not represent an exhaustive list of examples; they are simply included to help the reader understand the concept.) To reach the output of attractive, wholesome meals which will create sufficient revenue to enable the food service to realize adequate profit and growth requires a great deal of skill in the management of the total system. A food service manager is expected to be knowledgeable about each component of the system in order to adequately integrate each into the system and reach the above objectives. Food service managers should continually seek to upgrade their level of knowledge about the entire system.
with the goal of trying to maximize their effectiveness in managing the use of inputs and processes. When the manager successfully combines the inputs and processes, the objective is usually achieved.

The feedback component supplies information which enables the manager to determine whether the objectives have been met. If they have not, the inputs and process components need to be examined to find the source of the problem. This examination is aided by the use of standards and criteria established in the control component. Through such analysis the manager should apply his knowledge and expertise to solve the problem.

In summary, the systems approach is valuable in that it allows the manager to reduce the total system into its smaller parts thereby reducing the complexity of the system and any of its problems. For example, should a manager discover that profit is not what it is projected to be, he can use the systems approach to see if the cause is perhaps a high food or labor cost or the process of food production. If he is able to determine the variable causing the problem he can take corrective action and direct decision-making efforts at arriving at a satisfactory solution.

Figure 2 represented a systems model of an entire food service organization. In addition, the systems approach may be applied to a subsystem of the entire organization. The labor subsystem is such an example. Controlling labor cost is becoming an increasingly difficult problem and is one in which the systems approach has particular application.

A Systems Approach To Labor Cost Control

It is incumbent upon the food service manager to plan, organize, and control labor just as he must for all inputs into the system. The manager must be thoroughly knowledgeable about the effective utilization of labor. If an organization has not reached its cost objectives and the manager determines that the cost of labor was the major factor in contributing to this failure, he must begin to define specifically what caused the increase
in labor cost. Simply saying that labor cost was the problem and then trying to apply remedies without thoroughly analyzing the problem is a "hit or miss" process.

To apply the systems approach to labor cost control requires a precise definition of labor cost. Labor cost is usually defined as the summation of all direct and indirect costs. Direct labor costs usually include the following:

- Hourly wage and salary
- Meals given to the employee
- Paid vacation and holidays
- Employer's share of Social Security
- Workmen's compensation insurance
- Unemployment compensation
- Sick pay
- Medical and hospitalization insurance
- Retirement benefits

Indirect labor costs usually include:

- The cost of operating a personnel department
- The expense incurred in training
- Turnover of employees, an expense incurred but difficult to measure
- Those costs incurred in preparing and processing payroll and fringe benefits
- The cost of administering the problems that develop due to poor labor relations

The importance of defining labor cost is evident when the manager begins to establish the feedback and control elements of the system. The manager must know what costs he is going to use in developing standards of performance and information necessary to measure that performance. More effective control of costs requires that the manager attempt to define and quantify all the costs contributing to the total cost of labor.
In addition to defining labor cost, the manager also should clearly define the organizational structure of the food service. The purpose of defining the structure is consistent with the systems approach; that is, reduce the system to its smaller components for analysis. The food service manager should attempt to define the smaller divisions of the operation. The individuals making up these smaller divisions usually perform work of similar nature and activity.

By establishing organizational divisions within the total operation, the systems approach can be applied to the entire system as well as to the smaller divisions within it. The following are the organizational divisions which are most commonly found within a total food service operation:

- Preparation
- Service
- Sanitation
- Administration or management
- Support
  - Janitorial
  - Maintenance and engineering
  - Storeroom or ingredient room

After the organizational components are identified, the manager can analyze labor cost in each of these units, and the effect it has on the labor cost of the total system. The manager also may analyze the effect of labor utilization that one area has upon another, and whether the units are properly being integrated into the whole system to produce the desired labor cost and efficiency.

It is important to understand direct and indirect labor costs as well as why it is necessary to divide the organization into major divisions for a systems approach to cost control. To further develop the systems concept, Part II will discuss the inputs, process, output control, constraints and feedback of the labor cost system.
Figure 3 illustrates the application of the systems model to the labor cost subsystem. Controlling labor cost is the major process involved. The control process can be described as having three major components:

1. Find out what is being done, measure performance.
2. Compare what is being done with a pre-established standard of performance.
3. Assess whether the standards are being met and take action if required.

The establishment of realistic standards of performance is essential to the control of the labor subsystem. This is the key component in the control process. Once standards are developed the manager has a benchmark to compare actual performance against. These standards should be developed after careful consideration by the manager. They should be realistic yet challenge those who are responsible for accomplishing them.

Once standards are developed, adequate information should be available to measure progress toward the accomplishment of these standards. A manager can use this information to continually assess progress in order to be able to take corrective action if necessary.

Examples of some of the standards used in the food service industry for measuring the performance of labor are indicated in the control component in Figure 3. Other standards are used in the industry and these will be referred to later in the section on control.
Figure 3: A Model of the Labor Cost Control Subsystem
Constraints

When a manager uses the systems approach to management, it is important to continually be aware of the effect the system has upon the surrounding environment and vice versa. There was a time when the food service manager could afford the luxury of paying little attention to the larger system around him. He was content to do his job the best way he knew how and pay little attention to the world around him. Today, to make this same mistake could be expensive.

The larger systems in the environment in which the food service organization exists have created an increase in the amount and complexity of constraints which effect labor cost. The manager needs to be knowledgeable about each constraint in order to achieve maximum control.

Some examples of the constraints affecting the labor cost system were listed in Figure 3. The manager has little control over these constraints, so he must work within them when feasible. The prevailing wage rate in a particular area is a prime example of a constraint that a manager must consider. He has little choice in what wages he can pay.

Government regulations have become increasingly more applicable to food service. State and Local Health Department regulations could possibly require additional labor to be able to meet local health standards. If a manager failed to continually enforce the highest standards of sanitation he just may be required to spend more labor dollars than he planned to clean up an unsatisfactory establishment. Blame can be attributed to no one but himself, because of his failure to consider the consequences of not living within the guidelines established by this health department constraint. Perhaps he could have avoided the additional labor expense had he maintained his operation according to health standards by wisely devoting some of his employees
unproductive time to "clean up." This is just one hypothetical example of how a failure to be completely aware of, or informed about the constraints can add additional cost to labor.

The promulgation of legislation affecting the management of labor is another important constraint. The Occupational Safety and Health Act of 1970 and the 1972 Amendments to the Equal Employment Opportunity Act are examples of legislative constraints which the food service manager must be familiar with. Failure to be knowledgeable about these and other similar constraints could inadvertently add additional cost to a labor budget. Many managers look upon such legislation as too constraining, demanding, and expensive. Using the systems approach will not change such an attitude; it will only allow the manager to put these and other constraints into proper perspective.

There are many more constraints which affect a food service, and it is difficult to develop a universal list of them. To effectively utilize the systems concept, the manager should attempt to identify those factors, common to the environment in which he functions, which place limitations upon the process of management and in particular the process of controlling labor cost. Once these constraining factors are identified, and their impact is known, the manager will have a more accurate perspective on many of the environmental problems pertinent to controlling labor cost.

Output

The output of any system should be carefully planned and defined. The objectives desired should be measureable and time oriented. To say that the objective for labor cost should be as low as possible is not sufficient. To be meaningful the objective should state the exact labor cost percentage desired and how soon such a goal must be reached. A labor cost of 30 percent of gross sales within the next three months would be an appropriate objective. It would be measureable and is time oriented.
Not all outputs or objectives can be as precisely defined as that mentioned above, but the goal of every manager should be to make each objective as clear as possible to all the personnel involved in working towards the accomplishment of that objective. The output is what the food service manager wants to achieve. If that is not clearly defined it is difficult for him to properly integrate all of the inputs and processes necessary to reach this goal. High productivity and efficiency are outputs which can be realized, but the manager must define how productive and how efficient he wants to be. These definitions of productivity and efficiency must also be compared to a standard which is a practical goal capable of being reached by the organization.

The process of clearly defining the objectives for each subsystem is not easy. The manager must devote time to setting the proper objectives if the systems approach is to be effective. Once the objective is established the manager can assess the impact of the constraints upon reaching the objective. Then, to insure the possibility of reaching the objective the manager must consider the controls which must be applied to the system.

Controls

Controls become necessary to properly guide the organization to the accomplishment of its objectives. They are essential to any system that is dependent upon a process which requires the management and integration of several inputs. It is important for proper management that every input into the system is used properly and that all the processes involved in transforming these inputs into the desired output are working effectively. Controls often are the only method management has to insure that these inputs and processes are working towards the accomplishment of the system's objectives.
Controls evolve from the development of standards and serve to obtain the objectives of the system. In the example of the labor cost objective mentioned above, certain controls had to be developed by management to facilitate the accomplishment of that objective. Standards represent criteria which the manager uses in evaluating the effectiveness of the system. The criteria established become the guidelines which a manager uses in making a decision about the use of various inputs or the processes involved in transforming the inputs into output.

Examples of criteria used in the control element of a labor cost control system follows. The list is not comprehensive and the food service manager should be encouraged to add to it.

- Meals served per man-hour
- Labor minutes per meal served
- Labor cost per day
- Meals served per one-hundred man-hours
- Labor cost as a percentage of sales
- Meals served per employee
- Customers served per waitress or service personnel
- Average sales per employee
- Sales per labor hour
- Production time standards

An example of how this criteria could be used is thus: after careful analysis of the labor required, 14 meals served per man-hour becomes the standard to evaluate labor cost in a particular system. If the goal of 14 meals served per man-hour is achieved, then the manager is fairly safe in assuming that the objective is sound. If the standard is not being reached, this is a signal to management that the system is not functioning properly and further analysis is needed to secure a proper decision regarding the best approach to follow to solve the problem.
The control component of the system contains the criteria management uses to watch over the system. If the criteria established to control the system have been carefully developed, then management has an excellent opportunity to keep the system "in check." The control component functions in a similar way to the thermostat in a heating system. If the temperature of a room deviates from the previously established temperature, then the thermostat alerts the heating system to the deviation and the furnace begins to produce the needed heat required to bring the room back up to normal temperature. The control element and the criteria established are essential to the functioning of a labor cost system, just as the thermometer and desired room temperature are to the total heating system.

Feedback

Once the objectives of the system are established and the criteria developed for the control element, it becomes essential for the manager to obtain timely, accurate information about how the system is functioning. Feedback can take many forms ranging from customer comments to a highly sophisticated management information system.

A typical recordkeeping system contains a great deal of information about the cost of labor and should be the starting point for the manager when he is trying to develop valuable feedback information. Payroll journals or registers plus time cards represent the most common sources of information. The employer is required to keep a record of earnings for each employee, and information on this record can be useful in trying to develop meaningful management information.

Quite often the information a manager wants is readily available, as was indicated above; however, it may not always be in the form useable by the manager. The manager must decide what his information and feedback needs are and then develop the forms and processes needed to provide him
with that information. Consistency is essential in gathering and reporting information. If the information a manager uses to make decisions is derived from information which is gathered or reported inconsistently, the quality of the decision will be reduced.

Figures 4 through 7 are typical examples of forms used to provide management information. A review of the information provided by the forms will supply the manager with up-to-date feedback. Most of the forms produce information which is in the form of some previously established criteria or standard. The information obtained from each form can be compared with the previously established standard to quickly make the manager aware of his success or failure in obtaining that standard.
### Food Service Department

**Daily Labor Cost Report**

<table>
<thead>
<tr>
<th>Position or Department</th>
<th>Hours</th>
<th></th>
<th>Hours</th>
<th></th>
<th>Reason for Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Standard</td>
<td>Actual</td>
<td>Over</td>
<td>Under</td>
<td></td>
</tr>
<tr>
<td>Salad Dep</td>
<td>8</td>
<td>8</td>
<td>--</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>Dishwasher</td>
<td>6</td>
<td>8</td>
<td>2</td>
<td>--</td>
<td>Part Time Help Did Not Show</td>
</tr>
<tr>
<td>Preparation</td>
<td>16</td>
<td>16</td>
<td>--</td>
<td>--</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 4**
FOOD SERVICE DEPARTMENT
ALLOCATION OF WEEKLY LABOR HOURS

PER PAY PERIOD ENDING ______________

<table>
<thead>
<tr>
<th>EMPLOYEE CLASSIFICATION</th>
<th>ALLOCATION OF WORK HOURS TO:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PATIENT SERVICE</td>
<td>152</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>NONPATIENT SERVICE</td>
<td>40</td>
<td>40</td>
</tr>
</tbody>
</table>

FIGURE 5
### FOOD SERVICE DEPARTMENT
### DAILY PERSONNEL REPORT

<table>
<thead>
<tr>
<th>Job Classification</th>
<th>Regular</th>
<th>Overtime</th>
<th>Total</th>
<th>Standard Hours</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warewasher</td>
<td>24</td>
<td>2</td>
<td>26</td>
<td>22</td>
<td>4</td>
</tr>
<tr>
<td>Cook</td>
<td>16</td>
<td>0</td>
<td>16</td>
<td>16</td>
<td>2</td>
</tr>
</tbody>
</table>

**TOTAL**

**FIGURE 6**

**Remarks:**

**Department Signature:**
FOOD SERVICE DEPARTMENT
WEEKLY LABOR COST REPORT

Week of ____________________________

<table>
<thead>
<tr>
<th>Position</th>
<th>Man Hours</th>
<th>Man Minutes</th>
<th>Total Meals Served This Week</th>
<th>Labor Minute Per Meal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cook</td>
<td>60</td>
<td>3600</td>
<td>(700)</td>
<td>5.14</td>
</tr>
<tr>
<td>Pantry</td>
<td>90</td>
<td>5400</td>
<td>(700)</td>
<td>7.71</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>50</td>
<td>3000</td>
<td>(700)</td>
<td>4.29</td>
</tr>
<tr>
<td>Total</td>
<td>200</td>
<td>12000</td>
<td>700</td>
<td>17.14</td>
</tr>
</tbody>
</table>

FIGURE 7
The information provided by the feedback component should be simple, timely, and applicable to the needs of management. Accurate information is critical to the success of the systems approach to food service management and managers should carefully construct a feedback system which will provide that kind of information.

Inputs

Once the food service manager has carefully developed the feedback component and established a set of performance standards, he needs to continually monitor the functioning of the system. If labor cost begins to exceed the standards that are established, the manager must analyze the information provided by the feedback component in an attempt to identify the cause of the increase. To be able to adequately identify the cause, the manager must possess a thorough knowledge of each and every input. With an in-depth understanding of each input, the manager is better capable of making accurate and sound decisions regarding the problem.

It is usually not just one input which causes the increase in labor cost, but a combination of several. The knowledgable manager will have an appreciation and understanding of the effect each of the inputs has upon one another as well as the entire system.

The reader should review the inputs listed in Figure 3. The following section consists of a brief analysis of each of the inputs.

The Employment Process

The employment process is usually the first contact a new employee has with a particular food service. This process is critical to both the employer and employee and typically consists of the recruiting, selecting, interviewing, and orientation of the new employee. Each one of the steps in the process must be carefully planned and managed. If a manager can carefully match his needs
with the skills and abilities of the prospective employee, he is more likely to retain the employee as a valuable asset to the organization. Many personnel managers feel that turnover could be greatly reduced if management spent more time in trying to improve the process of matching the person to the job.

Federal guidelines established by Equal Opportunity Legislation have stated the required procedures for the recruitment and selection of employees. The guidelines allow latitude in selecting the most appropriate candidate for a position and the manager should continue to develop a recruiting and selecting process that meets the requirements established by the legislation as well as create a positive introduction for the employee to the organization. The first contact that an employee has with an organization should be one which is positive in nature and reflects a concern for the employee. Such an introduction will have a positive influence on the prospective employee and contribute to making the first few days on the job pleasurable for the employee and management.

A proper orientation to the responsibilities of the job as well as to the organization is essential. The new employee should be given a copy of his job description, a personnel handbook, and other necessary items of information. The handbook should adequately describe the personnel policies and procedures of the organization. The employee should be shown an organization chart, where he fits in the total organization structure and where he can advance to, if there is that possibility. The employee should be properly introduced to the other personnel he will be working with and given an opportunity to become familiar with the workplace. A proper orientation should be conducted by a member of the management staff and not left to someone who does not share management's feeling of importance for this process. An orientation checklist is a helpful tool to the individual conducting the orientation. Figure 8 is one example of such a checklist. It is a helpful tool to insure that all important points have been explained to the employee.
Figure 8
FOOD SERVICE DEPARTMENT
NEW EMPLOYEE CHECKLIST

NAME ___________________________ DATE ___________________________

1. Applicant notified of employment and orientation scheduled.
2. Gave employee book of "General Personnel Policies" to read before conference.
3. Physical exam form issued and explained.
4. Explained organization and lines of authority.
5. Probationary period explained.
7. Work schedule established.
8. Importance of meeting duty schedule.
9. Explained filling out of employee time record.
10. Pay periods and pay days and holiday pay explained.
11. Pay raises explained.
12. Explained policy regarding confidential nature of wage information.
13. Cautioned that no overtime be worked without permission from supervisor.
14. Explained shift includes paid meal period.
15. Explained meal charge policy.
16. Explained the Group Insurance program.
17. Uniform policy explained.
18. Security and key policy explained.
19. Personal appearance including jewelry, neat uniform, personal hygiene, etc.
20. Smoking policies explained.
22. Explained proper method of answering telephone.
23. Introduced employee to Supervisor.
24. Introduced employee at staff meeting.
25. Introduction to fellow employees.
26. Tour of Department.
27. Explained job description and work procedures.
28. Explained in-service training program and schedule.
29. Explained work schedule and duty hours.
30. Explained standards of performance, appearance, and conduct.

EMPLOYEE: I have had each item explained and I understand each.

Employee Signature ___________________________
The total employment process is an important input. It has long been recognized as essential to a good personnel management program. It is extremely difficult to measure the net result of an improvement in this process, but it is one of the first inputs that a manager should begin to analyze and develop in order to attain an effective labor cost system. The investment in time to develop a good employment process should make the employee more secure in his position during those first few confusing days on a new job and will benefit management through higher morale and reduced turnover.

Personnel Policies

Good personnel policies also may have a positive effect upon the entire organization, not only the labor cost system. Personnel policies are essential to the effective management of personnel. A food service manager should clearly establish policies regarding training and development of personnel, promotion, discipline, seniority, performance appraisal and methods used to determine the wage rates and increases. The effects of having such policies are difficult to measure as was indicated above, but they do have a positive influence upon morale and job satisfaction as well as on productivity and labor cost.

A handbook covering all the personnel policies and procedures of the organization is helpful for both the manager and the employee because it puts this information in written form for both to read, study and reflect upon. To the employee, the handbook represents a commitment by management to follow stated policies and procedures and be consistent in interpreting them. As a result the employee can gain confidence and a sense of security about his job.

Policies and procedures which are carefully developed, fair, and interpreted consistently will in the long run encourage better cooperation and communication between the employee and employer. More cooperation and understanding between these groups will result in improved effectiveness in controlling labor cost. This control requires the support and efforts of both management and the employees.
Job Analysis

To effectively develop good personnel policies and procedures the food service manager must first develop a satisfactory program of job analysis. Basically, job analysis is a systematic process of collecting pertinent information relating to the nature of a specific job. The purposes for performing an analysis of the job are several, and include:

1. Develop job descriptions
2. Improve productivity and develop standards of performance
3. Restructure the organization
4. Develop a better understanding of the requirements and characteristics required by an individual in order to successfully fill that position
5. Determine training needs
6. Improve the physical design and layout of the operation
7. Develop criteria for the implementation of a job classification system and wage payment plan
8. Classify jobs into groups having similar duties, tasks, and responsibilities
9. Basis for recruitment selection and placement

Figure 9 illustrates some of the information that can be obtained from a job analysis. This information is very helpful in assisting management to accomplish those items listed above.

There are many approaches to use in performing a job analysis. Observation, interviewing the employee and his supervisor, and an employee prepared description or questionnaire are techniques helpful to the manager in accomplishing this task. The food service manager should become knowledgeable about the use of these various techniques and apply those that will best fit the needs of his organization.
As in input, job analysis is the first step in identifying the tasks that must be accomplished and will aid the manager in determining if the tasks are balanced evenly among the employees in the organization. It also helps in determining the productivity standards for the organization.

As can be seen from an analysis of Figure 9, the form provides management with a great deal of information which is useful in controlling labor cost. Such information is also useful in assessing the organization structure to determine if the work load and responsibilities of all employees are evenly balanced.

It is very easy to see at this point that there is a great deal of interrelation among the inputs and that they affect one another. The manager must always consider this interface and analyze the effects of one upon the other.

**Job Descriptions**

Job descriptions should result from the job analysis. Job descriptions are usually written documents prepared after a job analysis has been performed. These documents usually provide the following information:

1. What the job is
2. What are the performance requirements
3. What are the qualifications needed
4. What is the working environment like
5. What are the job relationships, i.e.
   - Supervised by whom
   - Work with,
   - Promoted from,
   - Promoted to
6. Work performed
7. Equipment used
JOB ANALYSIS GUIDE

Name ____________________________ Date ____________________________

Department ____________________________ Job Title ____________________________

Section or Unit ____________________________

Supervised by: ____________________________ Directs Work of: ____________________________

Job Summary. Explain working procedures, specifications and difficulties involved.

Regular Duties:

Incidental Duties:

Equivalent Education Mentality
School ____________________________ Trade Training ____________________________

Experience

Manual Skill: What fast or difficult manipulations are required?
Dexterity ____________________________ Precision ____________________________

Initiative: When is employee required to determine new course of action?

Mental and Visual Demand
Work involves ____________________________ Degree of concentration ____________________________

Continuity of concentration

Physical Effort
Work involves ____________________________ Degree of exertion ____________________________

Continuity of concentration

Equipment: Give name, make, size, speed, etc.
Adjustments - Which are made by operator?
Set-ups - What does operator set-up?
Damage - How? What would repairs cost?

Materials: Type, etc.
Damage - how?

Disposition - What is usual method and dollar loss?
JOB ANALYSIS GUIDE (Cont'd)

Supervision of Others: No., Frequency, Extent, etc.

Supervisors Received - When, Amount, Etc.

Responsibility for Safety of Others

Probable Injury --

Cause of Injury --

Likelihood of Injury: Low Moderate High

Hazards to Operator

Probable Injury --

Cause of Injury --

Likelihood of Injury: Low Moderate High

Working Conditions

Temperature

Fumes

Noise

Dirt

Dust

Damp
FIGURE 10
Job Description
Food Production Supervisor

Summary: Plan and direct the operation of all food production areas and supervision of all subordinate food production personnel.

Work Performed:

1. Determine exact products and quantities of food and supplies needed and complete appropriate forms to accomplish the ordering of those items.

2. Prepare and complete daily food production schedules and post in appropriate work areas the day before preparation.

3. Prepare ingredient room production schedules the day before ingredients are required.

4. Prepare task assignments (employee scheduling).

5. Prepare and post daily summary of task assignments.

6. See that food is properly prepared and ready for service on time.

7. Review recipes with all production personnel before beginning production.

8. Enforce the highest standards of safety and sanitation.

9. Responsible for dating, labeling, care and storage of all leftover food.

10. Prepare an equipment time schedule.

11. Responsible for proper preportioning when required, and utilization of proper pans with appropriate portions per pan.

12. Proper receiving of all food and supplies delivered.

13. Evaluation of subordinate personnel with the service supervisor.

Responsible for: All food production personnel
Responsible to: General Manager

Equipment used:

Promoted to: Food Service Manager
Promoted from: Chef or Head Cook

Working Environment: Warm, Humid, etc.
The job description has many uses and is a helpful ingredient to a well developed personnel management program. Many of the uses of a job description (listed below) enhance the managers ability to develop a good personnel management program as well as, have a positive influence in controlling cost.

**Uses of a Job Description**

- Hiring
- Grievance handling
- Training
- Compensation
- Performance appraisal
- Transfers, Promotions and Demotions

A sample job description appears in Figure 10.

**Training and Development**

The dollars invested in employee training yield a good return. The good return results from a carefully planned and developed training program. A poorly designed program will have little effect in changing the level of employee performance or productivity. The food service manager can benefit more from a good training program than almost any of his counterparts in other industries. In few other industries does the worker have to be as knowledgeable about so many raw materials and pieces of equipment. The dollars invested in training employees in the proper utilization of equipment and raw material processing can make the employee more productive and efficient.

Successful training programs are developed from a careful analysis of the job and the particular needs of the employee in that job. They can have a positive effect upon labor cost by helping the employee become a more productive member of the organization. By analyzing the job and the employee, the need for skill training and development can be determined and training efforts directed to this need.
The goals of any training program should be to increase the knowledge and skill level of the employee so that he can be a more productive employee. The organization and the employee benefit from this training. The employee will grow due to the added knowledge, and the organization should be able to hold the line on dollars spent for labor through the increased efficiency and productivity of the employee. Naturally, there is bound to be added benefit in the area of quality food and production.

One simple method used to train individuals which is applicable to the food service industry is called the job instruction method. The four steps commonly associated with this training method point up its contribution to efficiency and productivity.

1. Prepare the learner--Put him at ease, explain the objectives, and what you will expect of him.
2. Present the material--Include techniques procedures and desired methods.
3. Try out under supervision.
4. Check on learning--follow through.

The food service manager should take every opportunity to plan, design, and develop training programs. Such efforts will result in cost savings to the manager and help meet some of the needs of the employee.

**Job Instructions**

One of the results of a thorough job analysis is a good training program which is designed from needs established as a result of that analysis. Those needs can later be used to develop the next input under discussion, job instructions. Job instructions are detailed lists of duties to be performed for each task the worker has to perform during his work day. A task is a logically related set of actions which is required from the employee, for the successful completion of that task. A job is a set of tasks which the employee completes during his normal work day. An example of a task is making
coffee, or mopping the floor, or broiling steaks or making sauces. The food service employee is required to perform many tasks requiring many different skills during his work day. To increase the efficiency and productivity of the employee the food service manager should work towards the goal of developing job instructions for the tasks in the organization which are time consuming and difficult.

A second component of the job instruction definition indicates that, not only should the instructions list the detailed duties of the task, but also a description of how each step is to be performed. The responsibility for the description is management's. After analyzing the job and applying work simplification techniques, the manager should indicate the best, most productive method of completing each step in that task.

Job instructions are very useful to management and represent an input which is valuable when the manager must make decisions about training. It helps the trainer as a checklist when instructing a new employee. It helps to insure that key points are not overlooked. It helps as a review when gathering needed equipment and materials when the trainer is setting up the training area. It can be used as a study guide for the worker to use when he is preparing for a new job or has just accepted a job in the food service department. The trainer can use it as a check against what the worker does and does not know. The food service manager who claims to have little time for training and turns that responsibility over to other employees will find that a written job instruction is very helpful to the individual doing the training and also helps insure that all the important points are covered in the training. Job instructions are also very helpful in developing performance standards. Figure 11 represents an example of a partial job instruction for the task of mopping floors. By utilizing this input, the manager can gain more control of the use of his manpower and this greater control will result in greater effectiveness in the management of the labor dollar.
Work Simplification

Work simplification, as a management tool, can be approached in many ways. The industrial engineer can utilize the techniques such as work sampling, time and motion study, and other methods. The objective of work simplification is to increase productivity, reduce cost and often times improve the working environment for the employee. Figure 12 outlines the basic steps to work improvement. The advantage of this approach is that it can be performed by the food service manager without having to employ the sophisticated techniques used by the industrial engineer. The approach will not be as thorough and complete as the more scientific methods, but does present a viable alternative to the food service manager.

Forecasting

The effect that this input has upon labor costs is significant. The food service manager can increase his control of labor cost by accurately forecasting the volume of business expected for a particular period and scheduling his variable employees according to this expected demand. Variable employees may be defined as those that are needed over and above the minimum required to do business. Their hours vary with the amount of expected business. Forecasting the amount of covers or meals to be sold in a food service is not an easy process. Few methods have been developed which are reliable one hundred percent of the time.

A conscientious attempt can be made at forecasting by the food service manager through using information available to him. A history of sales and business volume is readily available from accounting records. The manager should attempt to gather and obtain as much information about the business volume as possible. Once he has this information, he can make some decisions about expected volume through an analysis of trends revealed by the historical information. The manager can then consider the expected special events coming up in the near future and the present sales trend to determine the possible
FIGURE 11

SAMPLE INSTRUCTION SHEET

PORTER
MOPPING FLOORS

EQUIPMENT REQUIRED

PAILS (2)
MOPS (2)
WRINGERS (2)
DUST MOP
CLEANING SOLUTION
WATER
DUST CLOTH

STEP BY STEP PROCEDURE

1. BRING EQUIPMENT TO LOCATION
2. CLEAN FLOOR WITH DUST MOP
3. MIX CLEANING SOLUTION INTO WATER
4. USE MOP ........
5. .................
6. .................
FIGURE 12
BASIC STEPS OF WORK IMPROVEMENT

1. Pick a job to improve

   Concentrate your attention on those that involve a great deal of time because they are most likely to yield the greatest benefits when simplified.

2. Break down the job in detail

   List each step of the job exactly as it is done by the present method. Include all material handled and equipment employed in doing the work.

3. Question each detail

   What is done?  Why is it done at all?
   Where is it done?  Why is it done there?  Where should it be done?
   When is it done?  Why is it done then?  When should it be done?
   Who does it?  Why does this person do it?  Who should do it?
   How is it done?  Why is it done this way?  How should it be done?

4. Develop an improved method:

   Eliminate unnecessary steps in the operation.
   Combine several steps into one which can be performed more easily and quickly.
   Rearrange materials, equipment, or sequences of work to make them more easily performed.
   Simplify the remaining work that you have determined to be necessary.
   Work out your ideas with your employees; explain potential benefits to them.

5. Apply the new method

   Try it first; once it has proved itself, put it into effect.
   Allow time out for the employee to become proficient in the new method.
   Remember, you must get the enthusiastic cooperation of those individuals who are to carry out the new method.
new volume expected. This method, although not very precise, can be used to forecast on a daily, weekly or monthly basis. From his forecast, the manager can then attempt to schedule his employees according to the tasks and jobs which will need completion in order to meet the expected demand. As the manager gains more practice in forecasting, he should become more proficient at the process. Using other inputs such as job descriptions, job breakdowns and work simplification and improvement techniques, the manager should be capable of more effective scheduling and utilization of labor. Figure 13 is an example of a form to assist in forecasting the amount of business expected.

Work Scheduling

The food service manager's quest to control labor cost can be greatly assisted by proper scheduling techniques. Proper scheduling will distribute the work load evenly throughout the work period, whether it is by the day or week. It will help in eliminating wasted or idle time.

There are several approaches to developing the scheduling input. The first approach is for the manager to improve the overall work schedule of the operation through a more thorough analysis of the business volume and then scheduling the required number of employees to meet this demand. This approach should include the use of job descriptions, job instructions and other tools to properly balance the work load. Several factors apply to this approach which the manager must consider if the scheduling process is to be of service. These considerations include:

- The menu
- Types of preparation required
- Equipment available
- Form in which food is purchased
- Standardized recipes
- Employee skill and efficiency
### FIGURE 13

**FOOD SERVICE FORECAST***

<table>
<thead>
<tr>
<th>Restaurant</th>
<th>Sun</th>
<th>Mon</th>
<th>Tues</th>
<th>Wed</th>
<th>Thurs</th>
<th>Fri</th>
<th>Sat</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>---</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lunch</td>
<td>55</td>
<td>75</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dinner</td>
<td>40</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coffee Shop</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breakfast</td>
<td>15</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lunch</td>
<td>10</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dinner</td>
<td>20</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Banquets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breakfast</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lunch</td>
<td>---</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dinner</td>
<td>---</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Dining Room 100 Seats
Coffee Shop 15 Seats

*Estimate should be in terms of expected **covers** to be sold.
Total quantities required of each menu item
Standards of performance desired

Other scheduling considerations which the manager should review are; what jobs need to be done in each department, who should do them, what is the best time to do the needed tasks and is there time available to do them. Figures 15 and 16 are examples of forms which aid in the scheduling process.

The following procedure aids in improving the manager's ability to effectively schedule his manpower.

1. Develop a general schedule of the various jobs which need to be done on a daily, weekly, and monthly basis.
2. Prepare a daily schedule of specific task assignments.
3. Assign these tasks to the personnel on duty for the day, being careful to properly balance the work load.
4. Complete the form in Figure 15 for each employee and present to the employee with any verbal instructions.

In scheduling employees using this approach, the manager should consider the use of staggered shifts, part time help, and more effective scheduling of days off. The manager should continually explore new methods to schedule personnel which will meet the needs of management and the employee.

After the manager has developed a scheduling framework for the entire facility, he can improve upon it over time by developing work schedules for each employee to follow. Figure 14 is an example of such a schedule for a part time, morning shift busboy. Several tasks are grouped together. If the manager has done a thorough job of analyzing the job, developing the job instructions and applying work improvement techniques, he would be capable of developing such a schedule and confident that the job will be successfully completed. Such a schedule organizes the work to be done, distributes the work load, eliminates wasted and idle time, and makes labor hours more productive which will help cut costs. If each employee
has a schedule like the one in Figure 14, it becomes easier for the manager to evaluate the performance of each employee as well as identify training needs. It discourages the "let George do it" attitude among employees if they are now able to realize that they are accountable for certain tasks. It also simplifies the instruction and orientation of new employees.

This scheduling process is a very important input into the labor cost control system. It requires experience as well as the application of many features and information from the other inputs in the system. The manager should not delegate this responsibility to untrained personnel. Many man-hours can be wasted if the scheduling process is taken lightly.
FIGURE 14
JOB SCHEDULE

BUSBOY

6:30 - 7:00 A.M. YOUR BREAKFAST
7:00 - 10:00 A.M. BUS DISHES, CLEAR AND SET TABLES, SUPPLY SERVICE AREA.
10:00 - 11:00 A.M. SWEEP D. R. FLOOR, DISMANTLE AND CLEAN SERVICE STATION 1 AND 2
11:00 - 11:30 A.M. YOUR LUNCH
<table>
<thead>
<tr>
<th>Work Schedule</th>
<th>Employee</th>
<th>Work Area</th>
<th>Task Assignments and Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>12-3</td>
<td>Joan Smith</td>
<td>Entree</td>
<td>Clear tables 12:00-12:30</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>eat 12:30-1:00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>make lasagna-cover 1:00-2:00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>put in refrigerator</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Clean 2:00-2:30</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Beverage</td>
<td>make ice tea 2:50-3:00</td>
</tr>
<tr>
<td>1-4</td>
<td>Donna Johns</td>
<td>Bake Shop</td>
<td>make dough for rolls</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1) mix dough 1:00-1:50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2) let rise 1 hr.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2:50-3:00</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3) divide into balls</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4:10</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4) shape dough balls into logs 3:15-3:25</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5) let rise 45 min.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>refrigerate at</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Gingerbread</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1) combine ingredients 1:50-2:20</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2) Bake</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2:20-3:05</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>General</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cook eggs for egg salad, cool (while gingerbread baking) 2:20-2:50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Shell eggs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>3:00-3:15</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Clean-up</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Clean-up during periods when things are baking 3:15-4:00</td>
</tr>
</tbody>
</table>
**Task Instruction Sheet**

**Employee:** Leslie Kirby  
**General Manager:** Porter  
**Work Schedule Today:** 10:00-1:00  
**Day:** Friday  
**Date:** 1/30

<table>
<thead>
<tr>
<th>Task Assignments</th>
<th>Time schedule for Assignment completion</th>
<th>Check if completed</th>
<th>Note deviations from assignments and the respective time differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Set up coffee pots 2.5 oz. 1 filter</td>
<td>10:00-10:10</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Set up dining tables put table clothes on tables, put salt and pepper on tables, put sugar on tables, put flowers (if any) on tables</td>
<td>10:10-10:30</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Cut gingerbread into 12 pieces, put on plates</td>
<td>10:30-11:00</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Put ice tea and water out on beverage bar, help set other things out as needed</td>
<td>11:00-11:30</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Bus tables and make sure there is enough food on the lines</td>
<td>11:30-12:30</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Eat</td>
<td>12:30-1:00</td>
<td>✓</td>
<td>Wash dishes</td>
</tr>
</tbody>
</table>
Summary

The systems approach to the management of a food service is a valuable tool to the manager. Its application can be applied to other subsystems as well as the labor cost subsystem. Controlling food cost, purchasing, receiving, and storing are only a few of these subsystems.

The framework for analysis provided by the systems approach is the most valuable aspect in trying to reduce the complexity of the labor cost problem. Using this approach the manager can identify the components of the system and how each component affects the control of his labor cost. He can reduce his problem down to these smaller components for his analysis. By breaking the problem down to these smaller areas it is easier for him to identify the possible causes of the problem. He can thoroughly analyze the inputs, processes, or the other components to see where the problem may have originated. Once the problem has been identified efforts can be directed toward its solution.

The solution is dependent often times on the manager's knowledge and abilities to coordinate each of the inputs. It is necessary that he have an awareness of the impact each input has on the system as well as how they interact with each other. The manager should continually seek to enhance his knowledge of this interaction and of each input so he can successfully integrate them into an effective labor cost control system. Proper integration of the inputs and other components of the labor cost system is essential for the control of cost in a food service operation.
Reference List

Labor Cost Control System


